सत्यमेव जयते

Report of the Comptroller and Auditor General of India Compliance Audit for the year ended March 2020

लोकहितार्थ सत्यनिष्ठा

Dedicated to Truth in Public Interest

Government of Tamil Nadu

Report No. 6 of the year 2021

Report of the
Comptroller and Auditor General of India

Compliance Audit

for the year ended March 2020

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TABLE OF CONTENTS

	Paragraph	Page
PREFACE		v
OVERVIEW		vii
CHAPTER I – GENERAL		
About this Report	1.1	1
Profile of Audited Entities	1.2	1
Authority for audit	1.3	2
Planning of audit	1.4	2
Draft Paragraphs and Compliance Audit	1.5	3
Follow-up action on Audit Reports	1.6	3
Outstanding replies to Inspection Reports	1.7	3
PART I – Expenditure Audit		
CHAPTER II		
TOURISM, CULTURE AND RELIGIOUS ENDOWMENTS DEPARTMENT		
Preservation and conservation of monuments and antiquities by the Department of Archaeology	2.1	5
LAW DEPARTMENT		
Unfruitful expenditure of ₹ 2.76 crore on construction of hostel	2.2	25
PUBLIC WORKS DEPARTMENT		
Non-adherence of Codal provision led to short collection of lease rent	2.3	28
HIGHWAYS AND MINOR PORTS DEPARTMENT		
Blocking of funds due to non-completion of bridge works	2.4	30
Blocking of funds	2.5	32

	Paragraph	Page
PART II - Urban Local Bodies		
CHAPTER III		
MUNICIPAL ADMINISTRATION AND WATER SUPPLY DEPARTMENT		
Functioning, accountability mechanism and financial reporting of Urban Local Bodies	3.1	35
Faulty implementation of online revenue collection system	3.2	41
Inordinate delay in completion of solid waste management facility	3.3	43
Excess chlorination of drinking water	3.4	45
Unfruitful expenditure	3.5	47
Blockage of fund	3.6	48
PART III – Public Sector Undertakings		
CHAPTER IV		
Introduction	4.1	53
TAMIL NADU GENERATION AND DISTRIBUTION CORPORATION LIMITED		
Additional Expenditure	4.2.1	58
Loss of Revenue	4.2.2	60
Loss of Revenue	4.2.3	62
TAMIL NADU SMALL INDUSTRIES DEVELOPMENT CORPORATION LIMITED		
Idle Investment	4.2.4	63
TAMIL NADU INDUSTRIAL INVESTMENT CORPORATION LIMITED		
Irrecoverable dues	4.2.5	65

ANNEXURES

Annexure No.	Details	Reference to Paragraph	Page
1	Department-wise details of Inspection Reports and Paragraphs pending	1.7	69
2	Protected Monuments in Tamil Nadu	2.1.5	70
3	Monuments identified for notification during 2017-2020	2.1.7.1	72
4	Categories of Protected Monuments in Tamil Nadu	2.1.7.2	73
5	Details of monuments for which maintenance work was not carried out during 2017-20	2.1.10.2	74
6	List of PSUs and the details of Inspection Reports issued up to 31 March 2020 and outstanding as on 30 September 2020	4.1 and 4.1.7	76
7	Under-recovery of energy charges due to excess adjustment of energy in the HT bills of OA consumers	4.2.2	80
	Glossary of Abbreviations		81

PREFACE

This Report of the Comptroller and Auditor General of India for the year ended March 2020 has been prepared for submission to the Governor of Tamil Nadu under Article 151 of the Constitution of India to be tabled in the State Legislature.

Part I of this Report contains significant results of Compliance Audit of the Departments of the Government of Tamil Nadu under the audit purview of Accountant General (Audit-II), Tamil Nadu and Puducherry, Chennai, which included the Departments of Highways and Minor Ports; Law; Public Works (Buildings); and Tourism, Culture and Religious Endowments.

Part II of this Report contains significant results of the Compliance Audit of Urban Local Bodies under the control of Municipal Administration and Water Supply Department.

Part III of this Report contains significant results of Compliance Audit of Government Companies and Statutory Corporation, referred to in this Report as Public Sector Undertakings (PSUs) and has been prepared for submission to the Government of Tamil Nadu under Section 19 A of the Comptroller and Auditor General's (Duties, Powers and Conditions of Services) Act, 1971.

The instances mentioned in this Report are those, which came to notice in the course of test audit for the period 2019-20 as well as those which came to notice in earlier years, but could not be reported in the previous Audit Reports. The instances relating to the period subsequent to 2019-20 have also been included, wherever necessary.

The audit has been conducted in accordance with the Auditing Standards issued by the Comptroller and Auditor General of India.

OVERVIEW

OVERVIEW

This Report contains a Compliance Audit on the preservation and conservation of monuments and antiquities by the Archaeology Department and 14 Compliance Audit Paragraphs.

Compliance Audit on the preservation and conservation of monuments and antiquities by the Archaeology Department

Department of Archaeology was established with the objective to identify, conserve and preserve ancient monuments in the State and to conduct archaeological exploration and excavation at the historically important places. Compliance Audit on the preservation and conservation of monuments and antiquities by the Department revealed the following:

- Department could not undertake comprehensive survey to identify historical monuments for protecting and conserving them.

(Paragraph No. 2.1.7.1)

- There was inordinate delay in declaring the identified monuments as protected monuments. Further, Department failed to acquire ownership of the 99 *per cent* of the declared protected monuments.

(Paragraph Nos. 2.1.7.2 and 2.1.9.1)

- There were deficiencies in creation of heritage database of monuments and antiquities available in the State.

(Paragraph No. 2.1.9.2)

- During Joint inspection of selected monuments, various deficiencies were noted in preservation and maintenance of these protected monuments *viz*., human vandalism, oil accretion, soot formation, vegetative growth and lack of physical protection.

(Paragraph No. 2.1.10)

- Joint inspection also disclosed huge shortfalls in provision of basic amenities for visitors.

(Paragraph No. 2.1.11)

- There were delays in completion of research activities *viz*., exploration, excavation, epigraphy and publication of excavation reports.

(Paragraph No. 2.1.12)

- Shortage of technical personnel coupled with insignificant budget provisions hindered the protection of monuments and the development activities.

(Paragraph No. 2.1.13)

- There were some gaps in monitoring the activities of the field offices.

(Paragraph No. 2.1.14)

Thus, these limitations impacted the achievement of the objectives of the Department in preservation and conservation of ancient monuments.

Compliance Audit Paragraphs

- Construction of hostel without assessing the requirement of Law College students led to unfruitful expenditure of ₹ 2.76 crore

(Paragraph No. 2.2)

- Non-adherence to Codal provisions and delay in approval of revised lease rent resulted in short collection of ₹ 1.49 crore as lease rent besides un-authorised possession of Government lands without lease agreement.

(Paragraph No. 2.3)

- Commencement of works without acquiring land led to foreclosure of bridge works despite an expenditure of ₹ 14.74 crore and non-achievement of the envisaged objectives for 14 years.

(Paragraph No. 2.4)

- Commencement of bridge works without adhering to the manual provisions and Government instructions on acquisition of land resulted in blocking of funds of ₹ 10.85 crore besides non-achievement of envisaged objectives.

(Paragraph No. 2.5)

- Handing over of online collection of taxes and revenue to a private contractor without agreement resulted in unauthorised retention of the collected revenue besides arbitrary levy of maintenance charges.

(Paragraph No. 3.2)

- Integrated solid waste management facility conceived in the year 2008 was not implemented even after lapse of 12 years due to technology issues in conversion of waste-to-energy project. This resulted in accumulation of 1.55 lakh cubic metres of solid waste without processing besides unfruitful expenditure of ₹ 17.54 crore.

(Paragraph No. 3.3)

- Excess usage of Sodium hypochlorite solution beyond the permitted level by the Tiruchirappalli City Municipal Corporation resulted in wasteful expenditure of ₹ 1.53 crore and also exposed the general public to the health hazards for three years.

(Paragraph No. 3.4)

- Decision to purchase a centralised waste processing plant despite modified rules for processing the waste through micro processing units resulted in idling of plant purchased at a cost of ₹ 1.10 crore.

(Paragraph No. 3.5)

- Incorrect site selection for construction of Municipality office building resulted in blockage of fund of ₹ 75 lakh for the past 10 years.

(Paragraph No. 3.6)

- Non-provision of allied facilities for three slaughter houses resulted in non-usage for more than seven years besides blockage of fund of ₹ 60.00 lakh.

(Paragraph No. 3.6)

- **Tamil Nadu Generation and Distribution Corporation Limited failed to**:
  - factor the transmission loss in the Energy Purchase Agreements with Solar Power Generators resulted in additional expenditure of ₹ 245.27 crore.

(Paragraph No. 4.2.1)

  - revise the quantum of power allotted based on the outage of Open Access Generators and to restrict the adjustment to entitled quantum, resulted in excess adjustment of power to consumers leading to loss of ₹ 53.05 crore.

(Paragraph No. 4.2.2)

  - monitor the connected load of LT Tariff IIIA consumers and revise the tariff to LT IIIB for exceeding the prescribed level of 12 KW had resulted in loss of revenue of ₹ 9.11 crore.

(Paragraph No. 4.2.3)

- **Tamil Nadu Small Industries Development Corporation Limited** failed to assess the demand before developing new industrial estates resulted in unproductive investment of ₹ 28.47 crore.

(Paragraph No. 4.2.4)

- **Tamil Nadu Industrial Investment Corporation Limited** failed to inspect the actual receipt of machineries at the factory site before disbursement resulted in non-realisation of dues of ₹ 1.18 crore.

(Paragraph No. 4.2.5)

CHAPTER I

CHAPTER I
GENERAL

1.1 About this Report

The Compliance Audit Report of the Comptroller and Auditor General of India (CAG) relates to matters arising from the Audit by Accountant General (Audit-II), Tamil Nadu and Puducherry relating to 14 Government Departments including 60 Public Sector Undertakings (PSUs) and 40 Autonomous Bodies (ABs) under the control of these Departments. There are 664 Urban Local Bodies (ULBs) under the control of Municipal Administration and Water Supply Department. The Compliance Audit covers examination of the transactions relating to expenditure of the audited entities to ascertain whether the provisions of the Constitution of India, applicable laws, rules, regulations and various orders and instructions issued by the competent authorities are being complied with.

1.2 Profile of Audited Entities

The 14 Departments are headed at the Secretariat by Additional Chief Secretaries / Principal Secretaries / Secretaries who are assisted by Commissioners/Directors and subordinate officers under them. The details of expenditures incurred by these 14 Departments in the past five years from 2015-20 are detailed below:

Table No.1.1 – Trend of Expenditure

(₹ in crore)

Sl. No.	Name of the Department	2015-16	2016-17	2017-18	2018-19	2019-20
1	Energy	7,217.32	10,834.02	9,224.61	9,077.30	11,159.58
2	Environment and Forests	473.47	443.53	539.66	551.96	632.36
3	Handloom, Handicrafts, Textiles and Khadi	1,234.97	1,257.55	1,223.53	1,345.59	1,327.82
4	Highways and Minor Ports	6,719.63	7,030.85	8,630.59	9,149.28	10,872.06
5	Home (Police, Prison and Administrative Judiciary)	6,530.56	6,998.01	7,596.58	9,015.94	9,862.96
6	Home (Transport)	969.07	1,364.85	4,475.21	2,133.49	2,668.85
7	Housing and Urban Development	1,239.78	1,261.45	3,017.94	3,196.08	2,561.77
8	Industries	1,253.08	1,709.50	1,702.56	3,794.33	2,803.06
9	Information Technology	79.29	70.22	67.87	123.50	121.27
10	Law	25.00	25.41	30.36	47.22	54.28
11	Micro, Small and Medium Enterprises	284.04	299.78	377.19	632.93	479.60
12	Municipal Administration and Water Supply	8,832.79	11,115.56	8,950.42	13,021.30	13,139.33
13	Public Works (Buildings)	1,127.10	1,188.71	1,169.89	1,368.39	1,264.46
14	Tourism, Culture, and Religious Endowments	205.34	206.61	489.03	718.38	440.84
	Total	**36,191.44**	**43,806.05**	**47,495.44**	**54,175.69**	**57,388.24**

(Source: Appropriation Accounts for the years 2015-16 to 2019-20)

In addition to the above departments, there are 60 PSUs which are established to carry out activities of commercial nature keeping in view the welfare of the people and they occupy an important place in the State economy. The details of investments made in these 60 PSUs, results of their audit during 2019-20 and the related matters are discussed in **Chapter IV** of this Report.

1.3 Authority for audit

The authority for audit by the CAG is derived from Articles 149 and 151 of the Constitution of India and the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) (DPC) Act, 1971. CAG conducts audit of expenditure of the Departments of Government of Tamil Nadu under Section 13[1] of the CAG's (DPC) Act. CAG is the sole Auditor in respect of Autonomous Bodies which are audited under Sections 19(3)[2] and 20(1)[3] of the CAG's (DPC) Act. In addition, CAG also conducts audit of other Autonomous Bodies, under Section 14[4] of CAG's (DPC) Act, which are substantially funded by the Government.

In respect of PSUs, CAG conducts Audit of the accounts of Government Companies under the provisions of Section 139 and 143 of the Companies Act, 2013. Detailed procedure in respect of audit of PSUs are narrated in **Paragraph Nos. 4.1.3 and 4.1.4** of this Report.

1.4 Planning of Audit

The primary purpose of this Report is to bring the significant results of audit to the notice of the State Legislature. Auditing Standards require that the materiality level for reporting should be commensurate with the nature, volume and magnitude of transactions. The audit observations are expected to enable the Executive to take corrective action, as also to frame policies and directives that will lead to improved financial management, thus, contributing to better governance.

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

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1 Audit of (i) all transactions from the Consolidated Fund of the State, (ii) all transactions relating to the Contingency Fund and Public Accounts and (iii) all trading, manufacturing, profit and loss accounts, balance sheets and other subsidiary accounts.

2 Audit of the accounts of Corporations (not being Companies), established by or under law made by the State Legislature, at the request of the Governor.

3 Audit of accounts of any body or authority on the request of the Governor, on such terms and conditions as may be agreed upon between the CAG and the Government.

4 Audit of (i) all receipts and expenditure of a body or authority substantially financed by grants or loans from the Consolidated Fund of the State and (ii) all receipts and expenditure of any body or authority where the grants or loans to such body or authority from the Consolidated Fund of the State in a financial year is not less than ₹ one crore.

Inspection Reports (IRs) containing audit observations are issued to the Heads of the Department/field officers after completion of audit. The Departments are requested to furnish replies to the audit observations within one month of receipt of the IRs. Whenever replies are received, audit observations are either settled or further action for compliance is advised. Important audit observations arising out of these IRs are processed for inclusion in the Audit Reports, which are submitted to the Governor of the State under Article 151 of the Constitution of India for laying on the table of the house of the State Legislature.

The total audit universe was 1,995 units of 14 departments and 60 PSUs. Out of which 248 units and 30 PSUs were audited during 2019-20. In addition, 35 out of 36 Autonomous Bodies under the control of these departments which qualified for conduct of audit under Sections 14, 19 (2), 19 (3) and 20 (1) of the CAG's (DPC) Act, 1971 were also audited during 2019-20.

1.5 Draft Paragraphs and Compliance Audit

Fourteen Draft Paragraphs and a Compliance Audit on Preservation and conservation of monuments and antiquities by the Department of Archaeology were forwarded, to the Principal Secretaries of the Departments concerned between February 2021 and June 2021, with the request to send their responses. Government replies to nine Draft Paragraphs and the Compliance Audit were received. The replies have been suitably incorporated in the Audit Report.

1.6 Follow-up action on Audit Reports

With a view to ensuring accountability of the Executive in respect of the issues dealt with in the Audit Reports, the Public Accounts Committee (PAC)/ Committee on Public Undertakings (COPU) directed that the Departments concerned should furnish remedial Action Taken Notes (ATNs) on the recommendations of PAC/COPU, relating to the Paragraphs contained in the Audit Reports, within six months. We reviewed the outstanding ATNs on the Paragraphs included in the Reports of the Comptroller and Auditor General of India relating to the Departments under the Audit purview of this office and found that 768 and 566 recommendations pertaining to the Audit Paragraphs discussed by PAC and COPU respectively were pending as on 31 March 2020.

1.7 Outstanding replies to Inspection Reports

On behalf of the CAG, the Accountant General conducts periodical inspections of the Government Departments to test check transactions and verify maintenance of important accounts and other records as prescribed in the rules and procedures. These inspections are followed up with issue of IRs, incorporating irregularities detected during the inspection and not settled on the spot, which are issued to the Heads of the offices inspected with copies to the next higher authorities for taking prompt corrective action. The Heads of the offices/Government are required to promptly comply with the observations contained in the IRs, rectify the defects and omissions and report compliance through replies. Serious financial irregularities are brought to the notice of the Heads of the Departments and the Government.

Inspection Reports issued upto 31 March 2020 were reviewed and found that 11,175 Paragraphs relating to 2,968 IRs remained outstanding at the end of September 2020 **(Annexure 1)**. The pendency position of IR relating to PSUs are detailed in **Paragraph No.4.1.7** of this Report.

This large pendency of IRs, due to lack of corrective action or non-receipt of replies, was indicative of the fact that Heads of the offices and Heads of the Departments did not take appropriate action to rectify the defects, omissions and irregularities pointed out in the IRs.

PART I

Expenditure Audit

CHAPTER II

TOURISM, CULTURE AND RELIGIOUS ENDOWMENTS DEPARTMENT

2.1 Preservation and conservation of monuments and antiquities by the Department of Archaeology

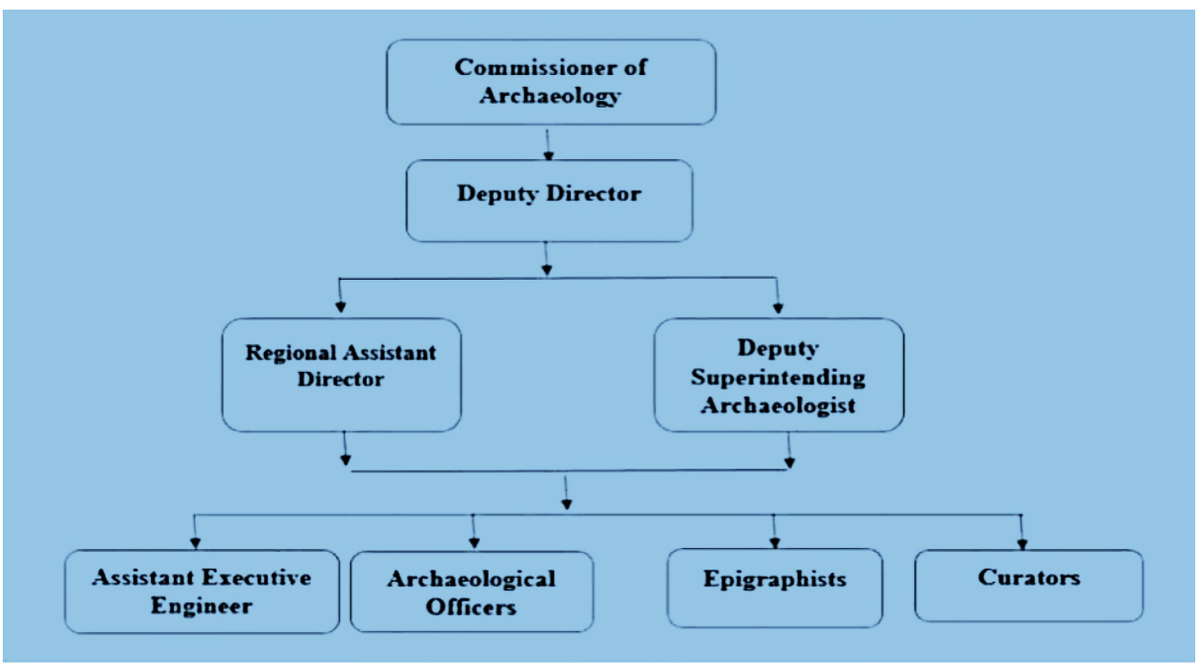
2.1.1 Introduction

The Government of Tamil Nadu (GoTN) established (1961) the Department of Archaeology with the objective to identify, conserve and preserve ancient monuments in the State and to conduct archaeological exploration and excavation at the historically important places. The activities of the Department include establishment of site museums to showcase ancient monuments, copying, deciphering and publishing stone inscriptions and chemical preservation of art objects.

The State Government had declared 92 historical monuments including religious buildings as protected monuments and established 14 site museums, as of March 2020. The Department is also in possession of 13,983 antiquities and artefacts of historical significance found during excavation which include gold coins, metal rings, idols, earthen pots, porcelain articles, *etc*.

2.1.2 Organisational setup

Principal Secretary to Government is the administrative head of the Tourism, Culture and Religious Endowments Department at Government level. The Department of Archaeology is headed by the Commissioner of Archaeology and supported by Deputy Director and other technical staff. The organisational chart of Archaeology Department is depicted below:



2.1.3 Audit objectives

Compliance Audit was conducted for 2017 to 2020 (three financial years) to assess whether:

- Planning process for identification and declaration of ancient monuments was effective and consistent with the Act and Rules and the financial management ensured economical and efficient utilisation of funds;
- Adequate protection and maintenance activities *viz*., preservation, conservation and restoration of ancient monuments were carried out effectively and the archaeological research activities of excavation and epigraphy were carried out efficiently;
- Suitable visitor facilities were available at the monuments to attract and entertain the visitors and monitoring activities relating to protection of monuments was adequate and effective.

2.1.4 Audit Criteria

Audit criteria were sourced from:

- Tamil Nadu Ancient and Historical Monuments and Archaeological sites and Remains Act, 1966, (Act) and its Rules 1971 and the Manual of duties and responsibilities of Tamil Nadu Archaeology Department (1988);
- National Conservation Policy (February 2014);
- Guidelines for Site-Museums issued by Archaeological Survey of India (ASI);
- Tamil Nadu Budget Manual and Treasury Rules.

2.1.5 Audit scope and methodology

The departmental records maintained in the Secretariat, Commissionerate of Archaeology, Regional and District Archaeological Offices and Site Museums were test checked. Further, to assess the present condition of the monuments, a joint inspection of 58[1] out of 92 (63 *per cent*) (**Annexure 2**) protected monuments situated in seven[2] Districts and six[3] out of 14 site museums was conducted along with the officials of the Department. The Entry Conference was held in July 2019 wherein the audit scope, coverage and methodology were discussed with the Principal Secretary to Government. The Exit Conference was held in July 2021 to discuss the audit observations with the Principal Secretary to Government and replies furnished are suitably incorporated.

