SUPREME AUDIT INSTITUTION OF INDIA
लोकहितार्थ सत्यनिष्ठा
Dedicated to Truth in Public Interest

Report of the Comptroller and Auditor General of India for the period ended March 2024

Government of Kerala

Report No. 3 of the year 2026

(Compliance Audit - Civil)

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Comptroller and Auditor General of India
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Preface

This Report of the Comptroller and Auditor General of India for the period ended March 2024 is prepared for submission to the Governor of Kerala under Article 151 (2) of the Constitution of India.

The Report contains significant results of the Compliance Audits of the Departments of Government of Kerala under the Economic Services including Departments of Tourism and Public Works.

The instances mentioned in this Report are those which came to notice in the course of test audit of records during the year 2023-24 as well as those which came to notice in earlier years but could not be reported in previous Audit Reports. Instances relating to the period subsequent to 2023-24 are also included wherever necessary.

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

Overview

Overview

This Report of the Comptroller and Auditor General of India (C&AG) relates to matters arising from compliance audits, conducted by the Accountant General (Audit-II), of selected programmes and activities of Government Departments and Autonomous Bodies.The report includes two Subject Specific Compliance Audits and six Compliance Audit Paragraphs.

Chapter I provides a comparative position of expenditure incurred by the Government during the year 2023-24 with that of the preceding year, information on the planning and extent of audit and follow-up of previous Audit Reports.

Chapter II of the report includes two Subject Specific Compliance Audits (SSCAs), viz., Planning and implementation of Tourism Projects by Directorate of Tourism (DeOT), Government of Kerala and Implementation of roadworks by Kerala State Transport Project (KSTP) under Rebuild Kerala Initiative (RKI).

Planning and Implementation of Tourism Projects by Directorate of Tourism, Government of Kerala

The SSCA on tourism projects was conducted to ascertain the compliance of tourism infrastructure development projects with the applicable laws, rules, regulations and prescribed procedures during planning, execution and monitoring stage. Audit also assessed whether these processes contributed to the achievement of intended outcomes and whether these projects were operated and maintained as per the terms and conditions of the agreement with the operating agencies. Out of 642 Tourism Projects, a sample size of 181 projects with project cost of ₹1,319.59 crore was selected for detailed audit.

Audit revealed systemic deficiencies such as absence of feasibility studies, lack of statutory approvals and commencement of work without ensuring land availability, indicating gaps in project planning and governance. Deficiencies included poor implementation oversight, deviation from norms, undermining the project objectives and quality standards. Audit also observed gaps such as absence of records, failure to formalize arrangements with operating agencies, and inadequate upkeep in monitoring, operation and maintenance of projects. These lapses led to abandonment of the projects after incurring expenditure, idling of infrastructure and delays in implementation of the tourism projects.

Audit observed multiple instances where public funds were rendered unproductive. The “Adventure Park at Payyambalam, Kannur” initiated without feasibility study remained incomplete after incurring a total expenditure of ₹51 lakh. The project “Nellikuzhi Cartable Bridge under Amayizhanjan Thodu Restoration Project”, though completed at a cost of ₹2.10 crore without mandatory design approval, remained non-functional due to absence of an approach road. Similarly, procurement of electrical materials worth ₹1.16 crore for “Beautification of Kodungallur Bypass under Muziris Heritage Project” was

undertaken without obtaining permission from the NHAI, resulting in abandonment of the project.

Instances of under-utilisation and abandonment of projects were also noticed. The project "Construction of boat jetties at Pallippuram Fort, Valiyapally, Azhikode, Thiruvanchikulam and Kuttichira" was approved without obtaining the site-specific report of the District Tourism Office (DTO). Despite incurring an expenditure of ₹2.25 crore for the construction of boat jetties, they have remained under-utilised due to non-introduction of circular boat service. Further, the project "Kilipadam The Bird watcher's paradise Eco Tourism development at Kakkathuruthu, Kunnamkulam, Thrissur", which commenced at an estimated cost of ₹2.50 crore, was abandoned after partial execution due to the selection of a waterlogged paddy field, and the mobilisation advance of ₹1.25 crore remains unrecovered.

Audit also noticed lapses in operation and maintenance of completed assets. The project "Development of market and exhibition space at Valliyoorkavu" completed at a cost of ₹4.78 crore, lacked formal agreement with operating agency and lack of proper operation and maintenance arrangement. Further, execution of tourism projects without due diligence resulted in idling of assets without meeting the intended objectives. In the Malanad Malabar River Cruise Project, the four boats purchased at a cost of ₹3.74 crore remained idle, as operations did not commence. The project "Construction of Suspension Bridge at Chowara Pozhi" was abandoned for want of CRZ clearance rendering the expenditure of ₹ one crore incurred for the project infructuous.

Audit recommended conducting feasibility and technical studies, securing statutory/ departmental approvals, and ensuring encumbrance-free land and site-specific reports before granting Administrative Sanction. Further, Audit recommended strengthening of Engineering Wing with adequate manpower and a centralised tracking mechanism to monitor project progress and mobilisation advances. DeOT should maintain an asset register for all Government-funded properties, conduct annual verification, and execute agreements with operating agencies before handover.

Implementation of roadworks by Kerala State Transport Project (KSTP) under Rebuild Kerala Initiative (RKI)

Post catastrophic floods and landslides between June and August 2018, the Government of Kerala (GoK) launched the Rebuild Kerala Initiative (RKI) to facilitate resilient, sustainable recovery. RKI was established as a dedicated State-level agency to coordinate and implement recovery and reconstruction efforts, with a focus on resilience against future disasters. The SSCA on roadworks under RKI assessed whether planning and execution of road works undertaken by KSTP as well as the fund management practices were in accordance with the applicable regulations, guidelines and contractual agreements. Out of 29 road works executed by KSTP under RKI, 10 works were selected for detailed audit. The 28 works were grouped under four packages- I, II, III and IV and one work was arranged separately. Audit noticed deficiencies in the preparation of Detailed Project Reports, bidding documents and several instances of deviation from contractual provisions, etc., all of which resulted in

project delays, recurring design and scope changes, lack of transparency in public procurement works, undue benefit to the contractors and increased financial burden.

Audit observed serious deviations from procurement norms in certain works. The Uruvachal–Maruthayi road work (EPC) awarded by KSTP to a contractor for ₹100.43 crore in October 2020 was entirely sub-contracted for ₹93.67 crore in August 2021 in violation of the agreement conditions undermining the tendering process based on the pre-qualification in which the final bids of only the bidders who qualify in the technical bids are considered. Further, although the bid documents excluded price adjustment provisions considering the stipulated project duration of 18 months, the agreement was executed incorporating an inadmissible price adjustment clause despite the engagement of Project Management Consultant (PMC), posing a risk to public funds.

Instances of irregular contract administration were also noticed. In the Koyilandy–Eranhimavu Road work, completion certificates were issued and performance bonus of ₹4.91 crore was released despite non-completion of rainwater harvesting works within the prescribed period.

Significant irregularities were observed in the upgradation of the Alappuzha–Changanassery Road (AC Road). Changes in bridge widening design were approved through Change of Scope (CoS) notice without undertaking mandatory cost comparison analysis or obtaining detailed technical justification, resulting in undue benefit of ₹39.27 crore to the contractor. Further, prescribed payment stages were split into multiple sub-stages, enabling premature payments ranging from 333 to 911 days ahead of schedule. Similar splitting of payment stages relating to earthwork and ground improvement works under a CoS resulted in additional undue financial favour of ₹28.22 crore to the contractor.

Audit also noticed deviation from EPC contractual responsibilities relating to street lighting works. Though EPC contractors were contractually responsible for procurement, installation, operation, and energy costs of street lighting systems, KSTP transferred street lighting assets to Local Self-Government Institutions (LSGIs) for maintenance, contrary to contractual provisions. This resulted in undue benefit to the contractors, leading to estimated saving of ₹2.98 crore on energy costs across five completed EPC projects.

Audit recommended to ensure ground truthing and statutory clearance before commencing work, exercise diligence in the preparation of bidding and contract documents and monitor deviations from contractual conditions. Government may give strict instructions to KSTP to comply with prescribed Change of Scope valuation procedures, strictly adhere to applicable Acts, Rules, and contractual provisions, and strengthen the internal control and monitoring system of road works under RKI to prevent undue benefit to contractors.

Chapter III: Compliance Audit Paragraphs

Failure to verify the authenticity of bitumen invoices resulted in payment of ₹2.72 crore against invalid invoices and an additional payment of ₹26 lakh towards cost difference in eight such invalid invoices

Due to the Public Works Department's (PWD) failure to verify the validity of the submitted invoices, 30 invoices worth ₹2.72 crore were found to be invalid or forged. Additionally, ₹26 lakh was paid due to price differences in bitumen purchased based on eight of these invalid invoices.

(Paragraph 3.1)

Lapses in concluding of contracts by Kerala Road Fund Board (KRFB) resulted in avoidable cost-overrun amounting to ₹21.33 crore

Significant lapses in contract management in concluding contracts within the firm period by the Kerala Road Fund Board (KRFB), resulted in total cost overrun of ₹21.33 crore in five works.

(Paragraph 3.2)

Irregular payment of bitumen price differential of ₹2.70 crore in violation of Government Orders

Payment of the difference in cost of the bitumen, without complying with the Government orders in this regard, resulted in irregular expenditure of ₹2.70 crore.

(Paragraph 3.3)

Avoidable liability of ₹2.12 crore due to delayed and inaccurate GST compliance

The Kerala Road Fund Board (KRFB) incurred an avoidable liability of ₹2.12 crore towards interest and penalties arising from delays and errors in filing Goods and Services Tax (GST) returns.

(Paragraph 3.4)

Idling of Bridge due to non-provision of approach road

Construction of the bridge across Aloor River at Kechery in Thrissur district at a cost of ₹2.59 crore, without the approach road, resulted in idle infrastructure and non-achievement of intended public benefit for more than 2.5 years.

(Paragraph 3.5)

Excess payment to contractors due to manipulation/misrepresentation of recorded measurements

Manipulation and misrepresentation of recorded level measurements of Bituminous Macadam (BM) layer resulted in excess payments by PWD to contractors amounting to ₹1.35 crore.

(Paragraph 3.6)

Chapter I

Introduction

Chapter I

Introduction

1.1 About this Report

This Report of the Comptroller and Auditor General of India (C&AG) relates to matters arising from compliance audits, conducted by the Accountant General (Audit-II), of selected programmes and activities of Government Departments and Autonomous Bodies.

Compliance Audit refers to examination of the transactions 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 competent authorities are being complied with. Compliance audit also includes an examination of the rules, regulations, orders and instructions for their legality, adequacy, transparency, propriety and prudence.

The primary purpose of this Report is to bring to the notice of the State Legislature, the important results of audit. Since Auditing Standards require that the materiality level for reporting should be commensurate with the nature, volume and magnitude of transactions, only very important results are included in this Report. The findings of Audit are expected to enable the Executive to take corrective actions and to frame policies and directives that would lead to improved financial management of the organisations, thus contributing to better governance.

This Chapter, in addition to explaining the planning and extent of audit, provides information on follow-up of previous Audit Reports.

1.2 Profile of units under audit jurisdiction

The Accountant General (Audit-II), Kerala conducts audit of 14 Departments and Autonomous Bodies thereunder. Significant observations under the Taxes Department are included in a separate report of the C&AG - Compliance Audit Report (Revenue). The Departments are headed by Additional Chief Secretaries/ Principal Secretaries/ Secretaries, who are assisted by Commissioners/ Directors/ Deputy Secretaries and subordinate officers.

A comparative position of expenditure incurred by the Government during the year 2023-24 with that of the preceding year is given in **Table 1.1:**

Table 1.1: Comparative position of expenditure incurred by the Government

(₹ in crore)

Disbursements	2022-23			2023-24			Percentage (+) Excess (-) Deficit
	Plan	Non-Plan	Total	Plan	Non-Plan	Total	
Revenue Expenditure							
General Services	3,654.95	66,176.73	69,831.68	6,498.68	71,686.48	78,185.16	11.96
Social Services	9,869.70	40,406.21	50,275.91	8,669.16	35,336.12	44,005.28	-12.47
Economic Services	3,833.88	8,446.94	12,280.82	3,452.76	7,962.07	11,414.83	-7.05
Grants-in-aid and Contributions	---	9,562.52	9,562.52	---	9,021.07	9,021.07	-5.66
Total	**17,358.53**	**1,24,592.40**	**1,41,950.93**	**18,620.60**	**1,24,005.74**	**1,42,626.34**	**0.48**
Capital Expenditure							
Capital Outlay	13,260.46	736.10	13,996.56	13,056.42	528.03	13,584.45	-2.94
Loans and advances disbursed	---	---	2,790.93	---	---	3,295.72	18.09
Repayment of public debt	---	---	35,980.76	---	---	74,365.84	106.68
Contingency Fund	---	---	---	---	---	---	---
Public Account disbursements	---	---	4,18,119.90	---	---	3,80,839.42	-8.92
Total	**13,260.46**	**736.10**	**4,70,888.15**	**13,056.42**	**528.03**	**4,72,085.43**	**0.25**
Grand Total	**30,618.99**	**1,25,328.50**	**6,12,839.08**	**31,677.02**	**1,24,533.77**	**6,14,711.77**	**0.31**

(Source: Finance Accounts of the respective years)

1.3 Authority for Audit

Authority of the Comptroller and Auditor General (C&AG) for audit of Departments and Autonomous Bodies (ABs) is derived from Articles 149 and 151 of the Constitution of India and the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 [CAG's (DPC) Act]. The principles and methodologies for various audits are prescribed in the Regulations on Audit and Accounts, 2020 and Auditing Standards, 2017 issued by the C&AG.

1.4 Planning and conduct of audit

Audit process starts with the assessment of risks faced by various Departments of Government and autonomous bodies based on expenditure incurred,

criticality/complexity of activities, level of delegated financial powers, assessment of overall internal controls and concerns of stakeholders. Previous audit findings are also considered in this exercise. The frequency and extent of audit are decided based on risk assessment.

After completion of audit of each unit, an Inspection Report (IR) containing audit findings is issued to the Head of the Department and the Administrative Department concerned. The Departments are requested to furnish replies to the audit findings within one month of receipt of the IRs. Whenever replies are received, audit findings are either settled or further action for compliance is advised. The important audit observations arising out of these IRs are processed for inclusion in the Audit Reports. The Audit Reports are submitted to the Hon'ble Governor of the State under Article 151 of the Constitution of India to be tabled in the State Legislature.

During the year 2023-24, under the 13 Departments, 220 units were audited.

1.5 Response of Government to Audit

The Accountant General (Audit-II), Kerala audits the Government Departments and Autonomous Bodies to test check the transactions and verify the maintenance of accounts and other records as prescribed in the rules and procedures. These inspections are followed by IRs which incorporate irregularities detected during the audit and not settled on the spot. The Heads of Departments are required to furnish replies to the IRs within a period of one month. In order to monitor and expedite the progress of settlement of the paragraphs in the IRs, the Government also constitutes Audit Committees/ Audit Sub-committees.

1.5.1 Inspection Reports outstanding

As on 30 June 2024, 982 IRs containing 5,322 paragraphs were outstanding against the 13 departments covered under this report. Department wise details of the IRs and paragraphs outstanding are detailed in **Appendix 1**.

1.5.2 Audit Committee Meetings

Following Audit's suggestion, the Finance (PAC) Department had instructed[1] all the Heads of Departments and offices to conduct quarterly Audit Committee Meetings (ACMs) to review the progress achieved in clearing pending audit observations in Inspection reports.

The details of the Audit Committee Meetings held during the year 2023-24 and the paragraphs settled therein are given in **Table 1.2:**

[1] Circular No.6/2004/Fin. dated 20 January 2004.

Table 1.2: Details of Audit Committee Meetings held during 2023-24

Sl. No.	Name of the Department	Number of Audit Committee Meetings held	Number of paragraphs settled
1	Public Works	1	153
2	Industries and Commerce	1	15
Total		**2**	**168**

(Source: Details compiled by Audit)

No meetings were held in respect of the Environment and Climate Change, Forest and Wildlife, Science and Technology, Tourism, Port, Cultural Affairs, Electronics and Information Technology, Transport, Power, Finance, Planning and Economic Affairs departments despite having pending audit observations.

1.5.3 Follow-up action on Audit Reports

The Reports of the CAG represent the culmination of the process of audit scrutiny. It is, therefore, necessary that they elicit an appropriate and timely response from the Executive. The Finance Department, Government of Kerala (GoK) issued directions to all Administrative Departments in 2017 to furnish Explanatory Notes to Performance Audits (PAs)/ Paragraphs included in Audit Reports of the CAG within a period of two months of their presentation to the Legislature for speedy settlement of audit observations.

As of March 2025, departments have not submitted Remedial Measures Taken Statement relating to 16 paragraphs pertaining to the Compliance Audit Reports for the period 2019-21 and 2021-22.

1.5.4 Discussion of Audit Paragraphs by the Public Accounts Committee

There were 19 paragraphs relating to five departments[2] pertaining to Compliance Audit Reports for the period 2019-21 and 2021-22 pending discussion by the Public Accounts Committee as of March 2025.

Recommendations:

The Government should

- ***ensure furnishing of replies/ explanatory notes to Audit Reports and Action Taken Notes on the recommendations of Public Accounts Committee as per the prescribed time schedule.***
- ***ensure that Audit Committee Meetings are held regularly.***
- ***instruct the departments to furnish the replies of the Draft Paragraphs and Compliance Audit Paragraphs on time.***

[2] Ten of Public Works, three of Forests and Wildlife, two of Science and Technology, two of Industries and Commerce (one each of Mining and Geology and Directorate of Coir Development), two of Cultural Affairs (one each of Archaeology and Museums and Zoos).

Chapter II

Subject Specific Compliance Audits

Chapter II

Subject Specific Compliance Audits

Department of Tourism

2.1 Planning and Implementation of Tourism Projects by Directorate of Tourism, Government of Kerala

2.1.1 Introduction

Kerala state located at the southernmost tip of India has an area of 38,863 sq. km and population of 33.39 million (Census 2011). The state is situated between the Arabian Sea and the Western Ghats and its geography includes 44 rivers, 34 lakes, along with numerous canals, ponds, paddy fields that define its landscape. Department of Tourism (DoT) of Government of Kerala (GoK) is responsible for the development and promotion of tourism in the state by creating necessary infrastructure facilities. Tourism contributes around 10 *per cent*[3] to the State's Gross Domestic Product. As per 'India Tourism Statistics' of Government of India (GoI), Kerala is ranked among the top 10 states[4] in foreign tourist arrival whereas Kerala does not feature among the top 10 states[5] in domestic tourist arrival.

Secretary (Tourism) is the administrative head of DoT and Director of Tourism is the head of the implementation wing of the DoT i.e., Directorate of Tourism (DeOT). DeOT has three Joint Director (JD) Offices[6] having jurisdiction over 14 District Tourism Offices (DTOs), one in each district, headed by Deputy Director who is the implementing officer for tourism projects at the District Level. GoK has established District Tourism Promotion Council (DTPC) headed by District Collector in all the 14 districts of the state for the effective management of the tourism destinations and their upkeep in a professional manner. Completed tourism projects are generally handed over to the DTPC for operation and maintenance.

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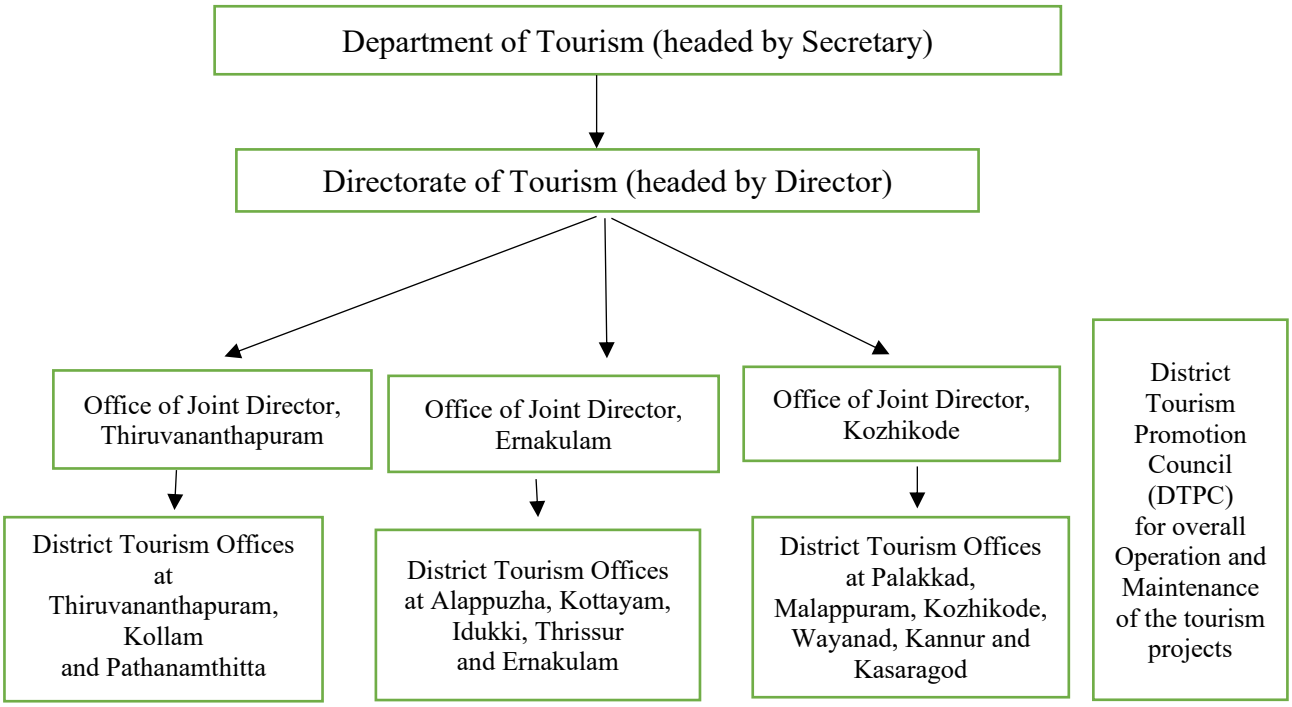
3 Report on Working Group on Tourism on 13th Five-Year Plan (2017-22) and 14th Five-Year Plan (2022-27).