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[1] Temples (29), Palaces (02), Forts (5), Inscriptions (9), Paintings (03) Sculptures (01), Tanks (01), Pillars (01), Chatrams (02), Tombs (02) and in General (03).

[2] Dindigul, Kancheepuram, Madurai, Tiruchirappalli, Thanjavur, Tuticorin and Villupuram.

[3] Madurai, Thanjavur Maratha, Thanjavur Rajarajan, Poondi, Arcot and Tirukovilur.

2.1.6 Good practices adopted by the Department

The following good practices were adopted by the Department for Archaeological excavations:

- The age of Sangam is usually considered somewhere between 3rd century BCE (Before Common Era) and 3rd century CE (Common Era). Identification of the cultural deposits and subsequent excavation at keeladi in Sivaganga district yielded historical artefacts. The carbon dating of these samples shift the date of Tamil-Brahmi to 6th century BCE in Tamil Nadu.
- Department utilised the latest technology of scientific dating to obtain report for the unearthed artefacts from Beta Analytic Testing Laboratory, Florida. These reports were useful to position the State on the global map of pre-historic to historic cultures.

2.1.7 Planning

2.1.7.1 Identification of ancient monuments

Section 2(a) of the Act defines 'ancient monument' as any structure, erection or monument, cave, rock-sculpture, *etc*., which is of historical, archaeological or artistic interest and which had been in existence for not less than 100 years. GoTN instructions (August 1988) in the Manual of duties and responsibilities of Tamil Nadu Archaeology Department (Manual) envisaged that Archaeological Officers shall undertake village-wise survey to identify ancient monuments and antiques. Identification involves visiting various sites and documenting the potential sites for further action towards notifying them as protected monuments. Commissioner of Archaeology fixed (October 2016) the target for identification of historical monuments by District Archaeological Officers (DAO) as three per year.

Audit observed that DAOs identified only 14 monuments (**Annexure 3**) as against the target of 72 during 2017-2020 and the shortfall was about 80 *per cent*.

Government replied (July 2021) that the reason for non-achievement of target was mainly due to diversion of DAOs to archaeological excavation work. It was assured to undertake comprehensive survey to identify historical monuments.

2.1.7.2 Declaration of ancient monuments

Section 3 of the Act empowered the GoTN to declare[4] any ancient monument and archaeological site as protected monument by giving two months' notice. On the expiry of the said period of two months, the Government may declare by notification, the ancient monument or the archaeological site to be a protected monument or a protected area.

GoTN instructions (November 1988) in the Manual envisaged that Assistant Executive Engineers shall submit list of monuments required to be protected

[4] Other than those which are of national importance and declared by the Law of Parliament and under the control of the Archaeological Survey of India.

to the Commissioner. After collecting the details of survey number, boundary, approach road *etc.*, preliminary notification for declaration shall be issued by Government. After two months from the preliminary notification, final notification needs to be issued after considering the objections, if any received.

GoTN declared 92 monuments as protected monuments between 1972 and 2020 under Section 3 of the Act. These 92 protected monuments are of historical and archaeological importance and they broadly fall under various categories (**Annexure 4**).

Audit observed that the Department has identified 61[5] monuments for notifying as protected monument during 2006-2020. However, the identified monuments were yet to be declared as protected monuments for the reasons detailed below:

- Three proposals were pending with the Government for issue of provisional notification for more than three to 13 years. Out of these three proposals, the proposal of declaration of Bannerman copper plate monument was pending due to issue of provisional notification with wrong survey number.
- 23 reports were pending with the District Collectors for constitution of peace committee meetings, finalisation of revenue boundary.
- Two proposals were pending with the Hindu Religious and Charitable Endowments (HR&CE) Department for issue of No Objection Certificate as the monument is presently under their control.
- 33 reports were pending with the field officials of Archaeology Department for consolidation of village maps, details of monument, *etc.*

Thus, as against the mandated time limit of two months, the delay on the part of the Department in notifying identified monuments as protected monuments ranged between two and 13 years. This indicated that there was inadequate co-ordination with Revenue and other Government Departments to finalise declaration of ancient monuments within the mandated time frame.

Government assured (July 2021) that necessary action would be initiated to co-ordinate with other Departments for early declaration of ancient monuments.

2.1.7.3 Absence of Conservation Plan

Para 4.03 of National Conservation Policy (NCP) stipulated regular and continuous monitoring by developing maintenance plans *viz*., Short-term Plan (upto two years), Mid-term Plan (two to five years) and Long-term Plan (five years and above) to prevent further deterioration of the structure. Para 4.06 also stipulated preparation of Annual Conservation Plan by field offices for prioritising and executing conservation works.

Audit noted that Department did not prepare any periodical maintenance plan or Annual Conservation Plan to conserve the declared monument. Absence of

[5] Temples-32, Inscriptions-14, Pillar-1, Chatram-4, Painting-4, Tomb-1 and others-5.

conservation and maintenance plan is a serious threat to the prolonged existence of the ancient monuments for the benefit of present society.

Government accepted (July 2021) and assured that necessary action would be taken to prepare periodical conservation plans.

2.1.8 Financial Management

Availability of adequate financial resources are critical for success of the efforts of the Department in conserving and preserving ancient monuments. The **Table No.2.1** shows the details of the Budget Estimate; Revised Estimate; Final Modified Appropriation which is finalised during the end of the financial year by re-appropriation or additional grant; and actual expenditure during 2017-2020.

Table No. 2.1: Details of Budget estimate and expenditure

(₹ in lakh)

Year	Budget Estimate	Revised Estimate	Final Modified Appropriation	Expenditure			Surrender
				Expenditure booked in accounts	Amount kept in the bank	Actual expenditure	
2017-18	707.47	760.93	1,115.15	1,028.10	150.87	877.23	87.05
2018-19	899.81	956.78	999.37	990.44	39.08	951.36	8.93
2019-20	1,019.95	1,612.88	1,602.31	1,476.98	151.67	1,325.31	125.33
Total	**2,627.23**	**3,330.59**	**3,716.83**	**3,495.52**	**341.62**	**3,153.90**	**221.31**

(Source: Financial details furnished by the Department)

From the above table it is clear that:

- The Revised Estimates of the Department increased by ₹ 354.22 lakh (47 *per cent*) through Final Modified Appropriation in 2017-18. The surrender of unutilised funds during 2019-20 was ₹ 125.33 lakh. Audit observed that the surrender of funds included 59 *per cent* of funds allocated towards salary component due to non-filling up of vacant posts as discussed in **Paragraph No. 2.1.13.**
- Article 39 of Tamil Nadu Financial Code Volume I stipulates that all appropriations shall lapse at the close of the financial year. The appropriation remaining unexpended during the year should not be drawn from treasury and kept in cash chest or transferred to a deposit, to prevent it from lapsing. Para 140 of the Budget Manual envisages that all savings anticipated by departmental officials shall be promptly reported and no amount of savings should be held as reserve for meeting additional expenditure. It was however noticed that the Department kept ₹ 341.62 lakh in the savings account of Indian Bank, outside the Government account, during 2017-2020 due to receipt of the amount in the last quarter of the financial year. Departmental officials failed to surrender the amount in accordance with the provisions of the Tamil Nadu Financial Code.

Government accepted (July 2021) and assured that the whole amount sanctioned would be utilised in future.

2.1.8.1 Allocation of funds for maintenance of monuments

Adequate financial resources are essential for maintenance of monuments to facilitate showcasing the rich heritage of the State. **Table No.2.2** shows the allocation and expenditure towards maintenance of monuments during 2017-20.

Table No.2.2 Allocation and expenditure for maintenance

(₹ in lakh)

Year	Total		Maintenance		Maintenance Expenditure	Savings
	Budget Estimate	Revised Estimate	Budget Estimate	Revised Estimate		
2017-18	707.47	760.93	12.01	12.01	10.29	1.72
2018-19	899.81	956.78	12.01	118.01	100.02	17.91
2019-20	1,019.95	1,612.88	120.00	120.01	111.97	8.04
Total	**2,627.23**	**3,330.59**	**144.02**	**250.03**	**222.28**	**27.67**

(Source: Financial details furnished by the Department)

Audit noted that during 2017-2020, GoTN allocated only 7.5 *per cent* (₹ 250.03 lakh) of the total Revised Estimates (₹ 3,330.59 lakh) towards the maintenance activities of the ancient monuments in the State. Of this allocation, Department did not utilise ₹ 27.67 lakh (11 *per cent*) towards the maintenance activities. Audit also noted cases of inadequate maintenance of the declared monuments due to lack of adequate financial allocation for same as discussed in **Paragraph No. 2.1.10.**

2.1.8.2 Adjustment Bill

According to Article 99 of the Tamil Nadu Financial Code, the advances should be adjusted by presenting detailed bills and vouchers as soon as possible. The Drawing and Disbursing Officer of Archaeology Department had taken temporary advances for the purpose of meeting contingent expenditure during 2011-12 to 2019-20.

Scrutiny of records (December 2020 to March 2021) revealed that 45 advance payments involving ₹ 6.16 crore drawn by the Department for excavation works and procurement works, were pending adjustment as of March 2021. The **Table No. 2.3** shows the delay in adjustment of advances which ranges from one to eight years.

Table No. 2.3: Details of pending advances drawn by the Department

(Amount in ₹)

Year	Excavation	Procurement	Training, exhibition, *etc.*	Total
2011-12	-	-	28,00,000	28,00,000
2013-14	-	25,99,539	-	25,99,539
2016-17	54,20,000	23,575	80,000	55,23,575
2017-18	55,00,000	15,24,190	45,00,000	1,15,24,190
2018-19	3,00,000	1,35,574	17,45,500	21,81,074
2019-20	2,37,00,000	33,33,595	99,75,000	3,70,08,595
Total	**3,49,20,000**	**76,16,473**	**1,91,00,500**	**6,16,36,973**

(Source: Details furnished by the Department)

As it is clear from the Table, advances drawn towards excavation of sites for identification of ancient remains were not settled for more than four years. Advances drawn for procurement of ticketing machines and Closed Circuit Television (CCTV) cameras remained unadjusted for more than seven years. This indicated imprudent financial management by the Departmental officers.

Government stated (July 2021) that there were technical issues in adjusting the bills in their new software (IFHRMS). Government assured to adjust the advance payments early. The reply was not tenable as the new software was rolled out only in 2019 and 15 advance payments made from 2012 to 2018 were pending adjustment even before the implementation of the software. During Exit Conference (July 2021) Commissioner of Archaeology assured to adjust all the pending advances within two months. However, adjustment of 29 advance payments involving ₹ 4.34 crore was yet to be completed (September 2021).

2.1.9 Protection of ancient monuments

2.1.9.1 Non-acquisition of Rights / Guardianship and absence of Agreements

After a monument is declared as protected, Section 4 (1) of the Act empowers the Department to acquire rights over the structure and the surrounding land by outright purchase, lease, or as gift. When the land in which the protected monument is located did not have an owner, the Department may by notification, assume the guardianship of the monument.

GoTN instructions (November 1988) in the Manual envisaged that field officials of the Department shall ensure that the protected monuments are not damaged or modified by the general public.

Audit, however, found that out of the 92 protected monuments in the State, as of March 2020, the Department had acquired ownership / guardianship in respect of only one protected monument[6]. Further, no ownership / guardianship of protected monument was acquired since 2005. Therefore, 91 monuments (99 *per cent*) for which rights/guardianship were not acquired, were vulnerable to damages or modifications. Audit also noticed that 45 out of 91 monuments were situated in Government lands, despite that no efforts were made to acquire their ownership/ guardianship in favour of the department.

[6] Maligaimedu, Ulkotai village of Ariyalur district in the year 2004.

Some instances of unauthorised modifications to the protected monuments for which guardianship rights were not acquired are detailed below:

- Vishnu Koil, Ulagapuram, a notified protected monument (March 1987) was a stone temple constructed with a unique style and inscriptions of Rajendra Chola I (1012 – 1044 CE) with Sanctum Sanctorum and manadapams. The monument and the adjoining areas were in the name of the temple.

The villagers who were performing daily pooja, commenced construction of an additional super structure with bricks over the top of the protected monument. Field officials of the Department identified (September 2016) the construction only after completion of 15 feet additional structure and stopped (November 2017) the unauthorised construction over the structure with the help of Revenue Department.



(Original structure of Monument)



(Construction of additional structure)

- Within the protected area of Karunguzhi Fort built by the Mohammeddans (17th Century CE), Audit noticed an unauthorised construction of a Sewage Treatment Plant (STP) (August 2016) by the Karunguzhi Town Panchayat. DAO observed (October 2016) that construction activities damaged the monument. Despite efforts of the Department, the construction activities could not be stopped since Department did not have any right over the property as per revenue records. The STP continued to function posing threat to the safety of the protected monument.

Government replied (July 2021) that the matter has been taken to the concerned officials of Revenue Department.

2.1.9.2 Non-registration of monuments/antiquities

National Mission on Monuments and Antiquities (NMMA) was launched in 2007 by Government of India (GOI) to create a National Register on Built Heritage Sites and National Register on Antiquities. The timeline given to document and create the database of heritage sites and antiquities was 2012.

Department sent a proposal to NMMA (March 2010) to enroll the monuments and antiquities of the State in the National Registers and NMMA released (December 2010) ₹ 2.64 lakh. There are 92 declared monuments, and 13,983 antiquities for inclusion in the National Register. However, Department completed documentation of only 54 monuments and 923 antiquities in the

prescribed format by September 2014. Though the project period was extended by GOI till March 2017, no additional monuments and antiquities were included in National Register. Due to partial enrolment in the National Register, opportunity was lost for better publicity for these antiquities at national level.

Government replied (July 2021) that the details were collected from the site museums. The project proposal would be sent to NMMA for financial assistance as early as possible.

2.1.10 Maintenance of protected monuments

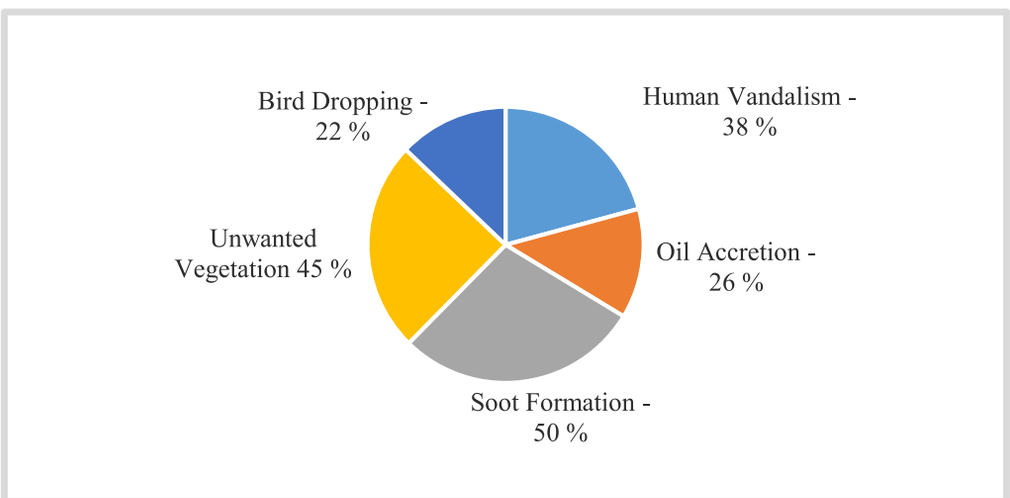
Maintenance activities of protected monuments include Preservation, Conservation and Restoration.

2.1.10.1 Preservation of protected monuments

Preservation means maintaining the status quo of a monument and thereby not allowing any changes, either through deliberate human interventions or due to action of natural agents of decay.

To ascertain the status of the declared Protected Monuments, Audit conducted joint inspection of 58 Monuments and observed the following issues which are summarised in the below **Chart No. 2.1**

Chart No.2.1 Joint Inspection of monuments



(Source: Details collected through joint inspection)

Illustrative instances of inadequate preservation of famous protected monuments observed during the Joint Inspection of Monuments carried during August 2019 and February 2021 are discussed in the subsequent paragraphs:

Thanjavur Palace, Thanjavur

The famous protected monument Thanjavur Maratha palace attracted 7,78,006 visitors during 2017-2020. It was originally constructed by the rulers of Thanjavur Nayak Kingdom (1535 CE). It served as the official residence of the Thanjavur Maratha. The palace is spread over an area of 12.61 hectare and

comprises structures like Arsenal Tower, Bell Tower, Durbar hall and Sarjah Madi[7], There are two Durbar halls containing Mural[8] paintings, Stucco[9] images belonging to Maratha period and portraits of several Maratha rulers.



Faded Mural - Thanjavur Palace

It was noticed that the Mural and Stucco images in the Durbar Hall and Arsenal Tower were faded due to lack of protection / maintenance. The wooden pillars in Sarjah Madi were damaged by termites.

The Department incurred only ₹ 12.96 lakh during 2019-20 for rectification of damages in Bell Tower but no other direct expenditure on preservation was made despite collection of ₹ 87.07 lakh as entry and other fees, from the visitors during 2017-2020.

Ladan Koil, Madurai

This eighth century cave temple was declared as a protected monument in 1993. This temple remains as an evidence for the early Pandiya cave sculptural art. The temple was found to have oil accretion on all walls, indiscriminate scribbling on walls and the entire site remained unprotected.

Monuments in Hillocks

During the joint inspection (between August 2019 and February 2021) of 12 hillock monuments *viz.,* three pre-historic Rock Paintings[10] in Villupuram district (1st and 2nd millennium BCE), eight[11] Jain / Samanar Beds, (1st to 10th century), Bramhi Inscription in Jambai at Villupuram District (1st century BCE), it was noticed that:

- There was no approach road/pathway available for seven hillock monuments *viz.,* Rock-Paintings at Kilvalai, Chettaravai and Alambadi; Jain Beds at Meenashipuram, Thiruvadavur and Solavandipuram; and Bramhi Inscription, Jambai.

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7 The Royal Balcony decorated with wooden carvings, paintings and stucco images of 1823-1824 CE.

8 Mural paintings - paintings or other works of art executed directly on a wall.

9 Stucco images - fine plaster used for coating wall surfaces or mounding into architectural decorations.

10 Rock-Paintings in Kilvalai, Chettaravai and Alambadi.

11 (1) Yanaimalai, (2) Varichiyur, (3) Kongarapuliyankulam, (4) Meenashipuram, (5) Thiruvadavur, (6) Karungalakkudi in Madurai District (7) Chinna Ivar Malai (Dhathanayakanpatti) in Dindugul District and (8) Solavandipuram in Villupuram District.



Karunguzhi Fort, without approach road



Rock Paintings, Alambadi without approach road

- Trespassing was noted in four monuments *viz*., Rock-Paintings at Kilvalai, Chettaravai and Alambadi; and Jain Bed at Solavandipuram.
- Soot formation[12] was observed in ancient Rock-Paintings at Kilvalai and Chettaravai and in Jain Beds at Kongarapuliyankulam, Chinna Ivar Malai and Solavandipuram.
- Human Vandalism was seen in five monuments *viz.,* Jain Beds at Yanaimalai, Kongarapuliyankulam, Meenashipuram, Thiruvadavur and Solavandipuram.



Sivan cave temple at Vallam with scribblings



Jain Bed Anaimalai (Hill top)

- Monuments *viz*., Jain Beds at Yanaimalai, Karungalakkudi, Chinna Ivar Malai and Varichiyur and Rock-Paintings at Alambadi were infested with bat / bird droppings.
- Absence of hand rails at staircase in case of four monuments which are very steep to climb.

Thus, Department failed to preserve the declared monuments from decay leading to damages to the ancient monuments. Department also could not provide basic facilities like approach road, hand rail for steep climb, *etc*., to facilitate tourists to reach these monuments.

[12] Soot is a powder-like form of amorphous carbon. Soot forms during incomplete combustion from precursor molecules such as acetylene.

Unauthorised mining and construction in Protected and Prohibited area

Section 18 (1) of the Act stipulates that no person, shall construct any building within the protected area or carry on mining, quarrying, excavating, without the permission of the Government.

GoTN notified (April 2003) that the area up to 100 m and 200 m from the protected limits as prohibited and regulated areas, respectively, for purposes of mining operation and construction.

Rule 34 of the Tamil Nadu Ancient and Historical Monuments and Archaeological sites and Remains Rules, 1971 (Rules) stipulates that mining operation shall be undertaken by Archaeological Officer in prohibited area and authorised licencee in regulated area.

During the joint inspection (between August 2019 and February 2021), Audit noticed that unauthorised mining operations, constructions by persons other than Archaeological Officers or licence holders were undertaken in 19 (33 *per cent*) out of 58 protected or prohibited area. Thus, Department failed to enforce the provisions of the Act and Rules by preventing unauthorised constructions and mining activity to preserve the declared Monuments. Some significant unauthorised activities are as mentioned below:

- A stone crushing mill was functioning within the protected area of the monument, Forty-Four British Soldiers Tomb, Thuthukudi district.



Forty-Four British Soldiers Tomb, Thuthukudi



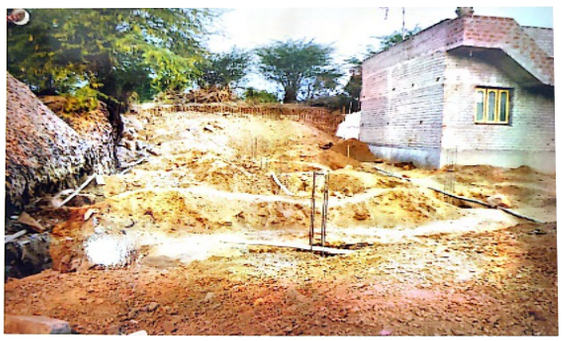
Fly-over

- Protected monument (1980) Kovalanpattal in Madurai district had burial urns of human bones who lived 1,800 years ago was continued to be utilised as a burial ground by the local people. It was also observed that a fly-over was constructed in the prohibited area without obtaining No Objection Certificate from the Archaeology Department.
- Residential buildings were constructed within the prohibited area of three ancient monuments in Villupuram district *viz.,* Sivan Koil, Ulagapuram; Tirmoolanathar temple; Hill Fort, Thyagadhurgam and one in Chandraprabha Koil (Jain Temple), Kancheepuram district.

Delay in eviction of encroachment

Department identified (August 2012) construction of a hospital within the periphery of 100 meters of the protected monument, Hill Fort, Thyagadhurgam in Villupuram district and issued notice (2012) for eviction of

encroachment through Revenue and Police Department. Despite reminders, no fruitful action was taken to demolish/evict the unauthorised construction in the protected site.



Similarly, unauthorised construction of a private house was identified (January 2017) by the Department in the notified protected monument, Vandavasi Fort. Department addressed (May 2017) District authorities for eviction and the same is pending (March 2021).

Government accepted (July 2021) that necessary action would be initiated to remove unauthorised construction and encroachments.

2.1.10.2 Conservation of protected monuments

As per National Conservation Policy (NCP), Conservation refers to the processes of safeguarding monuments of archaeological importance. The conservation helps to prolong the existence of monuments; prevent its damage and deterioration; and minimise the impact of external agents of decay.

Audit noted that conservation or maintenance works were not taken up in 27 out of 92 monuments *viz*., 14 monuments for the last five years; 07 monuments between five and 10 years; 04 monuments for more than 10 years. The other 02 monuments were not maintained from their declaration as protected monuments (1986 and 1987 respectively). Department installed fencing in five monuments and information/signage board in 15 monuments, during 2017-2020 and no other maintenance work was carried out in these 20 monuments **(Annexure 5).** The meagre allocation of funds and large number of vacancies were the main reasons for inadequate maintenance of monuments, had been discussed in **Paragraph Nos. 2.1.8.1 and 2.1.13**.

2.1.10.3 Restoration of protected monuments

Restoration of a monument means bringing back the monument, to an earlier known state or condition. NCP envisages that reconstruction should be attempted only in rare cases. Reconstruction should be undertaken only when there is sufficient documentation available to accurately reconstruct the monument. As far as possible, the original material of the damaged monument should be salvaged and used for reconstruction purposes.

In-complete Restoration/Reconstruction Work

Arulmigu Naganatha Swamy Temple with inscriptions all around the base platform (Adhistana) of the temple was constructed by the Chola King, the Rajendra-I in 11th Century CE, at Manambadi Village, Thanjavur District. This temple was declared as monument in 2014 and it was in dilapidated condition with plants and shrubs, the idols and sculptures were not taken care of

appropriately as they were found to be strewn all around in temple complex in an unsecured manner.



(Arulmigu Naganatha Swamy Temple original)



(Present condition)

HR&CE Department commenced the conservation work with estimated value of ₹ 32 lakh and dismantled (September 2015) the structure of the temple. In the meantime, as per the Court direction, the UNESCO expert team visited the site and stated that there was no justification or reasoning for demolition of the monuments. The team recommended (July 2017) to prepare Detailed Project Report through experts. However, Audit noted that the Detailed Project Report preparation was pending for more than four years for reasons not available on record.

Government accepted (July 2021) and stated necessary steps would be taken to speed up the works.

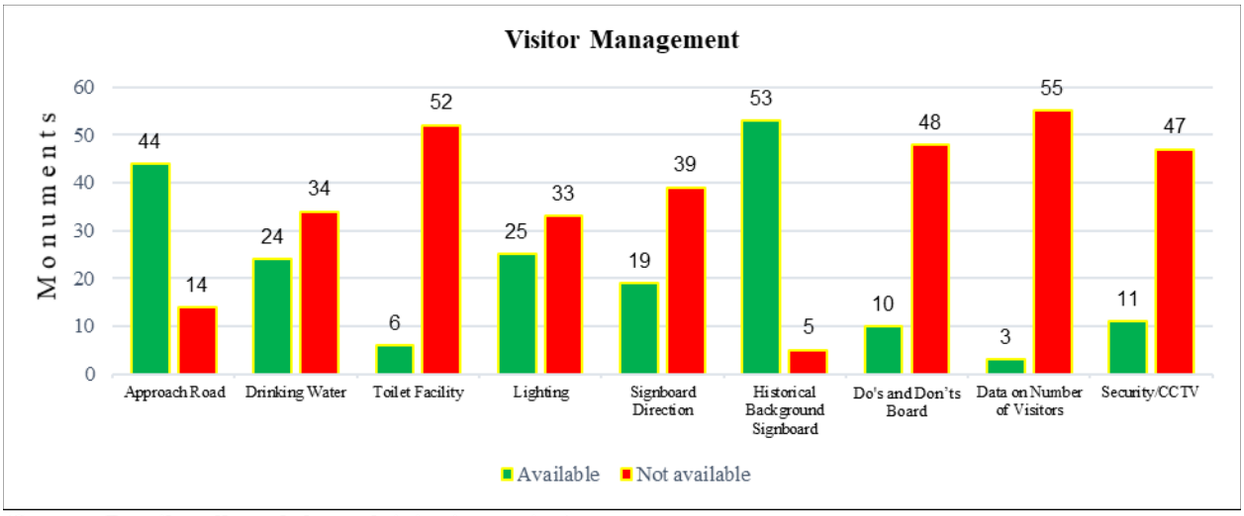
2.1.11 Visitor Management

National Conservation Policy of ASI envisages suitable visitor management procedures to attract and entertain the visitors. Visitor management included:

- Suitable facilities like proper approach road and adequate signage boards to enable the visitors to locate and reach the monuments easily.
- Adequate infrastructure facilities like parking vehicles, toilets, cloak room, drinking water, *etc.,* for the convenience of the visitors.
- Collection of complete data on the number of visitors would enable the Department to identify the most attractive monuments in the view of general public.
- Guidebooks or pamphlets indicating the history of the monument, its architecture and planning, guide facilities to understand the importance of the monument by the tourists.
- Security system including CCTV cameras to watch any damages to the monument besides instructions to the visitors about the various Do's and Don'ts in the protected areas.

Joint physical verification of the sampled 58 monuments disclosed huge shortfalls in provision of visitor amenities. Audit observed that more than 50 out of 58 monuments lacked basic facilities *viz.*, information about historical background of monuments, number of visitors, toilet facilities, *etc*. Status of availability of various amenities are bought out in **Chart 2.2.**

Chart 2.2: Details showing availability of facilities at 58 test checked Monuments



(Source: Details collected through joint inspection)

2.1.12 Archaeological Research

The archaeological research comprises Exploration, Excavation, Epigraphy, Publication, *etc*. Publication of Excavation Report and making it available to public is an integral part of every excavation.

2.1.12.1 Excavation by Department

While exploration comprises the discovery and recording of ancient sites/remains still visible on the surface of the ground, excavation unearths the archaeological remains embedded below the surface of the earth.

Department completed 60 archaeological excavations in 42 sites pertaining to ancient era *viz.*, Iron age, Megalithic, Microlithic, Pre-history, Medieval, *etc.*, during 1968-69 to 2019-20. During 2017-2020, seven[13] archaeological excavations in five[14] sites were conducted. Department recovered 33,426 antiquities from excavations during 2016-17 to 2019-20. Of the same, 26,706 antiquities were kept under the custody of Excavation Director and 6,720 recovered from Keeladi were displayed in World Tamil Sangam, Madurai.

Audit observed that Department, under village to village exploration identified 96 sites (upto 2016-17) in 14 districts for conducting excavation. Of these 96 sites identified by the Department, excavation of only three sites had been taken up during 2017-2020. Further, Department did not undertake any village to village exploration after 2016-17 which was required as per the objective of the Archaeology Department.

Department published final excavation reports for 48 out of 60 completed excavations. The balance 12 reports were pending publication. Audit found that five out of 12 reports were pending publication for which the excavation was completed between 2013-14 to 2015-16.

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13 Keeladi (4th Season), Pattaraiperumbudur, Keeladi (5th Season), Keeladi (6th Season), Kodumanal, Adichanallur and Sivagalai.

14 Keeladi, Pattaraiperumbudur, Kodumanal, Adichanallur and Sivagalai.

Government stated (July 2021) that necessary steps were taken to undertake the exploration, excavation and publication of reports. It was assured to complete publications by September 2021.

2.1.12.2 Excavation by private agencies

Excavations made in an area under Section 20 or Section 21 of the Act, the Archaeological officer or the licencee, is required to examine the antiquities discovered and submit a report to the Government with particulars. Government may issue an order for the compulsory purchase of any such antiquities at the market value.

Department received 18 applications during 2017-2020 from various educational institutions/private persons for excavation and these applications were recommended for approval by Central Advisory Board of Archaeology (CABA) as stipulated in the provisions of the Act. Audit ascertained from the Department that the licences for excavation were directly communicated by CABA to these private agencies/individuals and Department did not possess details of licences granted by CABA to these agencies.

Audit obtained (April 2021) the details of licences granted by CABA, which revealed that 16 out of 18 private agencies recommended by State Government were granted licences during 2017-2020.

Audit found that Department did not monitor the excavation activities carried out by the licencees, as mandated under Rule 19 (j) and Rule 19 (k) of the Act, further, details of the historically important objects excavated were also not available with the Department. The antiquities discovered during excavation were also not acquired from these licencees as mandated under Section 22 of the Act.

Government accepted (July 2021) and assured that necessary action would be taken to collect the excavation report containing the details of antiquities recovered during excavation and the licencees would also be instructed to submit to Government these details every quarter.

Independent verification of the website of Tamil University revealed that they were in possession of 500 Estampages[15] and 5,000 Antiquities which were excavated from the Archaeological Sites of Vallam Periyapattinam Kodumanal, Mayiladumparai, Tandikudi, Nagapattinam and Paliyarpattai. However, Department failed to record and acquire the antiquities for their preservation as per the Act.

Principal Secretary during Exit Conference instructed (July 2021) the Department to identify the system of maintenance of antiquities by the said University under the supervision of the Department.

[15] Alagankulam (Ramanathapuram), Pattaraiperumbudhur (Thiruvallur- Twice), Srirangam (Tiruchirappalli), Ukkirankottai (Tirunelveli).

2.1.12.3 Delay in micro-filming of manuscripts

The Government Oriental Manuscripts Library and Research Centre, functioning under the Department was started in 1869 to preserve and popularise rare paper and palm leaf manuscripts on various subjects written in Tamil, Sanskrit, Marathi, Urdu, Arabic and Persian, *etc*.

In July 2012, GoTN sanctioned a sum of ₹ 3.54 crore, for microfilming of 10,661 bundles (22,37,916 pages) of paper manuscripts and 11,898 bundles of palm leaf manuscripts available in the Government Oriental Manuscripts Library and Research Centre. The work was entrusted to M/s ELCOT, a Public Sector Undertaking, and the entire amount was paid in 2012-13, without stipulating any target date for completion of this work. As of March 2020, micro-filming of 10,98,873 pages of paper manuscripts (49 *per cent*) and 10,946 bundles of palm leaf manuscripts (92 *per cent*) were pending completion even after the expiry of more than seven years from the date of payment of entire amount besides non-achievement of the envisaged objective.

Government replied (July 2021) that instruction had been given to ELCOT to speed up the work at the earliest.

2.1.12.4 Epigraphy

Epigraphy is the study of ancient inscriptions on the rocks, pillars, temples, walls, copper plates and other materials. It deals with the art of writing and provides an instrument for conservation and transmission of historical traditions from generation to generation. Inscriptions are the main source for reconstructing the history and culture of ancient civilisations. The inscriptions should be copied from the boulders, stone pillars, stones, temple walls and copper plates. The copied inscriptions (estampages) are deciphered, edited and published for use by public.

Audit observed that Department was in possession of 25,027 copied inscriptions (March 2020) and out of which 11,083 estampages were pending deciphering and publication.

Government replied (July 2021) that action has been initiated by engaging retired experts on contract basis to make estampages of uncopied inscriptions.

2.1.13 Manpower for protection of monuments

The technical functions envisaged in the Tamil Nadu Ancient and Historical Monument and Archaeological Sites and Remains Act, 1966 are carried out by Regional Assistant Directors, Deputy Superintending Archaeologist, Assistant Executive Engineer, Epigraphists, Curators and Archaeological Officers and their sub-ordinates in the Department of Archaeology. These technical officials are crucial for protection, exploration, research, *etc.*, of archaeological sites. The **Table No.2.4** depicts the sanctioned strength and vacancy position of the technical posts in the Department.

Table No.2.4: Vacancies in technical posts

Post	Sanctioned strength	Filled up	Vacancy (Percentage of vacancies)
Deputy Superintending Archaeologist	2	Nil	2 (100)
Regional Assistant Director - Technical	3	Nil	3 (100)
Assistant Superintending Epigraphist, Assistant Executive Engineer	3	1	2 (66)
District Archaeological Officer	32	12	20 (63)
Others	29	10	19 (66)
Total	**69**	**23**	**46 (66)**

(Source: Compiled from Departmental records)

It is clear from the Table No.2.4 that the vacancy position of various technical posts in the Department ranged from 63 to 100 *per cent.* Audit observed that the Department surrendered ₹ 221.31 lakh which was allocated on account of salary component during 2017-2020.

Government replied (July 2021) that 17 posts were filled up during January 2021 and it was assured that the remaining posts would be filled up early.

2.1.14 Monitoring

2.1.14.1 Tamil Nadu Ancient and Historical Monuments and Archaeological Sites and Remains Act 1966

The Ancient Monuments and Archaeological Sites and Remains Act, 1958 was enacted by GOI covering the ancient monuments of national importance. Simultaneously, State Governments were advised to enact similar law for the State. GoTN enacted The Tamil Nadu Ancient and Historical Monuments and Archaeological Sites and Remains Act, 1966 and framed Rules thereunder.

The Central Act, 1958 was amended (March 2010) *viz*., constitution of Monuments Authority to recommend grading and classifying protected monuments and protected area, enhancement of penalty for construction in prohibited area, conduct of a survey in prohibited areas and regulated areas to prepare detailed site plans; and identification of unauthorised constructions.

Audit observed that the Department did not propose for amending the provisions of the State Act thus leading to non-formation of State Authority for classifying the notified area, ensuring the boundary of protected and prohibited area, absence of penal clauses for violating the Act / Rule.

Government accepted audit observation (July 2021) and stated that a state level committee would be formed in the next year to amend the Act and Rules.

2.1.14.2 Monument Register

GoTN instructions (November 1988) in the Manual envisaged conservation and maintenance of the ancient monuments under the control of the Department to ensure that there is no alteration to the original structure. In this regard, Monuments Register is maintained in the headquarters office to record the details of declared monuments, details of monuments selected for conservation, their historic background etc.

Audit found that the field officials of the Department neither indicated the status of acquiring ownership of the protected area of the declared monument in the existing monument register nor maintained a separate register.

Department stated (October 2021) efforts have been initiated to create district-based database register to record meta data of the monuments and assured that the work would be completed within one month.

2.1.14.3 Accession Register

As per Right to Information Act manual of the Department, accession register should be maintained by the Curators of the site museums. All antiquities in Museums should be properly accounted in Accession Register as soon as received. Each antiquity has a separate unique accession number which also indicates the year of accession. Proper and regular maintenance of the accession register is essential for the safety and security of the Museum objects.

Department of Archaeology established 14 site museums to Preserve, conserve and exhibit the antiquities recovered from the excavations. Audit organised joint inspection of six site museums and it was noticed that five[16] out of six site museums did not maintain Accession Register. In the absence of the same, various important information such as source of the antique, date of receipts, *etc*., were not available / were incomplete.

Government accepted and stated (July 2021) that the newly appointed Archaeological Officers were instructed to complete the work.

2.1.14.4 Annual Physical Verification

As per the State Museum Manual of ASI, the Museum Office should be inspected every year in August by the Competent Authority to check the stock of all the coins in the coin collections and the gold / silver articles and verifies them with the corresponding entries in the stock register.

Test check of six Site-Museums revealed that this annual Physical Verification of the objects (antiquities) had not been conducted in any of the Site-Museums for the period 2017-2020.

Government accepted and stated (July 2021) that the newly appointed Archaeological Officers were instructed to complete the physical verification work.

2.1.14.5 Creation of awareness among the public

The Commissioner instructed (October 2016) DAOs and Curators to conduct monthly awareness campaign to educate general public about the importance of monuments, antiquities and to tie-up arrangements with the other Departments/ Entities/ Private bodies in this regard.

[16] Site Museums at Madurai, Thanjavur Maratha, Thanjavur Rajarajan, Poondi and Arcot.

Audit noted that the field officials conducted only 24 awareness campaign during 2017-2020 as against the target of 792. The percentage of non-achievement ranged between 94 and 99 during the three-year period. The **Table No.2.5** shows the target and achievement of the conduct of awareness camps during 2017-20.

Table No.2.5: Conduct of awareness camps

Year	Awareness campaign planned	Conducted	Shortfall	Percentage of shortfall
2017-18	264	5	259	98
2018-19	264	2	262	99
2019-20	264	17	247	94
Total	**792**	**24**	**768**	**97**

(Source: Details furnished by the Department)

Government replied (July 2021) that due to pre-occupation of Archaeological officer in the excavation works the targets could not be achieved.

2.1.14.6 Delivery of Books to National Libraries

According to Section 3 of the "The Delivery of Books 'and News Papers' (Public Libraries) Act 1954", the publisher of every book shall deliver such publication to the National Library at Kolkata and three public libraries within 30 days of its publication.

State Archaeology Department published 301 books (upto 2018-19) in Tamil and English on Epigraphy, Monuments, Excavation Reports, District Archaeological Guide Books, Museum Guide Books and Temple Monographs. However, it was noticed that the copies of these books were not provided to the various libraries, which did not provide necessary information about the heritage, culture and history of the ancient monuments to the tourists, student and research community.

Government assured (July 2021) that necessary action had been initiated for sending the books to the National Library and Public Libraries.

2.1.15 Conclusion

Department of Archaeology was established with the objective to identify, conserve and preserve ancient monuments in the State and to conduct archaeological exploration and excavation at the historically important places. Compliance Audit on the preservation and conservation of monuments and antiquities by the Department revealed the following:

Department could not undertake comprehensive survey to identify historical monuments for protecting and conserving them. There was inordinate delay in declaring the identified monuments as protected monuments. Further, Department failed to acquire ownership of the 99 *per cent* of the declared protected monuments. There were deficiencies in creation of heritage database of monuments and antiquities available in the State. During Joint inspection of selected monuments, various deficiencies were noted in preservation and maintenance of these protected monuments *viz*., human vandalism, oil

accretion, soot formation, vegetative growth and lack of physical protection. Joint inspection also disclosed huge shortfalls in provision of basic amenities for visitors. There were delays in completion of research activities *viz*., exploration, excavation, epigraphy and publication of excavation reports. Shortage of technical personnel coupled with insignificant budget provisions hindered the protection of monuments and the development activities. There were some gaps in monitoring the activities of the field offices. Thus, these limitations impacted the achievement of the objectives of the Department in preservation and conservation of ancient monuments.

2.1.16 Recommendations

In the light of the Audit observations, GoTN may,

- Declaration of the identified ancient monuments should be completed on priority to enable their maintenance and preservation effectively.
- Ensure provision of adequate funding for maintenance of protected monuments in the State and filling up of vacant technical posts.
- Focus on adequate maintenance of the protected monuments and to create heritage database of monuments in the State to preserve and to educate the rich heritage of the State to new generation.
- Create visitor amenities to facilitate and attract students, researchers and other visitors.
- Strengthen the monitoring mechanism for completion of research activities in time and to publish the results of excavations for the benefit of the intended users.

LAW DEPARTMENT

2.2 Unfruitful expenditure of ₹ 2.76 crore on construction of hostel

Construction of hostel without assessing the requirement of Law College students led to unfruitful expenditure of ₹ 2.76 crore.

The Department of Legal Studies was established (1953) by Government of Tamil Nadu (GoTN) with the object of improving the standard of legal education in the State and all Law Colleges are under its control. While conducting audit during 2019-20 in Government Law College (GLC), Tirunelveli and GLC, Chengalpattu, Audit noted that the men's hostels constructed during April 2010 and March 2016 remained unutilised for more than 10 years and four years respectively.

Government Law College, Tirunelveli

Government of Tamil Nadu sanctioned (May 2007) construction of a men's hostel for ₹ 84.00 lakh by Public Works Department (PWD). Director of Legal Studies, Chennai (DLS) requested to allot 12,000 square meter (sq m) (October 2006) of land at Kulavanigarpuram village, which was 10 km away from College. GoTN acquired the same under Urban Land Ceiling Act, and allotted it to Law Department in July 2007. PWD apprised (October 2007) Principal, GLC, Tirunelveli to suggest alternate site as the proposed site was

far away from the college. However, no efforts were made by the Department to identify an alternate site.

The work was awarded at a cost of ₹ 84 lakh (February 2008) to L1 contactor. A Writ Petition was filed (February 2008) regarding ownership of the land at Hon'ble High Court at Chennai. Hon'ble High Court issued a stay order on this petition in February 2008. However, the work could not commence, hence, the agreement was cancelled. The stay order was vacated in August 2008. Due to revised schedule of rates and increased construction cost of building, PWD deleted provision for furniture, kitchen utensils *etc.,* from the original order to restrict the revised estimate of the work to the original sanction of ₹ 84 lakh. The work was again awarded (March 2009) to the same contractor through tenders. The hostel was constructed at a cost of ₹ 83.64 lakh and was handed over to the Principal, GLC, Tirunelveli (April 2010). The Department purchased furniture for ₹ 14 lakh (November 2012) and completed compound wall at a cost of ₹ 13.68 lakh (July 2014). Therefore, the total expenditure for the hostel was ₹ 1.11 crore.

Audit observed (July 2019) that the hostel was not utilised as it was located more than 10 km from the college; and the students were required to travel by two to three buses every day to reach the college. The commuting time (to and fro) between the Law College and the hostel was about four hours which led to wastage of time for students.

Thus, construction of the men's hostel by the DLS led to unfruitful expenditure of ₹ 1.11 crore due to non-utilisation of the building constructed. Audit also noticed that out of 658 male students enrolled during 2019-20 in the college, 342 students (52 *per cent*) and were native of districts other than Tirunelveli district were staying away from home for pursuing higher education. Thus, these students were deprived of the benefit of hostel facilities due to its poor location and inadequate transport facilities.

The photograph depicting the condition of Law College hostel building at Tirunelveli (12 July 2021)



Growth of vegetation inside the building



Interiors were infested with termites

Government replied (June 2021) that the constructed hostel was handed over (January 2021) to the Principal District Judge, Tirunelveli to house commercial court and commercial appellate court with recommendations to

modify the building as per the need. The fact, however, remains that the building was not utilised till date as observed from the Joint Inspection of the site by audit on 12 July 2021.

Government Law College, Chengalpattu

Based on the proposal of DLS (June 2013), GoTN sanctioned (September 2013) construction of men's hostel in GLC, Chengalpattu by PWD for ₹ 1.72 crore within the college campus. The construction work commenced in July 2014 and was completed in March 2015 by incurring an expenditure of ₹ 1.65 crore. The hostel building with furniture and kitchen equipment were handed over to the Principal, GLC, Chengalpattu (March 2016).

During the construction of the men's hostel, Principal, GLC, Chengalpattu proposed (September 2015) utilising this hostel for female students.