4 2021-fifth rank, 2022-eighth rank and 2023-ninth position, 2024- Yet to be released by GoI.

5 2019 –16th position, 2021- 15th position, 2022 and 2023-Ranking limited to top 10 states only.

6 Thiruvananthapuram, Ernakulam and Kozhikode having jurisdiction over the functioning of three, five and six DTOs respectively.

2.1.2 Organisational structure



2.1.3 Audit Objectives

The Subject Specific Compliance Audit covering the period from 2021-22 to 2023-24 was conducted to assess whether:

1. Tourism infrastructure development projects were planned, executed and monitored in compliance with the applicable laws, rules, regulations and prescribed procedures and whether these processes contributed to the achievement of intended outcomes; and

2. Tourism Projects were operated and maintained as per the terms and conditions of the agreement with the operating agencies.

2.1.4 Audit Criteria

Audit observations were benchmarked against the criteria derived from the following documents:

1. Kerala Financial Code
2. Coastal Regulation Zone Notification (2011/2019)
3. Kerala Tourism Manual, 2006
4. Kerala Tourism Policy, 2017
5. Kerala Public Works Department Manual, 2012

6. Minutes of Working Group Meeting/Special Working Group Meeting

7. Administrative Sanction orders/ Government Orders/ Notification/ Circulars etc., issued by Government of Kerala

8. Central Vigilance Commission (CVC) guidelines

2.1.5 Scope and methodology of Audit

Audit was conducted from 01 April 2024 to 15 February 2025 covering the period from 2021-22 to 2023-24 by test checking the records of Department of Tourism, Directorate of Tourism including selected District Tourism Offices. Audit also conducted Joint Physical Verification (JPV) along with Department staff/officers at 35 selected Tourism Project sites (**Appendix 12**) located in seven districts *viz*. Kannur, Kozhikode, Wayanad, Thrissur, Ernakulam, Kollam and Thiruvananthapuram.

An entry conference was held with the Director of Tourism on 08 October 2024 wherein the audit objectives, criteria, scope, methodology etc., were discussed. The Audit Methodology includes issue of Audit Requisition, scrutiny of records/e-Office files, data analysis, interaction with officials, issue of Audit Enquiries and obtaining response of the Department. On conclusion of audit, exit conference was conducted on 25 August 2025 where the audit findings were discussed with Secretary to Government, DoT.

2.1.6 Tourism policy of Government of Kerala

The existing Kerala Tourism policy of 2017, inter-alia, focused on improving basic infrastructure facilities at tourism centres such as development of roads, providing drinking water, internet connectivity, common toilet, waste management system, electricity, parking facilities etc., formation of Tourism Regulatory Authority to take action against any and all malpractices in the tourism sector, encouraging Local Self-Governing bodies in the development of tourist destination etc.

2.1.7 Tourist inflow

The arrival of tourists (Domestic and Foreign) to the State of Kerala during the period from 2019 to 2024 are as given in **Table 2.1.**

Table 2.1: Tourist arrival data

Year	Tourist Arrival (Nos)	
	Domestic	Foreign
2019	1,83,84,233	11,89,771
2020*	49,88,972	3,40,755
2021*	75,37,617	60,487
2022	1,88,67,414	3,45,549
2023	2,18,71,641	6,49,057
2024	2,22,46,989	7,38,374

(Source: Department of Tourism, Government of Kerala)

* *Covid-19 pandemic period*

In terms of availability of hotel rooms, Kerala is ranked second in India (June 2023) with 15,093 classified rooms, just behind Maharashtra with 16,557 classified rooms.

2.1.8 Budget allocation and fund utilisation

The budget allocation and utilisation of plan and non-plan funds by DeOT for the period from 2021-22 to 2023-24 are as given in **Table 2.2**.

Table 2.2: Budget allocation and utilisation of funds

Financial year	Plan scheme (₹ in crore)			Non-plan scheme (₹ in crore)		
	Final Budget allocation	Expenditure/ utilisation	Surrender/ un-utilised	Final Budget allocation	Expenditure /utilisation	Surrender /un-utilised
2021-22	321.62	249.58	72.04	74.07	73.6	0.47
2022-23	362.15	248.01	114.14	70.85	70.22	0.63
2023-24	372.15	257.65	114.50	67.05	62.57	4.48
Total	**1,055.92**	**755.24**	**300.68**	**211.97**	**206.39**	**5.58**

(Source – Department of Tourism, Government of Kerala)

An analysis of the financial data of the DeOT during the period 2021–22 to 2023–24 reveals a consistent trend of under-utilisation of plan funds. Out of the total ₹1,055.92 crore allocated under plan schemes, only ₹755.24 crore (71.52 *per cent*) was utilised, with ₹300.68 crore (28.48 *per cent*) remaining unspent or surrendered. In contrast, non-plan expenditure including recurring items like salaries, were nearly fully utilised each year.

The under-utilisation / surrender of funds during 2021–22 was primarily due to the Covid-19 pandemic. During 2022–23 and 2023–24, the main reason for short utilisation of funds was the non-implementation of planned activities to the expected extent, due to absence of a robust institutional mechanism for project monitoring and execution in DeOT as discussed in **Para 2.1.11.1** of the report.

2.1.9 Audit Sample

Out of 642 tourism projects[7] with project cost of ₹1,847.43 crore selected for sampling, a sample size of 181 projects with project cost of ₹1,319.59 crore and progressive expenditure of ₹213.15 crore was selected for detailed audit by adopting random sampling technique using IDEA software. The status of these projects is given in **Table 2.3.**

Table 2.3: Status of tourism projects (as of 31 March 2024)

Category	642 projects		181 projects (Sample)		
	Total number of projects	Total AS Amount (₹ in crore)	Total number of projects	Total AS Amount (₹ in crore)	Amount released (23 August 2024) (₹ in crore)
Completed	208	244.92	40	108.50	11.62
In-progress	222	1,219.27	96	1,032.83	168.44
Not started	121	239.08	29	148.69	28.82
Abandoned	91	144.16	16	29.57	4.27
Total	**642**	**1,847.43**	**181**	**1,319.59**	**213.15**

(Source: Directorate of Tourism)

Audit Findings

Audit examined the planning, execution, monitoring and post-implementation operation of 181 sampled tourism infrastructure development projects and findings are discussed in the succeeding paragraphs.

2.1.10 Project planning

Planning is a critical phase in tourism project execution, guided by Kerala Tourism Manual, 2006. Project proposals originating from various stakeholders and found feasible are approved by DeOT/ GoK. Audit revealed systemic deficiencies such as absence of feasibility studies, lack of statutory approvals and commencement of work without ensuring land availability, indicating gaps in project planning and governance.

As per Clause 4.1 of Kerala Tourism Manual of 2006, the planning division of DeOT is responsible for the implementation of all State / Central schemes. The proposal of a new tourism project originates from different sources like DeOT, DTPC, District Administration, proposals from MLAs/MPs, representatives of

[7] Out of the 642 Tourism Projects selected for sampling, 360 Tourism Projects (*Completed-140, In progress- 135, Abandoned-85*) were accorded Administrative Sanction during the period 2012-21, but completed or still in-progress during the period 2021-24 and 282 Tourism Projects were accorded Administrative Sanction during the period 2021-24.

local bodies, line departments like Local Self Government Department, Irrigation Department, Public Works Department, NGOs etc.

Project proposals found feasible were approved by Director of Tourism (project cost less than ₹ one crore), Working Group of Government (project cost between ₹ one crore to ₹15 crore) and Special Working Group of Government (project cost above ₹15 crore). Based on the approval, DoT or GoK accords Administrative Sanction (AS) for the implementation of the project. In the absence of a fully dedicated Engineering wing in DeOT, in accordance with Government directives, the Tourism Projects were executed through Government empanelled accredited agencies.

Audit observed multiple systemic deficiencies such as approval of project proposals without obtaining approvals from concerned authorities, non-conducting feasibility/technical study, commencement of project without adequate planning and without ensuring land availability etc., as discussed in the subsequent paragraphs.

2.1.10.1 Approval of project proposals without conducting feasibility/technical studies

As per clause 4.1 of Kerala Tourism Manual of 2006, the Planning Division of the DeOT is responsible for conducting a preliminary investigation into the feasibility of project proposals**,** including the assessment of their technical and financial viability before recommending them for Administrative Sanction (AS)**.**

Audit observed that out of 181 sampled tourism infrastructure projects, in 33 projects with a cumulative estimated cost of ₹187.06 crore (expenditure incurred: ₹51.55 crore), the DoT accorded AS without conducting any feasibility or technical studies (**Appendix 2**). As a result, these projects encountered significant implementation issues such as demolition of the constructed structure, procurement/construction of asset without addressing the connected issues involved, execution of work without consulting the stake holders, objection to removal of hindrances and dropping of the project, dropping of the component due to adverse site conditions, wrong selection of project site etc. This has resulted in non-commencement/abandonment of eight projects, non-completion of 11 projects, and non-utilisation/idling of 14 projects even after completion. Two projects are illustrated below:

i. *Adventure Park at Payyambalam, Kannur:* The DoT accorded[8] (20 December 2018) AS for the project at a cost of ₹99.99 lakh with a stipulated completion period of 12 months. The project envisaged ziplining activity involving construction of zip-line towers at beach, connecting cables and other related infrastructure.

Audit observed that the project was abandoned after incurring a total expenditure of ₹51 lakh (15 April 2024). The zip-line tower constructed as part of the project obstructed the view of a prominent statue located

[8] Proceedings of DoT- Order No. P2-14103/2018 dated 20/12/2018.

within the park, leading to public objections and necessitating either its demolition or re-location. This indicates non-conduct of proper feasibility/ technical studies and inadequate stakeholder consultation during the planning phase. A JPV conducted (23 September 2024) confirmed that the project remains incomplete and idle resulting in non-realisation of intended tourism benefits. This project is also included under **Para 2.1.10.4 (i) and Para 2.1.12.3 (Appendix 12-Sl.No.2)** of the report.

The Government replied (26 August 2025) that feasibility report was submitted (November 2018) and subsequent to changes in component, a new feasibility study was conducted in 2022. Further, it was stated that the audit observation has been noted and there is a commitment to refining the execution frameworks, strengthening monitoring measures and integrating best practices to enhance the efficiency of future projects.

The reply is not acceptable since no feasibility study was conducted by DeOT as envisaged in the tourism manual except for the report of the DTO (27 November 2018) as discussed in **Para 2.1.10.4 (i)** of the report. Further, the feasibility study stated to have been conducted in 2022 has not been made available to Audit for scrutiny.



Figure 1: Tower at one end of the zip line and partially completed piling work for the second tower at the other end lying abandoned.
Source: Joint Physical Verification conducted at the project site on 23 September 2024.

ii. *Pullooppi Promenade River Front and Offshore Development, Kannur District – Phase-I*: The GoK accorded[9] (27 April 2022) AS for the project at a cost of ₹4.02 crore with a stipulated completion period of 18 months. The DPR for Phase-I of the project envisaged development of water front functions such as development of land area with walkway, food courts, kiosk, toilets etc., and river-based functions such as floating dining areas, boat etc. The project was inaugurated on 09 September 2023 and an amount of ₹2.87 crore was released for the project. JPV conducted (23

[9] GO (Rt.) No. 116/2022/TSM dated 27/04/2022.

September 2024) revealed that the project has remained idle since its inauguration.

Audit observed that despite a request (29 February 2024) made by the DTO to DeOT to make the project operational, no action had been taken. Moreover, DeOT had not formulated any plan for procuring boats or engaging private operators for commencing boating activities, which were integral to the project's objective. This project is also included under **Para 2.1.12.3 (Appendix 12-Sl.No.14)** of the report.

The Government replied (26 August 2025) that a detailed feasibility certificate for the project had been submitted by the consultant who prepared the DPR.

However, the reply is not tenable as the tourism manual stipulates that upon receipt of a project proposal, the planning division should undertake a preliminary investigation into the feasibility of the project and submit its findings to the Director for orders. This process has not been complied with.

Thus, due to absence of provisions for operational component at planning stage, the created assets remained underutilised defeating its intended purpose.



Figure 2: Floating boat jetty and floating dining facility at Pullooppi Promenade lying idle
Source: Joint Physical Verification conducted at the project site on 23 September 2024.

Out of the remaining 31 projects, Government accepted (26 August 2025) the audit findings in respect of nine projects and did not accept the audit findings in respect of 13 projects. In its reply regarding nine projects, the Government made no specific reference to the conduct of feasibility/technical study. The reply of the Government and audit remarks are detailed in **Appendix 2**.

2.1.10.2 Execution of projects without adequate planning, without ensuring availability of land and without obtaining permission from authorities concerned

Section 1106 of Kerala PWD Manual, 2012 stipulates that all statutory and regulatory clearances must be obtained prior to commencement of any public work. In addition, project proposals involving construction or infrastructure

development are subject to approvals from relevant authorities such as Irrigation Department of GoK, National Highways Authority of India (NHAI), Fire and Rescue Services Department etc., depending on the nature and location of the project.

Section 2101 of PWD Manual, 2012 states that all preliminaries such as removal of hindrances like underground cables, pipelines, electric posts, etc., shall be completed before the award of contract and Section 2003 of the said Manual states that before bids are invited for the work, there should be: (i) Administrative Sanction (ii) Technical Sanction and (iii) 100 *per cent* possession of hindrance free land. Thus, infrastructure projects necessitate clear and undisputed land to ensure timely commencement and smooth execution.

Audit observed non-compliance with the cited manual provisions and lapses and inconsistencies between the AS issued for the projects and the subsequent agreements executed between the DeOT and the accredited agencies. There was no uniformity in incorporating a clause in the AS and agreements mandating that all necessary approvals and statutory permissions from the concerned authorities must be obtained prior to the commencement of work. Further, even in instances where such a clause was included, it was not complied with.

Test check of records revealed that in four projects, the works were commenced without ensuring the availability of land and without obtaining the requisite permissions resulting in the issuance of stop memos, abandonment of projects after partial execution, non-completion of works, and idling of infrastructure created as detailed below:

Four projects[10] approved by the Working Group and AS accorded by GoK with an estimated cost of ₹15.68 crore and progressive expenditure of ₹4.29 crore, were executed without obtaining statutory or departmental approvals. These procedural lapses resulted in non-completion of projects and unproductive expenditure of ₹4.29 crore and creation of non-functional or incomplete assets. Two projects are illustrated below:

i. *Nellikuzhi Cartable Bridge under Amayizhanjan Thodu Restoration Project*: The GoK accorded[11] (24 February 2019) AS for the project at a cost of ₹4.96 crore with a stipulated completion period of 12 months. The project commenced without obtaining the mandatory design approval / No Objection Certificate (NOC) from the Irrigation Department, despite this being specifically stipulated in the AS. Additionally, land required for the approach road had not been acquired. The Irrigation Department issued a stop memo on 04 June 2022, and work resumed only after the unapproved portion was demolished. Although the bridge was completed (14 February 2024) with an increased height as directed by the Irrigation Department to facilitate smooth flow of water through the canal at a cost

[10] (i) Construction of world class toilet block at Fort Kochi and Varkala, – commencement of work without obtaining CRZ clearance and (ii) Construction of suspension bridge at Chowara Pozhi – Stop memo was issued by LSGD for commencement of work without obtaining CRZ clearance as detailed in Para 2.1.12.3 (iii) (Figure11) are the other two projects.

[11] GO (Rt.) No. 79/2019/Tourism dated 24/02/2019.

of ₹2.10 crore, it remains non-functional due to the absence of approach road, pending land acquisition from private parties. This was confirmed during the joint physical verification held on 10 February 2025. This project is also included under **Para 2.1.12.3 (i) (Figure 9)** of the report.

ii. *Beautification of Kodungallur Bypass under Muziris Heritage Project* [12]:- The GoK accorded[13] (04 August 2020) AS for the project at a cost of ₹3.60 crore with a stipulated completion period of 12 months. The AS and agreement contained a clause stipulating that permission from the National Highway Authority of India (NHAI) must be obtained before commencing the work. However, the accredited agency commenced the work by procuring electrical materials without obtaining the requisite permission from NHAI.

During the JPV conducted (16 October 2024) at the project site, it was reported that since permission to proceed with the project was denied by NHAI, the project was abandoned. Thus, the expenditure of ₹1.16 crore incurred for procuring electrical materials for the project became infructuous. This project is also included under **Para 2.1.12.3 (Appendix 12-Sl.No.11)** of the Report.





Figure 3: Electrical materials procured for the Beautification of Kodungallur Bypass under the Muziris Heritage Project lying unused at the site.
Source: Joint Physical Verification conducted at the project site on 16 October 2024.

These projects were sanctioned and implemented without ensuring that all mandatory clearances and approvals were obtained in advance. This reflects inadequate due diligence by the DoT and insufficient co-ordination with implementing and regulatory agencies during the planning phase.

Failure to comply with mandatory statutory requirements prior to approval and execution of projects led to avoidable delays, stranded investments, and creation of idle or non-operational assets. These lapses highlight systemic weaknesses in

[12] GOK accorded sanction for the execution of Muziris Heritage Project to regenerate the historical and cultural significance of Kerala and to showcase the historical and cultural significance of the legendary port of Muziris to the world.
[13] GO (Rt.) No. 245/2020/Tourism dated 04/08/2020.

project planning, inter-departmental co-ordination, and administrative oversight in the execution of tourism infrastructure projects.

The reply furnished by the Government (26 August 2025) did not contain any comments on this audit finding.

2.1.10.3 Approval of project proposal without obtaining report from DTO

As per Clause 3.8 of the Kerala Tourism Manual, 2006, DTOs, headed by Deputy Directors, are the designated implementing offices for tourism projects at the District Level. Further, in the review meeting held (04 March 2023) by the Principal Secretary, it was reiterated that the DTOs are responsible for the implementation of tourism project in their respective districts and for taking appropriate follow up action.

Audit observed that since the DTO is the implementing office of the tourism project at district level, site-specific report should invariably be obtained from the DTO prior to approval of the project proposal. However, such reports were not obtained in all cases and there was inconsistency in obtaining reports from DTO.

These site-specific reports are critical for assessing ground-level factors such as terrain, environmental suitability, availability of land and utilities, presence of Coastal Regulation Zone (CRZ) restrictions, and local disputes that may affect project execution.

Audit observed that in 22 projects (**Appendix 3**), all approved by the Working Group with a total estimated cost of ₹109.56 crore (incurring expenditure of ₹34.05 crore), the DeOT approved the project proposal without obtaining site-specific reports from the respective DTOs. The absence of such assessments compromised the quality of decision-making at the planning stage. The inconsistency in approval led to avoidable execution delays (10 cases), partial execution (three cases), abandonment (five cases), idling (four cases) etc., thereby undermining the effective and efficient utilisation of public funds. Two projects are illustrated below:

i. *Monroe Island Village Tourism Project* – The GoK accorded[14] (26 September 2017) AS for the project for the construction of eight components[15] at an estimated cost of ₹ three crore. The project proposal was approved without obtaining site-specific report from the concerned DTO. Several components in the project were not executed due to adverse weather / site conditions. Out of eight components only one component[16] was taken up for implementation which was later abandoned after partial execution during 2021-22. Consequently, the amount of ₹2.40 crore released (09 January 2018) for the project became infructuous. JPV

[14] GO (Rt.) No. 467/2017/Tourism dated 26/09/2017.

[15] Construction of House Boat Terminal and landing facilities for house boat, Construction of land facility and view point shelter, Construction of boat jetty, construction of walkover across canal, Gateway to Monroe island and lake view point, Development of canal for boat navigation, fixing of sign boards and electrical works.

[16] Construction of House Boat Terminal and landing facilities for house boat.

conducted (19 September 2024) confirmed that the project was abandoned. This project is also included under **Para 2.1.12.3 (ii)** (**Figure 10**) of the report.

ii. *Construction of boat jetties at Pallippuram Fort, Valiyapally, Azhikode, Thiruvanchikulam and Kuttichira* – The GoK accorded[17] (19 March 2018) AS under Muziris Heritage Project (MHP) at a project cost of ₹2.26 crore for the benefit of travellers visiting the museums developed under MHP in Muziris area by operating circular boat services connecting all museums. The project was approved without obtaining the site-specific report of the DTO. As a result, water depth and navigability were not assessed. Although the construction of boat jetties was completed (26 March 2021) at a cost of ₹2.25 crore, the boat jetties have remained under-utilised due to non-introduction of circular boat service. JPV conducted (24 October 2024) at two project sites revealed that the gate of the Pallippuram boat jetty has remained locked since the completion of the work. Further, mud deposits and insufficient water depth prevents boats from approaching the Jetty. The Valiyapally boat jetty is under-utilised and operated partially, only based on demand through tour packages. This project is also included under Para **2.1.12.3 (Appendix 12-Sl.No.16)** of the report.



Figure 4: Valiyappally Boat Jetty (Left) and Pallippuram Boat Jetty (Right).
Source: Joint Physical Verification conducted at the project site on 24 October 2024.

The Government accepted (26 August 2025) the audit findings in respect of 12 projects and did not accept the audit finding in respect of three projects. In its reply regarding seven projects, the Government made no specific reference to obtaining a report from DTO. The reply of the Government and audit remarks are detailed in **Appendix 3.**

2.1.10.4 Approval of project proposal overruling the objection raised by DTO

In two projects, one approved by the Working Group and another by DeOT with a total estimated cost of ₹9.84 crore**,** objections raised by the DTOs were disregarded without proper justification as detailed below:

[17] GO (Rt.) No. 132/2018/Tourism dated 19/03/2018.

i. *Adventure Park at Payyambalam, Kannur*:- The DoT accorded (20 December 2018) AS for the project at a cost of ₹99.99 lakh with a stipulated completion period of 12 months. The DTO had submitted (27 November 2018) a report highlighting the lack of clarity regarding land availability and site location. The Department, however, proceeded with the approval, disregarding these observations. Due to public protests and unresolved land issues, the project was later abandoned midway after incurring an expenditure of ₹51.00 lakh on construction activities (15 April 2024). This project is also included under **Para 2.1.10.1 (i) and Para 2.1.12.3 (Appendix 12- Sl.No.2)** of the report.

The reply furnished by Government (26 August 2025) did not contain any comments on this audit finding.