During the Joint Inspection (September 2020), it was noticed that the newly constructed men's hostel was not put to use for more than four years as the male students were not willing to occupy the hostel as their classes were organised in shift system, hence, they preferred to travel every day.

Non-utilised hostel for men at Government Law College, Chengalpattu. The building remained locked without use for more than four years.



After being pointed out in Audit (October 2020), the proposal for conversion of hostel as ladies' hostel was forwarded (December 2020) by DLS to Government and the same was approved in February 2021. PWD prepared (May 2021) an estimate for ₹ 24 lakh to improve basic amenities for converting the hostel. However, the sanction of Government for improving the basic amenities were awaited (July 2021).

Thus, construction of hostel without ascertaining the requirement of male students and delay in utilisation of the constructed building for the benefit of the female students led to blocking on funds of ₹ 1.65 crore for a period of more than four years.

Government replied (June 2021) that the existing hostel would be utilised for the benefit of female students once the pandemic situation eased.

Recommendation: Department may ascertain the requirement and accessibility of hostels prior to their construction to avoid non-utilisation of the infrastructure created from Government funds.

PUBLIC WORKS DEPARTMENT

2.3 Non-adherence to Codal provision led to short collection of lease rent

Non-adherence to Codal provisions and delay in approval of revised lease rent resulted in short collection of ₹ 1.49 crore as lease rent besides un-authorised possession of Government lands without lease agreement.

Tamil Nadu Public Works Departmental (TNPWD) Code (Para 172) states that the period of lease of Public Works Department (PWD) lands needs to be determined with reference to nature of property. The sanction for grant of lease of a property is accorded based on monetary limits *viz.,* the value of property is more than ₹ 50,000 but does not exceed ₹ one lakh[17] by Chief Engineer; the value of the property exceeds ₹ 10,000 but does not exceed ₹ 50,000 by the Superintending Engineer; and the value less than ₹ 10,000 by Executive Engineers. TNPWD Code (Para 172 (x)) states that the renewal of lease can be approved by the authority who granted the lease earlier.

Government of Tamil Nadu (GoTN) issued[18] (November 1987) instructions that PWD land may be leased for three years with annual lease rent at 12 *per cent* on the cost of building / market value of the land and can be renewed thereafter based on current market value.

Scrutiny of lease rent records pertaining to Buildings Division of PWD, Kanchipuram (December 2015 and September 2019) revealed non-adherence to TNPWD Codal provisions (Para 172) in collection of Government dues, non-compliance of Government instructions issued in 1987 in revising of lease rent of Government lands. This also led to non-realisation of Government revenue of ₹ 1.49 crore as detailed below:

Table No: 2.6 Arrears of lease rent at the end of concerned financial year

(₹ in lakh)

Lease Location	31.03.2003	31.03.2006	31.03.2009	31.03.2012	31.03.2015	31.03.2018	31.01.2021
Taluk Office Complex	8.85	19.41	23.46	27.77	84.03	125.83	128.22
Collector Office Complex	0.76	2.21	5.79	9.58	16.17	18.03	20.32
Total	**9.61**	**21.62**	**29.25**	**37.35**	**100.21**	**143.86**	**148.54**

(Source: Details furnished by the Department)

[17] The value of property in excess of ₹ one lakh need to be sanctioned by the Government.

[18] GO.Ms.No. 2160, Public Works Department, dated 3 November 1987.

Executive Engineer (EE) approved (1985 onwards) to lease Government lands in Taluk Office Campus to 32 individuals and in Collector Office Campus to 10 individuals for establishing shops. The lease rent was fixed by the Department during 1985 to 2003 between ₹ 15 and ₹ 631 per month per licencee.

Though Government instructed (1987) for renewal of lease rent once in three years from the commencement of lease, based on the current market value, EE did not revise the lease rent to the licencees based on the current market value till the year 2000. During the year 2001, EE, revised the lease rent based on the prevailing market value but the licencees filed (October 2003) Writ Petition in the Hon'ble High Court at Chennai. The case was decided in favour of the Department during June 2012 by Hon'ble High Court at Chennai to recover the rent due and payable.

EE revised the lease rent payable for 42 shops and sought (July 2013) clarification on the authority for revision of lease rent. Chief Engineer clarified (January 2014) that the renewal and revision of rent would be sanctioned only by the authority who is competent to sanction the lease in the first instance. Despite clarification from Chief Engineer, EE forwarded (June 2015) the revised proposal for enhancement of lease rent to Superintending Engineer (SE) for approval without recording any reasons therefor.

Pending approval by SE, the arrears of lease rent payable was communicated (June and December 2016) to the shop owners. Despite Chief Engineer, clarification (January 2014) regarding authority for approval of revision of lease rent, EE, who himself was competent authority for renewal of lease, again sought (December 2019) the approval of SE to enhance the lease rent based on the latest market value (June 2017). The arrears of lease rent (January 2021) payable by the shop owners worked out to ₹ 1.49 crore.

In this regard, audit observed the following:

- Despite instructions from Government (1987) to revise the lease rent once in three years, EE failed to revise the lease rent periodically on the basis of the market value. Revision of lease rent after a gap of more than 10 years, during 2000 resulted in significant increase of lease rent. Despite case decided in order No. WP 36446 of June 2012 in favour of department, the EE, the competent authority for revision of lease rent, failed to revise the lease rent in accordance with the provisions of the TNPWD code for more than eight years.
- Delay in approval of enhanced lease rent by EE resulted in non-execution of lease agreement with the lessees. This led to short collection of lease rent of ₹ 1.49 crore.

Thus, delay of more than 20 years in approval of revised lease rent and failure to execute the lease agreement with the licencees by EE resulted in short collection of lease rent to the tune of ₹ 1.49 crore besides un-authorised occupation of Government lands without lease agreement.

Government assured (April 2021) that the revised lease rent would be approved early.

Recommendation: In compliance with TNPWD Codal provisions and Government instructions, 1987 Department may revise the lease rent periodically strictly as per codal provision. It is also recommended to fix responsibility on the officials for not complying with the said instructions of the Government.

HIGHWAYS AND MINOR PORTS DEPARTMENT

2.4 Blocking of funds due to non-completion of bridge works

Commencement of works without acquiring land led to foreclosure of bridge works despite an expenditure of ₹ 14.74 crore and non-achievement of the envisaged objectives for 14 years.

Tamil Nadu Highways Manual (Volume IV) Para 176 stipulates that no work should be commenced on land which has not been handed over to Highways Department (HD). Government of Tamil Nadu (GoTN) also ordered[19] (September 2007) that the bridge works should commence after completing the process of Land acquisition (LA). GoTN sanctioned (October 2006) construction of two adjacent bridge works[20] *viz.,* High Level Bridge (HLB) and Road Over Bridge (ROB), with the objective of providing permanent remedy to the people residing in nearby villages who were put to hardship during rainy season and to facilitate movement of heavy vehicles over railway crossing.

Tamil Nadu Highways Manual provisions and GoTN orders emphasised for acquisition of land before starting bridge works. However, Department invited tender (December 2008) for construction of HLB prior to completion of LA process for interconnected bridge work and the work was awarded (February 2009) to L1 tenderer for ₹ 3.51 crore. The work could not be completed due to the legal case[21] filed by land owners. The work was foreclosed after incurring an expenditure of ₹ 1.31 crore (March 2012).

Based on the discussions with the petitioners, Chief Engineer again inspected the construction site of the bridge (February 2015) to assess modification of alignment of ROB for utilising the vacant lands to minimise the requirement of LA. Thereafter Petitioners' withdrew the legal case (April 2015) and revised alignment for ROB was finalised by HD (June 2015). During the process of LA for the revised alignment, new land owners affected by the revised alignment filed Writ Petition (November 2015) in the Hon'ble High Court at Chennai.

In the meantime, Department, without completing the process of LA, invited tender for the balance work of HLB (May 2015) and awarded the work (September 2015). The contractor completed (August 2016) all decks of HLB

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19 G.O. Ms. No. 242, Highways Department, dated 25 September 2007.

20 Construction of High Level Bridge at Km 0/6 of the road from Tirupur – Somanur Road to Chikkanna College Road across Noyyal River for ₹ 2.50 crore and Construction of Road over bridge at Km 1/4 of Tirupur – Somanur Road to Chikkanna College Road in lieu of arch bridge No.29 at Railway Km 445/19-21.

21 WP No.3004/2010 dated 29.12.2010, Hon'ble High Court of Madras.

(expenditure of ₹ 3.73 crore) but the work of approaches was foreclosed due to non-completion of LA (October 2018).

Despite the fact that acquisition of land was pending in the Court since November 2015, the HD invited tenders (August 2016) for the ROB work and awarded the contract (December 2016) to the same contractor (L-1) who undertook HLB work, for ₹ 12.39 crore. The contractor, completed (March 2020) five out of 10 decks of ROB after an expenditure of ₹ 6.52 crore and requested (March 2020) for foreclosure of work citing non-availability of work space due to legal case. Department permitted foreclosure of the work in September 2020. The acquisition of land was still pending (July 2021) due to non-finalisation of court cases.

Partially completed ROB



Completed HLB



Highways Department also remitted ₹ 2.90 crore (between August 2008 and February 2017) to Southern Railway for construction of railway span in ROB work as deposit work. In addition, GoTN sanctioned (January 2017) construction of Minor Bridge as an approach to HLB for ₹ 2.00 crore. This work was awarded (May 2017) to the L1 tenderer for ₹ 1.85 crore and completed (September 2019) at an expenditure of ₹ 1.59 crore, but approaches on Tiruppur Ring road side were not taken up due to delay in completion of HLB.

Delay in completion of LA led to non-completion of ROB and its approaches which had a cascading effect on non-utilisation of constructed HLB and minor bridge even after expiry of four years and one year, respectively from their completion.

Thus, failure of Highways Department to adhere to the Manual provisions and Government instructions regarding commencement of works after completion of LA led to non-achievement of envisaged objectives of the project despite incurring an expenditure of ₹ 14.74 crore.

Government replied (July 2021) that construction activities were delayed due to various court cases. The reply is not acceptable as the Department failed to adhere to the Manual provisions and Government instructions in commencement of works involving LA.

Recommendation: Department to award the works only after acquiring the land required for the work including the land necessary for the approaches.

Department may also consider fixing responsibility on the field officials for their lapses.

2.5 Blocking of funds

Commencement of bridge works without adhering to the manual provisions and Government instructions on acquisition of land resulted in blocking of funds of ₹ 10.85 crore besides non-achievement of envisaged objectives.

Para 176 of Tamil Nadu Highways Manual Volume IV (Manual) stipulates that no work should be commenced on land which has not been handed over to Highways Department (HD). Government of Tamil Nadu (GoTN) also instructed (September 2007) that the bridge works should commence only after completing the Land acquisition (LA) and this would enable completion of the works within the stipulated time. GoTN instructed (September 2007) all Chief Engineers of HD to adhere to the aforesaid procedure. Public Accounts Committee (PAC) also recommended[22] (February 2013) to ensure firming up of land for the project well in advance.

Scrutiny of records in Erode Divisional Office[23] of HD revealed commencement of bridge works before acquiring the required land which resulted in non-utilisation of infrastructure created after incurring an expenditure of ₹ 10.85 crore as detailed below.

GoTN sanctioned (November 2012) ₹ 12.43 crore for construction of bridge with National Agriculture And Rural Development (NABARD) loan assistance[24], across the Amaravathi river to provide connectivity to the nearby villages[25] for transportation of agriculture products to nearby markets and for access to educational, medical activities. The work involved construction of bridge proper along with approaches to the bridge besides formation of approach road to connect to the existing roads.

The approved alignment of the bridge (November 2012) involved LA (approximately 9.41 acre[26]) on both sides of the bridge, to connect the existing Panchayat Road at Koyampalli village and Other District Road at Melapalayam village. During field inspection (May 2013), Chief Engineer (Planning, Design and Investigation) and Chief Engineer (NRR) instructed the Divisional Engineer (DE), Construction and Maintenance (C&M), Karur, to finalise LA for forming the approach to the bridge on both sides.

C&M Wing instead of acquiring land of 9.41 acre exclusively for this project, clubbed the land requirement of this project with other project[27]. Due to this LA requirement for the integrated project increased to 99 acre. C&M wing forwarded Land Plan Schedule (LPS) to District Revenue Officer, Karur for acquiring 99 acre (September 2015). Thereafter, due to filing of four cases in

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22 83rd Report of PAC placed in the 14th Legislative Assembly.

23 NABARD and Rural Roads (NRR) Wing.

24 RIDF Package XVIII for the year 2012-13.

25 Koyampalli, Melapalayam, Somur, Achamapuram and Thirumukkudalur.

26 326m road in Koyampalli side + 520 m in Melapalayam side = 846 m x 45 m (proposed width of Link Road including future expansion) = 3.81 Ha or 9.41 acre.

27 Formation of Ring Road to Karur Town sanctioned in October 2013 and formation of Link Road announced by Government in December 2013 which involved land acquisition of 99 acres.

the Madurai Bench of the Hon'ble High Court of Madras, LA process was pending completion as on July 2021.

In the meantime, without completing the LA, tenders were invited (August 2014) for construction of bridge work in anticipation of completion of LA by the C&M wing. The work was awarded (January 2015) to the tenderer for ₹ 10.41 crore for completion in 18 months (July 2016). The contractor completed the work pertaining to the construction of bridge. However, due to pending completion of LA, the contractor requested (March 2017) for foreclosure of work citing non-availability of workspace for completing approaches. The agreement was foreclosed (March 2017) after incurring of an expenditure of ₹ 10.85 crore towards construction of bridge and preliminary expenses towards advertisement, investigation and shifting of utilities.

The partially completed bridge work is as below:



Koyampalli side



Melapallayam side

In this regard, Audit observed the following:

- Though the initial proposal (November 2012) was to connect the bridge with the existing Panchayat and Other District Road by acquiring lands (9.41 acre), the field officials of HD failed to obtain sanction for the same and clubbed this bridge with other project involving huge LA which delayed the formation of approach road.
- Despite instructions in the Departmental Manual and also by Government and recommendations of PAC, HD commenced construction of bridge works before clear title of land and completion of LA. The objective of providing connectivity to villages for transportation of agriculture products and for access to educational, medical activities remained unachieved. Moreover, the partial infrastructure created resulted in blocking of funds of ₹ 10.85 crore for more than four years.
- As per terms of reference of NABARD loan the rate of interest payable for the loans sanctioned during 2012-13 was 7.50 *per cent per annum*. The Department made the final claim of the loan for an amount of

₹ 10.85 crore in April 2019. Thus, the minimum unfruitful interest liability to Government for the not utilised bridge was ₹ 1.56 crore[28].

- Delay in completion of work also resulted in expiry of 47 out of 60 months of defect liability clause without enforcement for partially executed works for ₹ 10.85 crore, leading to unintended benefit to the contractor.

Thus, non-adherence to the manual provisions, Government instructions, PAC recommendation regarding completion of LA before commencement of work resulted in non-achievement of envisaged objectives besides blocking of funds of ₹ 10.85 crore for four years.

Government replied (July 2021) that the bridge work was commenced in anticipation of completion of land acquisition, but the acquisition of land was delayed due to various court cases. It was assured that further action would be taken on finalisation of court cases. The fact however, remains that the Department failed to adhere to the Manual provisions by commencing the bridge works without finalising the required work space, which resulted in blocking of funds and non-utilisation of created infrastructure by general public.

Recommendation: Department may award contract for bridge works only after acquiring clear title of the land required for bridge work and other approach works. Department to fix responsibility on the field officials for the serious lapses.

[28] From the date of final claim to till date (April 2019 to February 2021) for two years *i.e.,* 2019-20 and 2020-21 (₹ 10.85 crore x 7.5 *per cent*) /12 x 23 months = ₹ 1.56 crore.

PART II

Urban Local Bodies

CHAPTER III

3.1 Functioning, accountability mechanism and financial reporting of Urban Local Bodies

A Functioning of the Urban Local Bodies in the State

3.1.1 Introduction

The 74th amendment to the Constitution accorded constitutional status to Urban Local Bodies (ULBs) and established a system of uniform structure, regular election, regular flow of funds through Finance Commission *etc*. As a follow-up, the States are required to entrust these bodies with powers, functions and responsibilities so as to enable them to function as institutions of local self-government.

Accordingly, the State Legislature amended the Tamil Nadu District Municipalities Act, 1920, for transferring the powers and responsibilities to ULBs in order to implement schemes for economic development and social justice including those in relation to the matters listed in the Twelfth Schedule of the Constitution.

Tamil Nadu is one of the urbanised States of India. As per the 2011 Census, urban population of the State was 3.49 crore constituting 48.40 *per cent* of the total population of 7.21 crore. Important statistics of the State regarding population and ULBs are given in **Table No. 3.1.**

Table No. 3.1: Important statistics of the State

Population	7.21 crore
Population density	555 persons per square kilometre
Gender ratio	996 females per 1,000 males
Urban population	48.40 *per cent*
Literacy	80.09 *per cent*
Number of ULBs	664
Municipal Corporations	15[1]
Municipalities	121
Town Panchayats	528

(Source: 2011 Census figures and Policy Note of the Municipal Administration and Water Supply Department for 2019-20)

[1] Avadi, Chennai, Coimbatore, Dindigul, Erode, Hosur, Madurai, Nagercoil, Salem, Thanjavur, Thoothukudi, Tiruchirappalli, Tirunelveli, Tiruppur, and Vellore,

3.1.2 Functioning of ULBs

Consequent upon the 74th amendment to the Constitution, the State Legislature amended the Tamil Nadu District Municipalities Act, 1920, for transferring the powers and responsibilities to ULBs. Out of 18 functions, Fire service was not devolved to any ULB as a separate Fire Department is entrusted with this role. All the remaining 17 functions were fully devolved to the Corporations and Municipalities. In respect of Town Panchayats, 10 functions were fully devolved and 2 functions were partially devolved to the TPs. Five functions are yet to be devolved. In respect of Greater Chennai Corporation (GCC), 13 out of 18 functions were devolved so far (September 2021), of which, the function of water supply is handled by the Chennai Metropolitan Water Supply and Sewerage Board.

3.1.3 Audit arrangement

3.1.3.1 Primary Auditor

GoTN entrusted (August 1992) the audit of ULBs to the Director of Local Fund Audit (DLFA), who has to certify the correctness of accounts, assess internal control system and report cases of loss, theft and fraud to the audited entities and to GoTN.

3.1.3.2 Placing of Audit Report of DLFA

As per Section 20 of the Tamil Nadu Local Fund Audit Act, 2014, DLFA should submit annually a consolidated report of the audited accounts of local bodies to Government, which should cause it to be laid before the Legislative Assembly. As per Rule 19 of the Tamil Nadu Local Fund Audit Rules, 2016, the DLFA should, not later than 30th September of every year, send to the Government, a consolidated report of the accounts of local authorities audited during the previous financial year, containing such particulars, which are to be brought to the notice of the Government as per Section 20 of the Act. As per the information furnished (July 2021) by DLFA, the consolidated Audit Report of ULBs were placed in the Assembly upto the year 2018-19.

3.1.3.3 Arrears in submission of accounts

ULBs should finalise their annual accounts within three months after the end of the financial year. DLFA stated (July 2021) that 5 (out of 14) Municipal Corporations, 13 (out of 121) Municipalities and 59 (out of 528) Town Panchayats did not submit their accounts for the year 2019-20 to DLFA as of July 2020.

3.1.3.4 Arrears in audit by DLFA

(a) The position of arrears in audit of ULBs by DLFA, as of June 2021, is given in **Table No. 3.2**

Table No.3.2: Position of arrears in audit of ULBs by DLFA

(in numbers)

Category of ULB	2019-20			
	Total number of ULB	Accounts submitted to DLFA (A)	Audit completed out of (A)	Audit pending out of (A)
Corporations	14	14	9	5
Municipalities	121	121	120	1
Town Panchayats	528	528	518	10

(Source: Details furnished by DLFA)

Note: Audit completion period for the year 2019-20 had been extended upto May 2021

(b) As of July 2021, 1,33,849 paragraphs relating to Municipal Corporations, Municipalities and Town Panchayats included in Inspection Reports (IRs) of DLFA relating to period upto 2019-20 were pending settlement as given in **Table No. 3.3.**

Table No. 3.3: Year-wise pendency of paragraphs of DLFA

Year of IR	Number of paragraphs pending in respect of		
	Municipal Corporation	Municipalities	Town Panchayats
Upto 2014-15	17,022	18,231	19,275
2015-16	1,974	4,124	4,226
2016-17	2,363	3,714	5,678
2017-18	1,827	6,112	8,151
2018-19	2,831	9,742	16,610
2019-20	745	5,583	5,641
Total	**26,762**	**47,506**	**59,581**

(Source: Details furnished by DLFA)

Audit analysis revealed that in respect of Municipal Corporations, Municipalities and Town Panchayats 17,022 (64 *per cent*) out of 26,762, 18,231 (38 *per cent*) out of 47,506 and 19,275 (32 *per cent*) out of 59,581 pending paragraphs respectively pertaining to period upto 2014-15. This indicated that adequate attention was not given to settle the long pending paragraphs.

DLFA further reported (July 2021) that for settling the pending paragraphs relating to Municipal Corporations, Municipalities and Town Panchayats, 44 meetings were held during 2018-19 and 2019-20 as a result of which, 1,912 paragraphs were settled.

3.1.4 Audit by Comptroller and Auditor General of India (CAG)

The CAG audits the ULBs under Section 14(2) of the CAG's (Duties, Powers and Conditions of Service) Act, 1971. In addition, Technical Guidance and Support is provided by the CAG to DLFA.

3.1.4.1 Planning and conduct of Audit

During the year 2019-20, out of the Audit Universe of 841 offices pertaining to Municipal Administration and Water Supply (MA&WS) Department, 117 offices were planned and audited.

3.1.4.2 Audit Reports of CAG

Paragraphs included in the CAG's Audit Reports pertaining to MA&WS Department have been discussed upto the year 2007-08 and recommendations were made by the Public Accounts Committee (PAC) and Committee on Public Undertakings (COPU). As per the directions of the Public Accounts Committee, the Government shall submit the action taken explanatory notes within two months of tabling the Report in the Legislative Assembly for consideration of the Committee. However, it was observed that 134 paragraphs pertaining to the Audit Report for the years from 2008-09 to 2018-19 were pending discussion, out of which, the Department have not furnished explanatory notes in respect of 117 paragraphs. As on August 2021, action taken notes on 251 recommendations of the PAC/COPU's in respect of paragraphs relating to MA&WS Department included in the Audit Report (Civil) and Audit Report (Local Bodies) relating to the period from 1987-88 to 2007-08 are pending.

3.1.4.3 Response to audit observations of CAG

(i) Draft Paragraphs

Five Draft Paragraphs pertaining to MA&WS Department were forwarded demi-officially to the Additional Chief Secretary between February and March 2021 with a request to send their responses. A meeting was also conducted (online) on 22 April 2021 and the Government was also reminded during July and September 2021. However, their reply is awaited.

(ii) Outstanding Inspection Reports and Audit Observations

As of September 2020, in respect of MA&WS Department, 5,112 paragraphs included in 1,125 IRs issued upto 2019-20 were pending settlement as detailed below:

Table No. 3.4 - Statement of Outstanding Inspection Reports and Audit observations

Sl. No.	Department	Inspection Reports	Audit Observations
1	Greater Chennai Corporation	113	669
2	Other Corporations	61	561
3	Municipalities	361	1,906
4.	Town Panchayats	253	923
5.	Others (include, Government, HODs, *etc*)	131	528
6	Tamil Nadu Water Supply and Drainage Board	206	525
	Total	**1,125**	**5,112**

B Accountability Mechanism

3.1.5 Ombudsman

As per Paragraph 10.161(iii) of the recommendations of the Thirteenth Central Finance Commission (TCFC), the State Government must put in place a system of independent local body Ombudsman, who will look into complaints of corruption and mal-administration against the functionaries of local bodies, both elected members and officials and recommend suitable action and the system should be made applicable to all elected functionaries and officials in all Municipal Corporations, Municipalities and Zilla Parishads at least.

Subsequent to the enactment (December 2014) of Tamil Nadu Local Bodies Ombudsman Act, 2014, Ombudsman for the Municipal Corporations, Municipalities, Town Panchayats and District Panchayats in Tamil Nadu was established (March 2015). The Tamil Nadu Local Bodies Ombudsman stated (March 2021) that 390 complaints were received during 2019-20 against the ULBs and its public servants, out of which, 255 were disposed of and the remaining complaints were in enquiry stage.

3.1.6 Service Level Benchmark

As per Paragraph 10.161(viii) of the TCFC recommendations, State Governments must notify or cause all the Municipal Corporations and Municipalities to notify the service standards for four service sectors *viz.,* water supply, sewerage, storm water drainage and solid waste management proposed to be achieved by them by the end of the succeeding fiscal year.

The Commissioner of Municipal Administration (March 2021) and the Director of Town Panchayat stated (July 2021) that all the ULBs have notified the service level benchmarks for the years 2016-17 to 2019-20.

C Financial Reporting

3.1.7 Source of funds

The details of receipts and expenditure of the ULBs for the period from 2015-16 to 2019-20 are given in **Table No. 3.5**

Table No. 3.5: Receipts and expenditure of ULBs

(₹ in crore)

	2015-16	2016-17	2017-18	2018-19	2019-20
Own revenue	4,114.15	3,908.60	4,412.48	5,792.83	5,639.65
Assigned revenue[2]	590.77	706.88	437.92	486.51	569.26
Grants	5,744.90	6,394.72	6,562.20	7,804.83	8,266.35
Loans	470.83	1,357.01	1,501.35	464.19	282.69
Total receipts	**10,920.65**	**12,367.21**	**12,913.95**	**14,548.36**	**14,757.95**
Revenue expenditure	6,617.94	6,649.61	7,132.44	8,166.93	8,290.13
Capital expenditure	4,596.73	4,816.14	3,515.67	4,026.92	4,711.74
Total expenditure	**11,214.67**	**11,465.75**	**10,648.11**	**12,193.85**	**13,001.87**

(Source: Details furnished by GCC, CMA and DTP)
Figures differ from the figures of previous Audit Reports due to furnishing of revised figures by the Department

The percentage of expenditure and savings to the total receipts during 2015-16 to 2019-20 is given in **Table No. 3.6.**

Table No. 3.6: Percentage of expenditure and savings

	2015-16	2016-17	2017-18	2018-19	2019-20
Revenue expenditure	61	54	55	56	56
Capital expenditure	42	39	27	28	32
Savings (-)/Excess (+)	(+) 3	(-) 7	(-) 18	(-) 16	(-) 12

While Capital expenditure during 2015-20 ranged between 27 and 42 *per cent* of the total receipts, Revenue expenditure ranged between 54 and 61 *per cent* of the total receipts.

3.1.8 State Finance Commission (SFC) Grant

The Fifth SFC, recommended (December 2016) a vertical sharing ratio of 56:44 between rural and urban local bodies which was accepted by GoTN (March 2017). The horizontal sharing ratio of SFC devolution funds at 40:29:31 among Municipal Corporations, Municipalities and Town Panchayats respectively. The amount of SFC grants released to the ULBs during 2019-20 was ₹ 3,460.13 crore.

3.1.9 Central Finance Commission (CFC) Grant

A sum of ₹ 1,975.69 crore was sanctioned by GOI as Fourteenth CFC grant to the ULBs in Tamil Nadu for the year 2019-20 and the same was released by GoTN to the ULBs.

3.1.10 Maintenance of accounts by ULBs

The ULBs follow the principles laid down in National Municipal Accounting Manual (NMAM) for preparation of annual accounts by ULBs. Accounts are maintained fund wise and annual trial balance, income & expenditure account

[2] 50 *per cent* of Surcharge on Stamp Duty collected within the jurisdiction of the Local Body were assigned to the concerned local body

and balance sheet are prepared on accrual basis. Accounts are maintained for all funds/schemes separately, the major accounts being Revenue/Capital Fund, Water Supply Fund and Elementary Education Fund. GCC stated (May 2021) that in conformity with the NMAM, the chart of accounts was revised and accounts upto 2019-20 were finalised.

3.1.11 Coverage of this Report

This Report contains five Draft Paragraphs pertaining to Municipal Administration and Water Supply Department with a financial impact of ₹ 29.98 crore. These paragraphs are discussed in detail in the succeeding chapter.

3.2 Faulty implementation of online revenue collection system

Handing over of online collection of taxes and revenue to a private contractor without agreement resulted in unauthorised retention of the collected revenue besides arbitrary levy of maintenance charges.

The Director of Town Panchayat (DTP) issued (May 2010) instructions to all the Town Panchayats to implement e-accounting and e-taxation in their regions by procuring a software from experienced firms. Prior to these instructions, 126 Town Panchayats (TPs) incurred an expenditure of ₹ 41.69 lakh (at the rate of ₹ 33,090 per software per TP) for purchasing software (April 2010) from M/s. Prematix Software Solution (contractor), Hosur. In all a total of 518 TPs out of 528 TPs in Tamil Nadu purchased[3] the above software from the same contractor at the same price till 2014-15 at an expenditure of ₹ 1.72 crore. Audit noticed the following deficiencies in implementation of online revenue collection system through the above contractor.

- ***Unauthorised retention of collected tax amount of TPs by the contractor***

As per section 4(1) of the Payment and Settlement Systems Act, 2007, no person other than the Reserve Bank of India (RBI), shall operate a payment system, except with an authorisation issued by the RBI. However, without any formal agreement and obtaining security deposit, the same contractor was also given the task of online collection of revenue of the TPs through its own bank account and the collected amount was to be transferred to the bank account of the TPs subsequently.

Audit noted (December 2019/ February 2020) that the total amount collected by the contractor in three districts[4] was ₹ 8.06 crore during 1 April 2017 to 31 March 2021, however, the amount remitted was only ₹ 3.24 crore. Therefore, a balance amount of ₹ 4.82 crore is yet to be remitted to TPs account as on 31 March 2021. The amount which was not remitted by the contractor as on March 2021 amounted to ₹ 6.40 crore for all the TPs. Audit also analysed the

[3] 56 TPs purchased software in 2010-11, 85 TPs purchased in 2011-12, 77 TPs purchased in 2012-13, 81 TPs purchased in 2013-14 and 93 TPs purchased in 2014-15.

[4] Chengalpattu, Coimbatore and Kancheepuram.

month-wise outstanding relating to the TPs of the above three districts and worked out a notional interest loss of ₹ 36.46 lakh.

Thus, due to appointment of a collection agent who was not authorised by RBI, without any formal agreement and security deposit, the remittance of ₹ 6.40 crore collected on account of TPs remained outstanding.

- **Arbitrary fixation of maintenance charges**

During 2010-17, the TPs paid maintenance charges[5] at ₹ 1,000 per month. The maintenance charges was increased to ₹ 2,000 per month (100 *per cent* increase) for 2017-19. Subsequently, the maintenance charge was again arbitrarily increased to ₹ 5,000 per month (150 *per cent* increase) by the contractor within a short period of two years (April 2019), which was yet to be settled by the TPs. Thus, total amount paid for maintenance charges for 2010-19 worked out to ₹ 5.75 crore. In this connection, audit noted (December 2019) that the increase in maintenance charges was arbitrary and was in absence of a formal agreement between TPs and contractor.

- **Procurement of Hand-Held Devices from the same contractor**

Audit further noticed that 517 TPs had also procured (between November 2012 and August 2017) mobile hand-held devices for door to door tax collection for ₹ 2.06 crore from the same contractor. Scrutiny revealed (February 2020) that 24 out of 69 devices purchased in Coimbatore District were not in working condition. Further due to internet connectivity issues and due to poor quality of print outs from the devices, they were used only in office counters. The receipts for revenue collection were taken from the computers in the counters thus defeating the purpose of mobility for door-to-door collection.

Thus, the contractor was entrusted with the work of online collection without formal agreement resulting in unauthorised retention of the revenue of ₹ 6.40 crore of TPs and led to arbitrary levy of maintenance charges. Further the mobile handheld devices supplied by the contractor did not serve its intended purpose, therefore expenditure of ₹ 2.06 crore became unfruitful.

The matter was reported to the Additional Chief Secretary, Municipal Administration and Water Supply Department, Government of Tamil Nadu in February 2021. However, no response has been received (August 2021).

[5] Excluding service charges

Recommendations:

The Government may:

(i) Explore the possibility of centralised procurement of common items so as to avail the benefits of bulk purchase and economical maintenance charges.

(ii) Only RBI authorised agencies should be engaged for collection of taxes after a formal agreement with the contractor.

(iii) Responsibility to be fixed to ensure unauthorised amount of ₹ 6.40 crore is realised immediately.

3.3 Inordinate delay in completion of solid waste management facility

Integrated solid waste management facility conceived in the year 2008 was not implemented even after lapse of 12 years due to technology issues in conversion of waste-to-energy project. This resulted in accumulation of 1.55 lakh cubic metres of solid waste without processing besides unfruitful expenditure of ₹ 17.54 crore.

The Ministry of Housing and Urban Affairs[6], Government of India (MoHUA, GOI) approved (June 2008) a proposal of Municipal Administration and Water Supply Department, Government of Tamil Nadu (GoTN) for setting up of integrated solid waste management facility[7] (facility) at an estimated cost of ₹ 44.21 crore covering three municipalities of Alandur, Pallavapuram and Tambaram. As per the guidelines issued by MoHUA, cost of the project was to be proportionately funded by JNNURM (Jawaharlal Nehru National Urban Renewal Mission) GOI (35 *per cent*), GoTN (15 *per cent*) and municipalities (50 *per cent*). The project was to be implemented in two phases. The Phase I comprised procurement of machineries for primary and secondary collection of waste in the municipal areas and vehicles for transfer of waste to the common place by the Municipalities. Phase II comprised construction of transfer stations within the municipalities, establishment of common compost plant and development of sanitary land.

An agreement was signed (January 2009) by the Commissioner, Pallavapuram Municipality with M/s. Hydroair Tectonics (P) Limited (Private Firm) under Public, Private and Partnership (PPP) model for setting up of the facility at a total cost of ₹ 41.24 crore within 18 months of signing of the agreement. However, due to delay in completion of works by the concessionaire, the Commissioner terminated the Agreement in March 2012 and invoked a Bank Guarantee of ₹ 2 crore. The Pallavapuram Municipality had made payment of ₹ 71.68 lakh to M/s. Hydroair till the termination of the agreement.

[6] Earlier known as Ministry of Housing

[7] The facility includes collection of waste, transfer to a common yard, treatment of waste for preparation of compost and recovery of fuel for energy generation and safe disposal of residuals.

Thereafter, tender was re-invited (October 2012) for setting up waste management facilities for two municipalities of Tambaram and Pallavapuram (Alandur Municipality merged with Greater Chennai Corporation) under PPP mode at a cost of ₹ 40 crore. Based on the re-tender, M/s. Essel Infra Projects Limited (M/s. Essel) was selected (November 2012) for setting up of facility which included establishment of waste-to-energy plant by August 2015 at a cost of ₹ 99 crore[8] under PPP mode. The balance cost over and above the approved cost was to be borne by M/s. Essel with a concession period of 20 years. The Agreement was signed (January 2013) with M/s. Essel, which was to be implemented in two phases. Phase I consisted of construction of transfer stations, material recovery facilities in Tambaram and Pallavapuram municipalities, closed compost yard and sanitary land fill at Venkatamangalam at a cost of ₹ 54.75 crore. Phase II of project was for establishment of refuse derived fuel (RDF) plant for generation of 2.9 MW waste-to-energy plant and scientific capping of dumpsite at a cost of ₹ 44.25 crore.

Phase I of the project was completed and commercially operated (July 2015) for which concessionaire was paid an amount of ₹ 9.70 crore (capital grant). However, the concessionaire could not commence Phase II of the project for establishment of waste- to-energy plant due to various reasons like defective design capacity of the plant, non-finalisation of tariff by Tamil Nadu Generation and Distribution Corporation Limited (TANGEDCO)[9] and non-obtaining of project clearance from the Ministry of New and Renewable Energy (MNRE), GOI. Show cause notices were issued during May 2015 to July 2016 to M/s. Essel for non-processing of solid waste and dumping the same in open yard in violation of the contract. Thereafter, the Commissioner terminated the agreement in November 2018 due to non-operation of the plant and accumulation of waste in open dump yard.

Audit noticed (December 2020) that there were delays in obtaining necessary approval by the Commissioner which resulted in loss of public money and also non-setting up of facility as detailed below:

- As per the EIA Notification 2006, all projects or activities relating to setting up of Solid Waste Management Facility, expansion and modernisation require prior Environment clearance from the State Environmental Impact Assessment Authority (SEIAA). Though the Municipality had obtained environment clearance in March 2010 for setting up of the facility, it did not obtain the prior approval from SEIAA in January 2013 for expansion of the facility.
- The Commissioner approached (March 2013) MoHUA for clearance of the revised project. But, MoHUA directed the Commissioner to approach MNRE, GOI with revised DPR as establishment of 2.9 MW waste-to-energy generation project was not a part of initial project. In order to complete the project before March 2014 and to utilise the grant available in JNNURM, the Commissioner decided to proceed

[8] ₹ 40 crore (approximate) sanctioned including capital grant for ₹ 19 crore was to be borne by Government and amount over and above the capital grant was to be borne by the PPP concessionaire.

[9] Power Generation and Distribution Company owned by Government of Tamil Nadu.

with the project without approval of the revised DPR from the competent authority *viz.,* MNRE.

- Due to non-setting up of the project, the municipality failed to generate energy and there was an accumulation of 1.55 lakh cubic metres of waste. Consequently, the Tamil Nadu State Pollution Control Board (TNPCB) based on the directions of National Green Tribunal (February 2020) imposed a penalty of ₹ 2.45 crore on Pallavapuram Municipality. The penalty was yet to be paid by the Municipality.
- Tambaram and Pallavapuram Municipalities (2018-19) incurred an expenditure of ₹ 7.84 crore for establishment of onsite micro compost centres within the municipal areas for conversion of waste into manure compost. This expenditure could have been avoided if the waste to energy conversion project facility was in place.
- Despite the financial losses suffered by the Municipalities due to the non-completion of the contract, the Bank Guarantee of M/s. Essel amounting to ₹ 2 crore was not invoked.

Thus, even after incurring an expenditure of ₹ 17.54 crore[10] and delay of over 12 years, the Pallavapuram Municipality failed to set up the integrated solid waste management facility. The waste of 1.55 lakh cubic metres has been dumped in large stretch of open area of Tambaram Municipality due to non-operationalisation of the energy plant, in violation of the environmental norms.

The above para was reported to the Additional Chief Secretary, Municipal Administration and Water Supply Department, Government of Tamil Nadu in March 2021. However, no response has been received.

Recommendations:

- The Government must fix responsibility for this lackadaisical attitude of the officials concerned and must protect its financial interest by enforcing the contractual obligations and encash the bank guarantee from the Contractor.
- The Government should implement integrated solid waste management facilities at the earliest to avoid accumulation of solid waste in open yards and violation of environment norms.

3.4 Excess chlorination of drinking water

Excess usage of Sodium hypochlorite solution beyond the permitted level by the Tiruchirappalli City Municipal Corporation resulted in wasteful expenditure of ₹ 1.53 crore and also exposed the general public to the health hazards for three years

Tiruchirappalli City Municipal Corporation (Corporation) caters to drinking water requirements of Trichy through two main pumping stations and four collector wells. The Corporation installed chlorinators at these six stations

[10] ₹ 9.70 crore being grant released to the concessionaire and ₹ 7.84 crore being the cost of onsite micro compost centres created by Tambaram and Pallavapuram Municipalities.

where sodium hypochlorite solution is pumped as primary disinfectant into the water. As per the norms of the Directorate of Public Health and Preventive Medicine, 20 litres of sodium hypochlorite liquid per Million Litre of water per Day (MLD) is the permissible limit (sodium hypochlorite solution with concentration of 4 to 6 *per cent*) for treating of drinking water. Chlorine is used to kill bacterial growth in water and is often used as disinfectant. As per World Health Organisation (WHO) guidelines, consumption of heavily chlorinated water by human potentially may cause serious health hazards.

Audit noticed (March 2020) that against the norm of 20 litres per MLD laid down by the Directorate of Public Health and Preventive Medicine, Chennai, the Corporation was using 35 litres of sodium hypochlorite liquid per MLD for treating of water during 2016-17 and increased the same to 52.5 litres per MLD from 2017-18 onwards. Besides this, stable bleaching powder at 2 kg per MLD was also used as secondary disinfectant for 91 tanks at zonal level.

The excess quantity of sodium hypochlorite solution used by the corporation during the period 2016-17 to 2018-19 is tabulated below:

Table No.3.7 – Excess usage of Sodium Hypochlorite solution

Year	Water supplied (MLD)	Sodium Hypochlorite actually utilized (litres)	Sodium Hypochlorite to be utilized (requirement) as per State Public Health Directorate norms (20ml for 1,000 litres)	Excess quantity of sodium hypochlorite used (litres)	Average excess quantity of sodium hypochlorite used during the year (ml per 1,000 litres)
2016-17	53,096	15,23,255	10,42,000	4,81,255	9.94
2017-18	41,018	16,75,569	12,43,489	4,32,080	14.29
2018-19	45,629	24,63,985	14,25,755	10,38,230	27.35
Total		**56,62,809**	**37,11,244**	**19,51,565**	
For July 2016 the consumption was less than the norms, the actual consumption was adopted (73,240 litres) For monsoon season (October to December 2017) and (October and November 2018) actual quantity of sodium hypochlorite utilized by the Corporation has been accepted and no excess consumption of chlorine has been calculated in view of the content of germs during rainy season.					

(Source: Data furnished (February 2020) by Tiruchirappalli Corporation)

In this connection, Audit observed (March 2020) that:

- The average excess usage of chlorine was 9.94 ml per 1,000 litres in 2016-17 which increased to 27.35 ml per 1,000 litres in 2018-19.
- The Commissioner of Municipal Administration instructed (March 2018) the Corporation officials to ensure maintenance of the desired chlorine level of 20 litres per MLD at the distribution points and record the same properly. The Commissioner also directed that the technical staff should be involved in this important work besides random checks at the levels of the Municipal Engineer, Municipal Health officer, *etc*. However, the officials of the Corporation failed to keep the chlorine at prescribed level on daily basis.
- As per the instructions of the Commissioner, a register/log book was to be maintained for checking the chlorine level which was not maintained which led to continued excess usage of chlorine during the three years up to 2018-19 without any check/supervision.

Thus, an expenditure of ₹ 1.53 crore was incurred for excess usage of sodium hypochlorite solution to the extent of 19.51 lakh litre during the years 2016-19. The Corporation replied (March 2020) that pipes and valves in the main pumping station had pores (not visible to human eye) which caused the leakage and hence excess chlorine content was not actually present in water stored in the overhead tanks. It added that in order to prevent any epidemic in the monsoon season *i.e* October to December 2018, higher dosage of sodium hypochlorite solution was used and the readings on hypochlorite level would be recorded in future.

The reply is not acceptable because hypochlorite solution gets easily dissolved in water and hence leakage of the same through the pores of the pipes was not possible. It is also pertinent to mention that use of higher dosage of hypochrolite solution during monsoon period was excluded while calculating the excess usage of hypochlorite solution. The excess usage of sodium hypochlorite solution to the extent of 19.51 lakh litres during the years 2016-19 was for non-monsoon period only.

Thus, excess usage of hypochlorite solution beyond the permitted limits exposed the general public to various health hazards like Asthma, throat irritation, blood cancer *etc.,* and also led in wasteful expenditure of ₹ 1.53 crore by the Corporation.

Recommendation: The Government may ensure that all the ULBs should use hypochlorite solution within the permitted levels to avoid health hazards to the public.

3.5 Unfruitful expenditure

Decision to purchase a centralised waste processing plant despite modified rules for processing the waste through micro processing units resulted in idling of plant purchased at a cost of ₹ 1.10 crore.

The Commissioner of Municipal Administration (CMA), Chennai accorded (January 2016) administrative approval for installation of plant (*viz*. conveyor, trommel, shredder, *etc*.) for processing of 30 MTPD[11] solid waste material at a total cost[12] of ₹ 2.82 crore under Swachh Bharat Mission (SBM). The estimated cost of solid waste processing plant was ₹ 1.10 crore. The intended purpose of installation of plant was to segregate mixed Solid Waste to various fractions such as plastics, papers, bio-degradable waste, bottles, rubbers, wood and insert materials *etc.*

After following the tendering process, the work relating to installation of plant for processing 30 MTPD solid waste was awarded (April 2017) to the lowest contractor (M/s. Zigma Global Environ Solutions (P) Ltd., Erode) at a cost of ₹ 1.10 crore. The work relating to installation of plant and machineries was completed in February 2018 and final payment totalling ₹ 1.10 crore was released to the contractor in December 2018.

[11] Metric Ton Per Day.