(i) *Renovation and Restoration of Pookode Lake and Premises*: The DTO reported (08 July 2019 and 11 July 2019) that a majority of the components in the DPR/project proposal could not be executed due to non-availability of land and the proposal lacked clarity as it did not specify the exact locations where the components were to be executed. Further, the proposal includes components such as two toilet blocks, of which one had already been constructed during renovation in 2018 and another world class toilet block was under construction. Disregarding the observation of DTO, GoK accorded[18] (21 August 2019) AS for the project at a cost of ₹8.85 crore with 17 components[19]. Of these, only one component, desilting of lake was executed at a cost of ₹2.42 crore as detailed under **Para 2.1.12.3 (v)** of the report and other components were dropped due to non-availability of land or redundancy with earlier projects. JPV conducted (10 October 2024) at the project site confirmed that only one component had been executed at the project site (**Figure 13**).

The Department's decision to proceed with the project disregarding the observation of the DTO, without adequately assessing the ground realities and prior execution history led to dropping/non-execution of the major components of the project.

The reply furnished by the Government (26 August 2025) did not contain any comments on this audit finding.

[18] Go (Rt.) No. 267/2019/Tourism dated 21/08/2019.

[19] Construction of Maintenance Room, Waiting Room, Ticket Counter and Toilet, Restaurant, Baby Pool, Amphitheatre, Renovation of Toilet, Generator Room, Police Aid Posts, Security Building, Tank, Nearby Building, Wooden deck, Floating deck, Gate 1 and 2 and Desilting of lake.

2.1.11 Project execution

The execution phase transforms approved tourism projects into assets through structured implementation. While the Kerala Tourism Manual, 2006 prescribes clear roles, standards, and monitoring protocols, audit revealed lapses such as poor implementation oversight, deviation from norms, and delays, undermining project objectives and quality standards.

Audit findings emerging on the execution stage are discussed in the subsequent paragraphs:

2.1.11.1 Absence of Institutional monitoring mechanism

Effective implementation of infrastructure projects requires setting up of a very robust Technical Wing for oversight. As per Clause 3.8 and 4.1 of the Kerala Tourism Manual, 2006, the DTOs are headed by Deputy Directors, who are designated as the implementing officers for tourism projects at the District Level, while the overall monitoring of the execution of the projects rests with DeOT. One Project Engineer is appointed on contract basis in each District to assist the Deputy Director on technical matters.

Audit has taken 642 projects for sampling and the details of projects sanctioned in each district are given in **Appendix 4**. It can be seen that Thiruvananthapuram District has the maximum number of projects (178 projects with estimated cost of ₹571.15 crore), and Palakkad District has the least number of projects (16 projects with estimated cost of ₹19.37 crore).

It was noticed that the DeOT had no dedicated Engineering Wing to supervise the infrastructure projects implemented by it. In the absence of a dedicated Engineering Wing, 17 Project Engineers[20] (PEs) were appointed on contract basis to assist the DeOT on technical matters. One PE was responsible for supervising all the projects in the entire district. The GoK admitted that owing to lack of technical staff in District Tourism Offices (DTOs), effective monitoring of work during project execution could not be done and directed to deploy adequate technical staff in DTOs for monitoring and ensuring quality of work.

The DeOT submitted (July 2023) a proposal to the Government for the formation of an Engineering Wing, citing several drawbacks in the existing system of scrutiny of technical documents and project execution. Based on the proposal, the GoK sanctioned[21] (January 2024) 10 posts of Engineers[22] on a temporary basis for a period of three years. Of these 10 posts, four were filled during August-September 2024 on deputation basis from other Government Departments and six posts remained vacant (January 2025).

[20] Three PEs in the DeOT and 14 PEs in 14 DTOs.
[21] GO (Ms.) No. 1/2024/TSM dated 19/01/2024.
[22] Assistant Engineer-two posts, Assistant Executive Engineer-seven posts, and Executive Engineer-one post.

Audit observed that deployment of one PE in each district without considering the number of projects being executed, was inadequate.

In the absence of a dedicated engineering wing and an adequate number of technical staff, the execution of tourism infrastructure projects was carried out through empanelled accredited agencies. These implementing agencies were responsible for preparing drawing, design, estimate, inviting tenders, awarding works, supervising execution, and ensuring compliance with statutory and administrative requirements.

Audit observed that absence of a robust institutional mechanism for project monitoring and execution in the DeOT led to lack of supervision and monitoring in the execution of work, non-submission of detailed time schedule for completion of various items of work by accredited agencies, non-conduct of independent inspections, non- conduct of Technical Audit by a third party, non-conduct of multi-level scrutiny of technical documents etc. (**Appendix 5**), non-adherence to timelines in completion of projects (**Appendix 6**). Payment to Non-Governmental, Non-PMC accredited agency without conducting mandatory check measurement by Government Engineers (**Appendix 7**), etc.

Thus, the systemic deficiencies in supervision, measurement and technical verification undermined project outcomes, highlighting the need for structural and operational reforms.

The Government replied (26 August 2025) that there is only Project Engineer in each District Tourism Office to review the work bills submitted by accredited agency and DeOT does not have an engineering wing to conduct independent audit or to conduct third party technical audit. Further, the process of establishing an engineering wing has been initiated and the observations/ suggestions made in the report have been duly noted and would be strictly complied with in future projects.

However, the fact remains that a full-fledged Engineering Wing has to be established in the DeOT.

Three projects are illustrated below:

i. *Conservation and Restoration of Chinese Fishing Nets*: The GoK accorded[23] (03 June 2014) AS for an estimated amount of ₹1.50 crore with a stipulated completion period of 12 months. The scope of the work included restoration of 11 numbers of Chinese Fishing Nets, repairing of wood components and replacement of steel parts with wood. Audit observed that there was lack of proper supervision and monitoring of the project by the DeOT. Further, Government had constituted (06 June 2018) a committee chaired by local MLA to monitor and supervise the execution of the project. However, the committee failed to perform its assigned duty and did not submit any report to the Government. The project remained incomplete even after a decade with a progressive expenditure of ₹1.20 crore. JPV conducted (22 October 2024) revealed

[23] GO (Rt.) No. 4345/14/TSM dated 03/06/2014.

that restoration work had been completed only for three out of eleven fishing nets. Moreover, teak wood procured (2019) at a cost of ₹0.97 crore for renovation work, remained idle at the site since December 2022. This project is also included under **Para 2.1.12.3 (Appendix 12-Sl.No.17)** of the report.



Figure 5: Chinese fishing net and teak wood procured from Forest Department for the renovation of Chinese fishing net remaining idle at the project site.
Source: Joint Physical Verification conducted at the project site on 22 October 2024.

The Government replied (26 August 2025) that suggestions of Audit will be complied with in future.

ii. *Expansion of Eco-Tourism Activities at Arippa, Thiruvananthapuram:* The GoK accorded[24] (12 February 2020) AS for the project at an estimated cost of ₹1.87 crore with a stipulated completion period of 12 months. The components of the project included renovation of an existing abandoned building for eco-tourism activities, upgradation of existing tents, construction of kitchen guard room for new tents, upgradation of Information Centre cum Eco-tourism office, setting up of mini-children's park, gardening work, installation of solar panels etc. Kerala Forest Development Corporation (KFDC) was the executing agency, which selected M/s Habitat Technology Group (HTG) as the contractor for the execution of the project.

Audit observed that there was lack of proper supervision and monitoring of the execution of the project by the DeOT. KFDC informed (24 July 2024) Government that the five huts and open dining hall constructed by the contractor were defective, with water leakage, rendering them unfit for allotment to tourists. The contractor refused to rectify the defects and KFDC requested the GoK to constitute a Technical Committee as envisaged in the agreement to assess the quality of the work and financial losses. Although an amount of ₹1.50 crore was incurred, the project remains non-operational and is classified as 'In-progress' (23 August 2024).

[24] GO (Rt.) No. 69/2020/Tourism dated 12/02/2020.

Government replied (26 August 2025**)** that a committee had been formed to assess the flaws and financial losses, which recommended that the contractor be directed to rectify all the defects in the work.

iii. *Illikkal Kallu Tourism Development Project at Kottayam*- The GoK accorded[25] (07 September 2019) AS for the project at an estimated cost of ₹ three crore with a stipulated completion period of 18 months. The component of the project included construction of entrance gate, administration and toilet, cafeteria, cottage unit, private shops etc. Steel Industries Kerala Limited (SILK) was the executing agency for the project.

Audit observed that there was lack of proper supervision and monitoring of the execution of the project by DeOT. Multiple revisions of estimates were necessitated due to preparation of design and drawing in violation of the provisions of the Kerala Municipal Act, 1994. Finalisation of design and drawings in accordance with the said Act were delayed by more than two years, reflecting lapses in project planning and regulatory adherence. Although an amount of ₹0.90 crore was incurred for the project, only 50 *per cent* of the work was completed (August 2024) and the project is classified as 'In-progress' (23 August 2024).

The DeOT accepted the audit finding and replied (30 May 2025) that the lapses occurred due to oversight and absence of a dedicated Engineering Wing to oversee technical compliance. Government replied (26 August 2025) that the project was delayed by site-specific technical challenges and measures are being taken to ensure timely completion of the project.

However, the fact remains that the project is yet to be completed even after a lapse of six years.

2.1.11.2 Lapses in the award of works

(i) Entrustment of consultancy and non-consultancy services to the same accredited agencies in violation of CVC guidelines

As per CVC guidelines (June 2011), an agency selected for consultancy services shall be disqualified from subsequently providing non-consultancy services like supply of goods, execution of works or services. Similarly, an agency selected for non-consultancy services like execution of the work shall be disqualified from providing consultancy services. GoK has also clarified (14 January 2024) that CVC guidelines are to be followed and in order to avoid conflict of interest, it should be ensured that consultant and executing agency are not the same.

Audit noticed non-compliance with CVC guidelines in 15 projects (**Appendix 8**) with a total estimated cost of ₹60.08 crore and progressive expenditure of ₹13.69 crore, where the accredited agencies were entrusted with both consultancy and non-consultancy services. Consequently, accredited agencies such as District Nirmithi Kendra (five projects - ₹6.37 crore), INKEL Limited

[25] GO (Rt.) No. 307/2019/Tourism dated 07/09/2019.

(four projects - ₹16.38 crore), M/s Uralungal Labour Contract Co-operative Society (ULCCS) Ltd. (three projects - ₹26.39 crore), Local Self Government Departments (one project - ₹0.65 crore), Water and Power Consultancy Services (India) Limited (one project - ₹0.30 crore) and Habitat Technology Group (one project - ₹9.99 crore) were awarded both consultancy and non-consultancy services, in violation of CVC guidelines.

Government accepted (August 2025) the audit findings in the case of five projects (Sl. Nos. 3, 5, 6, 14 and 15 of **Appendix 8**) and stated that the audit observation was taken in true spirit and in future projects, the DoT would implement the projects in accordance with Kerala PWD Manual and tender procedures. In the case of remaining 10 projects, Government replied that works are currently entrusted through a transparent bidding process, with the executing agencies being selected based on Government orders, expertise, etc.

The reply of Government is not tenable as it is not specific about the issue of entrusting both consultancy and non-consultancy services to the same agency.

(ii) Selection of accredited agency without following bidding process and without assessing capacity before awarding multiple projects

As per Clause 2004.1 of the Kerala PWD Manual, a performance appraisal record of contractors is required to be maintained and utilised for making informed decisions regarding the award of works.

The GoK empanelled[26] (25 July 2017) 33 accredited agencies for the execution of public works. The accredited agencies were empanelled by Government either as Project Management Consultant (PMC) or Non PMC[27]. As per the said Government Order (GO), the Administrative Departments were required to adopt a fair and competitive bidding process for selecting accredited agency from the empanelled list, taking into account technical requirements, centage charges and other relevant factors. Based on the request of ULCCS Ltd., Government empanelled[28] (18 September 2017) ULCCS Ltd. as a Non-PMC accredited agency without bidding process for executing general works. The selection of ULCCS Ltd. without bidding process for the execution of civil works continued up to 27 April 2021. Subsequently, the GoK withdrew[29] (April 2021) the special privilege extended to ULCCS Ltd. and mandated that all PMC and Non-PMC accredited agencies be selected through a fair and transparent bidding process, based on the nature of work, technical requirements, PMC charges etc. This was intended to prevent overburdening of a single agency and ensure timely and quality execution of projects.

Out of the 642 projects sanctioned during the period 2012-13 to 2023-24, ULCCS Ltd. was awarded the maximum number of projects (46 projects) with

[26] GO (P) No. 95/2017/Fin. dated 25/07/2017.
[27] PMC accredited agencies shall execute the works through contractors selected through a transparent bidding process and Non-PMC accredited agencies are those agencies who have the capacity to execute the work directly using their in-house infrastructure facilities, manpower etc.
[28] GO (P) No. 122/2017/Fin. dated 18/09/2017.
[29] GO (P) No. 67/2021/Fin. dated 28/04/2021.

total AS amount of ₹174.71 crore, followed by Steel Industries Kerala Limited (20 projects) with total project cost of ₹33.02 crore and Habitat Technology Group (five projects) with project cost of ₹19.17 crore.

Audit observed system deficiency in adherence to transparent, competitive procedures and policy inconsistency that allowed one agency (ULCCS Ltd.) to operate under preferential terms for an extended period. The DeOT did not have an internal mechanism to evaluate the agency's execution capacity, ongoing commitments, or performance track record. Furthermore, it failed to maintain or refer to contractor performance appraisal records, as mandated by the PWD Manual as discussed below:

Based on the cited GO (18 September 2017), M/s Uralungal Labour Contract Co-operative Society Ltd. (ULCCS Ltd.) was selected without a bidding process as the Non PMC accredited agency for the direct execution of 31 projects from 2017 to 2021 with an estimated cost of ₹132.57 crore. Again, another 15 projects with an estimated cost of ₹42.14 crore, were awarded to ULCCS Ltd. through bidding process during the period 2021-24.

Audit observed that there was no documented assessment of the agency's existing workload, past performance, or resource availability before awarding the work. At the time of awarding of 15 projects to ULCCS Ltd. during 2021-24, it was already on record that nine[30] out of 11 projects awarded to ULCCS Ltd. in 2018–19, which were selected for audit remained incomplete and were classified as 'In-progress' (23 August 2024), despite the stipulated completion period of 12 to 18 months having expired between February and August 2020.

Thus, the practice of awarding several projects to a single agency without competitive bidding or performance evaluation was not in compliance with the Kerala PWD Manual. This, in turn, hampered the timely development of tourism infrastructure and resulted in under-utilisation of public funds.

The reply furnished by the Government (26 August 2025) did not contain any comments on this audit finding.

(iii) Payment to Non-PMC accredited agency without conducting mandatory check measurement by Government Engineers

As per the Government Order[31] (04 July 2019), supervision and check measurement of work entrusted to Non-PMC accredited agency shall be conducted by concerned Department/Government Engineers. Similarly, as per the GO[32] (28 April 2021), adequate number of competent serving/ retired

[30] Digital Museum at Kanakakkunnu Palace, Thiruvananthapuram, Shanghumugham Beach Front Development -Entry improvement and Urban Plaza Development, Development of Veli Tourist Village-Eco Park and Shore Line Development, Development of Veli Tourist Village-Urban Park, Shanghumugham Beach front Development-Parking/Traffic and Recreational Hub, Shanghumugham Beach Front Development - Cultural Hub Development, Destination Development at Kovalam Phase II - Eves Beach, Sea Rock Beach and Light House Beach, Construction of Kannammoola-Akkulam Nellikuzhi Cartable Bridge, Conservation work at Kanakakkunnu Palace, Thiruvananthapuram.

[31] GO (P) No. 77/2019/Fin. dated 04/07/2019.

[32] GO (P) No. 67/2021/Fin. dated 28/04/2021.

Government Engineers shall be appointed for the supervision, measurement, check measurement and joint check measurement of the work executed by Non-Governmental, Non-PMC accredited agencies. Hence, Non-Governmental, Non-PMC accredited agencies are not authorized to independently execute these functions. Based on the GO dated 28 April 2021**,** DeOT empanelled (January 2022) four retired Government Engineers for check measurement of the work executed by Non-Governmental, Non-PMC accredited agencies and for countersigning the work/ Running Account (RA) Bills.

On a scrutiny of records, it was noticed that in nine projects, 23 RA/ work bills amounting to ₹14.88 crore (**Appendix 7)** were paid during the period from May 2021 to October 2022 without conducting the mandatory check measurement by competent Government Engineers as envisaged in the cited GOs.

By allowing a Non-Governmental, Non-PMC accredited agency to independently perform check measurement and supervision functions instead of by Government Engineers as mandated, the DeOT compromised on the quality of work and integrity of project monitoring and controls.

The Government replied (26 August 2025) that retired Engineers from Central/ State Engineering Department are appointed for conducting check measurement of various Non-PMC project works.

The reply of Government is not tenable as check measurement was not conducted by Government Engineers for 23 RA/work Bills cited in **Appendix 7**.

2.1.11.3 Deficiencies in Supervision and Execution

(i) Delays in completion and closure of the projects

As per the AS, the completion period for tourism infrastructure projects ranges between 12 months and 18 months. Accredited agencies are responsible for executing the works within the time schedule and DeOT is responsible for the overall supervision and monitoring of the projects and to ensure timely completion of the projects.

Upon completion of the project, executing agencies must submit all closure documents including the final Utilisation Certificate (UC), project completion/closure report, handing over/taking over documents, and the final Running Account (RA) bill. Further, accurate and timely updation of the data and status in the Project Monitoring Software (PMS) is mandatory for effective oversight.

Audit observed that 74 projects (**Appendix 6**) sanctioned during the period 2013-14 to 2020-21 with an estimated cost of ₹866.26 crore and an expenditure of ₹154.97 crore were still shown as 'In-progress' in the PMS Report (23 August 2024), despite the lapse of the stipulated completion period of 12 to 18 months. Of these, seven projects had been physically completed, but their PMS status remained non-updated and continued to be shown as 'In-Progress'. At the same time, 20 other projects, despite being recorded as works in progress, remained

incomplete as of 23 August 2024, and no funds had been released for their implementation. Further, in 13 projects (**Appendix 9**) including the seven projects though physically completed or inaugurated, the mandatory closure documents, such as final UC, completion report, final RA bill etc., had not been submitted by the executing agencies.

The delays and data inconsistencies were primarily due to lack of proper monitoring mechanism, inadequate co-ordination among departments (15 Projects- **Appendix 10**), absence of a structured system in the DeOT to verify and update project status in the PMS as well as lack of enforcement to ensure timely submission of closure documentation by agencies. Further, the absence of a dedicated Engineering Wing aggravated the implementation delays. These lapses affected transparency and accountability and delayed the realisation of intended benefits from tourism infrastructure projects.

The Government replied (August 2025) that during project execution, certain components were changed and revised estimate has been submitted for approval. Hence, the executing agency has not submitted the project completion/ project closure report, final utilization certificate etc., to the DeOT. The Government further stated that once all the details are received, the PMS report will be updated accordingly. The Government's reply and audit remarks are detailed in **Appendix 9.**

The Government also replied that an Engineering wing has been formed and periodic review meetings with accredited agencies, project engineers and District Tourism Officers are being conducted to ensure smooth execution of the projects.

However, the fact remains that full-fledged engineering wing is yet to be established and inadequate monitoring along with inordinate delays in project completion and closure still persist.

(ii) Measurement practices

The GoK established (March 2014) Muziris Projects Limited (MPL) as a Government Company exclusively for the execution of Muziris Heritage Projects (MHP). As per the orders of the DeOT, all RA bills for tourism infrastructure works must be routed through the respective DTOs for payment processing.

The DeOT selected (Jan-Feb 2019) INKEL Limited as PMC accredited agency without bidding process for the execution of five projects[33] with an aggregate AS value of ₹17.68 crore. The RA bills prepared by M/s INKEL Ltd. were submitted directly to DeOT by MPL, bypassing the required route through the concerned DTOs.

[33] i) Conservation of Benglakadavu and Others: ₹4.54 crore ii) Beautification of Kodungallur Bypass: ₹3.60 crore iii) Conservation of Chendamangalam Jewish House/ Jewish House at Paravoor/Kesavdev's House/Misiri Masjid, Ponnani etc.: ₹2.27 crore iv) Development of Munakkal Beach at Azhikode, Thrissur: ₹5.97 crore v) Construction of Boat Jetties at Munakkal Beach,Azhikode and Benglakadavu, Mathilakam: ₹1.30 crore.

Audit observed that since MPL does not have Technical Wing or technical hand to scrutinise the RA/work bills submitted by M/s INKEL, the RA Bills were required to be routed through the concerned DTO. However, this procedure was not followed. Further, in the five projects cited above, the measurements were recorded by the contractor themselves, instead of the accredited agency staff as mandated in the agreement. The failure to follow the established process chain weakened internal controls and compromised the verification mechanism.

The reply furnished by the Government (26 August 2025) did not contain any comments on this audit finding.

(iii) Irregular disbursement and non-recovery of mobilisation advance

As per the GoK orders[34] (dated 30 July 2014, 03 August 2018, and 28 April 2021), Non PMC accredited agencies directly executing the work are eligible for mobilisation advance upto 20 *per cent* of the project cost, and such mobilisation advance is to be recovered proportionately from subsequent RA/work bills.

CVC guidelines (April 2007 and February 2011) states that provision of mobilisation advance should be essentially need-based and its recovery should be time bound, rather than linked to the progress of work. This ensures that, even if the contractor is not executing the work or is executing at a slow pace, recovery of advance can commence, thereby reducing the scope for misuse of such advance.

The DeOT released mobilisation advance amounting to ₹21.12 crore **(Appendix 11)** in 31 projects during the period 2003-04 to 2019-20. However, these projects were later cancelled or abandoned due to various reasons like non-receipt of statutory clearances, public protests, site constraints, land ownership issues, non-availability of encumbrance-free land, poor contractor performance etc.

Audit observed that mobilization advances exceeding the permissible limits were released to accredited agencies in 18 out of the 31 projects, ranging from 22 to 100 *per cent* of the project cost, in violation of Government norms/CVC guidelines. Consequently, in the 31 projects that were cancelled or abandoned, mobilization advances totaling ₹19.35 crore **(Appendix 11)** remain unrecovered (26 August 2025). This indicates that the DeOT failed to establish adequate monitoring mechanisms for the utilization of these advances or to ensure their timely recovery.