[12] Sewage Waste Plant (₹110 lakh), machinery shed (₹ 60 lakh), Compost pad (₹ 57.50 lakh) and compound wall (₹ 54.00 lakh)

Audit scrutiny of records relating to functioning of the solid waste processing plant in Panruti Municipality revealed (August 2019) that though work relating to installation of plant was completed in December 2018, however, the plant could not be operationalised yet. Audit also conducted two Joint Physical Verifications (JPV) with the Commissioner and the Sanitary Officer on 22 August 2019 and again in January 2021. On an enquiry about the non-functioning, the Commissioner and the Sanitary Officer explained that the methodology for collection and processing of Solid Waste Management was revised by the Government in 2016. As per the revised rules, which came into effect from 8 April 2016, the segregation of waste at source level is being done at micro composting centre/onsite composting centre established for processing of wet waste in decentralised plants[13]. Therefore, the centralised processing plant was not put to use from its installation in December 2018 to till date (January 2021). It was also stated that non-availability of sufficient quantity of waste due to decentralised waste processing was also a reason for non-usage of centralised processing plant.

Thus, despite revision of rules for segregation of wastes at sources level in 2016, the Panruti Municipality concluded a contract for installation of centralised plant in April 2017, as a result the plant purchased/constructed at a cost of ₹ 1.10 crore could not be put to use for more than two years {December 2018 to till date (January 2021)}.

In response to audit observation, the Municipality stated (February 2021) that efforts are being made to utilise the existing machinery by processing of waste accumulated at the existing compost yard.

Recommendation: The Department should explore the possibility for optimal utilisation of the facility created at a cost of ₹ 1.10 crore.

3.6 Blockage of fund

During the course of Compliance Audits of Municipality at Usilampatti at Madurai District and Town Panchayats in Tiruvallur District, instances of blockage of fund on creation of infrastructure facilities were noticed which are discussed below:

Case A - Construction of Municipal Office

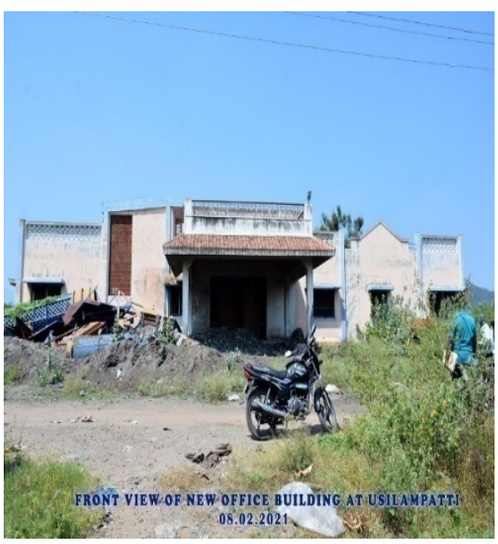
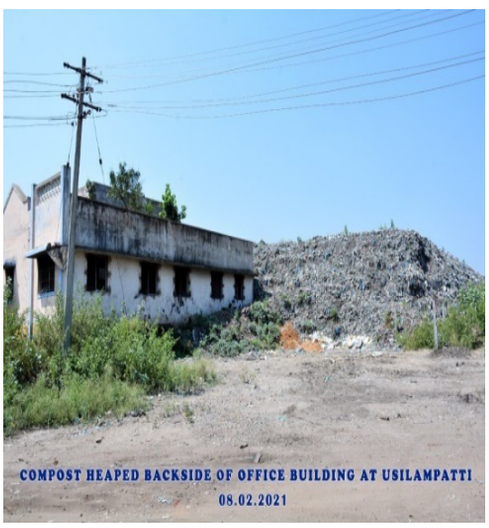
Incorrect site selection for construction of Municipality office building resulted in blockage of fund of ₹ 75 lakh for the past 10 years.

The Government of Tamil Nadu sanctioned (May 2007) ₹ 50 lakh to Usilampatti Municipality in Madurai District for construction of its new office building. Thereafter, Usilampatti Municipality concluded (March 2008) a contract for construction of office building and the same was completed in July 2011 at a cost of ₹ 50 lakh. An additional expenditure of ₹ 25 lakh was incurred by the Municipality (May 2011) for painting, electrical fitting, *etc*. Thus, the total expenditure incurred for the office building was ₹ 75 lakh.

[13] These plants include two micro compost centres constructed at a cost of ₹ 1.16 crore, one plant of 5 MT capacity located within the compound of the main plant centre and another plant of 3 MT capacity at Nethaji Nagar and four onsite compost centres of 0.5 MT each.

Audit noticed (December 2012) that the land selected for construction of the Municipal office building was within the vicinity of dump yard at Kalavasal for the past 70 years. Audit also noted that within seven months from the date of award of work, the construction was upto foundation grade beam level, due to waste dump yard site. The Municipal Commissioner of Usilampatti Municipality requested (October 2008) the Additional Commissioner of Municipal Administration, Government of Tamil Nadu to shift the construction of office building to an alternative site. Accordingly, a letter was written (November 2008) by the Municipal Commissioner to the Regional Director of Municipal Administration (RDMA), Madurai seeking directions as to whether construction of Municipality office in the present site at waste dump yard should be continued or shifted to an alternate site. However, there was no response from the RDMA, in this regard and the construction of office building in the waste dump yard was continued and completed in 2011.

To ascertain the usage and current status of office building, Audit conducted (February 2021) a Joint Physical Visit (JPV) with Municipal Engineer, Usilampatti. The JPV revealed that there were heaps of waste in the front and back side of the building till the date of joint inspection. The office building was in dilapidated condition and unfit for occupation. It was also found that many doors, windows and other fittings were found missing and the EB connection was not obtained till date. The following pictures depict the dilapidated condition of the building:

	
Front view of new office building at Usilampatti 08.02.2021	***Compost heaped backside of office building at Usilampatti – 08.02.2021***

In this connection, the following observations are made:

- As per para 6.1 of the National building code of India (Part 3-Development Control Rules and General Building Requirements), no building shall be constructed on any site, on any part of which there is deposited refuse, excreta or other offensive matter objectionable to the Authority, until such refuse has been removed there from and the site

has been prepared or left in a manner suitable for building purposes to the satisfaction of the Authority. However, it was noticed that the office building was constructed in the dump yard itself.

- In the initial stage, this site for construction of office building was selected considering a proposal that the dump yard will be shifted to some new location and accordingly the work was awarded to the contractor in March 2008. However, the authorities could not finalise the new site for compost yard even after nine years from the month of awarding the work.
- Due to non-selection of alternate site for dumping of solid waste, the dumping of waste was continued till August 2018 in the yard wherein the municipality office was constructed. This resulted in accumulation of waste at the site which was about 7.6 meters in depth and 31,231 cubic meters which resulted in non-usage of office building till date of inspection.

Thus, construction of the new Municipal Office building at dumping yard of solid waste, resulted in non-occupation of the building even after 10 years of completion of the construction resulting in blockage of fund of ₹75 lakh.

Case B - Construction of Slaughter House

Non-provision of allied facilities for three slaughter houses resulted in non-usage for more than seven years besides blockage of fund of ₹ 60.00 lakh.

The Management of slaughter houses is devolved to the Town Panchayats which have to ensure that slaughtering of animals is done in a scientific and hygiene environment and the animals slaughtered for consumption are certified as free from any contagious disease.

Three Town Panchayats *viz.*, Thirumazhisai, Thirunindravur and Uthukottai in Tiruvallur District, have constructed slaughter house at a cost of ₹ 20 lakh each under Member of Legislative Assembly Constituency Development Scheme (MLACDS) fund 2012-13. The construction of slaughter houses was completed between March and November 2013.

Scrutiny of records at Thirunindravur TP (October 2019), and at Assistant Director of TPs (ADTP), Tiruvallur (December 2019 and February 2021) revealed that the constructed slaughter houses in all the three TPs were not put to use for more than seven years due to non-availability of machineries *viz*., overhead rails, conveyors, weighing machines, machinery for processing, *etc*., required for their functioning.

Audit scrutiny (December 2019) of related records at ADTP, Tiruvallur also revealed that a proposal to modernize the slaughter houses with machineries at an estimated cost of ₹ 20 lakh each at Thirunindravur TP and Uthukottai TP was submitted in the budget proposal for 2014-15 but the same was not sanctioned till date (February 2021). In respect of Thirumazhisai, no proposal of modernization work was made so far.

The Executive Officers of all three TPs stated (February 2021) that the modernization could not be carried out from their own funds as sufficient funds were not available with them. Thus, the slaughter house buildings constructed in three TPs at a total cost of ₹ 60 lakh remained unutilized for seven years due to non-provision of related facilities such as machinery, power connection, *etc.*, as depicted in the following picture:

	
Slaughter house at Thirumazhisai	***Slaughter house at Thirunindravur***

Thus, the objective of construction of slaughter house *viz.*, slaughtering of animals in a scientific and hygiene environment and sealing of animals as disease free *etc.*, was defeated resulting in blockage of funds of ₹ 60 lakh for more than seven years.

Recommendations:

- The Government may ensure that sufficient usable land is available before awarding the contract for creation of infrastructure facilities and ensure prompt utilisation of all the infrastructure facilities created.
- Government may fix responsibility on the officials responsible for the incorrect selection of site for office building.

PART III

Public Sector Undertakings

CHAPTER IV

4.1 Introduction

State Public Sector Undertakings (PSUs) are established to carry out activities of commercial nature keeping in view the welfare of people and occupy an important place in the State. State PSUs consist of Government Companies and Statutory Corporations. As on 31 March 2020, there were 60 PSUs under the audit jurisdiction of this office[1] as given in **Annexure 6.** These include 52 Government Companies[2] (including four Non-functional companies) and eight Government Controlled Other Companies[3]. The annual accounts of the State PSUs for the three years ending 2019-20 (to the extent received) have been reviewed and the results are included in a separate report titled "General Purpose Financial Report of State PSUs" – Government of Tamil Nadu (Report No. 5 of 2021).

4.1.1 Investment in PSUs and its performance

A comparative position of Equity, Long term loans, Turnover, Annual growth rate of turnover and Net Profit/Loss for 60 PSUs during the five years ending 2019-20 are given in **Table No. 4.1**.

Table No. 4.1: Details of Equity, Long term loans, Turnover and Net Profit/Loss of PSUs during 2015-20

(₹ in crore)

Sl. No.	Particulars	2015-16	2016-17	2017-18	2018-19	2019-20
1	Equity	35,002.42	37,765.84	54,435.95	58,892.94	62,921.85
2	Long Term Loans	98,103.55	1,03,512.60	91,356.25	1,35,037.23	1,77,410.29
3	Turnover	60,109.07	69,401.99	64,493.54	79,575.71	80,297.49
4	Annual Growth rate of turnover (in percentage)	14.14	15.46	(-) 7.07	23.38	0.91
5	Net Profit/Loss after Tax	-14,822.41	-8,378.28	-17,521.50	-17,025.67	-17,243.38

(Source: Data of Annual Accounts of PSUs)

[1] Office of the Accountant General (Audit-II), Tamil Nadu and Puducherry.

[2] As per Section 2(45) of the Companies Act, 2013, Government company means any company in which not less than fifty-one *per cent* of the paid-up share capital is held by the Central Government, or by any State Government or Governments, or partly by the Central Government and partly by one or more State Governments, and includes a company which is a subsidiary company of a Government company

[3] As per the Companies (Removal of Difficulties) Seventh Order, 2014 issued by Ministry of Corporate Affairs vide Gazette Notification dated 4 September 2014, any other company, owned or controlled, directly or indirectly, by the Central Government, or by any State Government or Governments, or partly by the Central Government and partly by one or more State Governments are referred to in this Report as Government controlled other Companies.

At the end of March 2020, the total investment in 60 State PSUs[4] stood at ₹ 2,40,332.14 crore (Equity: ₹ 62,921.85 crore and Long term loans: ₹ 1,77,410.29 crore). The growth rate of the turnover of the State PSUs during these five years was fluctuating in the range of (-) 7.07 to 23.38 *per cent*.

Out of the 60 State PSUs, 24 PSUs earned a profit of ₹ 1,340.25 crore during 2019-20, four PSUs reported no profit or loss and the remaining 29 PSUs reported a total loss of ₹ 18,583.63 crore during the same period.

4.1.2 About this part of the Report

This part of Report of the Comptroller and Auditor General of India (CAG) relates to results of Compliance Audit of 60 PSUs under the audit jurisdiction of this office. Compliance Audit covers the examination of the records relating to revenue and expenditure of the audited entities to ascertain whether the transactions of the Company were in compliance with the objectives of the Company and the provisions of applicable laws, rules, regulations and various orders and instructions issued by the competent authorities.

4.1.3 Accountability Framework

The authority for audit by the CAG is derived from Articles 149 and 151 of the Constitution of India and the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) (DPC) Act, 1971. The procedure for audit of Government companies are laid down in Sections 139 and 143 of the Companies Act, 2013 (Act 2013).

Further, as per sub-Section 7 of Section 143 of the Companies Act 2013, the CAG of India may, in case of any company covered under sub-Section (5) or sub-Section (7) of Section 139 of the Companies Act, 2013, if considered necessary, cause test audit to be conducted of the accounts of such Company and the provisions of Section 19A of the CAG's (DPC) Act, 1971 shall apply to the report of such test Audit. Thus, a Government Company or any other Company owned or controlled, directly or indirectly, by the Central Government, or by any State Government or Governments or partly by Central Government and partly by one or more State Governments is subject to audit by the CAG of India.

4.1.4 Statutory Audit

The financial statements of the Government Companies are audited by Statutory Auditors, who are appointed by the CAG as per the provisions of Section 139 (5) or (7) of the Act 2013. The Statutory Auditors submit a copy of the Audit Report to the CAG of India including, among other things, financial statements of the Company under Section 143 (5) of the Act 2013. These financial statements are also subject to supplementary audit by the CAG within sixty days from the date of receipt of the audit report under the provisions of Section 143 (6) of the Act 2013.

[4] Excluding four non-functional companies.

4.1.5 Role of Government and Legislature

The State Government exercises control over the affairs of these PSUs through its administrative departments. The Chief Executive and Directors to the Board are appointed by the State Government. The State Legislature also monitors the accounting and utilisation of Government investment in the PSUs. For this, the Annual Reports together with the Statutory Auditors' Reports and comments of the CAG of India, in respect of State Government Companies are placed before the State Legislature under Section 395 of the Companies Act, 2013.

4.1.6 Planning and Conduct of Audit

The audit observations are expected to enable the Management of the PSUs to take corrective action, as also to frame policies and directives that will lead to improved financial management, thus, contributing to better governance.

The primary purpose of this Report is to bring significant results of audit, to the notice of the State Legislature. Audit process starts with the assessment of risks faced by various PSUs based on expenditure incurred, criticality/complexity of activities, level of delegated financial powers, assessment of overall internal controls and concerns of stakeholders. Previous audit observations are also considered in this exercise. The frequency and extent of audit are decided based on this risk assessment. Based on such risk assessment, out of the total audit universe of 60 PSUs, 30 PSUs[5] were audited during 2019-20.

Inspection Reports (IRs) containing audit observations are issued to the Chief Executive of the PSUs after completion of audit. The PSUs are requested to furnish replies to the audit observations within one month of receipt of the IRs. Whenever replies are received, audit observations are either settled or further action for compliance is advised. Important audit observations arising out of these IRs are processed for inclusion in the Audit Reports, which are submitted to the Governor of the State under Article 151 of the Constitution of India for laying on the table of the house of the State Legislature.

4.1.7 Response to audit

Draft Paragraphs and Compliance Audit

Five Draft Paragraphs containing serious financial irregularities were forwarded to the Principal Secretaries of the Departments concerned of the PSUs between December 2020 and March 2021, with the request to send their responses. Government replies to all the five Draft Paragraphs were received between February 2021 and July 2021. The replies have been suitably incorporated and included in this Audit Report.

[5] Including 58 units of two PSUs-*viz* TANGEDCO and TANTRANSCO.

Follow-up action on Audit Reports

As per the directions of the Committee on Public Undertakings (COPU), Explanatory Notes (EN) on the important points on the Audit Report should be furnished within a period of two months. Similarly, the Departments concerned should furnish remedial Action Taken Notes (ATNs) on the recommendations of COPU, relating to the Paragraphs contained in the Audit Reports, within six months. However, the outstanding position of ENs and ATNs on the Paragraphs included in the Reports of the CAG of India relating to the PSUs indicated that ENs in respect of 16 audit paragraphs and ATNs for 480 recommendations of COPU were outstanding as on 31 March 2020.

Outstanding replies to Inspection Reports

On behalf of the CAG of India, the Accountant General conducts periodical inspections of the PSUs to test check the transactions and verify maintenance of important accounts and other records as prescribed in the rules and procedures. These inspections are followed up with issue of IRs to the Chief Executive of the respective PSUs for taking prompt corrective action, rectify the defects and omissions pointed out in the IRs and report compliance through replies.

Inspection Reports issued up to 31 March 2020 were reviewed and found that 3,317 Paragraphs relating to 738 IRs remained outstanding at the end of September 2020 **(Annexure 6)**. Out of these IRs, 292 IRs containing 872 Paragraphs were pending for more than five years and 446 IRs containing 2,445 Paragraphs were pending between one and five years.

This large pendency of IRs, due to lack of corrective action or non-receipt of replies, was indicative of the fact that Chief Executive of the PSUs did not take appropriate action to rectify the defects, omissions and irregularities pointed out in the IRs.

4.1.8 Coverage of this Report

This chapter contains five Compliance Audit paragraphs in respect of three PSUs involving a financial effect of ₹ 337.08 crore. These paragraphs highlight the deficiencies in the management of PSUs resulting in serious financial implications as given below:

1. TANGEDCO failed to:
    - factor the transmission loss in the Energy Purchase Agreements with Solar Power Generators resulted in additional expenditure of ₹ 245.27 crore.
    - revise the quantum of power allotted based on the outage of Open Access Generators and to restrict the adjustment to entitled quantum, resulted in excess adjustment of power to consumers leading to loss of ₹ 53.05 crore.
    - monitor the connected load of LT Tariff IIIA consumers and revise the tariff to LT IIIB for exceeding the prescribed level of 12 KW had resulted in loss of revenue of ₹ 9.11 crore.

2. TANSIDCO failed to assess the demand before developing new industrial estates resulted in unproductive investment of ₹ 28.47 crore.
3. TIIC failed to inspect the actual receipt of machineries at the factory site before disbursement resulted in non-realisation of dues of ₹ 1.18 crore.

4.2 Compliance Audit Observations

Important Audit findings, noticed as a result of test check of transactions of the State Public Sector Undertakings (PSUs) are given below:

Tamil Nadu Generation and Distribution Corporation Limited

4.2.1 Additional Expenditure

Failure to factor the transmission loss in the Energy Purchase Agreements with Solar Power Generators resulted in additional expenditure of ₹ 245.27 crore.

Tamil Nadu Electricity Regulatory Commission (TNERC) issued a comprehensive Tariff Order[6] (TO) in September 2014 to regulate the purchase of solar power by distribution licensees from the solar power generators (SPG). As per Clause 12.9 (Metering) of the TO, the metering and communication should be in accordance with Central Electricity Authority (Installation and Operation of Meters) Regulations 2006 (Regulations) which stipulates (Clause 6(1)(d)) that all interface meters installed at the points of inter-connection for the purpose of electricity accounting and billing should be owned by the supplier of electricity.

TANGEDCO entered into long term Energy Purchase Agreement (EPA) for 25 years with 86 SPGs under Preferential Tariff Scheme[7] between March 2015 and March 2019. The EPA required that the meters should be installed and connected at the point of inter-connection between the electrical system of the generating company (i.e. the SPG) and the Transmission/Distribution system at the cost of SPG. These 86 SPGs have installed the energy accounting meters at generating end and connected their power plants by erecting the necessary transmission lines at their cost with the nearest sub-stations owned by TANGEDCO/TANTRANSCO.

In this connection, Audit observed that the SPG did not adhere to the EPA as well as the CEA Regulations by not installing the meters at the inter-connection point. TANGEDCO failed to ensure the installation of energy accounting meters at sub-station's end and the payment to the SPGs were being made based on the energy recorded in meters installed at generating end. Consequently, the transmission loss between the generating station and the pooling sub-station (*i.e.* TANGEDCO's sub-stations) was absorbed by TANGEDCO. Accordingly, the SPGs selected through Preferential Tariff Scheme were paid for the total power generated by them without any deduction for the transmission loss. Considering the rate[8] of transmission loss

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6 Order No.4/2014, dated 12 September 2014.

7 Tariff fixed by the Appropriate Commission for sale of energy from a generating station using renewable energy sources to a distribution licensee.

8 TNERC in its Tariff order of December 2014 had approved a transmission loss of 0.76 *per cent* for 230 KV line and 2.70 *per cent* for 110/33/22/11 KV lines which was applicable up to 10 August 2017. Subsequently, vide Tariff order of August 2017, the transmission loss was revised to 0.77 *per cent* and 3.91 *per cent* for 230 KV line and 110/33/22/11 KV lines respectively which was applicable from 11 August 2017.

approved by TNERC from time to time, transmission loss absorbed by TANGEDCO during March 2015 to March 2021 worked out to 406.06 MUs. This resulted in additional expenditure of ₹ 245.27 crore (worked out at the applicable tariff rates on 406.06 MUs) which was a loss to TANGEDCO and an undue benefit to the SPGs.

It was also seen that though TANGEDCO had factored the transmission loss on the energy purchase agreements from Wind Energy generators and solar energy purchased from SPGs selected through tender process (commissioned between December 2017 and February 2020), the same was not followed in case of agreements with SPGs selected through Preferential Tariff Scheme. Thus, had TANGEDCO incorporated the relevant clause in the agreement with the SPGs selected through Preferential Tariff Scheme to factor the transmission loss between the generation end and sub-station end, it could have avoided substantial loss of revenue.

The additional expenditure stated above was worked out for the period up to March 2021 only and such additional payment would be continuing till the validity of the EPA which was signed for a period of 25 years.

Thus, it is clear that the additional payment was only on account of failure to factor the transmission loss in the EPA for which responsibility needs to be fixed.

Government in its reply (June 2021) stated that as per clause 2(1) (f1) (a) of Power Procurement from New and Renewable Sources of Energy Regulations issued by TNERC, though inter-connection point shall be at the pooling sub-station (*i.e.* TANGEDCO's sub-stations), the developers (i.e. the SPGs) are permitted to install the energy meters inside solar plant premises at "inter-connection point" for recording energy exports. Government also stated that to comply with the provisions contained in Procedure for implementation of TNERC Deviation Settlement Mechanism and Related Matters Regulations, 2019 (issued in October 2020), the location of energy accounting meters for solar projects commissioned under Preferential Tariff Scheme will be changed from solar power plant end (i.e. the private generating stations) to TANGEDCO/TANTRANSCO's Sub-station end.