The Government admitted (26 August 2025) that an amount of ₹19.35 crore is still to be recovered from accredited agencies for 31 projects and stated that action is being taken to recover the mobilization advance in accordance with the agreement, through Revenue Recovery action or by issuing reminder letters.

[34] GO (P) No. 311/14/Fin. dated 30/07/2014, GO (P) No. 118/2018/Fin. dated 03/08/2018 and GO (P) No. 67/2021/Fin. dated 28/04/2021.

Two projects are illustrated below:

i. *Trichur-Chalakudy-Athirappally waterfall Facilitation Centre:* The GoK accorded[35] (12 January 2017) AS for the project at an estimated project cost of ₹4.21 crore with a stipulated completion period of 18 months. As against the standard norm of 20 *per cent* of the project cost, an amount of ₹3.36 crore, representing 80 *per cent* of the project cost was released (31 March 2017) as mobilisation advance to the executing agency – Kerala State Housing Board (KSHB). As the land identified for the facilitation centre was on steep terrain and not suitable for construction, there was an inordinate delay in the execution of the project. Consequently, DeOT directed (10 December 2021) KSHB to refund the mobilisation advance. The project was subsequently cancelled by Government (09 December 2022). However, the mobilisation advance of ₹3.36 crore has not yet been refunded by KSHB.

The Government replied (26 August 2025) that despite repeated requests to the executing agency, KSHB, has not refunded the amount. Consequently, a decision has been taken to initiate revenue recovery proceedings, and necessary steps are currently underway.

ii. *Kilipadam The Bird watcher's paradise Eco Tourism development at Kakkathuruthu, Kunnamkulam, Thrissur:* The GoK accorded[36] (26 September 2017) AS for the project at an estimated cost of ₹2.50 crore with a stipulated completion period of 18 months. An amount of ₹1.25 crore being 50 *per cent* of the project cost was released (06 December 2017) as mobilisation advance to DTPC. DTPC selected Kerala State Industrial Enterprises Limited (KSIEL) as the executing agency. The project was subsequently abandoned after partial execution as the site selected was a paddy field submerged in water throughout the year making it difficult to execute the project. Further, the land identified for setting up of cafeteria and toilet block belonging to private parties had not been acquired. The DeOT directed (23 November 2021) the DTPC to refund the mobilisation advance of ₹1.25 crore with interest. However, the mobilisation advance of ₹1.25 crore has not been refunded by DTPC. JPV conducted (15 October 2024) at the project site revealed that the project had been abandoned. This project is also included under **Para 2.1.12.3 (Appendix 12- Sl.No.5)** of the report.

[35] GO (Rt.) No. 26/2017/TSM dated 12/01/2017.
[36] GO (Rt.) No. 450/2017/Tourism dated 26/09/2017.



Figure 6: Starting point of concrete slab covering the thodu (a small stream) and the thodu fully covered with concrete slab for the parking area of Killipadam bird watching centre.
Source: Joint Physical Verification conducted at the project site on 15 October 2024.

The Government replied (26 August 2025) that the advance payment was irregular, as DTPC is a non-accredited agency and not eligible for such advances. Further, DoT is taking necessary steps to recover the amount and will ensure strict compliance with financial norms in future projects.

2.1.11.4 Fund management

During the period 2021–24, although substantial budgetary support was provided to the DeOT under the Plan scheme, a significant portion of these funds remained un-utilised each year (**Table 2.2).** Audit findings indicate that this was not merely a budgeting issue, but the result of systemic deficiencies. Specific instance of forfeiture of Central assistance due to non-compliance with timelines, delay in execution of the project and lack of institutional oversight are detailed below:

(i) Loss of Central Grant due to non-adherence to timelines

Government of India (GoI) accorded (July 2013) in-principle approval for the project 'Establishing the State Institute of Hotel Management (SIHM) and Catering Technology' at Kottayam with a completion period of 36 months. The total project cost was ₹30 crore (GoI share: ₹12 crore; GoK share: ₹18 crore). GoI released (September 2013) the first instalment amounting to ₹ four crore.

As per Ministry of Tourism, GoI guidelines, continued release of Central Financial Assistance (CFA) is contingent upon timely completion of projects within the stipulated period, submission of Utilisation Certificates (UCs), submission of audited accounts and achievement/performance reports.

The project suffered repeated delays due to various reasons such as local protests, removal of trees, delays by the contractor and non-payment of contractor's dues. The contractor stopped the work in September 2021 when the physical progress of the project was 80 *per cent*, citing rising costs of construction material, rate enhancement, prolonged non-payment of dues, etc. An amount of ₹10.46 crore was released (August 2024) for the project.

GoI withdrew from the project in July 2023 due to the non-adherence to the stipulated timeline and terms and conditions and directed a refund of ₹ four

crore along with interest of ₹3.08 crore, totalling ₹7.08 crore. Consequently, GoK has to bear the entire expenditure for the completion of the project.

Audit observed that non-adherence to the project timeline and non-compliance with the terms and conditions of GoI resulted not only in potential loss of the next stage of Central financial assistance amounting to ₹ eight crore for the project but also incurred a liability to refund the already received Central financial assistance of ₹ four crore with interest of ₹3.08 crore to GoI.

The reply furnished by the Government (26 August 2025) did not contain any comments on this audit finding.

2.1.12 Monitoring, Operation and Maintenance of projects

Operation and Maintenance (O&M) is vital to ensure sustained functionality and public value of completed tourism projects. Equally important is effective monitoring, which helps in tracking project performance, identifying gaps, and ensuring accountability. However, audit observed gaps such as absence of records, failure to formalise arrangements with operating agencies, and inadequate upkeep. These lapses compromise the longevity and effectiveness of created infrastructure.

GOK has established District Tourism Promotion Council (DTPC) headed by District Collector in all the 14 districts of the state for the effective management of the tourism destinations and their upkeep in a professional manner. Completed tourism projects are handed over to DTPC for Operation and Maintenance (O&M).

Audit observed deficiencies such as non-maintenance of proper records of assets, non-execution of agreements with DTPC/operating agencies, and lack of proper O&M of completed projects. These deficiencies undermine the intended benefits and sustainability of the infrastructure created as discussed below:

2.1.12.1 Non-maintenance of Asset Register

As per Clause 170 of the Kerala Financial Code (KFC), a permanent register of all Government assets in the form of immovable properties shall be maintained in Form 23 and an annual certificate verifying the entries is to be recorded in the register by the end of March.

Audit observed that the DeOT neither maintained an asset register, nor possessed consolidated data on tourism infrastructure developed with Government funds. This highlighted the weak internal controls and inadequate asset management.

The reply furnished by the Government (26 August 2025) did not address this audit finding.

2.1.12.2 Non-execution of agreement with the operating agency and lack of proper operation and maintenance of the completed project

To ensure sustainability and optimal utilisation of tourism infrastructure assets, it is essential that DeOT enters into formal agreements with DTPC / operating agencies prior to the handover of completed projects. Such agreements must clearly define the roles and responsibilities of each on the Operation and Maintenance (O&M) of the project and on the revenue sharing pattern.

Out of 40 completed projects test checked in audit, 10[37] projects involved substantial investment of ₹21.52 crore in the creation of new infrastructure/ assets that required long-term maintenance and operational oversight.

Audit observed that tourism projects, upon completion, were routinely handed over to DTPCs/ other operating agencies without execution of agreement between DeOT and DTPC specifying their respective roles and responsibilities regarding Operation and Maintenance (O&M) of the project on revenue sharing arrangements. In the absence of such arrangements, there was inadequate supervision and monitoring of the completed projects by DeOT/DTPC resulting in improper operation and maintenance of the created asset and consequent deterioration of infrastructure.

The GoK admitted (CEMS[38] 2023-24) that proper maintenance of the project has not been carried out on time which, in turn, resulted in abandonment of the project after few years of its execution.

JPV conducted at 35 selected project sites (**Appendix 12**) confirmed the lack of structured O&M, with photographic evidence substantiating the dilapidated condition of several completed projects. Illustrative cases given below highlight how assets remained unused or became infructuous due to failure in post-completion planning and monitoring. These instances underline the urgent need to institutionalise enforceable O&M frameworks and accountability mechanisms to safeguard public investments and ensure sustainable utilisation of assets.

i. *Development of market and exhibition space at Valliyoorkavu*: The GoK accorded[39] (16 September 2019) AS for the project at an estimated cost of ₹4.88 crore. The vision of the project was to develop a market and exhibition space as a permanent platform for the display and sale of various products promoting the tribal community. It was envisaged as a sustainable platform to nurture local craftsmanship and skill sets while

[37] Tourism development work at Payamkuttimala: ₹1.93 crore, Construction of Jalakam Ecopark: ₹0.88 crore, Bliss park: ₹0.20 crore, Development of Kalassamala eco-tourism project: ₹1.82 crore, Tourism Development project at Aniyoor: ₹2.08 crore, Valliyoorkav development of market and exhibition space: ₹4.78 crore, Pullooppi Promenade Phase I: ₹2.87 crore, Development of Vagbhadananda Park at Karakkad, Kozhikode:₹2.76 crore, En Ooru tribal development project: ₹4.00 crore, Creation of children's park at Malayattoor: ₹0.20 crore.

[38] Concurrent Evaluation and Monitoring of Schemes of GoK.

[39] GO (Rt.) No. 313/2019/Tourism dated 16/09/2019.

also serving as a tourist attraction. The project was executed by M/s Kerala Electrical and Allied Engineering Company Limited (KEL) and 'completed' at a cost of ₹4.78 crore.

On completion, the project was handed over (14 June 2022) to the Malabar Devaswom (MD) without executing an agreement on O&M or revenue sharing pattern. Although the building was inaugurated on 19 November 2022, DeOT informed (28 February 2025) that no action had been taken by MD to obtain an electricity connection, building permit and to make the project operational. JPV held on 14 October 2024 revealed that the building remained abandoned and had suffered significant structural deterioration. Consequently, the expenditure of ₹4.78 crore incurred on the project has become infructuous. This project is also included under **Para 2.1.12.3 (Appendix 12- Sl.No.6)** of the report.

The Government replied (26 August 2025) that based on the decision taken in the meeting (24 October 2020 and 11 July 2023), the project was handed over to the Malabar Devaswom.

The reply is not tenable as it is silent on the present status of the project and does not specifically address the audit findings.



Figure 7: Valliyoorkavu Market and Exhibition Space building found abandoned and structurally deteriorated.

Source: Joint Physical Verification conducted at the project site on 14 October 2024.

ii. *Development, Maintenance and Up-keeping of Garden and Premises at Government Guest House, Kollam*: The GoK accorded[40] (08 August 2021) AS for the project at an estimated cost of ₹1.42 crore. The project envisaged development, maintenance and up-keeping of garden and premises in front of the old heritage block of the Government Guest House at Kollam which once served as the residence of Colonel Monroe during the colonial period. The project was executed by M/s HLL Infra Tech Services Limited and completed on 17 April 2023 at a cost of ₹89 lakh. As per the contract, the garden was to be maintained by the contractor for a period of two years from the date of completion. However, the contractor failed to carry out proper maintenance.

[40] GO (Rt.) No. 227/2021/Tourism dated 08/08/2021.

The District Tourism Office (DTO), Kollam reported (23 May 2022) to the DeOT that the old heritage block had been closed for renovation long back and the rooms were not being allotted to guests. Further, the estimate and DPR for the renovation of the old heritage block has not been approved by the GoK. In such a situation, the continuation of landscaping work for the construction of the garden around the old heritage block served no purpose. However, the observation of DTO was disregarded, and the project was executed.

JPV conducted (20 September 2024) revealed that no visible garden existed on the premises of the Government Guest House. Consequently, an amount of ₹89 lakh incurred for the project has become infructuous. This project is also included under **Para 2.1.12.3 (Appendix 12-Sl.No.7)** of the report.

The Government replied (26 August 2025) that no details/ documents/ records of the conduct of joint physical verification by the office of the Director of Tourism are available with the Government.

The reply is not tenable, as it is silent on the present status of the project and does not specifically address the audit findings.



Figure 8: Garden area at Government Guest House, Kollam found completely neglected and overrun with weeds.
Source: Joint Physical Verification conducted at the project site on 20 September 2024.

2.1.12.3 Idling of assets and infructuous expenditure

As discussed in preceding paragraphs, tourism projects were sanctioned and implemented without due diligence. This has resulted in completed or partially completed projects/assets lying idle, deteriorating over time, and failing to serve their intended purpose.

Thus, the execution of tourism projects without adequate planning has led to avoidable expenditure and public asset lying unused reflecting inefficiency and weak accountability in the implementation process as discussed in the illustrative cases below:

i. *Restoration of Amayizhanjan thodu from Kannammoola- Construction of Nellikuzhi Cartable Bridge, Thiruvananthapuram* – The GoK accorded

(24 February 2019) AS for the project at a cost of ₹4.96 crore with a stipulated completion period of 12 months. The project envisaged the construction of a new bridge across the Amayizhanjan Thodu (Canal). ULCCS Ltd. was the implementing agency for the project.

The execution of the project commenced with faulty design, without obtaining permission from Irrigation Department and without initiating the process for acquisition of the land for the approach road as detailed in **Para 2.1.10.2 (i)** of the report. The construction of the bridge was completed (14 February 2024) incurring an expenditure of ₹2.10 crore.

JPV conducted (10 February 2025) revealed that although the bridge with increased height was completed, the land for approach road is yet to be acquired from private parties. Hence, the bridge remains idle as a standalone structure without any connectivity. The only existing path is a narrow 'Thottuvarambu'[41] running parallel to the Amayizhanjan Thodu. This has rendered the expenditure of ₹2.10 crore incurred so far, infructuous.

The Government accepted (26 August 2025) the audit findings and stated that it views the audit observations as a constructive evaluation and remains committed to further refining execution mechanisms, and adopting best practices to ensure greater efficiency in future projects.



Figure 9: Bridge constructed across Amayizhanjan Thodu found isolated due to non-acquisition of adjoining private land for the approach road.
Source: Joint Physical Verification conducted at the project site on 10 February 2025.

ii. *Monroe Island Village Tourism, Kollam:* The GoK accorded (26 September 2017) AS for the project at a project cost of ₹ three crore and a completion period of 18 months. Irrigation Department was the implementing agency. The project consists of eight components, of which only one component was executed incurring an expenditure of ₹2.40 crore as discussed in **Para 2.1.10.3(i)** of the report.

JPV conducted (19 September 2024) revealed that only one component of the project namely, construction of house boat terminal and landing facilities for house boat was executed during 2022-23. Steel bars meant for landing facilities were left exposed and had fully rusted, indicating

[41] Malayalam word for field bund (earthen boundary of an agricultural field).

neglect and abandonment. Consequently, the expenditure of ₹2.40 crore incurred so far has become infructuous.

The Government replied (26 August 2025) that the contractor has been relieved from the project and necessary steps are underway to restart the work.

However, the fact remains that the project has been idling since 2022-23 and there has been no progress in restarting of the work.



Figure 10: Abandoned House Boat Terminal at Monroe Island. JPV revealed rusted steel bars and incomplete landing facilities.
Source: Joint Physical Verification conducted at the project site on 19 September 2024.

iii. *Construction of Suspension Bridge at Chowara Pozhi* – The GoK accorded[42] (June 2014) AS for the project at a project cost of ₹4.70 crore with a completion period of 12 months. The project components included construction of a suspension bridge connecting the two lengthy beaches of Adimalathura and Kallumukku along with solar lighting and beautification works. Steel Industries Kerala Limited was the executing agency for the project. As of 23 August 2024, the project was classified as 'In-progress' with an expenditure of ₹ one crore incurred.

A stop memo was issued by Thiruvananthapuram Corporation (December 2016) for commencement of work without obtaining CRZ clearance. The project has been on hold since 2017, with only 20 *per cent* of the work completed, including piling work and 32 columns upto a height of three meters.

JPV held on 10 February 2025 revealed that the project was abandoned with only rusted pillars remaining at the site, and without any approach road or surrounding development. Consequently, the expenditure of ₹ one crore incurred for the project has become infructuous.

The Government replied (26 August 2025) that several review meetings were held at Head Office level to ensure timely completion of the project. However, the executing agency failed to take necessary steps for timely completion.

[42] GO (Rt.) No. 4344/14/TSM dated 30/06/2014.

Further, the Government stated that no other documents regarding the project are available in the district office.

The reply is not tenable as it does not specifically address the audit findings.



Figure 11: Abandoned Suspension Bridge at Chowara Pozhi.
Source: Joint Physical Verification conducted at the project site on 10 February 2025.

iv. *Purchase of boats for the Malanad Malabar River Cruise Project*- The GoK accorded[43] (04 September 2019) AS for the project at a cost of ₹4.68 crore with a completion period of 10 months. The project envisaged procurement of six boats for the Malabar River Cruise (MRC) tourism project to ply tourists across the rivers of Malabar region. Kerala Shipping and Inland Navigation Corporation Limited (KSINC) was the executing agency for the project. Out of six boats, KSINC delivered four boats during 2021-22 and an amount of ₹3.74 crore was incurred for the project. However, the project did not commence operations, and all the four procured boats remained idle.

JPV conducted (25 September 2024) at project site revealed that the four boats procured for the project were taken off from service, lying idle in a dilapidated condition and docked at Steel Industries Kerala Limited (SILK) ship dockyard at Azhikkal, Kannur. Thus, the expenditure of ₹3.74 crore incurred for the project has become infructuous.

The Government replied (26 August 2025) that the DTPC could not find anyone to take over the boat operation activities and cited financial difficulties in hiring licensed drivers and covering high maintenance costs. The Government further stated that the audit observation has been taken in true spirit of constructive evaluation for future initiatives. Thus, Government admitted the audit finding that procured boats were not operated and remained idle.

[43] GO (Rt.) No. 294/2019/TSM dated 04/09/2019.




Figure 12 – Boats procured for the project lying idling and docked at SILK ship dockyard, Azhikkal, Kannur.
Source: Joint Physical Verification conducted at the project site on 25 September 2024.

v. *Renovation and Restoration of Pookode Lake and premises*: As discussed in **Para 2.1.10.4 (ii)** of the report, only one component of the project i.e., desilting of lake was executed by the accredited agency, M/s WAPCOS Ltd., at a cost of ₹2.42 crore. As per the TS, the removed silt was to be dumped at a radius of upto five kilometres from the lake.

As environmental issues were involved in the desilting of the Pookode lake, Government constituted an expert committee to advice and monitor the process of desilting of the lake. The expert committee recommended (20 April 2021) that sediments removed from the lake could be deposited at north-west and northern side of the lake. Further, the committee suggested laying sand bags as a temporary measure and construction of retaining wall as a permanent measure to avoid seepage of sediments back to the lake. The expert committee meeting was held again (30 June 2021) to review the progress of desilting of lake and expressed concern about seepage of dumped sediments back to the lake during monsoon.

In the JPV conducted (10 October 2024), DeOT informed that M/s WAPCOS Ltd. did not lay sand bags or construct retaining wall as it could not be included as a component in the desilting of the lake. JPV further revealed that the sediments/ silt removed from the lake and deposited on its shore were not found. This has resulted in infructuous expenditure of ₹2.42 crore on desilting of the Pookode lake.

The Government replied (26 August 2025) that DoT had conducted a joint physical verification on 03 January 2022 at the project site and the detailed report was enclosed.

The reply is not tenable as the stated report has not been furnished to Audit and the reply does not specifically address the audit findings.

Thus, JPV conducted at 35 project sites **(Appendix 12)** across seven districts confirmed these lapses. Out of the 35 projects, 11 projects involving expenditure of ₹21.94 crore were rendered infructuous, while 13 completed projects with a total investment of ₹22.72 crore were idling due to various reasons such as lack of connectivity, pending electrical works, legal disputes, or absence of O&M




Figure 13: Pookode lake severely choked by invasive aquatic plants, hindering boat navigation.
Source: Joint Physical Verification conducted at the project site on 10 October 2024.

arrangements. Photographs captured during the JPVs substantiate the observations.

Out of 24 projects cited as infructuous or idling, Government accepted (26 August 2025) the audit findings in respect of 10 projects (six infructuous projects and four idling projects) but did not accept the audit findings in respect of two projects (one infructuous project and one idling project). For the remaining 12 projects, the reply furnished by the Government did not address the audit findings. The reply of the Government and audit remarks are detailed in **Appendix 12.**

Recommendations:

- ***Before granting AS or commencing the project execution, DeOT should conduct feasibility and technical studies, obtain all required statutory and departmental approvals, ensure hindrance-free land and obtain site-specific reports from DTOs.***

- ***DeOT should strengthen the Engineering Wing by deploying adequate manpower and implement a real-time centralised project tracking system to (i) ensure adherence to timelines in completion of the projects and compliance with terms and conditions of the Government orders and agreements, (ii) monitor the financial and physical status of project execution and (iii) track the disbursal, utilisation, and recovery of mobilisation advances across all projects. Further, DeOT should ensure adherence to CVC guidelines and GoK orders by clearly segregating consultancy services and non- consultancy services and ensure that both services are not entrusted to the same accredited agency.***

- ***DeOT should maintain a comprehensive asset register for all immovable properties created with Government funds and conduct annual physical verification of assets to ensure accountability. Further, DeOT should mandatorily enter into Operation and Maintenance agreements with all operating agencies prior to project handover, clearly defining roles and responsibilities, revenue-sharing pattern, and performance benchmarks.***

Public Works Department

2.2 Implementation of road works by Kerala State Transport Project (KSTP) under Rebuild Kerala Initiative (RKI)

2.2.1 Introduction – Rebuild Kerala Initiative (RKI)

Post catastrophic floods and landslides between June and August 2018, the Government of Kerala (GoK) launched the Rebuild Kerala Initiative (RKI) to facilitate resilient, sustainable recovery. Based on a Joint Rapid Damage and Needs Assessment (JRDNA) and a subsequent Post-Disaster Needs Assessment (PDNA), the initiative was developed with support from the World Bank, Asian Development Bank and the UN.

RKI was established as a dedicated State-level agency to coordinate and implement recovery and reconstruction efforts, with a focus on resilience against future disasters. It aimed to adopt higher infrastructure standards and integrate ecological and technical safeguards.

The institutional framework of RKI comprises: (a) Council of Ministers (b) Advisory Council (c) High-Level Empowered Committee (HLEC) and (d) RKI Implementation Committee. The Chief Executive Officer (CEO) of HLEC also serves as Secretary under the Planning and Economic Affairs (RKI), Department. Projects are implemented by respective departments and agencies with administrative support from the Rebuild Kerala Secretariat.

The Rebuild Kerala Development Programme (RKDP)[44] encompassed key sectors and addressed cross-cutting themes like climate change, disaster risk management, environmental sustainability and governance reforms.

2.2.2 Kerala State Transport Project (KSTP)

The Kerala State Transport Project (KSTP), a dedicated wing of the Public Works Department (PWD), is the implementing agency for reconstruction of flood-damaged PWD roads and bridges under the RKI. KSTP is headed by a Project Director (PD) who reports to the PWD Secretary. The PD is assisted by the Project Management Team (PMT), which comprises engineers and finance officials. Steering Committee (Chief Secretary) and Evaluation Committee (PWD Secretary) oversee execution, tender approvals, and procurement. Consultants were engaged for prioritisation of road works and preparation of Detailed Project Reports (DPRs). Authority's Engineers (AE)/Construction Supervision Consultants (CSC) were engaged for supervision and quality control. Project Management Consultant (PMC) oversees overall execution and co-ordination.

[44] GO(P) No.19/2019/P&EA dated 23 May 2019.

2.2.3 Scope and Funding of Road Works

During 2019-20 to 2020-21, under RKI, 29 PWD roads with a total length of 718.94 km across 13 districts were selected for reconstruction, with a sanctioned cost of ₹5119.54 crore.

Funding included (a) ₹1,200 crore: World Bank – Development Policy Loan (DPL) (b) ₹1,800 crore: KfW (German Financial Co-operation) through Government of India as its assistance and (c) Kerala's own contributions.

Contract types for Road Works:

- World bank-funded road works comprise 11 Engineering, Procurement and Construction (EPC) contracts totalling ₹2,314.57 crore.
- KfW-funded road works comprise 17 item rate contracts totalling ₹1,909.78 crore.
- One work[45] is yet to be taken up.

2.2.3.1 Receipts and Expenditure

The year-wise receipts and expenditure of the RKI road works implemented by KSTP during the period 2020-21 to 2024-25 are summarised below:

Table 2.4: Details of Receipts and Expenditure of RKI road works

Year	Total Receipts (₹ in crore)	Total Expenditure (₹ in crore)
2020–21	190.00	47.34
2021–22	507.60	706.24
2022–23	1,075.00	1,180.12
2023–24	907.00	902.15
2024–25	644.32	544.69
Total	**3,323.92**	**3,380.54***

**Excess for the years 2021-22 and 2022-23 met from Treasury balance of KSTP.*
(Source: KSTP data)

2.2.3.2 Physical and Financial Progress

The physical and financial progress of the 29 road works undertaken under RKI, including one work that remained unawarded, as of March 2025, is summarised in the table below:

[45] Nenmara-Nelliyampathy Road under Package-III.

Table 2.5: Physical and Financial progress of RKI road works

Package	No. of Roads	Length (km)	Technical Sanction (TS) (₹ in crore)	Contract Amount (₹ in crore)	Physical Progress (in *per cent*)	Financial Progress (in *per cent*)
Alappuzha–Changanassery Road	1	24.16	671.66	679.00	89.36	69.36
Package I	5	131.70	689.38	702.90	97.05	80.15
Package II	5	154.98	885.94	932.67	84.30	71.95
Package III	10	228.16	1,056.10	1,042.64	69.31	51.02
Package IV	8	179.94	619.25	867.14	70.79	58.21
Total/ Weighted Average	**29**	**718.94**	**3,922.33**	**4,224.35**	**78.08**	**62.67**

(Source: KSTP data)

2.2.4 Audit Objectives

The objectives of the Compliance Audit were to assess:

- Whether planning and execution of RKI road works undertaken by KSTP were in compliance with applicable regulations, guidelines and contractual agreements; and
- Whether the fund management practices in respect of RKI road works, including budgeting, expenditure control and fund disbursement were in accordance with the contractual conditions and in compliance with relevant regulations.

2.2.5 Audit Criteria

The Audit findings are based on the criteria derived from:

- Loan Agreement conditions with Lender Agencies viz., World Bank and KfW;
- Bid /Agreement conditions;
- Indian Roads Congress (IRC), Ministry of Road Transport and Highways (MoRTH) Specifications; and
- Government orders, Circulars etc.

2.2.6 Scope and methodology of Audit

The Compliance Audit was conducted between June 2024 and April 2025, covering 10 (**Appendix 13**) out of 29 road works executed by KSTP under RKI for the period up to March 2024. The 28 works were grouped under four packages I, II, III and IV and one work was arranged separately.

Out of 10 works, one[46] work was selected through judgmental sampling, while the remaining nine[47] were selected through Stratified Random Sampling based on contract price and physical progress, utilising IDEA software. The sample comprised seven works under Engineering, Procurement, and Construction (EPC) contracts and three under item rate contracts.

Audit methodology involved, examination and analysis of records and data, both physical and digital; review of agreements, work files, and payment files, verification of records available at the KSTP, scrutiny of relevant files maintained by the PWD, Finance Department, Office of the CEO, RKI Secretariat, and issuance of audit enquiries and evaluation of responses received.

An entry conference was convened in December 2024 with the Secretary to Government, PWD and PD, KSTP to discuss the audit objectives, scope, and methodology. On conclusion of audit, exit conference was conducted on 25 August 2025 where the audit findings were discussed with Secretary to Government, PWD.

Audit Findings

2.2.7 Preparation and quality of Detailed Project Reports (DPRs)

DPRs are critical documents that comprehensively plan infrastructure projects. The deficiencies in the DPRs including Right of Way (RoW) issues and lack of statutory requirements in bridge design led to project delays and recurring design and scope changes.

DPRs are foundational documents for planning, designing, and executing infrastructure projects under the RKI. For RKI road works, DPRs were mandated to adopt a landscape-based, resilience-focused approach[48].

[46] Upgradation of Alappuzha-Changanassery road into semi-elevated highway.

[47] Uruvachal - Maruthayi Road, Kumbala - Mulleria Road, Vythiri - Tharuvana Road, Koyilandy-Eranhimavu road, Mananthavady - Periya Road, Eranhimavu - Edavanna Road, Gandinagar - Medical College Road, Vadayar - Muttuchira Road, Thattarambalam - Michel Road.

[48] Geo-hazard assessments, Flooding and erosion risk analysis, Advanced road pavement investigations using methods like: (i) Falling Weight Deflectometer (FWD) (ii) Topographic surveys via LIDAR or similar technology (iii) Soil investigations for pavement, structures, and embankments and (iv) Hydraulic discharge calculations for drainage systems.

In total, four consultants[49] were engaged to prepare DPRs for 28 out of 29 road works; the DPR for the Alappuzha–Changanassery (AC) road was prepared by the Highway Design Wing of PWD.

Audit scrutiny revealed significant deficiencies and deviations in DPR preparation, especially in relation to site validation and compliance with prescribed standards. Further, there was no evidence of ground truthing by KSTP. This resulted in delayed execution and Changes of Scope (CoS) during construction which included alterations in design and inclusion of additional items.

2.2.7.1 Deficiencies in Detailed Project Reports and Inadequate Ground Truthing

Clause 4 in Appendix-A of the consultancy agreement prescribed a six-month period for DPR submission. As per Clause 20.1 of General Conditions of Contract, consultants were required to render services with due diligence, efficiency, and professional integrity. RKDP guidelines also mandated ground truthing by KSTP and PWD engineers to verify field condition and to validate design proposals.

Additionally, the DPRs were to indicate the existing Right of Way (RoW) on alignment plans and assess whether Land Acquisition (LA) would be necessary based on design standards and projected traffic volumes. In such cases, the DPR was to present alternative proposals, both with and without LA, for the client's consideration.

In three out of nine[50] selected road works (under Packages I and II) DPRs contained notable discrepancies with site conditions.

Audit scrutiny revealed that the DPRs failed to reflect actual ground conditions. Further, absence of field verification resulted in significant design revisions during execution. CoS proposals also had to be initiated, indicating planning deficiencies and inadequate quality assurance. The following cases illustrated these issues:

[49] M/s Feedback Infra Pvt. Ltd. (Agreement No.312/KSTP/PMT/PWD/2019 dated 17 October 2019) ₹3.78 crore plus GST.
L&T Infrastructure Limited, Agreement No.311/KSTP/PMT/PWD/2019 dated 17 October 2019 at a contract price of ₹ six crore plus GST.
M/s Louis Berger Consulting Pvt. Ltd. (Agreement No.310/KSTP/PMT/PWD/2019 dated 17 October 2019) ₹8.09 crore plus GST.
M/s Egis India Consulting Engineers Pvt Ltd. (Agreement No.313/KSTP/PMT/PWD/2019 dated 24 October 2019) ₹2.56 crore plus applicable GST. In addition, Supplementary agreement was executed on 04 June 2020 for ₹1.37 crore plus GST.

[50] Out of 10 selected works, DPR for one work, Alappuzha–Changanassery road, was prepared by the Highway Design Wing of PWD and nine works were done under Packages.

(i) Name of the work: Uruvachal–Maruthayi Road (Package- I)

Under Package I, DPR consultancy for 148 km of five roads in northern districts—including Uruvachal–Maruthayi and Kumbla–Mulleria roads—was awarded to a consultant[51] at a contract price of ₹3.78 crore plus GST. The DPR for the Uruvachal–Maruthayi road proposed strict adherence to the existing alignment, utilising the available RoW without requiring land acquisition. Based on this, an EPC contract was executed in December 2020 with a scheduled completion date of 19 October 2022. However, as of March 2025, the work remains incomplete.

A Joint Physical Verification (JPV) conducted by EPC contractor and KSTP officials prior to handing over the site revealed that the RoW indicated in the DPR was unavailable[52] at several chainages, necessitating design changes and additional land acquisition. Crucially, no ground truthing was carried out by KSTP prior to DPR finalisation[53], which would have identified such discrepancies. The absence of this essential validation process contributed significantly to project delays.

Further, the 'Reporting Requirements' in Appendix-A of the consultancy agreement mandated stakeholder consultations, including with line departments and local bodies. However, after work commenced, Kannur International Airport Ltd. (KIAL) informed KSTP (August 2021) that the alignment of a 1.3 km stretch intersected land reserved for runway expansion. A JPV[54] confirmed this, and RKI directed (February 2023) KSTP to descope this stretch, limiting work to temporary traffic flow measures. As a result, works such as 460 metres of retaining walls, drainage, and streetlights were excluded.

These issues underscore the consultant's failure to co-ordinate with KIAL and Revenue authorities, leading to a deficient DPR, scope alterations, and avoidable delays.

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51 M/s Feedback Infra Pvt. Ltd. (Agreement No.312/KSTP/PMT/PWD/2019 dated 17 October 2019).

52 Unresolved RoW issues such as non-execution of seven major junctions due to public disputes, delayed approvals from the Irrigation Department for culvert reconstruction at km 5+601 (a feeder canal of the Pazhassi Irrigation Project); descoping of a 1.3 km section (chainage 8+300 to 9+600) falling under airport extension project; Changes in retaining wall locations, differing from the consultant's Schedule B, revealed discrepancies in RoW width between the DPR and actual conditions etc.

53 DPR finalised on 25 August 2020 and tender floated on 27 August 2020.

54 KSTP, KIAL, contractor and PMC.

(ii) Name of the work: Kumbla–Mulleria Road (Package I)

The DPR of this project identified 41 culverts (31 for reconstruction, five for widening, five for retention with minor repairs) and one minor bridge for retention with repairs. At site handover, 52 culverts were found, with many marked for retention in poor condition, and the bridge with a weak foundation. This necessitated a CoS for reconstructing 12 culverts[55] and the minor bridge.

The DPR consultant justified (September 2021) that the decisions regarding culverts were made to optimise project costs and claimed that the road was functioning despite blocked culverts. However, audit scrutiny revealed that the inadequate assessment of culvert and bridge conditions in the DPR necessitated post-contract revisions amounting to ₹3.57 crore (**Appendix 14**).

(iii) Name of the work: Mananthavady–Periya Road (Package II)

KSTP engaged a consultant[56] to prepare the DPR for five road stretches in northern Kerala (147 km) under Package II, at a contract value of ₹ six crore plus GST. For the Mananthavady–Periya road, audit observed significant deficiencies in the DPR, which resulted in six Changes of Scope (CoS) amounting to ₹11.06 crore (**Appendix 15**). Other deficiencies in the project include the following:

- *Premature Tendering*: The initial tender was published on 30 June 2020 with bid submission commencing on 7 July 2020, even though Technical Sanction (TS) was issued only on 17 July 2020. Although the bid submission commencement date was later modified to align with the TS date, this sequence indicates that tendering commenced without obtaining prior TS, reflecting a serious procedural lapse by KSTP.

- *RoW Discrepancies*: The DPR indicated an available RoW between 9.2 m and 28.9 m, but during site hand over it was noticed that the available actual widths ranged only between 4.02 m to 14.31 m. This significant mismatch highlights the consultant's failure to conduct proper engineering surveys, inventory collection, and site validation, as required under the consultancy agreement.

- *Absence of Ground Truthing*: The lack of ground truthing was evident, as KSTP identified RoW constraints only after work had commenced, during JPV with the contractor. This oversight violated RKDP guidelines and adversely affected project planning and execution.

[55] Culverts: 11 + 1 (in lieu of one identified earlier).
[56] L&T Infrastructure Limited (Agreement No.311/KSTP/PMT/PWD/2019 dated 17 October 2019).

In above three cases, ground truthing was not conducted which necessitated CoS. Even in Kumbla–Mulleria Road, where no site conditions variations were reported, deficiencies in the DPR necessitated CoS.

These instances demonstrate systemic issues in planning, field verification, and RoW assessment. The failure to conduct mandatory ground truthing, as per RKDP guidelines, led to avoidable variations and delays that could have been prevented had deficiencies been addressed before tendering.

KSTP replied (June 2025) that the DPRs were vetted by the Project Management Consultant (PMC), and that the COVID-19 pandemic and urgency due to the Model Code of Conduct affected timely ground verification. It was stated that for the work Uruvachal-Maruthayi road and Kumbla-Mulleria road, 14 *per cent* of the consultancy fee was withheld due to the deficiencies in the DPR.

Government replied (August 2025) that, due to the urgent need to restore a flood-affected road, Technical Sanction and tendering were processed simultaneously. Though tendering began before sanction, the work (Mananthavady-Periya road) was awarded only after approval by the 115th Steering Committee, causing no financial loss to the State.

The reply is not tenable as the failure to conduct ground truthing, as mandated under the RKDP guidelines, indicates serious lapses in due diligence by KSTP. KSTP was obligated to ensure site verification and coordinate work planning accordingly. Further, for the work Mananthavady-Periya road, the decision of the 115th Steering Committee was after the tendering process and it does not justify procedural lapses or deficiencies in DPRs. The systemic failure to validate DPRs on ground resulted in significant scope changes and financial implications. The reply furnished by the Government did not contain any comments to the audit findings on Uruvachal-Maruthayi road and Kumbla-Mulleria road.

2.2.7.2 Non-inclusion of Statutory Requirements in Bridge Design

IRC:5-2015 prescribes standard specifications and code of practice for road bridges. Section 104.4.1 of the specifications prescribe that navigational clearances, both vertical and horizontal, shall be provided based on classification of waterway as per the requirements of Inland Waterways Authority of India (IWAI) or the Port authorities concerned.

Under Package IV, KSTP executed a contract (October 2019) with the DPR consultant[57] for ₹2.56 crore covering 147.02 km of roads in Southern Kerala which included Gandhinagar-Medical College Road. The scope included preparation of DPRs in accordance with IRC SP 73-2018 and other relevant codes.

[57] M/s Egis India Consulting Engineers Pvt. Ltd.

The DPR of Gandhinagar-Medical College Road proposed reconstruction of a 20 m bridge along Mannanam–Kaippuzha road at chainage 0+483 across a canal[58] declared as National Waterway under the National Waterways Act, 2016.

Audit observed that though the DPR cited IRC:5-2015 in designing the bridge and recognised the channel as navigable, it ignored IWAI norms, providing only 2.8 m vertical clearance against the mandated 6m vertical and 40m horizontal clearance. Consequently, the works were halted, and IWAI NOC for revised design extending the bridge upto 280 meters was obtained. The work was tendered and awarded for ₹21.37 crore (May 2025) as the contractor declined (September 2023) to execute the redesigned bridge citing various factors including cost escalation. The bridge remains closed due to its deteriorated condition.

The consultant's failure to incorporate statutory navigational requirements in the DPR resulted in (a) abandonment of the initial design (b) delays in project execution and (c) continued inconvenience to the public.

Government replied (August 2025) that IWAI issued the clearance in September 2023 and at present, work is retendered and awarded.

The reply is untenable. It was the consultant's responsibility to identify and comply with all statutory and regulatory requirements during DPR preparation. The failure to reckon statutory requirement in the DPR reflects serious negligence, and the bridge work had to be re-tendered and re-designed at significant additional cost, indicating a critical lapse in consultant performance.

2.2.8 Preparation of Bidding document /Agreement

Lack of due diligence in preparation of bidding documents and failure to adhere to contractual requirements may expose projects to legal and financial risks and loss of public funds besides reflecting weak oversight and contract management

2.2.8.1 Lack of due diligence in the preparation and review of bidding documents

Clause 9.2 of EPC contracts stipulates that the contractor shall, with the Authority's assistance and in accordance with applicable laws, shift any utility (e.g., electric lines, water pipes, telephone cables) obstructing the execution or maintenance of the Project Highway. In the case of electrical utilities, only contractors with C or A grade license for electrical works registered with Kerala State Electricity Board Limited (KSEBL) shall be engaged. The Authority shall reimburse the actual shifting cost[59], excluding agency supervision charges, plus 15 *per cent* towards contractor's overheads, in addition to the contract price.

[58] Pennar Thodu, a section of the Alappuzha–Kottayam–Athirampuzha canal.
[59] Based on executed Bill of Quantities (BoQ) rates approved by the utility agency.

In this context, Audit observed that the BoQ approved by KSEBL already included 15 *per cent* overhead and profit, as per standard public cost schedules (DSR[60] 2016, E&M Analysis, and Uniform Labour Data 2018). Therefore, the inclusion of additional 15 *per cent* towards contractor's overheads in the contract agreement was unjustified. In five out of seven selected EPC contracts, ₹3.01 crore **(Appendix 16)** was paid as contractor's overheads.

As the DPR consultants were responsible for preparing the bid documents and accurate cost estimates, including all cost components, avoiding duplication or undue advantage to contractors, the inclusion of additional 15 *per cent* towards contractor's overheads in the bid documents and subsequently in the contract agreement was a lapse on the part of DPR consultants, which went undetected.

In reply, Government stated (August 2025) that the World Bank has approved the Standard Bidding Documents (SBD) for a work[61] in KSTP Phase-II and the same SBD has been used for the procurement of other RKI projects. Further, RKI has not issued any specific guidelines mandating prior approval of the SBD for other RKI projects.

However, the fact remains that careful preparation of contract/bid documents would have prevented a financial burden of ₹3.01 crore on the State exchequer.

2.2.8.2 Lapses in contract management

(i) Failure to ensure Performance Security/ESHS Performance Security

In EPC contracts, contractors are required to provide both Performance Security (eight *per cent* of contract value) and Environmental, Social, Health and Safety (ESHS) Performance Security (two *per cent*) (Total 10 *per cent* of the contract price, reduced to five *per cent* in February 2021) within 28 days of the agreement date. The Bank Guarantees (BG) must be valid until 60 days after the Defects Liability Period. In respect of Item Rate contracts, Performance Security for five *per cent* of the contract price, valid until 28 days after the maintenance period were to be furnished.

Audit scrutiny revealed that in nine out of 10 contracts, BGs amounting to ₹141.70 crore did not meet the required validity period ranging from two months to five years **(Appendix 17)**. Out of the 10 contracts, seven works were completed, two works were ongoing, and one work terminated and under arbitration.

Government replied (August 2025) that all cases mentioned in the Audit Report which do not meet the required validity period are being reviewed and the contractors will be addressed to furnish the extended Bank Guarantee. In future, KSTP will ensure, at the time of execution of agreements, that Performance Security/ESHS Performance Security are furnished with the required validity.

[60] Delhi Schedule of Rates.
[61] Upgradation of Chemmannar Gap Road to Km 29+935 (Gap Road).

However, KSTP must ensure such compliance at the time of agreement execution, as failure to do so violates contract terms and results in undue benefit to contractors.

(ii) Non-Compliance with Contractual Insurance requirements

As per Clause 20 (EPC) and Clause 18 (Item Rate contract), contractors must have secured insurance coverage for the period of construction, defect liability and for third-party injury/damage. Contractors need to submit policies and proof of premium payment of EPC and Item Rate contracts within 10 days and 14 days from appointed date/ commencement date respectively.

In this respect, Audit noticed that out of 10 selected works, KSTP produced only partial insurance documentation in respect of Commercial General Liability Policy (CGLP-two cases) and Employees Compensatory Liability Policy (ECLP-six cases) as shown in **Appendix 18**. Further, only in one[62] out of 10 contract works, the contractor submitted complete insurance policies within the stipulated time. There was no effective monitoring and enforcement by KSTP. Despite audit follow-up, full documentation was not provided. The above deficiencies may expose projects to legal and financial risks (e.g., injury, property damage, defects) besides reflecting weak oversight and contract management.

Government replied (August 2025) that a mechanism would be adopted to monitor the validity and currency of all required insurance policies upon execution of the agreement, thereby ensuring that the required policies remain valid for the stipulated period. The specific cases mentioned in the Audit report would be examined and action would be taken to obtain policies having validity till the required period.

Although KSTP has acknowledged the lapse and assured future compliance, it must recognize that insurance provisions are critical for indemnifying both the Authority and the contractor against legal and financial risks. Non-compliance undermines this protection and violates contractual risk management provisions.

(iii) Deficiencies in the execution of agreements

As per Article 299 (1) of the Constitution, Government contracts must be executed in the name of the President or Governor, and by authorised representatives.