The above reply proves that management's decision to continue with the metering at SPG's end was not taking care of the transmission losses and the additional payment was only on account of failure to factor the transmission loss in the EPA.

It is recommended that as stated in the reply, TANGEDCO may change the location of energy accounting meters to TANGEDCO/TANTRANSCO's Sub-station end immediately to avoid further loss which may continue beyond March 2040, as the present EPA is for a period of 25 years from March 2015.

4.2.2 Loss of Revenue

Failure to revise the quantum of power allotted based on the outage of Open Access Generators and to restrict the adjustment to entitled quantum, resulted in excess adjustment of power to consumers, leading to loss of ₹ 53.05 crore.

As per the provisions of Tamil Nadu Electricity Regulatory Commission (TNERC) Grid Connectivity and Intra-State Open Access Regulations, 2014 (Grid Regulations) (with effect from 07 May 2014), the generating stations/captive generating plants/consumers are eligible for open access[9] (OA) to the distribution system. As per Condition 15 (a) (ii) of the Grid Regulations read with Standard Terms and Conditions executed with TANGEDCO/TANTRANSCO, the OA Generator[10] has to submit the details of generation and wheeling quantum to High Tension (HT) consumers, in advance in the preceding month to the Nodal Agency/State Load Despatch Center (SLDC) for approval.

The SLDC based on the demand of the grid will allocate the quantum of generation for wheeling to OA consumers. The Superintending Engineer (SE) at generation end will allocate the approved quantum of generation both in terms of capacity in mega watt (MW) and units to various consumers based on the approval. In the event of outage of the generator in any particular month, the SE at generation side has to revise the original allocation duly deducting the quantum of units for the outage period and communicate the slot-wise power (units) generation to the SEs at OA consumers' end to adjust the slot-wise power (units) from the OA consumers' monthly energy bills.

TANGEDCO reiterated (August 2017) to the field offices that in case excess energy is injected by the OA Generators over and above the approved/revised slot-wise quantum of energy generated, the same need not be considered for adjustment in the OA consumers' monthly energy bills in order to avoid the OA Generator pumping excess energy at a later date in the month to compensate loss of generation occurred during the outages. Further, all the SEs of OA consumers' end were to ensure the above while making other adjustments in monthly energy bills of the consumers as this would otherwise lead to loss to TANGEDCO.

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[9] "Open access" means the non-discriminatory provision for the use of transmission lines or distribution system or associated facilities with such lines or system by any licensee or consumer or a person engaged in generation in accordance with the Regulations.

[10] Open Access (OA) Generators referred to in the para is the power generators who have been granted approval for Open Access and permitted to use the transmission lines and distribution system of TANTRANSCO/TANGEDCO for wheeling the energy generated for adjustment against the power consumed by HT consumers situated at different Electricity Distribution Circles, who is referred to in the para as HT (OA) consumers.

Audit noted that TANGEDCO granted OA licences to 34 Generators under 14 Electricity Distribution Circles (EDCs). However, only eight[11] EDCs furnished the monthly allocation statements of 23 OA Generators along with the Common Meter Reading Instrument[12] (CMRI) data. Analysis of the data revealed that there were intermittent outages in respect of 14 OA Generators. However, these outages were not taken into account and the allocation was neither revised nor communicated by the SEs of OA Generation side to SEs at OA Consumers' end. Consequently, the SE at OA Consumers' end could not factor the outage hours in their monthly HT energy bills which was in violation of the instructions of August 2017. As a result, excess energy pumped by the OA Generator at later dates of the month was also considered as allotted energy, leading to excess adjustment of units to OA Consumers than the entitled quantum with consequent under recovery of energy charges from them.

Audit worked out the excess adjustment of ₹ 53.05 crore (83.55 MUs) in the consumers bills resulting in under recovery from 14 OA Consumers (September 2017 to September 2020) **(Annexure 7),** which was otherwise recoverable from such OA Consumers for the energy drawn from TANGEDCO's grid during the outage period.

Government stated (July 2021) that show cause notices have been issued to the generators for recovering the amount. Upon perusal of replies, the final demand notices will be issued and the amount will be realised. However, the fact remains that the corrective action was initiated by TANGEDCO only after the lacuna was pointed out by Audit.

TANGEDCO may analyse the CMRI in respect of other OA Generators in the remaining EDCs and recover the power charges from consumers and fix responsibility for the lapse. A suitable mechanism may be put in place to contain further leakage of revenue.

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11 (i) Chennai North, (ii) Erode, (iii) Ramnad, (iv) Tuticorin, (v) Karur, (vi) Cuddalore, (vii) Udumalapet and (viii) Sivaganga. Details not received in respect of Nagapattinam, Pudukottai, Thiruvarur, Mettur, Coimbatore (North) and Tirunelveli EDCs.

12 CMRI is a portable battery operated instrument applicable for viewing, downloading and uploading meter data.

4.2.3 Loss of Revenue

Failure to monitor the connected load of LT Tariff IIIA consumers and revise the tariff to LT IIIB for exceeding the prescribed level of 12 KW had resulted in loss of revenue of ₹ 9.11 crore.

As per the Tariff Orders (TO) of Tamil Nadu Electricity Regulatory Commission (TNERC), issued in August 2017, for cottage and tiny industries, micro enterprises engaged in the manufacture or production of goods, Low Tension (LT) Tariff IIIA (1) is applicable and the energy charges was fixed at the rate of ₹ 4.00/4.60[13] per unit. Similarly, for power looms, braided cords manufacturing and related ancillary tiny industries engaged in warping, twisting and winding, LT Tariff IIIA (2) is applicable and the energy charges was fixed at the rate of ₹ 5.20 to 5.75[13] per unit. The TO provided that the contracted load[14] of the industries covered under IIIA (1) and IIIA (2) should not exceed 12 Kilo Watt (KW). If the connected load[15] of these category of consumers exceeds 12 KW, such consumers will fall under LT Tariff IIIB for which the applicable energy charges is ₹ 6.35 per unit. Further, Regulation 5(2) of Tamil Nadu Electricity Supply Code also stipulated that whenever the consumer's connected load exceeds the contracted demand, such consumers should be categorized under LT Tariff IIIB and charged accordingly.

In order to verify the compliance to the correct classification of consumers as per their contracted demand vis-à-vis actual consumption, Audit collected the list of all the LT IIIA (1) and IIIA (2) consumers from EDP Wing at Head Office of TANGEDCO. On analysis of such data, it was found that, the connected load of 1,502 consumers were in excess of 12 KW (up to 51 KW) during August 2017 to March 2021 which were to be classified under LT IIIB and to be billed at enhanced rates[16]. But the field offices continued to bill these consumers under LT IIIA (1) or IIIA (2), as the case may be, at lesser tariff rates which was irregular. Audit worked out the differential energy charges to be ₹ 9.11 crore in respect of these 1,502 consumers for the period from August 2017 to March 2021. The failure of the field offices to monitor the connected load of LT IIIA consumers had resulted in loss of revenue to that extent.

It is pertinent that TANGEDCO had computerized the LT billing in the year 2008 itself and the entire data of LT consumers are available at Head Office. But, this data was not analysed for extracting exception reports to ascertain the change in the connected load for appropriate corrective action. This clearly indicated that TANGEDCO neither conducted the field inspection adequately nor analysed the data available at Head Office level for pointing out excess drawal. Further, the LT billing software was deficient to give alert message whenever the recorded demand exceeded the prescribed level of 12 KW. This indicates lack of internal control mechanism to enforce the tariff orders issued by TNERC.

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13 Depending upon the consumption slabs prescribed.
14 The load as specified in the agreement between the consumer and TANGEDCO.
15 The aggregate load of all equipments connected to the consumer's installation.
16 As per the prevailing tariff, the applicable energy charges was ₹6.35 per unit.

Government in its reply (July 2021) stated that as pointed out by Audit, necessary action has been taken to modify the program in LT Billing software so as to Auto-generate a 15 days' notice intimating the consumer based on the recorded demand exceeding 12 KW and Auto-update the tariff reclassification after 15 days. However, the fact remains that corrective action was initiated by TANGEDCO only after the lacuna pointed out by Audit which indicated lack of monitoring of tariff provisions and Supply Code. Moreover, TANGEDCO is yet to issue 15 days' notice to the consumers who had already exceeded the prescribed level of 12 KW to prevent the revenue loss. Responsibility needs to be fixed for the failure to monitor the connected load resulting in loss of revenue.

Tamil Nadu Small Industries Development Corporation Limited

4.2.4 Idle Investment

Failure to assess the demand before developing new industrial estates resulted in unproductive investment of ₹ 28.47 crore.

Tamil Nadu Small Industries Development Corporation Limited (TANSIDCO) was established (1970) for the formation and maintenance of industrial estates and to facilitate the promotion and development of Micro, Small and Medium Enterprises (MSMEs) in Tamil Nadu. It develops Industrial Estate (IEs) and allots the industrial plots to the MSMEs on outright sale basis.

As per Chapter 7 of the Accounts Manual of TANSIDCO, potential centres, where there is demand for plots for starting industries and formation of IEs and which are technically viable should be identified. The Branch Manager of TANSIDCO should first conduct extensive survey of these potential centers to assess the demand for starting industries through discussions with the Small Scale Industries Associations and thereafter assess the viability and potentiality of these centres to form IEs.

In order to encourage the MSME industries, Government of Tamil Nadu (GoTN), announced (April 2013) that seven[17] new IEs will be established through TANSIDCO in different villages in six districts. In pursuance of this announcement, TANSIDCO had identified the required land and developed these seven IEs, by creating 467 plots at a total cost of ₹ 52.67[18] crore between March 2014 and August 2020.

[17] (i) Kattuvananjur in Villupuram District, (ii) Parvathanahally in Dharmapuri District, (iii) Eachambadi in Dharmapurai District, (iv) Mallur in Ariyalur District, (v) Periyanesalur in Cuddalore District, (vi) Sakkarakottai in Ramanathapuram District and (vii) Vettambadi in Namakkal District.

[18] Total expenditure without considering the grant portion.

Audit observed that, out of the seven IEs, only in Eachampadi IE there was a substantial demand wherein out of 110 plots created (May 2018) TANSIDCO had sold 103 plots representing 94 *per cent* of the plots during January 2019 to February 2021. However, in respect of the remaining six IEs, out of the 357 plots developed during March 2014 to August 2020 at a total cost of ₹ 32.67 crore, TANSIDCO sold only 34[19] plots at a sale price of ₹ 4.20 crore in the last four years, representing 9.52 *per cent* of the plots created so far (November 2020) and there was no demand for the remaining 323 plots (90.48 *per cent)*. Though TANSIDCO had issued advertisements four times between July 2016 and September 2019 calling for the applications from the entrepreneurs to take plots in the above IEs, the response was inadequate and thus the developed plots remained unallotted.

It was further observed that despite the provisions in the Accounts Manual to conduct a survey to assess the demand and viability of the potential centres before developing them as IEs, TANSIDCO did not conduct any demand survey before finalising the centers (site) and developing them as IEs. TANSIDCO developed these six IEs by spending a total sum of ₹ 28.47 crore. Failure to assess the demand before developing the IEs resulted in non-saleability of the plots and consequent unproductive investment of ₹ 28.47 crore, being the proportionate cost of unsold 323 plots. It is pertinent to mention that, even after five years since development, 90.48 *per cent* of the plots remained unsold.

TANSIDCO replied (November 2020) that the IEs were established in the backward area and it took up the strategy of phased development in the IEs. It further stated that, it is taking up various promotion activities to sell the plots including reduction of plot cost for which a proposal has been sent to the Government. The reply is not tenable for the reason that even after repeated advertisements, TANSIDCO could not find the prospective MSME Units. Thus, embarking on new investment without demand survey was in violation of its own manual provisions as well as financial prudence. Besides, the objective of the GoTN to encourage the MSME in these backward areas remained unachieved.

Government in its reply stated (May 2021) that in order to develop industrial activities in rural areas, these IEs were created in rural areas. The area being backward, demand for plot was very less and the development was made in a phased manner based on demand to initiate industrial promotional activities as per the Government announcement. It further stated that future investment will be made after feasibility study or demand assessment report. However, the fact remains that initiation of development of IEs without conducting demand study was in violation of its own laid down policy which led to non-saleability of the developed plots.

[19] (i) Kattuvananjur: Nil, (ii) Parvathanahally: Five plots, (iii) Mallur: Two, (iv) Periyanesalur: Five, (v) Sakkarakottai: Seven and (vi) Vettambadi: 15 plots.

It is recommended that TANSIDCO should conduct a demand survey before finalising any site for development of new IEs in future. Further, the Government may assess the reasons for low saleability of the existing plots and draw up a viable plan to sell the unsold plots.

Tamil Nadu Industrial Investment Corporation Limited

4.2.5 Irrecoverable dues

Failure to inspect the actual receipt of machineries at the factory site before disbursement resulted in non-realisation of dues of ₹ 1.18 crore.

Tamil Nadu Industrial Investment Corporation Limited (Company) extends financial assistance to the industrial units within the State of Tamil Nadu in the form of Term loan, Working Capital loan, *etc.* The Company sanctioned (October 2017) a Term Loan of ₹ 72.00 lakh and Subsidy Bridge Loan (SBL) of ₹ 21.79 lakh to M/s. Bhaghavan Printer and Publisher (borrower) under New Entrepreneur-Cum-Enterprise Development Scheme (NEEDS) formulated (October 2012) by the Government of Tamil Nadu. The loan was sanctioned for purchase and erection of five second hand imported offset printing machines and allied indigenous machineries. During pre-sanction appraisal, the borrower stated (October 2017) that full payment was made to the suppliers of the machineries through private arrangement and the machineries have arrived at Chennai Port. Accordingly, the loan was disbursed as reimbursement of expenditure. The Company disbursed a total sum of ₹ 83.21[20] lakh in four instalments between November 2017 and January 2018.

Audit noticed that the borrower imported (November 2017) only one offset printing machine and purchased indigenous equipment *i.e.* Generator set, Air-conditioner, *etc* at a total cost of ₹ 45.74 lakh and installed at the factory premises. The remaining four[21] imported second hand machinery had not been received due to some dispute between the borrower and the local dealer of the imported machineries. The Company decided (December 2018) to foreclose the loan account and required the borrower to repay the entire sum amounting to ₹ 78.07 lakh (30 November 2018). Due to non-receipt of dues, the Company took constructive possession of the hypothecated assets (December 2018) and collateral security[22] (June 2019) which were brought for e-auction (February 2020). However, no bids were received. The outstanding dues stood at ₹ 1.18 crore (Principal: ₹ 82.05 lakh and Interest and other charges ₹ 35.83 lakh) (December 2020).

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20 Comprising term loan of ₹ 61.42 lakh and subsidy portion of ₹ 21.79 lakh.

21 Polar cutting machine, Die cutting, Die punching machine, GUK folding machine *etc*.

22 A piece of land admeasuring 1,875 square feet at Lakshmipuram co-operative Building Society, Tambaram Town valuing ₹ 1.03 crore.

In connection with the above, Audit observed the following irregularities:

- The cost of the lone machine imported and installed by the borrower was ₹ 32.26 lakh against which the Company disbursed a sum of ₹ 26.92 lakh (November 2017). In respect of the other imports *i.e.* the remaining four second hand machineries valuing ₹ 42.18 lakh and indigenous machineries valuing ₹ 12.72 lakh, the disbursement of ₹ 56.29 lakh, was made in instalments based on the request of borrower to release the loan amount stating that it had imported the machineries on payment from its own sources. But, the Nodal Officer[23] neither verified the documents (*viz.*, Import invoice, Bill of lading, *etc*) nor conducted any physical verification of the imported assets before disbursement of loan. This was in contravention of Para 2 (Role of Nodal Officer) of the Disbursement Manual, before releasing the loan in January 2018.
- As per the condition (Item 2 of NEED Subsidy/SBL conditions), in case of violation of any of the terms and conditions of Term loan, the subsidy was repayable. Therefore, ₹ 10.89 lakh adjusted against the SBL of the borrower (May 2018) was not correct and tantamount to violation of the above condition.

Therefore, due to the lapse in conducting physical verification of the assets and documents prior to the disbursement of loan resulted in non-realisation of dues amounting to ₹ 1.18 crore (December 2020).

Principal Secretary (PS) to Government, Industries Department in the reply (February 2021) stated that due to certain dispute between the borrower and the local agent of the foreign supplier, the borrower could not install the machines. PS further stated that the Company has initiated disciplinary action against the concerned six officials. However, the fact remained that if the condition prescribed in the Disbursement Manual for inspection of the Unit was followed, the dispute with the local dealer and the non-receipt of machineries by the borrower could have been ascertained and the disbursement avoided.

A similar observation on "Non-adherence to the disbursement procedures of loan resulted in siphoning of ₹ 1.07 crore by the loanee" was included in the Audit Report No.2 of 2021 on Public Sector Undertakings, Government of Tamil Nadu, for the year ended March 2019 with the recommendation to review all such cases of disbursement by the officials of the Company to ensure that the amount of loan is not misused/siphoned of (Para no. 5.4 of the Report).

[23] Nodal Officer is a person who prepares the Disbursement note and his duty includes inspection of the unit in one or two stages of disbursement for verification of the assets for which loan disbursement has been made.

It is further recommended that the Company may fix responsibility for the lapses in the disbursement and take appropriate action to recover the amount.



Chennai
The 15 Dec 2021

(VISHWANATH SINGH JADON)
Accountant General (Audit-II)
Tamil Nadu and Puducherry

Countersigned



New Delhi
The 27 Jan 2022

(GIRISH CHANDRA MURMU)
Comptroller and Auditor General of India

ANNEXURES

Annexure 1

(Referred to in Paragraph 1.7)

Department-wise details of Inspection Reports and Paragraphs pending

Sl. No.	Name of the Department	Number of Outstanding	
		Inspection Reports	Audit Observations
1	Highways and Minor Ports	226	728
2	Home (Police, Prison and Administrative Judiciary	290	1,174
3	Public Works (Buildings)	154	435
4	Tourism, Art and Culture, HR&CE	85	440
5	Law	12	93
6	Municipal Administration and Water Supply	1,126	5,114
7	Housing and Urban Development		
8	Environment and Forests	170	695
9	Energy	135	301
10	Handloom, Handicrafts, Textiles and Khadi	60	261
11	Industries	238	628
12	Information Technology	6	17
13	Micro, Small and Medium Enterprises	62	197
14	Home (Transport)	404	1,092
Total		**2,968**	**11,175**

Annexure 2

(Referred to in Paragraph 2.1.5)

Protected Monuments in Tamil Nadu

Sl. No.	Name and Place of Monuments	Type
1	Tirumalai Naickar Palace, Madurai	Palace
2	Paththu Thungal, Madurai	Pillars
3	Kattabomman Fort, Panchalankurichi	Fort
4	Agastheeswarar - Arunachaleswarar Temple (ErattaiKoil)	Temple
5	Swasthika well Thiruvellarai, Tiruchirappalli	Tank
6	Sivankoil Sivapuram Sriperumbudur, Kancheepuram	Temple
7	Alambarai Fort, Alambarai. Cheyuur, Kancheepuram	Fort
8	Armamalai Cave, Malayampattu, Gudiyatham, Vellore	Paintings
9	Arulmigu Kailasanathar Koil, Lalgudi Tiruchirappalli	Temple
10	Agastheeswarar Temple, Perungudi, Tiruchirappalli	Temple
11	Sculptures (Kalinga Sculptures), Sengamedu, Udayarpalayam, Perambalur	Sculptures
12	Brahmi Inscription and Rock Bed, Velayuthampalayam, Karur	Inscription
13	Inscriptions, Rock beds and Murugan Temple, Varichiyur, Kunnathur, Madurai	Temple
14	Asthagiriswarar Koil, Varichiyur, Kunnathur, Madurai	Temple
15	Udayagiriswarar Koil, Varichiyur, Kunnathur, Madurai	Temple
16	Sivankoil, Arittapatti, Melur, Madurai	Temple
17	Sapthamathrika Sculptures, Kodakkal, Walaja pattai, Vellore	Sculptures
18	Ramalinga Vilasam, Soorankottai, Ramanathapuram	Palace
19	Maligai Medu Historical Site, Ulkottai, Udayarpalayam, Perambalur	General
20	Sivankoil, Pazhur, Tiruchirappalli	Temple
21	Danesburg Castle Fort, (Danish Fort) Sathangudi, Tranquebar, Nagapattinam	Fort
22	Kovalanpottal Excavation Site, Madakulam, Madurai	General
23	Thanjavur Palace Buildings, Palli Agraharam, Thanjavur	Palace
24	Dutch Tombs, Nagapattinam Town	Tombs
25	Vittal Temple, Vittalapuram, Thirukazhukundram, Kancheepuram	Temple
26	Sivankoil, Ayyapatti, Darkakudi, Melur, Madurai	Temple
27	Chinnayankulam, Chinnayampettai, Chengam, Thiruvannamalai	Tank
28	Sivankoil, Sivankoodal, Sriperumbudur, Kancheepuram	Temple
29	Vandavasi Fort, Thiruvannamalai	Fort
30	Kattabomman Fort, Kamuthi, Mudukulathur, Ramanathapuram	Fort
31	Hill Fort, Thyagadurgam, Kallakurichi	Fort
32	Tombs of Ceylon King Burial Ground, Thottapalayam, Vellore	Tombs
33	Kabilar Hill (situated in Pennar River) Keelaiyur, Tirukkoilur, Villupuram	General
34	Pre-Historic Rock Paintings Kilvalai, Thirukkoilur ,Villupuram	Paintings
35	Sivan Temple, Kandamangalam, Villupuram	Temple
36	Pre-Historic Rock Paintings Vettaikaran Malai, Narasimapuram, Coimbatore	Paintings
37	Karunguzhi Fort, Maduranthagam, Kancheepuram	Fort
38	Forty Four British Soldiers' Tombs, Panchalankurichi, Ottapidaram, Thoothukudi	Tombs
39	Valeeswarar Temple, Thakkolam, Arakkonam, Vellore	Temple
40	Perumal Vishnu Koil, Ulagapuram Vaanur, Villupuram	Temple
41	Chettavari Rock Paintings, Gingee, Villupuram	Paintings
42	Sivankoil Ulagapuram, Vaanur, Villupuram	Temple
43	Vazhipokkar Mandapam, Thangi, Kancheepuram	Chatram
44	Sadayar Koil Tiruchinnampoondi Thirukkattupalli Thanjavur	Temple
45	Five British Soldiers' Tombs Ottapidaram Thoothukudi	Tombs
46	PoondiArugar Temple (Jain Temple) Irumbedu Arani Thiruvannamalai	Temple
47	Sculptures and Mahadevar Temple, Idaiyarpakkam, Sriperumbudur, Kancheepuram	Temple
48	Rock Pool and Inscriptions in Rock Beds, Periayeripatti, Omalur, Salem	Inscriptions
49	Tirumalai Naickar Mandapam Valayapatti Melur Madurai	Chatram