Audit observed that in three[63] out of 10 selected works, agreements were signed by the PD, KSTP, without stating they were executed on behalf of the Governor

[62] Alappuzha-Changanassery Road.

[63] (1) RKI Project IV-Road 1-Rehabilitation and Upgradation of Gandhinagar-Medical College Babu Chazhikadan road-Kottayam-Parippu road-Athirampuzha-Muttappally road (Length 20.197 km) in Kottayam District (Item rate)- Agreement No. 355/KSTP/PMT/PWD/2021 dated 27 May 2021, ₹121.11 crore.

of Kerala, violating Constitutional requirements. This may affect the legal enforceability of the contracts and lead to deviation from contractual condition.

Government replied (August 2025) that steps were being taken to execute erratum agreement for complying with the constitutional provision**.**

(iv) Non-Constitution of Dispute Board

As per Clause 26.2.2 of EPC contracts, Dispute Board (DB) shall be constituted within three months of signing the agreement, whereas Clause 20.2 of Item Rate contracts requires that the DB shall be constituted 28 days after the Commencement Date.

In this respect, Audit observed that (i) in case of EPC contract of Uruvachal–Maruthayi Road[64], DB was constituted after 3.5 years (28 October 2024) due to delayed nominations and correspondence with contractor (ii) in case of Item Rate contract of Vadayar–Muttuchira Road[65], DB was not constituted until the termination of contract (July 2024) and contractor moved to arbitration due to unresolved delays and disputes. The above failure to establish the DB, violates contract and impedes timely dispute resolution.

KSTP stated (June 2025) that the delay in appointing DB in respect of Uruvachal–Maruthayi Road was primarily due to lack of experienced personnel in EPC contracts. In respect of Vadayar–Muttuchira Road, Government replied (August 2025) that sufficient follow up has been made by employer and the contractor before the date of termination and as per agreement condition the date of appointment of DB is 28 days after the commencement date which means that there is no deadline for the constitution of DB. As the contract is terminated there is no scope for the constitution of DB.

The reply is not tenable as KSTP could have moved to appoint DB member directly or by contacting the Official Secretary, IRC, New Delhi, as stipulated in the agreement.

(2) Rehabilitation and Upgradation of Road 2-Vadayar-Chandappalam-Mulakkulam Road and Vadayar-Kallattippalam-Muttuchira Road (Item rate) Agreement No. 374/KSTP/PMT/PWD/2022 dated 20 April 2022, ₹111.09 crore.
and (3) Road 7-Thattarambalam – Michel junction– and Kochalumoodu –Mangankuzhy – Pandalam road (Item rate)- Agreement No. 353/KSTP/PMT/PWD/2021 dated 29 April 2021, ₹119.13 crore.

[64] Upgrading Uruvachal – Manakkayi – Valayal – Keezhallur – Therur – Cholakkari – Nerammal -Maruthayi Road Agreement No. 340/KSTP/PMT/PWD/2020 dated 14 December 2020, ₹100.43 crore (EPC Contract).

[65] Rehabilitation and Upgradation of Road 2-Vadayar-Chandappalam-Mulakkulam Road and Vadayar-Kallattippalam-Muttuchira Road (Item rate) Agreement No. 374/KSTP/PMT/PWD/2022 dated 20 April 2022, ₹111.09 crore.

2.2.9 Execution of works

Non-compliance with contractual clauses and failure in proper documentation and approval procedures resulted in undue benefit to the contractor

2.2.9.1 Lack of action against sub-contracting in violation of contract conditions

EPC contract Clause 3.2.1 prohibits sub-contracting beyond 25 *per cent* of the contract price. Clause 3.2.2 mandates prior intimation to the Authority if any sub-contract exceeds five *per cent* of the contract price. Unauthorised sub-contracting constitutes 'Contractor Default' under Clause 23.1.1(i), and Clause 23.1.2 empowers the Authority to terminate the contract with 15 days' notice. The tendering process followed the two-bid system.

Audit observed that the Uruvachal–Maruthayi work (EPC), which was awarded to the contractor[66] for ₹100.43 crore (October 2020), was entirely sub-contracted. After signing the contract on 14 December 2020, the contractor invited bids on 5 January 2021 and executed a sub-contract for ₹93.67 crore (August 2021). In response to a complaint received by the Chief Minister's Office, the contractor denied violating contract terms. However, Audit noticed that the entire scope of work had been sub-contracted[67] without prior approval, in violation of the agreement conditions.

This undermined the competitive tendering process, as the subcontractor had neither prequalified nor been evaluated. Notably, the Authority Engineer, responsible for supervising the work and the Project Management Consultant (PMC), responsible for documenting the project, was unaware of the sub-contracting arrangement.

Government accepted (August 2025) the facts and stated that the arrangement came to light only while processing another tender[68], by which time the physical and financial progress had reached 90 *per cent* and 86 *per cent*, respectively. Further, it was replied that the contractor contended that being a Government of India Enterprise, it is obligated to adhere to CVC guidelines and relevant State/ Central Ministries guidelines and the works were carried out as per the Work Manual approved by the Government.

However, the fact remains that KSTP failed to timely detect the sub-contracting of work even though the entire scope of work was sub-contracted. The sub-contracting of ₹100.43 crore work for ₹93.67 crore in violation of the agreement conditions undermined the tendering process based on pre-qualification, in which the financial bids of only the bidders who qualify in the technical bids are considered.

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66 M/s EPI Ltd.
67 M/s PK Sulpheekar and Company.
68 Thalassery-Valavupara road to Thalassery Bus Terminal.

2.2.9.2 Inclusion of inadmissible price adjustment clause in agreement

As per Clause 14.5 of the Bid Data Sheet (BDS) for the Uruvachal–Maruthayi road work, price adjustment due to input cost variations under Clause 19.10 of the Conditions of Contract is not applicable. Despite this, the executed agreement (December 2020) included Clause 19.10, enabling the contractor to claim ₹2.14 crore (2022) towards input cost variations. The amount was recovered only in 2024 after audit highlighted the discrepancy.

KSTP had engaged a PMC[69] for a contract price of ₹17.28 crore (excluding taxes). The PMC's responsibilities included assisting KSTP in awarding construction contracts through bid evaluation and negotiation and preparing the contract agreement in accordance with the bidding document. The inclusion of the inapplicable clause reflects a lapse on the part of the PMC in preparing the contract documents. Despite this, no action was taken against the PMC.

Government replied (August 2025) that as per Bid Data Sheet, the price adjustment provision under Clause 19.10 of the Conditions of Contract is not applicable to this work. In the Letter of Bid (12 October 2020, Volume I), the bidder confirmed acceptance of all bidding documents without reservation, and no pre-bid queries or corrigenda on price adjustment were issued. Accordingly, price adjustment was never envisaged. Time extensions were granted through supplementary agreements, mutually executed, which clearly reiterated that price escalation would not apply, including for the extended period. Directions were also issued to the Authority Engineer and contractor confirming that price adjustment was not applicable for this 18-month work.

However, the reply is not acceptable since KSTP was aware of the inclusion of the inapplicable clause in the contract agreement executed, but failed to act. Moreover, the fact is that the agreement still retains Clause 19.10.

The audit highlights lapses of PMC in the preparation of contract documents, posing a risk to public funds and the credibility of procurement processes.

2.2.9.3 Payment of Bonus based on incorrect claim

As per clause 19.20 of the EPC contract, the contractor is eligible for bonus of 0.03 *per cent* of the contract price for each day by which the project completion date precedes the scheduled completion date, but subject to a maximum of three *per cent* of the contract price. This is subject to completion of punch list[70] items within 30 days of the provisional certificate and issuance of the completion certificate.

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[69] M/s Louis Berger Consulting Pvt. Ltd. (India), in Joint Venture with M/s Louis Berger Group Inc. (USA)- Agreement No. 328/KSTP/PMT/PWD dated 14 August 2020.

[70] The Provisional Certificate shall have appended thereto a list of outstanding items of work (the Punch List) that need to be completed in accordance with the provisions of the Agreement.

The agreement of the Koyilandy–Eranhimavu Road work[71] was executed in February 2021 for ₹221.07 crore with a scheduled completion date of 17 March 2023. The Provisional Certificate (02 January 2023) mentioned that the punch list included 94 rainwater harvesting systems. To be eligible for the bonus, the contractor was required to complete the works listed in the punch list by 01 February 2023. In this context, audit noticed the following events, as detailed in **Table 2.6**.

Table 2.6: Chronology of events

Date/ Month	Events
19 December 2022	The contractor informed the Authority Engineer that the 94 nos. of rainwater harvesting systems mentioned in Schedule 'C' of the contract cannot be implemented according to IRC norms (2m x 2m) due to non-availability of land at site and the same may be descoped from the contract.
15 February 2023	The CE, KSTP directed the Authority Engineer to submit the explanation for the reasons in detail for not providing a rainwater harvesting system as per the contract, and also the steps taken to find locations for the rainwater harvesting.
20 February 2023	The site inspection by PMC revealed that no work of rainwater harvesting system had been started.
January-March 2023	As per the quarterly progress report (January-March 2023) submitted by the contractor, nil progress was achieved for the 94 numbers of rainwater harvesting works.
July 2023	The Stage Payment Statement (SPS) for the month of January 2023, which was due to be submitted by the contractor by 07 February 2023 (as per Clause 19.4 of the contract agreement), was seen submitted on 10 June 2023. However, in respect of all the 94 rainwater harvesting systems, the date reckoned for completion of the particular work was shown as various dates in January 2023. The Authority Engineer certified that the same was measured on 22 July 2023.
September 2023	Completion Certificate issued on 13 September 2023 stated that the works were completed on 01 February 2023.

Based on the completion certificate, a bonus of ₹4.91 crore[72] was paid (September 2024). Despite non-completion of rainwater harvesting works by the prescribed date, as evident from the above, completion certificate was issued.

Government replied (August 2025) that the Provisional Certificate was issued on 02 January 2023, including punch list works that comprised Rain Water Harvesting (RWH) activities. It was confirmed that all RWH works were completed prior to the issuance of the completion certificate on 01 February

[71] The EPC contract agreement for Koyilandy – Erhanimavu having a length of 46.52 km was executed on 16 February 2021 for a contract price of ₹221.07 crore.

[72] Difference between scheduled date of completion (17 March 2023) and project completion date (Provisional certificate date – 02 January 2023) = 74 days. Therefore, bonus = ₹4,90,76,430 (74 x ₹6,63,195 (0.03 *per cent* of ₹221,06,50,860 (Contract price))).

2023. The PMC's drainage expert, together with the Highway Engineer, inspected the site on 17 March 2023 and did not report any pending RWH works. All contract provisions were complied with and completion certificate was issued as per the direction of Chief Engineer at that time. The bonus had been released to the contractor only in accordance with the contract provisions.

The reply is not tenable as the PMC's statement that "rainwater harvesting system of 94 numbers are not started in the project highway" clearly indicates the non-existence of rainwater harvesting system of any specification as on the inspection date (20 February 2023). Further, the quarterly progress report for the period January-March 2023 submitted by the contractor also confirmed that the work had not started. Subsequently, the contractor claimed the works as completed in the SPS for January 2023, which was submitted in June 2023, though the prescribed due date for submission was 07 February 2023. This, along with other evidences discussed, indicates that the claim regarding the dates of completion of rainwater harvesting systems was factually incorrect. Thus, an amount of ₹4.91 crore released as bonus was irregular.

2.2.10 Change of Scope (CoS)

Lapses in adhering to the contractual provisions, improper sequencing of CoS and non-modification of Schedule 'H' to reflect CoS adjustments undermine the principle of fairness, transparency and integrity in public procurement of works

As per Clause 13 of EPC contracts, the Authority may instruct or request the contractor to propose modifications to the works, referred to as CoS, which could involve additional costs or cost reductions. The contract also prescribes the procedures for executing and valuing such CoS adjustments. However, audit identified several deviations from these provisions, as detailed below:

2.2.10.1 Execution of CoS works after issuance of Completion Certificate

As per Clause 13 of EPC contracts, the contractor is required to submit a CoS proposal detailing its impact on the project schedule if the changes are executed during the construction phase. Clause 10.5 further allows CoS to be considered as a valid ground for granting an Extension of Time (EoT). Accordingly, CoS works are required to be completed within the original or extended completion period.

Audit noticed that in three of the seven EPC contracts reviewed, completion certificates were issued while CoS works were still in progress.

Table 2.7: Issue of Completion Certificates prior to completion of CoS works

Name of work	Date of issue of Completion Certificate	Remarks
Koyilandy-Eranhimavu Road	01 February 2023	CoS 1 item was not completed at the time of issuance of the completion certificate.
Upgrading Kumbla – Mulleria Road	13 September 2023	CoS 3 item was not completed at the time of issuance of completion certificate.
Eranhimavu-Edavanna Road	06 January 2023	CoS 2 item was not completed at the time of issuance of completion certificate.

Government stated (August 2025) that since CoS works fall outside the original scope, their completion is not a prerequisite for issuing completion certificates.

The reply is not tenable. Clause 12.4.1 stipulates that a completion certificate shall be issued only upon completion of all works, and no exception is provided for CoS. Furthermore, Clause 19.13.1 requires submission of a Final Payment Statement within 60 days of receiving the completion certificate, which was not done as CoS works were still in progress.

2.2.10.2 Irregular issue of Change of Scope orders before execution of supplementary agreements

Clause 13.2.4 of EPC contracts stipulates that the Authority shall issue a Change of Scope Order upon reaching an agreement requiring the contractor to proceed with the performance thereof. In the event that the Parties are unable to agree, the Authority may direct the contractor to proceed with the CoS at its approved rates pending dispute resolution under Clause 26 or, as per Clause 13.5.1, execute the works through another agency after due notice. Clause 1.2.1(t) stipulates that any agreement shall be valid only if it is in writing.

Audit observed that in all seven EPC contracts reviewed, CoS orders were issued prior to signing supplementary agreements. In the Koyilandy–Eranhimavu Road project, four[73] CoS agreements were executed under protest by the contractor. Such deviations from contractual provisions may compromise the enforceability of CoS orders and expose KSTP to legal and financial risks.

In its reply, the Government stated (August 2025) that CoS orders were issued after establishing their necessity. However, agreement under the contract need not always be in written form, and the sequence of executing the supplementary agreement and issuing the CoS order makes no material difference. The essential objective is timely project completion without undue delay. CoS orders

[73] CoS 1-Additional widening of culvert, Reconstruction of culvert not in scope and Interlock in shoulder. CoS 2-Increase in vent size of drain. CoS 3-Geometric improvements of curves. CoS 4-Geometric improvements of curves.

directed the contractor to execute works at the approved estimate rates, leaving no valid basis for protest against those rates.

The reply is not acceptable, as the contract conditions clearly stipulate that CoS order is to be issued only upon reaching an agreement and all agreements are required to be in writing. Signing of agreements under protest do not constitute valid consent. The Chief Engineer had sought legal opinion in respect of another work for which the Senior Government Pleader, opined that no valid contract exists if executed under protest. In such cases, where an agreement cannot be reached, KSTP should have executed the CoS works through alternative provisions available in the contract, rather than proceeding with invalid agreements.

2.2.10.3 Deviation from the prescribed procedure for CoS resulting in undue benefit to the contractor

In EPC contracts, any Change of Scope (CoS) must follow the procedure prescribed in Clause 13 of the agreement, beginning with a CoS notice issued by the Authority's Engineer. In response, the contractor is required to submit a proposal detailing the cost and time impact, including a breakdown of quantities, unit rates, and item-wise costs related to the CoS. Clause 13.2.3 specifies the principles for cost determination. The CoS order is issued based on the contractor's submission. Thus, while the EPC contract is based on a lump sum price, any CoS is valued in accordance with the Bill of Quantities (BoQ), similar to Item Rate contracts.

As per the contract[74], the upgradation of the Alappuzha–Changanassery Road (AC Road), involved the widening of three major bridges by three meters on both sides, with an allocated cost of ₹114.49 crore in Schedule-H[75]. In this contract, price adjustments due to variations in input costs was applicable as per Clause 19.10 of the agreement. As CoS works are based on BoQ and valued according to the prevailing price, it is not eligible for price adjustments.

Audit noticed that in December 2021, a CoS notice was issued for widening these three bridges[76] on only one side by 7.5m. However, no detailed estimates, designs, or specifications as required by the contract provisions were provided by the contractor and no follow-up actions were taken by KSTP. In July 2022, KSTP decided not to compare the CoS proposal with the original tender quantities, allowing the contractor to submit independent designs. A CoS order (CoS-2) was issued in September 2022 for two bridges without any cost impact. This bypassed the requirements of Clause 13, which mandates cost comparisons and detailed submissions, resulting in undue benefit to the contractor.

The third bridge[77] crossed a National Waterway and required clearance from IWAI. Unlike the other two bridges approved under CoS-2, the design of the third bridge for one side widening did not meet IWAI's vertical and horizontal

[74] Contract executed in October 2020 for ₹649.77 crore.
[75] In EPC contracts, payments are made to the contractors as per Schedule H in the agreement conditions.
[76]. Kidangara - 293.5 m, Nedumudy - 294.2 m, Pallathuruthy -324.2m.
[77] Pallathuruthy Bridge.

clearance requirements. Consequently, the bridge was re-designed and the change was processed as CoS-10. As per the prescribed procedure, both the omitted and revised designs were valued based on the BoQ. The cost of the addition was ₹39.25 crore (widening to 10.5m with a bow string span), and the omission was valued at ₹20.52 crore resulting in a net sanctioned amount of ₹18.73 crore under CoS-10. A supplementary agreement incorporating the BoQ for both omission and addition was executed in December 2023.

Audit observed that KSTP should have adopted the same BoQ-based valuation procedure for the two bridges included in CoS-2. Given that the omitted design of the third bridge which was also the longest was valued at ₹20.52 crore, it is reasonable to assume that the BoQ value of each of the other two bridges would not exceed this amount. Accordingly, the total BoQ value of the three bridges has been worked out as follows:

Table 2.8: Calculation of the value of three bridges

Particulars	Amount (₹ in crore)
BoQ value[78] adopted for the two bridges	41.04
Adding the CoS-10 value of third bridge	39.25
Total BoQ value for all three bridges	80.29

Thus, due to KSTP's failure to follow the prescribed BoQ based valuation procedure, the contractor became eligible for receiving a payment of ₹133.22 crore for the three bridges, despite their estimated BoQ value being ₹80.29 crore as shown in **Tables 2.8 and 2.9**.

Table 2.9: Details of cost and payment

(₹ in crore)

	Cost	Paid till IPC-20 (March 2025)
Value of the bridges retained in Schedule-H	114.49	94.74
Net value of CoS-10	18.73	7.71
Price adjustment on Schedule – H value	Based on input cost variation	17.11
Total	**133.22 plus price adjustment**	**119.56**

As of March 2025, ₹119.56 crore has already been paid. Thus, the contractor has already received an undue benefit of ₹39.27 crore (₹119.56 crore - ₹80.29 crore). As the works are still ongoing, this undue benefit is likely to increase, since KSTP remains obligated to pay the full lump sum amount under Schedule-H (plus price adjustment), in addition to the net value of CoS-10 based on the BoQ.

KSTP in its reply (June 2025) stated that the decision to approve CoS-2 and shift from two-sided to one-sided widening was made in the project's best

[78] ₹20.52 crore x 2.

interest after detailed technical evaluation. It aligned with the contractor's scope, ensuring structural stability and long-term cost savings, without resulting in any undue financial gain. Payments made were in accordance with Article 19.3 of the EPC contract. Allegations of undue financial benefit overlook the project's technical challenges and practical decisions taken to avoid delays, disputes, and cost overruns. Except for the Pallathuruthy Bridge (still under CoS), all structures and road works were completed using the latest technology, within the contract's financial limits, with full functionality, aesthetic quality, and enhanced safety. Given the project's critical public importance and the complexity of works involved, every effort was made to ensure its timely and cost-effective completion.

The Government in its reply stated (August 2025) that as per article 13.2.1, in the event of the Authority determining that a Change of Scope is necessary, it may direct the Authority's Engineer to issue to the contractor a notice specifying the details of work. The Authority issues a change of scope order requiring the contractor to proceed with the performance thereof at the approved rates and conditions. The CoS proposal recommended by Authority's Engineer was submitted to RKI, the funding agency, for further verification and approval. They had scrutinized the same and approved sanction[79] in June 2023. In the Government order, RKI had approved change of scope amount as Zero for CoS 02.

However, this justification is not tenable. Audit is not questioning the challenges or technical aspects such as the use of advanced technologies, aesthetic quality or design complexities. The observation strictly pertains to KSTP's failure to follow the prescribed procedure for valuing CoS works based on the BoQ as is done for all other CoS under the same project. KSTP can determine rates of CoS only as per the principles prescribed in clause 13.2.3 of the contract agreement which require that the contractor's quotation of costs for CoS be determined from the prevailing Schedule of Rates (SoR). Approval of CoS by RKI does not absolve KSTP of its failure to adhere to the prescribed procedure which was followed for all other CoS of the same project. This deviation has already resulted in an undue benefit of ₹39.27 crore to the contractor, which will increase further as the work progresses.

In the exit conference, Secretary, PWD assured to examine the issues related to AC Road works.

2.2.10.4 Irregular Splitting of Schedule 'H'

As per the provisions of the EPC contracts, the Authority disburses payments based on the agreed lump sum amount, in consideration of the contractor's compliance with the contractual obligations as stipulated in the agreement (Clause 19.1). Interim payments are released upon certification by the Authority Engineer, following the completion of defined stages specified in the payment procedure of Schedule-H and valued in accordance with the percentage allocations (Clause 19.3.1). These percentage allocations and payment procedure in Schedule-H are pre-determined by the Authority and the Schedule

[79] G.O. (Rt)No.262/2023/P&EA dated, Thiruvananthapuram, 30/06/2023

is included in the bid documents published during the tendering process, which are available to all prospective bidders.

In four[80] of the seven sampled EPC works, Audit observed that KSTP permitted post-award variations to Schedule-H by allowing splitting of payment stages. This deviation enabled contractors to receive payments before completing the full stage as defined in the original payment procedure in Schedule-H. For instance, in the Alappuzha–Changanassery Road work[81], KSTP approved (February 2022) splitting of seven stages of payment in Schedule-H to sub-stages. One of the stages of payment 'Reconstruction of Major Culverts / Minor Bridges' was split into four sub-stages. While the agreement stipulated payment only upon completion of a stage, the revised arrangement allowed payments after each sub-stage, resulting in premature disbursements, ranging from 333 to 911 days, before the payment of the final sub-stage was made (**Appendix 19**).

Audit also observed that in the same work, another stage of payment 'Earthwork up to top of the sub-grade including ground improvement works of stone column and PVD[82]' (valued at ₹123.93 crore in Schedule-H of the agreement) was split into four sub-stages, as detailed below:

Table 2.10: Splitting of stage into sub-stages

Schedule-H as per the contract agreement			Splitting approved by KSTP		
Stage for payment	**Amount (₹ in crore)**	**Payment procedure**	**Substage for payment**	**Weightage (in *per cent*)**	**Amount (₹ in crore)**
1	**2**	**3**	**4**	**5**	**6**
Earthwork up to top of the sub-grade including ground improvement works of stone column and PVD	123.93	Unit of measurement is linear meter, payment shall be made on pro rata basis on completion of a stage in length of not less than 10 *per cent* of the total length	(i) Subsoil improvement using PVD or alternate suitable technic recommended by geotechnical expert committee and all works upto subgrade bottom level	15	18.59
			(ii) Subsoil improvement using Stone column or alternate suitable technic recommended by geotechnical expert committee and all works upto subgrade bottom level	55	68.16
			(iii) Subsoil improvement using coir geotextile of 700 GSM and all works upto the subgrade bottom level	5	6.20
			(iv) Embankment filling and subgrade work	25	30.98

In January 2025, KSTP issued CoS-3, omitting the works in sub-stages (i) to (iii) and substituting them with alternative works valued at ₹70.44 crore. Sub-stage (iv) Embankment filling and subgrade work, valued at ₹30.98 crore, was retained in Schedule-H.

[80] Alappuzha–Changanassery Road, Koyilandy-Eranhimavu road, Eranhimavu-Edavanna road and Mananthavadi-Periya road.

[81] Upgradation of Alappuzha Changanassery Road into Semi Elevated Highway under RKI for which contract executed in October 2020 for ₹649.77 crore.

[82] Pre-Fabricated Vertical Drain.

In this context, Audit observed that the percentage allocations for the sub-stages deviated significantly from the DPR (**Appendix 20**). Since the original scope of the entire stage of payment was altered, the full stage, along with all associated costs, including sub-stage (iv), should have been included under the CoS. Audit re-estimated the admissible payment for sub-stage (iv) using DPR quantities and based on Kerala PWD Schedule of Rates for valuing CoS as prescribed in Clause 13.2.3 of the contract agreement. The estimate amounted to ₹73.20 crore (**Appendix 21**). Instead, the contractor became eligible for ₹101.42 crore (CoS 3 value - ₹70.44 crore + value of substage (iv) retained in Schedule H- ₹30.98 crore).

Thus, undue favour amounting to ₹28.22 crore (₹101.42 crore-₹73.20 crore) was extended to the contractor. In addition, contractor is also eligible for price adjustment due to variation in input costs under clause 19.10 of the contract agreement on the retained sub-stage (₹30.98 crore). Further, it was observed that even though the contractor submitted the CoS proposal in November 2021, the CoS order was issued only in January 2025. During this period, the contractor proceeded to execute the CoS works in violation of Clause 13.4.1 of the contract agreement, which prohibits execution of CoS works without CoS order, except in cases of emergency. KSTP justified (December 2024) the action citing the emergency nature of the works. However, this contention is untenable, as the inordinate delay of over three years in processing the proposal indicates the absence of emergency.

Government replied (August 2025) that MoRTH had issued a directive dated 03 June 2020 on relaxation in Schedule H to provide monthly payment to the contractor for the work done and accepted, as per the specification of the contract during the month under EPC contracts. Accordingly, Schedule H modification was made and payments released based on the same.

The reply is not acceptable as the relaxation was only for work done and accepted as per specification of the contract during the month. This means relaxation in the prescribed payment procedure in Schedule-H. For example, if the payment procedure prescribes that the contractor becomes eligible only on completing 10 *per cent* of a stage of payment and he has completed 5 per cent in a particular month, he may be paid for the 5 *per cent* work done. This does not justify splitting of stages of payment. Splitting a stage of payment into sub-stages leads to premature payments, effectively reducing the contractor's cost of capital. As this was a post contractual change, other potential bidders did not have the opportunity to factor in these benefits in their bids.

In his request for modification of Schedule-H, the contractor had cited constraints due to working on only half the lane width while keeping the other half open to traffic. This should have been addressed as per the MoRTH circular (9 November 2019), which recommends doubling the payment threshold in such cases. For instance, if the payment procedure in Schedule-H of the original contract allowed a claim after completing 5 km, the contractor should be permitted to claim only after completing 10 km of half-width work. Neither the contract conditions nor any MoRTH circulars allow splitting of stage of payments. The CoS in the instance discussed in the observation should have been dealt with without splitting the stage of payment. The irregular splitting of

stage of payment and subsequent CoS approval based on the sub-stages unduly favoured the contractor to the tune of ₹28.22 crore in addition to price adjustment on ₹30.98 crore (Sub-stage iv).

Thus, KSTP's decision to modify the stage payment structure post award significantly favoured the contractor. Such a post-contractual modification undermines the principles of fairness, transparency, and integrity in public procurement of works, as it deprived other potential bidders of the opportunity to incorporate reduction in the cost of capital into their bid pricing. Upon clarification of the above points by Audit in the exit conference, Secretary, PWD assured that the issues related to AC Road works would be examined.

2.2.10.5 Non-modification of Schedule 'H' due to CoS

Clause 13.2.2 of EPC contracts stipulates that the contract price shall be adjusted *i.e.*, either increased or decreased, based on the approved CoS. Under EPC contracts, the lump sum quoted by the contractor is disbursed through interim payments on completion of defined stages, valued according to the percentage allocations in Schedule-H.

However, in the case of any CoS, Clause 13.2.2 requires the contractor to submit a detailed breakdown of quantities, unit rates, and costs, while Clause 13.2.3 prescribes the principles for cost estimation which is based on the SoR. Unlike Schedule-H, which is derived from the lump sum price, CoS valuations are based on a BoQ similar to item rate contracts. Accordingly, any CoS involving changes in the Schedule-H components necessitates corresponding modifications to Schedule-H.

Audit observed that all CoS orders in all the seven EPC contracts reviewed, were approved without any corresponding adjustment to the contract price or modification of Schedule-H. This deviates from the contract provisions. In the case of CoS, the contract price and Schedule-H should be amended as follows:

- In cases of omissions under CoS, the contract price be reduced, and Schedule-H appropriately revised to reflect the reduced scope.
- In cases of additions under CoS, only the contract price should be increased based on the approved BoQ, without revising Schedule-H.

Failure to adjust the contract price and Schedule-H as required contravenes the contractual clauses.

Government replied (August 2025) that as per article 13.2.1, in the event of the Authority determining that a Change of Scope is necessary, it may direct the Authority's Engineer to issue to the contractor, a notice specifying the details of work. The Authority issues a change of scope order requiring the contractor to proceed with the performance thereof, at the approved rates and conditions. RKI had approved the CoS proposal. The contract price also was modified according to the CoS amounts. Based on the approval, payment for CoS works was released to the contractor.

The reply is not tenable as Schedule-H is not modified due to CoS and the CoS orders do not specify any modification of contract price. Further, approval of CoS by RKI does not absolve KSTP of its failure to follow the prescribed contractual procedures.

2.2.11 Financial Management

Non-adherence to the timelines for processing payments and contractual conditions resulted in increased financial burden and inefficient fund utilisation.

2.2.11.1 Payment of interest on delays in processing SPS/IPCs

Clause 19.5 and 19.9 of the EPC contracts stipulates that payments based on Stage Payment Statement (SPS) are to be made within 10 days of the Authority's Engineer (AE) recommendation, and Interim Payment Certificates (IPCs) within 30 days of SPS submission. Delays beyond 30 days attract interest at the SBI Base Rate plus two *per cent*, compounded quarterly.

In the case of the Kumbla–Mulleria[83] Road work, the contractor approached the Dispute Board (DB) claiming interest on delayed SPS/IPCs. The DB, in its ruling dated 30 September 2023, upheld the claim, confirming contractor's entitlement to financial charges under Clause 19.9. Audit noted the following:

- SPS/IPCs 1 to 14 were delayed by up to 32 days by the KSTP and 13 days by the AE. The contractor claimed ₹71.66 lakh as interest, of which ₹59.86 lakh was attributable to delays by KSTP and AE in processing and certification as detailed in **Appendix 22.**

- The AE failed to communicate claim deficiencies and resubmission timelines to KSTP in a timely manner. A revised delay statement furnished by AE post-DB ruling showed reduced delays for IPCs 1, 2, 4, 5, and 6, which was neither presented during DB proceedings nor in later negotiations. Further, it was observed that, based on the contractor's claim, interest was paid at a higher rate than stipulated (PLR[84] + two *per cent* instead of SBI[85] Base Rate + two *per cent*). Thus, the adoption of higher rate of interest and non-reckoning of the actual number of delayed days resulted in an excess payment of ₹42.78 lakh **(Appendix 23).**

Government replied (August 2025) that excess payment made on account of adopting incorrect interest rate and non-reckoning of actual number of delays in interest calculation would be worked out and would be recovered from the next bill (IPC No.25) of the work under process. The details of recovery would be furnished to audit in due course.

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[83] Upgrading Kumbla – Badiadka - Mulleria Road: Km 0+000 (Kumbla) to Km 29+135 (Mulleria), Agreement No. 341/KSTP/PMT/PWD/2020 dated 14 December 2020, ₹158.85 crore.

[84] Prime Lending Rate.

[85] State Bank of India.

Though Government has acknowledged the lapses and stated that corrective and preventive measures have been initiated, the fact remains that the delays were primarily attributable to deficiencies on the part of KSTP and the AEs in processing SPS/IPCs and in verifying the contractor's claims. Delays due to re-submissions were not duly accounted for, and the AE's role in this regard remains inadequately addressed.

2.2.11.2 Excess expenditure due to payment of GST at higher rates

The Goods and Services Tax (GST) rate applicable to works contract services for road construction was initially notified at 12 *per cent* in 2017 and was subsequently revised to 18 *per cent* with effect from 18 July 2022. The GST rate applicable is determined by the 'time of supply,' defined as the earliest of the following: the date of invoice or the date of receipt of payment whichever is earlier where the invoice is issued within the prescribed period, or the date the recipient records the receipt of services in their books.

Audit scrutiny revealed that in four out of 10 works, GST at 18 *per cent* was paid instead of 12 *per cent*, even though the corresponding work stages were completed during May-June 2022. This resulted in an excess payment of ₹4.49 crore (**Appendix 24**), which could have been avoided.

Government replied (August 2025) that a total amount of ₹3.99 crore has been recovered from the four contractors. The balance amount recoverable is ₹49.97 lakh from one contractor, which would be recovered from the upcoming bill for the work. The details of recovery of the entire amount would be furnished to audit after completing the recovery of the balance amount.

2.2.11.3 Avoidable expenditure due to payment of GST on exempted 'Pure Services' provided to the Government

As per GST provisions, pure services[86] (excluding works contracts or composite supplies involving goods) provided to the Central or State Government or local authorities in relation to functions entrusted to Panchayats under Article 243G or Municipalities under Article 243W of the Constitution are exempt from GST. These functions, listed in the 11th and 12th Schedules of the Constitution, include roads, bridges, and culverts.

KSTP entered into consultancy contracts for DPR preparation, construction supervision and project management related to road works under the RKI. Audit scrutiny of payments up to 31 March 2024 revealed that these services involved no supply of goods and qualified as pure services. However, GST amounting to ₹15.06 crore (**Appendix 25**) was paid, resulting in avoidable expenditure.

KSTP replied (August 2025) that the Government is being addressed for a clarification as to the payment of GST on exempted 'Pure Services' as observed in the audit report. After getting clarification from the Government, further reply will be furnished to audit.

[86] Supply of services without involving any supply of goods would be treated as supply of 'pure services'.

However, the Department of Revenue, Ministry of Finance, GoI, in October 2023[87] had clarified that GST will not be applicable for such services.

The reply furnished by the Government (August 2025) did not contain any specific comment on the audit findings.

2.2.11.4 Non-recovery of damages for delay in furnishing Performance Security

As per Clause 7 of the Request for Proposal (RFP), which forms part of the contract, consultants are required to submit a Bank Guarantee (BG) for 10 *per cent* of the contract value within 15 days of the Letter of Acceptance (LoA). In case of delay, an extension of up to 15 days may be granted, subject to damages at 0.1 *per cent* of the contract price per day. Failure to comply may lead to termination of the contract.

KSTP entered into 11 consultancy agreements for various services, of which two agreements[88] specifically required the consultants to furnish performance securities. Audit scrutiny revealed that in both cases, the consultants[89] failed to submit the required performance securities within the stipulated time. The delays of 27 and 24 days, respectively, attracted delay damages of ₹25.42 lakh[90] and ₹16.95 lakh[91]. However, the Authority neither recovered these amounts nor enforced termination as per contract provisions, resulting in loss to the Government.

Government replied (August 2025) that the delay damages of ₹16.75 lakh had been recovered and the balance amount of ₹0.20 lakh would be recovered while processing the upcoming invoice. Further, Government stated that the details of recovery of the entire amount would be furnished to Audit after the balance amount has been recovered.

KSTP in its reply (February 2026) has stated that the recoveries towards delay damages of ₹25.42 lakh and ₹16.95 lakh were made in compliance with the audit observations.

However, KSTP may put in place a control mechanism to monitor and prevent recurrence of such issues.

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87 Vide circular No. 206/18/2023-GST dated 31 October 2023.

88 1.Agreement No. 348/KSTP/PMT/PWD/2021 dated 17/03/2021 for the service-Supervision of Rehabilitation and Upgrading of State Highways and Major District Roads in Northern districts under the RKI executed with the consultant M/s. MSV International Inc. in JV with JSV Associates Engineers and Consultants Pvt. Ltd.
2. Agreement No. 349/KSTP/PMT/PWD/2021 dated 20/03/2021 for the service Consultancy Services for Authority's Engineer for Upgradation of Alappuzha-Changanassery Road into Semi-Elevated Highway executed with the consultant M/s. Voyants Solutions Pvt. Ltd. in JV with Technocrats Advisory Services Pvt. Ltd.

89 M/s. MSV International Inc. JV with JSV Associates and M/s. Voyants Solutions in JV with Technocrats Advisory.

90 0.1 *per cent* for 27 days delay of contract price ₹9.41 crore.

91 0.1 *per cent* for 24 days delay of contract price ₹7.06 crore.

2.2.11.5 Short reduction in remuneration due to replacement of key personnel by Project Management Consultant

KSTP entered into a contract agreement in August 2020 with a consultant[92] for PMC services for RKI projects, at a contract value of ₹17.28 crore. As per the contract, seven key personnel were required to be deployed. Any replacement of Key Personnel, except in cases of death or serious medical grounds would result in the following:

- A five *per cent* reduction in the remuneration of the replaced key personnel, and
- A graded reduction in the total consultancy remuneration based on the number of replacements.

Audit scrutiny revealed that, of the seven key personnel, five key personnel were replaced between May 2021 and March 2024. While KSTP reduced the remuneration of the replaced personnel, it did not apply the required reduction to the total remuneration, resulting in excess payments. The discrepancies are as follows:

Table 2.11: Non-reduction in total remuneration paid to the consultant

Number of Key personnel replaced	Change in key personnel (in *per cent*)	Remuneration to be paid to replaced key personnel (in *per cent*)		Reduction in total remuneration to the consultant (in *per cent*)	
		As per agreement	Paid by KSTP	As per agreement	Reduction made by KSTP
1	14.29	95	97	3	Nil
2	28.57	95	97	3	Nil
3	42.86	95	90	10	Nil
4	57.14	95	85	15	Nil
5	71.42	95	85	15	Nil

(Source: KSTP data)

As a result of non-compliance with these contractual provisions, KSTP incurred an excess expenditure of ₹1.68 crore by December 2024, as detailed in **Appendix 26**.

Government replied (August 2025) that at the pre-bid stage, KSTP confirmed the bidder's understanding that the percentage reduction in remuneration would not be applied cumulatively. This clarification was specifically recorded in the pre-bid replies, which form an integral part of the contract. In view of the above, it is evident that KSTP's intention from the pre-bid stage was not to apply cumulative reductions in remuneration for replacements. The amended clause in the signed contract appears to be an inadvertent error and is not consistent with the pre-bid clarification.

[92] M/s Louis Berger Consulting Pvt. Ltd. (India), in Joint Venture with M/s Louis Berger Group Inc. (USA).

The reply is not acceptable. The agreement clause stipulates that replaced key personnel shall be paid 95 *per cent* of the remuneration of the original key personnel, with further reductions in remuneration based on the percentage of total replacements. At the pre-bid stage, the bidder sought no reduction up to 30 *per cent,* and five *per cent* for 30–42 *per cent*, keeping other reductions unchanged. KSTP partly accepted this and amended the clause to three per cent up to 30 *per cent*, five *per cent* for 30–42 *per cent*, while retaining the remaining reductions. The use of the term "However" in the clause "However, for the reason other than death/extreme medical ground, (i) for total replacement up to 30 *per cent* of key personnel, remuneration shall be reduced by 3 *per cent* (ii) for total replacement beyond 30 *per cent* and up to 42 *per cent* of key personnel, remuneration shall be reduced by 5 *per cent*; for total replacement between 42 *per cent* to 57 *per cent*, remuneration shall be reduced by 10 *per cent* and (iii) for total replacement between 57 *per cent* to 85 *per cent*, remuneration shall be reduced by 15 *per cent* (iv) for total replacements beyond 85 *per cent* of the key personnel the client may initiate action of higher penalty/termination/debarment up to two years as considered appropriate," links these reductions to the 95 *per cent* remuneration condition. Thus, it confirms that the reduction in total remuneration is applicable in addition to the reduction of five *per cent* of the remuneration to key personnel.

2.2.11.6 Irregular exemption of Street Light Maintenance from EPC contractors

As per Schedule 'C' of EPC contracts and Clause 12.4.1 of IRC: SP:73-2018, EPC contractors are responsible for the procurement, installation, operation, and energy costs of street lighting, including ensuring uninterrupted power supply. However, KSTP's circular dated 12 August 2022 directed the transfer of completed street light installations to Local Self-Government Institutions (LSGIs) for maintenance, contrary to contract provisions. This improperly shifted the financial burden of streetlight maintenance during the maintenance period from the contractor to the LSGIs.

Audit observed that KSTP's action resulted in undue benefit to the contractors, leading to a saving of ₹2.98 crore (**Appendix 27**) on energy costs alone for the five completed EPC projects, as estimated based on Kerala State Electricity Board Limited (KSEBL) tariff circular dated 16 November 2023.

Government replied (August 2025) that it will ensure that the contractors bear the full maintenance cost of street lightings and that the LSGIs are reimbursed for any payments already made in this regard for all EPC contracts.

However, KSTP should enforce this across all similar projects, withdraw the circular dated 12 August 2022 and reimburse the LSGIs.

2.2.12 Internal Control and Monitoring

Lack of adequate internal control and monitoring mechanism resulted in non-compliance to rules and contract conditions.

Internal controls are intended to provide reasonable assurance of proper enforcement of laws, rules and departmental instructions. It is also intended to pinpoint lapses in the implementation of systems and products. Internal controls also help in creation of reliable financial and managerial information system for adequate safeguards against evasion of revenue. Audit noticed the following lapses:

2.2.12.1 Incomplete/ delayed updates in the e-Procurement System

As per the revised KPWD Manual, e-tendering promotes transparency and accountability by digitising the entire tender process. Audit observed that in seven out of 10 works awarded in 2020–21 (**Appendix 28**), the e-tender portal still showed the status as "financial evaluation" despite issuance of Letters of Award. In three cases, evaluation summaries were incomplete, listing only committee members without assessment details.

These lapses undermine transparency, restrict stakeholder access to information, compromise digital records, and hinder full digitisation of procurement.

Government replied (August 2025) that e-procurement for RKI projects was conducted between 2019 and 2021 using Digital Signature Certificates (DSCs). However, due to the pandemic, full digitalization was not implemented, and the DSCs of committee members involved are not available. Further, it has been assured that future e-procurement will strictly adhere to established guidelines.

However, KSTP may explore the feasibility of updating the e-procurement records of RKI projects to ensure transparency and stakeholder access to information.

2.2.12.2 Non-submission of video recording of the progress of works

Clause 11.16 of the contract for the Kumbla–Mulleria road required the contractor to submit quarterly video recordings of project progress in a three-hour CD/DVD within 15 days of each quarter. However, the contractor failed to submit these for seven consecutive quarters.

KSTP detected this non-compliance only while processing a delay damage claim and deducted ₹1.60 lakh, as recommended by the Authority Engineer. Audit observed that the Authority Engineer failed to report the lapse in a timely manner, resulting in the absence of a visual project record, which could have been valuable for resolving future claims or disputes.

Government replied (August 2025) that the total amount for non-compliance regarding submission of video recordings has been completely recovered.

However, the fact remains that the deficiency was identified only during the processing of claim for delay damages, resulting in absence of a visual record of the projects. The failure of the Authority Engineer to address the issue remains unrectified.

2.2.12.3 Non-provision of vehicle for supervision of the Project

As per Clause 3.1.20 of the EPC contract, for the work Eranhimavu to Edavanna Road, the contractor was required to supply and maintain one brand new vehicle (SUV) along with a driver for the employer, to supervise the construction of the project. The vehicle maintenance included fuel, insurance etc. The SUV was to be handed over to the employer in good running condition upon completion of the project and maintenance period.

The contract stipulated a completion period of 18 months, followed by a 60-month maintenance period. Accordingly, the contractor was required to procure and maintain the vehicle for a period of 78 months, after which it was to be handed over to KSTP.