50	Early Pandiya Inscription Bed Ramanathapuram, Kanappadi Group, Vedachandur, Dindigul	Inscriptions
51	Pre-Historic Rock Paintings, Alambadi, Tirukoilur, Villupuram	Paintings
52	Chinna Ivarmalai Cave, Thathanaikkanpatti-North Palani, Dindigul	Sculptures
53	Brahmi Inscriptions, Kongarapuliankulam, Thirumangalam, Madurai	Inscription
54	Ovamalai Inscription, Meenakshipuram, Madurai North, Madurai	Inscription
55	Ovamalai Inscription, Thiruvadavur, Melur, Madurai	Inscription
56	Inscription Karungalakudi, Melur, Madurai	Inscription
57	Sri Vettuvankoil and Jain Abode, Kazhugumalai, Kovilpatti, Thoothukudi	Temple
58	Iranyakudiyiruppu, Rajakkal Mangalam, Nanguneri, Thirunelveli	Sculptures
59	Trilokya Natha Jeenarsamy Temple, Thiruparuthi Kundram, Kancheepuram	Temple
60	PoolaUdaiyar Inscription & Bed, Seevalaperi, Palayamkottai, Tirunelveli .	Inscription
61	Giant Granery at Arulmigu Palaivana Natha Swamy Temple, Thirupalaithurai, Papanasam, Thanjavur .	General
62	Thiruneelakandar Temple, Pananjadi, Ambasamudram, Tirunelveli	Temple
63	Marudupandiyar Fort, Aranmanai Siruvayal Village, Karaikudi, Sivagangai	Fort
64	Chokkeeswarar Temple, Kancheepuram	Temple
65	Siva Temple, Kooram, Kancheepuram	Temple
66	Chandraprabha Koil (Jain Temple), Thiruparuthikundram, Kancheepuram	Temple
67	Visaleeswarar Koil, Vilakanampoondi, Pallipattu, Thiruvallur	Temple
68	Gangaikondacholeeswarar Temple, Kuzhambandal, Cheyyar, Thiruvannamalai	Temple
69	Sri Rudrapathi Temple, Kilakadambur, Chidambaram	Temple
70	Sivankoil, Alagiyamanavalam, Lalgudi, Tiruchirappalli	Temple
71	Manora Sarabendrarajapattinam, Pattukkottai, Thanjavur	Fort
72	Thirthankara sculptures, Anaimalai, Narasingam, Madurai	Inscription
73	Brahmi Inscription, Anaimalai, Aramanur, Madurai	Inscription
74	Ladan Koil, Anaimalai, Aramanur, Madurai	Temple
75	Pachil Amaleeswarar Sivankoil, Alagiyamanavalam, Lalgudi, Tiruchirappalli	Temple
76	Kanja Sahib Tomb, Sholingur, Walaja pettai, Vellore	Tomb
77	Tirumoolanathar temple, Perangiyur, Ulundurpettai, Villupuram	Temple
78	Kadambavaneswarar Koil, Erumbur, Chindambaram, Cuddalore	Temple
79	Amaravathi River Bed, Thanthoni, Karur	General
80	Jegadevi Fort, Jegadevi Palayam Village, Krishnagiri	Fort
81	Thadagapureeswarar Koil Madam, Vandavasi, Thiruvannamalai	Temple
82	Mukthialeesarar Koil and Seetha Cave, Perumukkal, Tindivanam, Villupuram	Temple
83	Memorial Pillar Arasupannai, Mambalam-Guindy, Chennai	Pillar
84	Kailayamudiayar Koil, Cholamadevi, Thiruverumbur, Tiruchirappalli	Temple
85	Udayagiri Fort Wall and De Llanoy Tomb at Padmanabapuram, Kalkulam, Kanniyakumari	Fort
86	Brahmi Inscription, Jambai, Tirukkoilur, Villupuram	Inscription
87	Vazhipokkar Mandapam, Pappanam, Kariyapatti, Virudhunagar	Chatram
88	Sri Naganathaswamy Temple, Manambadi Thiruvidaimaruthur, Thanjavur	Temple
89	Tamil Brahmi Inscription Rock Art, Jain Bed, cave Temple and Vattezhuthu Inscription, Thirumalai, Sivaganga	Inscriptions
90	Karivaratharaja Perumal Cave Temple, Sivan Cave Temple and Vedhandheeswarar Cave Temple, Vallam, Chengalpattu, Kanchipuram	Temple
91	Jain Sculptures, Beds and Inscriptions, Solavandipuram, Tirukkoilur, Villupuram	Inscriptions
92	Governor's Maligai in Sathangudi Village, Tharangambadi Taluk, Nagapattinam District	General

Annexure 3

(Referred to in Paragraph 2.1.7.1)

Monuments identified for notification during 2017-2020

Sl. No.	Historical Monuments
2017-18	
1	Rock Paintings at Kovanoor village, Periyanayakkanpalayam Taluk, Coimbatore District.
2018-19	
2	Rock Paintings at Kumuttimalai, Coimbatore Taluk(South), and District.
3	Arulmigu Jambunathan Swami Koil at Vaippur village, Tiruvarur Taluk and District.
4	Memorial Pillar at Rayanur, Thanthoni Village, Karur Taluk and District
5	Kalmandapam at Panagudi Village, Radhapuram Taluk, Thirunelveli District
2019-20	
6	Muthammal Chathiram at Orathanadu in Thanjavur District.
7	Rock Paintings at Karigaiyur village, Kothagiri Taluk, Nilgiri District.
8	Kal Mandapam at Thuthipattu village, Vellore Taluk & District
9	Inscrition at Pattukonampatti kottaimedu village, Pappiretti Taluk, Dharmapuri District.
10	2 Iron age Menhir at Pachoor Village, Erode Taluk & District.
11	Jamin Palace at Sithalandur Village, (Tiruchangodu – Paramathi road) Namakkal District.
12	Kal Vattangal & Kal Padukkaikal (Pandiar Thittu) at Kulathur village, Mettur Taluk, Salem District
13	Ottakoil (Sivan and Amman Koil)) at Thottappanayakkanur village, Usilampatti Taluk, Madurai District.
14	Old Fort at Kezhanilakottai village , Pudukottai Taluk

Annexure 4

(Referred to in Paragraph 2.1.7.2)

Categories of Protected Monuments in Tamil Nadu

Sl. No.	Type	Numbers
1.	Temple	38
2.	Inscriptions	12
3.	Painting	05
4.	Fort	11
5.	Sculpture	05
6.	Tomb	05
7.	Palace	03
8.	Pillars	02
9.	Tank	02
10.	Chatram	03
11.	General	06
Total		**92**

Annexure 5

(Referred to in Paragraph 2.1.10.2)

Details of monuments for which maintenance work was not carried out during 2017-20

Sl.No.	Name of the Monuments
Maintenance work not carried out in the Monuments in the last five years	
1	Vittal Temple, Kancheepuram district
2	Chokkeeswarar Temple, Kancheepuram district
3	Sivan koil, Kancheepuram district
4	Vandavasi Fort, Tiruvannamalai district
5	Sadayar Koil, Thanjavur district
6	Kadambavaneswarar Koil, Cuddalore district
7	Maligaimedu, Ariyalur district
8	Sivan koil, Pazhur, Tiruchirappalli district
9	Ladan Koil, Madurai district
10	Kattabomman Kottai, Ramanathapuram district
11	Iranyakudiyiruppu, Tirunelveli district
12	Vazhipokkar Mandapam, Virudhunagar
13	Inscription And Rock Bed, Karur district
14	Visaleeswarar Temple, Tiruvallur district
Maintenance work not carried out in the Monuments in more than five years and less than 10 years	
15	Sivankoil, Ulagapuram, Villupuram district
16	Mukthialeeswarar Koil and Seetha Cave, Villupuram district
17	Tirumoolanathar Temple, Villupuram district
18	Sivankoil, Perungudi, Tiruchirappalli district
19	Udayagiriswararkoil, Madurai district
20	Sivankoil, Ayyapatti, Madurai district
21	Early Pandiya Kalvettup Padukkai
Maintenance work not carried out in the Monuments in more than 10 years	
22	Sivankoil, Kandamangalam, Villupuram district
23	Kovalanpottal, Madurai district
24	Asthagiriswararkoil, Madurai district
25	Kugaikoil, Chinna Ivarmalai Sculptures, Dindigul district
Maintenance work not carried out in the Monuments since inception	
26	Ancient Paintings, Coimbatore district
27	Amaravathi River Bed, Karur district
Installation of information Board alone was undertaken	
1	Alambarai Fort
2	Karunguzhi Fort
3	Karivartharaja Perumal Cave Temple, Sivan Cave Temple and Vedhandheeswarar Cave Temple
4	Tombs of Ceylon King
5	Hill Fort
6	Rock Paintings Alambadi
7	Jain Sculptures, Beds and Inscriptions, Solavandipuram
8	Jegadevi Fort
9	Naganathaswamy Temple

10	Governor's Maligai declared in 2019-20
11	Rudrapathi Temple
12	Sri Kailayamudiayar Koil
13	Brahmi Inscription, Madurai district
14	Inscriptions, Rock beds and Murugan koil, Madurai district
15	Tiruneelakandar temple, Tirunelveli district
Establishment of Grill fencing alone was undertaken	
16	Giant granery, Thanjavur district
17	Manora, Thanjavur district
18	Swasthika Well, Tiruchirappalli district
19	Vettuvankoil and Jain abode, Thoothukudi district
20	Marudupandiyar Fort, Sivagangai

Annexure 6

(Referred to in Paragraph 4.1 and 4.1.7)

List of PSUs and the details of Inspection Reports issued up to 31 March 2020 and outstanding as on 30 September 2020

Sl. No.	Name of the PSUs	Number of outstanding		Number of outstanding (more than 5 years)	
		Inspection Reports	Audit Paragraphs	Inspection Reports	Audit Paragraphs
1. Energy Department					
1	Tamil Nadu Electricity Board Limited (TNEB)				
2	Tamil Nadu Generation and Distribution Corporation Limited (TANGEDCO)				
3	Tamil Nadu Transmission Corporation Limited (TANTRANSCO)	616	2,838	263	788
4	Udangudi Power Corporation Limited (Udangudi Power)	0	0	0	0
5	Tamil Nadu Power Finance and Infrastructure Development Corporation Limited (TN Powerfin)	2	4	0	0
	Sub-total (1)	**618**	**2,842**	**263**	**788**
2. Handlooms, Handicrafts and Textiles Department					
6	Tamil Nadu Handloom Development Corporation Limited (TN Handloom)	2	5	0	0
7	Tamil Nadu Textiles Corporation Limited (TN Textiles)	1	4	0	0
8	Tamil Nadu Handicrafts Development Corporation Limited (TN Handicrafts)	2	11	0	0
9	Tamil Nadu Zari Limited (TN Zari)	1	1	0	0
	Sub-total (2)	**6**	**21**	**0**	**0**
3. Industries Department					
10	Tamil Nadu Minerals Limited (TAMIN)	5	19	0	0
11	Tamil Nadu Magnesite Limited (TANMAG)	2	4	0	0
12	Tamil Nadu Industrial Investment Corporation Limited (TIIC)	2	16	0	0
13	Tamil Nadu Industrial Development Corporation Limited (TIDCO)	3	9	0	0
14	State Industries Promotion Corporation of Tamil Nadu Limited (SIPCOT)	8	27	3	8
15	TIDEL Park Limited (TIDEL, Chennai)	2	4	0	0
16	Nilakottai Food Park Limited (Nilakottai)	0	0	0	0
17	Guindy Industrial Estate Infrastructure Upgradation Company (Guindy Industrial Estate)	0	0	0	0
18	TIDEL Park Coimbatore Limited (TIDEL,Coimbatore)	1	4	0	0

Sl. No.	Name of the PSUs	Number of outstanding		Number of outstanding (more than 5 years)	
		Inspection Reports	Audit Paragraphs	Inspection Reports	Audit Paragraphs
19	TICEL Bio Park Limited (TICEL Bio Park)	2	13	0	0
20	Tamil Nadu Polymer Industries Park Limited (TNPIP LIMITED)	0	0	0	0
21	Madurai Thoothukudi Industrial Corridor Development Corporation Limited (MTICD Limited)	1	1	0	0
22	Tamil Nadu Salt Corporation Limited (TN Salt)	2	11	0	0
23	Tamil Nadu Sugar Corporation Limited (TASCO)	6	24	0	0
24	Tamil Nadu Cements Corporation Limited (TANCEM)	6	33	1	4
25	Perambalur Sugar Mills Limited (PSM) (subsidiary of TASCO)	2	10	0	0
26	Tamil Nadu Industrial Explosives Limited (TIEL)	2	6	1	1
27	Tamil Nadu Newsprint and Papers Limited (TNPL)	6	16	1	2
28	Southern Structurals Limited (SSL)	0	0	0	0
29	Chennai Industrial Water Utility Company Limited	0	0	0	0
	Sub-total (3)	**50**	**197**	**6**	**15**
4. Micro, Small and Medium Enterprises Department					
30	Tamil Nadu Small Industries Development Corporation Limited (TANSIDCO)	5	18	1	1
31	Tamil Nadu Small Industries Corporation Limited (TANSI)	2	3	0	0
32	Tamil Nadu Paints and Allied Products Limited (TAPAP)	0	0	0	0
	Sub-total (4)	**7**	**21**	**1**	**1**
5. Information Technology Department					
33	Electronics Corporation of Tamil Nadu Limited (ELCOT)	6	33	2	7
34	Arasu Cable TV Corporation Limited (Arasu Cable TV)	5	32	1	2
35	Tamil Nadu Fibrenet Corporation Limited (TANFINET)	0	0	0	0
	Sub-total (5)	**11**	**65**	**3**	**9**
6. Environment and Forest Department					
36	Tamil Nadu Forest Plantation Corporation Limited (TAFCORN)	5	11	1	1
37	Tamil Nadu Tea Plantation Corporation Limited (TANTEA)	2	5	0	0
38	Arasu Rubber Corporation Limited (ARC)	1	9	0	0
	Sub-total (6)	**8**	**25**	**1**	**1**

Sl. No.	Name of the PSUs	Number of outstanding		Number of outstanding (more than 5 years)	
		Inspection Reports	Audit Paragraphs	Inspection Reports	Audit Paragraphs
7. Transport Department					
39	Tamil Nadu Transport Development Finance Corporation Limited (TDFC)	1	3	0	0
40	Pallavan Transport Consultancy Services Limited (PTCS)	0	0	0	0
41	Metropolitan Transport Corporation Limited (MTC)	1	6	0	0
42	State Express Transport Corporation Limited (SETC)	1	7	0	0
43	Tamil Nadu State Transport Corporation (Coimbatore) Limited (TNSTC, Coimbatore)	3	6	0	0
44	Tamil Nadu State Transport Corporation (Kumbakonam) Limited (TNSTC, Kumbakonam)	1	9	0	0
45	Tamil Nadu State Transport Corporation (Salem) Limited (TNSTC, Salem)	1	11	0	0
46	Tamil Nadu State Transport Corporation (Villupuram) Limited (TNSTC, Villupuram)	1	5	0	0
47	Tamil Nadu State Transport Corporation (Madurai) Limited (TNSTC, Madurai)	1	2	0	0
48	Tamil Nadu State Transport Corporation (Tirunelveli) Limited (TNSTC, Tirunelveli)	2	4	0	0
49	Tamil Nadu Goods Transport Corporation Limited (TN Goods)	0	0	0	0
	Sub-total (7)	**12**	**53**	**0**	**0**
8. Urban Development, Municipal Administration and Water Supply Department					
50	Adyar Poonga	1	1	0	0
51	Chennai Smart City Limited	0	0	0	0
52	Tamil Nadu Urban Finance and Infrastructure Development Corporation Limited (TUFIDCO)	3	13	0	0
	Sub-total (8)	**4**	**14**	**0**	**0**
9. Culture and Tourism Department					
53	Tamil Nadu Tourism Development Corporation Limited (TTDC)	2	3	2	3
	Sub-total (9)	**2**	**3**	**2**	**3**
10. Highways and Minor Ports Department					
54	Tamil Nadu State Construction Corporation Limited (TN State Construction)	2	9	2	9
55	Tamil Nadu Road Infrastructure Development Corporation (TN Road Infrastructure)	0	0	0	0

Sl. No.	Name of the PSUs	Number of outstanding		Number of outstanding (more than 5 years)	
		Inspection Reports	Audit Paragraphs	Inspection Reports	Audit Paragraphs
56	Tamil Nadu Road Development Company Limited (TNRDC)	4	6	4	6
57	IT Expressway (ITEL)	4	6	3	5
58	Poompuhar Shipping Corporation Limited (PSC)	7	39	6	34
	Sub-total (10)	**17**	**60**	**15**	**54**
11. Home, Prohibition and Excise Department					
59	Tamil Nadu Police Housing Corporation Limited (TN Police Housing)	3	16	1	1
60	Tamil Nadu Police Transport Corporation Limited (TN Police Transport)	0	0	0	0
	Sub-total (11)	**3**	**16**	**1**	**1**
	Grand Total	**738**	**3,317**	**292**	**872**

Annexure 7

(Referred to in Para No. 4.2.2)

Under-recovery of energy charges due to excess adjustment of energy in the HT bills of OA consumers

Sl. No.	Name of the Generator/EDC	Analysis Period[1]		Excess Adjustment (MUs)
		From	To	
1	ARS Energy Pvt Ltd, Chennai North EDC	September 2017	March 2020	27.86
2	OPG Powergen Pvt Ltd., Unit-I, Chennai North EDC	September 2017	March 2020	0.86
3	OPG ENERGY Pvt Ltd. - Unit 2 & 4, Chennai North EDC	September 2017	March 2020	7.81
4	Birla carbon India Private Limited, Chennai North EDC	September 2017	March 2020	5.12
5	Cauvery Power Ltd., Chennai North EDC	September 2017	March 2020	7.96
6	Suryadev Alloys & Power Pvt Ltd, Chennai North EDC	September 2017	March 2020	9.53
7	Tulsyan NEC Ltd., Chennai North EDC	September 2017	March 2020	1.50
8	Bhatia Coke & Energy Limited, Chennai North EDC	September 2017	March 2020	7.30
9	Gayatri Green Power Private Ltd, Udumalpet EDC	June 2019	March 2020	2.27
10	Sree Rengaraj Ispat Industries, Erode EDC	September 2017	September 2020	0.16
11	Sai Regency, Ramnad EDC	September 2017	September 2020	6.20
12	Arkay Industries, Ramnad EDC	September 2017	September 2020	2.67
13	Rajkumar Impex, Tuticorin EDC	September 2017	September 2020	4.10
14	EID Parry, Karur EDC	September 2017	September 2020	0.19
	Total excess adjusted units			**83.55**
	Energy charges at the rate of ₹ 6.35 per unit - HT Tariff-I			**53,05,46,994**
			Say	**₹ 53.05 crore**

[1] Audit called for the details for the period up to March 2021. However, the under recovery was worked out only for period for which the data was furnished by the respective EDCs.

Glossary of abbreviations	
Abbreviation	**Full form**
ADTP	Assistant Director of Town Panchayat
ASI	Archaeological Survey of India
ATNs	Action Taken Notes
BCE	Before Common Era
CABA	Central Advisory Board of Archaeology
CAG	Comptroller and Auditor General of India
CCTV	Closed Circuit Television
CE	Common Era
CEA	Central Electricity Authority
CFC	Central Finance Commission
CMA	Commissioner of Municipal Administration
CMRI	Common Meter Reading Instrument
COPU	Committee on Public Undertakings
DAO	District Archaeological Officer
DE	Divisional Engineer
DLFA	Director of Local Fund Audit
DPC	Duties, Powers and Conditions of Service
DTP	Director of Town Panchayat
EDCs	Electricity Distribution Circles
EE	Executive Engineer
EIA	Environmental Impact Assessment
EN	Explanatory Notes
EPA	Energy Purchase Agreements
GCC	Greater Chennai Corporation
GLC	Government Law College
GOI	Government of India
GOs	Government Orders
GoTN	Government of Tamil Nadu
HD	Highways Department
HLB	High Level Bridge
HR&CE	Hindu Religious and Charitable Endowments
HT	High Tension
IE	Industrial Estates
IFHRMS	Integrated Financial and Human Resource Management System
IRs	Inspection Reports
JNNURM	Jawaharlal Nehru National Urban Renewal Mission
JPV	Joint Physical Verification
KV	Kilo Volt
KVA	Kilo Volt Ampere
KW	Kilo Watt
LA	Land acquisition

LT	Low Tension
MA & WS	Municipal Administration and Water Supply
MLD	Million Litre of water per day
MNRE	Ministry of New and Renewable Energy/Ministry of Non-conventional and Renewable Energy
MoHUA	Ministry of Housing and Urban Affairs
MSME	Micro, Small and Medium Enterprises
MU	Million Units
MW	Mega Watt
NABARD	National Bank for Agriculture And Rural Development
NCP	National Conservation Policy
NEEDS	New Entrepreneur-Cum-Enterprise Development Scheme
NMAM	National Municipal Accounting Manual
NMMA	National Mission on Monuments and Antiquities
OA	Open Access
PAC	Public Accounts Committee
PS	Principal Secretary
PSUs	Public Sector Undertakings
PWD	Public Works Department
RBI	Reserve Bank of India
RDMA	Regional Director of Municipal Administration
ROB	Road Over Bridge
SBL	Subsidy Bridge Loan
SBM	Swachh Bharat Mission
SE	Superintending Engineer
SEIAA	State Environmental Impact Assessment Authority
SFC	State Finance Commission
SLDC	State Load Despatch Centre
SPG	Solar Power Generators
STP	Sewage Treatment Plant
TANGEDCO	Tamil Nadu Generation and Distribution Corporation Limited
TANSIDCO	Tamil Nadu Small Industries Development Corporation Limited
TANTRANSCO	Tamil Nadu Transmission Corporation Limited
TCFC	Thirteenth Central Finance Commission
TIIC	Tamil Nadu Industrial Investment Corporation Limited
TNERC	Tamil Nadu Electricity Regulatory Commission
TNPCB	Tamil Nadu Pollution Control Board

TNPWD	Tamil Nadu Public Works Department
TO	Tariff Order
TP	Town Panchayat
ULB	Urban Local Bodies
UNESCO	United Nations Educational, Scientific and Cultural Organization
WHO	World Health Organisation

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