However, Audit observed that the contractor failed to provide the vehicle as mandated. As a result, the contractor is estimated to have saved ₹78.50 lakh as calculated (**Appendix 29**) based on the DPR estimates of the Kumarakom–Nedumbassery Road project (Package III), since the DPR for the work (Eranhimavu to Edavanna Road) did not contain specific cost provisions for the required vehicle. Further, KSTP was deprived of an asset it was contractually entitled to receive upon completion of the maintenance period.

Government replied (August 2025) that there was no loss to State exchequer. However, directions have been issued to the contractor to provide the vehicle for the Eranhimavu to Edavanna Road work, which is currently under maintenance.

In the exit conference, Secretary PWD instructed KSTP officials to ensure the immediate provision of the vehicle.

2.2.12.4 Non-maintenance of Vehicle Rescue Post

As per Clause 14.4.2 of EPC contracts, the contractors are required to maintain and operate a 24/7 vehicle rescue post during the maintenance period, equipped with a mobile crane capable of lifting a 30-tonne truck.

KSTP furnished (March 2025) the registration numbers of the mobile cranes deployed in the five completed EPC works. Audit obtained the vehicle details from the VAHAN portal and verified the lifting capacity using the information available on the manufacturers' websites, the results of which are as follows:

Table 2.12: Vehicle details

Sl. No.	Name of the work	Registration No. provided by KSTP	Vehicle make as per VAHAN portal	Lifting capacity as per manufacturer
1	Mananthavady - Periya Road	KL18AB3260	ACE FX250	25 tonne
2	Vythiri - Tharuvanna Road	KL58AE2960	ACE F210	20 tonne
3	Kumbla - Mulleria Road	KL07BZ5552	ECE MMV mobile crane C 3000	Could not be determined
4	Koyilandi - Eranhimavu Road	AR05A0760	Liebherr LTM 1060	60 tonne
5	Eranhimavu-Edavanna road	AR05A0760	Liebherr LTM 1060	60 tonne

In this context, audit observed that the contractor for the works listed at Sl. No. 4 and 5 had deployed a common crane for both stretches. These works form a continuous stretch of road and were executed by the same contractor. In the case of works listed at Sl. No. 1 and 2, the lifting capacity of the cranes are lower than that prescribed in the contract.

The deficiency highlights inadequate enforcement of contract provisions and underscores the need for corrective action to ensure compliance with essential safety requirements. Furthermore, since the cost of deploying cranes with lower lifting capacity will be lower than that of the specified capacity, the possibility of undue financial gain to the contractor on this account cannot be ruled out.

Government replied (August 2025) that there was no loss to the State exchequer and that the Koyilandy Thamarassery Road, close to the Eranhimavu to Edavanna Road was also executed by the same contractor and hence the vehicle was shared considering the feasibility of the works.

The reply is not tenable. Though the works at Sl. No. 4 and 5 form a continuous stretch and were executed by the same contractor, the contract provisions require independent deployment of cranes for each work. Sharing a crane, even on grounds of feasibility, amounts to deviation from contractual requirements. Further, the possibility of undue financial gain to the contractor due to deployment of lower capacity cranes cannot be ruled out.

In the exit conference, the Secretary, PWD directed that contract provisions be strictly followed, irrespective of the proximity of the works.

Recommendations:

- ***KSTP may ensure that ground truthing and all statutory clearances are completed prior to awarding or arranging works.***

- ***KSTP may exercise due diligence in the preparation of bidding documents, contract documents and ensure adherence to contractual provisions.***

- ***The Government may direct KSTP to monitor deviations from contract conditions by the contractor affecting transparency in tendering. The department officials should be more vigilant in the scrutiny of agreements and claims of the contractor.***

- ***The Government may give strict instructions to KSTP to comply with prescribed Change of Scope valuation procedures, strictly adhere to applicable Acts, Rules, and contractual provisions, and strengthen the internal control and monitoring system of road works under RKI to prevent undue benefit to contractors.***

Chapter III

Compliance Audit Paragraphs

Chapter III

Compliance Audit Paragraphs

Public Works Department

3.1 Failure to verify the authenticity of bitumen invoices resulted in payment of ₹2.72 crore against invalid invoices and an additional payment of ₹26 lakh towards cost difference in eight such invalid invoices

Due to the Public Works Department's (PWD) failure to verify the validity of the submitted invoices, 30 invoices worth ₹2.72 crore were found to be invalid or forged. Additionally, ₹26 lakh was paid due to price differences in bitumen purchased based on eight of these invalid invoices.

As per Section 2104 of the Kerala Public Works Department (PWD) Manual, 2012, read with Government Orders (August[93] and September[94] 2019), bitumen is not to be issued as a departmental material. Contractors are required to procure bitumen directly from public sector oil companies for executing road works. The quantity of bitumen required for a road work is worked out on the basis of the estimated quantity of bituminous items required to be executed. As per Clause 53.1 of Part II of General Conditions of Contract in Standard Bid Document, the contractor represents that all documents including invoice submitted by the contractor in support of an application payment are true, correct, complete and accurate in all respects. The Chief Engineer, PWD (Roads and Bridges) Thiruvananthapuram instructed (June 2020) the departmental officers to ensure the authenticity of the purchase invoices of bitumen and emulsion before passing the bills for payment to contractors and to take legal action, if irregularities were found.

Kerala Road Fund Board (KRFB) was established by the Government of Kerala as a funding agency for developing and maintaining roads and other related infrastructure. KRFB is a Special Purpose Vehicle (SPV) for Kerala Infrastructure Investment Fund Board (KIIFB)-assisted Roads and Bridge projects of PWD. KIIFB directed (December 2021) the Chief Executive Officer, KRFB and Project Director, Project Management Unit - KRFB (PMU-KRFB), to ensure the genuineness of bitumen vouchers.

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[93] G.O.(Rt)No.1029/2019/PWD, dated 20/08/2019.
[94] G.O.(Rt)No.1135/2019/PWD, dated 24/09/2019.

Rule 138 of the Central Goods and Services Tax Rules (CGST Rules), 2017 and State Goods and Services Tax Rules (SGST Rules), 2017 (amended from time to time) provides for the generation of the E-Way Bill (EWB) with effect from April 2018 for the movement of goods having value more than ₹50,000. The EWB Common Portal is developed for uploading information[95] on movement of goods in relation to supply or for reasons other than supply or due to inward supply from an unregistered person. E-invoice was introduced from 1 October 2020 which was integrated with EWB. The authenticity of the invoices can be verified through EWB portal, or through the e-invoice portal, or by scanning the QR code.

During the audit of KRFB (September 2024), Audit cross verified[96] (from April 2021 to May 2024) 128 e- invoices on purchase of bituminous items attached to the Running Account (RA) Bills with the E-Way Bill Common Portal of three works[97] funded by KIIFB and executed by KRFB. The verification revealed that 30 of these invoices, involving a purchase of 530.103 MT valued at ₹2.72 crore, were invalid or forged as detailed in Appendix 30.

In the case of one work[98], the Project Director, PMU-KRFB had sanctioned (September 2022) a total of ₹1.53 crore as cost difference of bitumen in 13th RA Bill. Scrutiny revealed that the cost difference of bitumen was paid based on 61 invoices. Out of this, eight invoices (five invoices of VG 30 and three invoices of bitumen emulsion SS) were invalid/forged and the total amount of cost difference paid based on these eight invoices amounted to ₹25.85 lakh as mentioned in Appendix 31.

Even though directions of Chief Engineer, PWD and KIIFB mandate verifying authenticity/genuineness of bills, audit observed that no system exists in KRFB to ensure the genuineness of the bitumen invoices which resulted in ineligible payment of ₹2.72 crore to the contractors. Relying on eight fake invoices, a price difference of ₹25.85 lakh had also been sanctioned additionally. Further, KRFB also certified the material adequacy statement based on the invalid/forged invoice. This indicates the need for strengthening the internal control mechanism for ensuring the genuineness of invoices/vouchers by KRFB/PWD.

Since EWB and E-invoice has been implemented from April 2018 and October 2020 respectively and has now been integrated with EWB common portal, necessary measures to provide access to the data maintained by such

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95 Information such as GSTIN of supplier, place of supply and delivery, value of goods etc.

96 Through login credentials in EWB portal available with Audit.

97 (i) KIIFB – 2016/17 Improvements to Cheruvathur Cheemeni IT Park Palavayal, Beemanady, Mukkada Road by providing DBM and BC in Kasaragod District. (ii) KIIFB 2017 - 18- Improvements to Muringoor Ezhattumugham Road Km 0/000 to 17/205, Chalakkudy LAC, Thrissur District (Part TS-1 Reach 0/000 to 12/000 km) - Urgent patch works". (iii) KIIFB 2017 - 18- Improvements to Muringoor Ezhattumugham Road Km 0/000 to 17/205, Chalakkudy LAC, Thrissur District (Part TS-1 Reach 0/000 to 12/000 km) - Urgent patch work and Cautionary Measures from Ch 8/715 to 12/200-General Civil work.

98 KIIFB – 2016/17 Improvements to Cheruvathur Cheemeni IT Park Palavayal, Beemanady, Mukkada Road by providing DBM and BC in Kasaragod District.

systems for cross verification by its field formations may be explored by the Department in consultation with the GST authorities. Cross verification with EWB may also be included as an audit check before processing of invoices which mandates such generation of EWBs. Corrective measures may be implemented to ensure the authenticity of bitumen invoices in other works as well.

Government replied (August 2025) that an amount of ₹2.98 crore has been recovered. Further, Division Offices concerned have been directed to initiate appropriate legal action against the contractor and to cross-verify all bitumen invoices with the EWB (E-Way Bill) portal before processing.

Recommendation: Government may issue strict directions to the Department to ensure verification of the genuineness of bills prior to processing and to initiate appropriate disciplinary action against the officials responsible for the financial loss.

3.2 Lapses in concluding of contracts by Kerala Road Fund Board (KRFB) resulted in avoidable cost-overrun amounting to ₹21.33 crore

Significant lapses in contract management in concluding contracts within the firm period by the Kerala Road Fund Board (KRFB), resulted in total cost overrun of ₹21.33 crore in five works

As per Clause 6.6.1 of the Standard Bid Document (SBD), the Authority shall notify the award of contract to the Bidder whose bid has been accepted prior to expiration of the Bid validity period by facsimile or e-mail confirmed by letter sent through post. As per the Conditions of Contract, this letter is referred as 'Letter of Acceptance' and will state the sum that the Employer will pay the Bidder in consideration of the execution, completion and remedying defects, if any, in the works by the contractor as prescribed by the contract. As per Clause 7.3 of General Conditions of Contract (GCC) of SBD, the date of despatch of letter of acceptance (LoA) by the agreement authority through registered post to the successful bidder shall be the date of 'Acceptance of Tender'.

Further, as per clause 7.3 of the (GCC) of SBD, for works above ₹ five crore and below ₹ five crore, the contractor shall enter into a contract agreement with the agreement authority within 28 and 14 working days respectively from the date of 'Acceptance of Tender'.

As per clause (3) of the preliminary agreement, which is a part of the tender documents, and consequently, part of the contract, if the bidder does not come forward to execute the original agreement after the said work is awarded and selection notice issued in his favour, or commits breach of any of the conditions of the contract as stipulated in clause of the notice inviting tenders as quoted above, within the period stipulated, then the Government may re-arrange the work otherwise, or get it done departmentally at the risk and the cost of the bidder and the loss so sustained by the Government can be realised from the bidder under the Revenue Recovery Act.

According to the Standard Bid Document, for works above ₹ five crore and below ₹ five crore, the bid validity is 120 days and 60 days respectively from the date of opening of the price bid.

Audit scrutiny revealed that deficiencies in management with respect to five works contracts (**Appendix 32**) resulted in avoidable cost-overrun as mentioned below:

1. **Construction of Ramanchira Bridge across Muttoli River in Kasaragod District**

   Audit noticed that the financial bid for the work was opened on 18 January 2022, and the successful bidder quoted ₹13.54 crore. The revised Financial Sanction (FS) was obtained only on 11 May 2022. As the expiry of bid validity period was on 17 May 2022, an e-mail was sent to the contractor on 10 May 2022 to extend bid validity. However, the contractor refused to extend the firm period, citing price escalation. Hence, it was decided to re-tender the work and at the third time, the bid for ₹14.99 crore was approved on 18 November 2022. As LoA was not issued within the firm period, an amount of ₹1.45 crore was incurred due to cost overrun.

2. **Construction of Vattoli Bridge Across Vattoli River in Chittariparamba Panchayath and Reconstruction of Chekku Palam on Thalassery Irikkur Road in Kannur District-Balance Work of Chekku Palam**

   Audit noticed that the financial bid for the work was opened on 14 October 2022 and the successful bidder quoted ₹2.55 crore. The bid validity period expired on 13 December 2022 (*i.e.*, 60 days). There was no record mentioning the issuance of LoA. L1 bidder had informed (vide letter 20 March 2023) that he was not willing to execute the work. Hence the work was re-tendered and at the second time, the bid for ₹2.88 crore was approved on 25 August 2023. Thus, an amount of ₹0.33 crore was incurred due to cost overrun.

3. **KIIFB- Improvements to Achancovil Plappilly-Phase I-Achancovil Plappilly Road in Pathanamthitta District (Phase-I Stretch 3 Thannithodu Chittar Road) and Stretch 4 (Urumbini Valupara Road)**

   Audit noticed that the financial bid for the work was opened on 13 January 2023 and the successful bidder quoted ₹32.37 crore. The bid validity period expired on 13 May 2023. Due to internal issues[99], the LoA was not issued within the firm period. The contractor expressed (15 May 2023) his unwillingness to undertake the work due to price escalation. Hence, the work was re-tendered and at the second time, the bid for ₹34.64 crore was approved on 27 November 2023. Thus, an amount of ₹2.27 crore was incurred due to cost overrun.

[99] LoA index number generation was pending.

4. KIIFB-Upgradation of Roads by FDR Technology under KRFB Thiruvananthapuram Division

Audit noticed that the financial bid for the work was opened on 30 September 2022 and the successful bidder quoted ₹67.94 crore. Even though the bid validity period expired on 28 January 2023, the Letter of Acceptance was issued only on 02 February 2023. No reason was recorded for the delay in issue of LoA. Despite the intimation, the bidder did not come forward to execute the agreement. Hence the work was re-tendered and the bid for ₹83.17 crore was approved on 27 November 2023. Thus, an amount of ₹15.23 crore was incurred due to cost overrun.

5. KIIFB – Improvements to Kanjikode Industrial Estate Mupana Road km 0/000 to 5/080 (Menonpara Kanjikode Road) Palakkad District

Audit noticed that the financial bid for the work was opened on 23 December 2022, and the successful bidder quoted ₹17.67 crore. Even though the bid validity period expired on 22 April 2023, the Letter of Acceptance was issued only on 07 December 2023. No reason was recorded for the delay in issuance of LoA. The bidder was not willing to execute the agreement. Hence the work was re-tendered and the bid for ₹19.72 crore was approved on 05 August 2024. Thus, an amount of ₹2.05 crore was incurred due to cost overrun.

Thus, deficiencies in contract management of various works executed by KRFB resulted in cost escalation to the tune of ₹21.33 crore, which could have been avoided if contracts were executed within the firm period (*i.e.*, 120/60 days). This shows the need for strengthening the internal control mechanisms to prevent recurrence of such avoidable losses to the Government.

The Government replied (November 2025) that:

1. Since the Technical Sanction amount (₹16.25 crore) exceeded Financial Sanction (₹14.72 crore) for the work "Construction of Ramanchira Bridge across Muttoli River in Kasaragod District", it was necessary to get the revised FS from KIIFB. Due to delay in obtaining concurrence from KIIFB (11 May 2022) for revised FS and the pending procedures required to generate the LoA, it could not be issued.

2. The original work "Construction of Vattoli Bridge Across Vattoli River in Chittariparamba Panchayath and Reconstruction of Chekku Palam on Thalassery Irikkur Road in Kannur District**"** was terminated in March 2022 and the bid for the balance work was opened in October 2022. The bid was approved on 18 November 2022 and L1 bidder was selected for the work. The tender file was submitted to KIIFB along with the Tender Approval Committee minutes on 16 March 2023 and the LoA file was generated on Public Financial Management System (PFMS). As the contractor expressed his unwillingness (20 March 2023) to accept the tender, LoA was not issued. The Earnest Money Deposit (EMD) amount was forfeited.

3. The delay in issuing the LoA was due to various procedural delays from KIIFB in respect of the work "KIIFB- Improvements to Achancovil Plappilly-Phase I-Achancovil Plappilly Road in Pathanamthitta District (Phase-I Stretch 3 Thannithodu Chittar Road) and Stretch 4 (Urumbini Valupara Road)".

4. As only a single bid was received, the work "KIIFB-Upgradation of Roads by FDR Technology under KRFB Thiruvananthapuram Division**"** was re-tendered twice. Later, on receipt of two bids, the Tender Approval Committee (October 2022). approved the lowest bidder. The said work included upgradation of five roads. In PFMS platform of KIIFB, these five projects were considered as separate packages. Project Execution Document was approved in PFMS on 31 January 2023. As per KIIFB's direction, LoA could be issued only after the mandatory approval received in PFMS platform of KIIFB and LoA was issued on 02 February 2023. Although the contractor was intimated, he failed to execute the agreement. Hence, the work was re-tendered after forfeiting the EMD.

5. Further, in respect of the work "KIIFB – Improvements to Kanjikode Industrial Estate Mupana Road km 0/000 to 5/080 (Menonpara Kanjikode Road) Palakkad District", **t**he Government replied (October 2025) that the bid was approved on 13 March 2023 and the LoA was issued to the contractor on 7 December 2023. The last date of executing agreement without fine was 11 January 2024. However, the contractor did not execute the agreement, and the work was rearranged at their risk and cost. Upon completion of the rearranged work, the risk and cost liability would be calculated and recovered from the defaulted contractor.

The replies confirm the audit observation that the LoA was not issued within the stipulated timeline. It was further stated that the non-issuance/ delay in issuance of the LoA was due to procedural delays on the part of KIIFB. However, the internal control mechanism needs to be strengthened to ensure that LoA is issued within the stipulated time (120/ 60 days) as per the SBD. The delay in completing the tender approval process resulted in the failure to award the work within the prescribed timeframe, thereby necessitating re-tendering. For the first four works, due to the non-issuance/ delay in issuance of the LoA, the Government had to bear the liability of cost escalation arising from re-tendering. Had the LoA been issued, the risk and cost clause could have been invoked in the event of the contractor's failure to execute the agreement. In the second and fourth works, only the EMD could be forfeited, which is negligible compared to the escalation in the cost of the work. Regarding the first and third works, the Government reply is silent on the forfeiture of EMD. With respect to the fifth work, the reply does not address the delay in issuing the LoA. Even though it was stated that upon completion of the rearranged work, the risk and cost liability would be recovered from the defaulted contractor, the legal validity of the same could not be confirmed as the LoA was not issued within bid validity period.

Recommendation*: *The Department may review the tender/ contract process and streamline the same to ensure that the tender acceptance process is completed and works are awarded within the bid validity period to prevent avoidable losses to the Government.

3.3 Irregular payment of bitumen price differential of ₹2.70 crore in violation of Government Orders

Payment of the difference in cost of the bitumen, without complying with the Government orders in this regard, resulted in irregular expenditure of ₹2.70 crore.

As per Section 2104 of the Kerala Public Works Department Manual (2012), read with Government Orders (August[100] and September[101] 2019), bitumen is not to be issued as a departmental material. Contractors are required to procure bitumen directly from public sector oil companies for executing road works.

Following a sharp increase (33 *per cent*) in the market price of bitumen, the Government of Kerala (GoK) issued an order in November 2018[102] permitting payment of the difference in cost of bitumen to contractors. The payment was to be made based on the difference in bitumen price between the closing date of tender and the date of purchase invoice (on or after 01 November 2018), for the actual quantity used within the stipulated (or extended without penalty) completion period. This benefit was restricted to ongoing works as on 01 November 2018. The order was revised on three occasions between April 2020 and April 2021. Finally, in June 2023[103], the Government clarified that the bitumen price difference was payable only to works that were ongoing on 01 November 2018, and that payments made for ineligible works were to be recovered.

Government of Kerala accorded Administrative Sanction[104] (July 2017) for "Hill Highway" project for an estimated cost of ₹3,500 crore. The work "Improvements to Hill Highway from Chainage 0/000 to 19/000 (Kuttikanam–Chapath) in Idukki District" was taken up by KRFB as a Special Purpose Vehicle (SPV) under a tripartite agreement (July 2017) between PWD, KRFB, and KIIFB. KIIFB accorded Financial Sanction (May 2018) for ₹73.91 crore and the Chief Engineer, PWD accorded Technical Sanction (September 2019)[105] for ₹80.53 crore. The work was tendered in October 2019 and an agreement was executed (March 2020[106]) with the contractor, M/s Theruvath Builders for ₹68.77 crore. Due to additional works, the Financial Sanction was revised several times, and a final sanction of ₹107.69 crore was accorded (November 2023).

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[100] G.O.(Rt)No.1029/2019/PWD, dated 20/08/2019.
[101] G.O.(Rt)No.1135/2019/PWD, dated 24/09/2019.
[102] GO (Rt.) No 9386/2018/Fin, dated 13 November 2018.
[103] GO (P) No. 63/2023/Fin dated 26 June 2023.
[104] GO 942/2017/PWD dated 10 July 2017.
[105] RdDnIDK/2019-2020/RD/2017/4723.
[106] No.19/PWD013-14/PD/PMU-KRFB/2019-20 dated 06 March 2020.

Audit scrutiny of records of the Kerala Road Fund Board (KRFB) revealed that the work was completed (February 2023) and out of ₹105.29 crore paid to the contractor, ₹2.70 crore was paid towards the differential cost of bitumen in three instalments as shown below:

Table 3.1: Details of payment towards differential cost of bitumen

Bill Description	Month of Payment	Differential Cost of bitumen (₹ in crore)	Percentage of GST Applied	Total Amount (₹ in crore)
5th Part Bill	April 2022	0.52	12	0.58
8th Part Bill	December 2022	0.63	18	0.74
12th and Final Bill	January 2024	1.17	18	1.38
Total				**2.70**

Audit observed that as the work was not in progress as on 01 November 2018, the payment of bitumen price difference was in contravention of the Government Order (June 2023). KRFB failed to recover the payment made towards bitumen price difference of ₹0.58 crore (April 2022) and ₹0.74 crore (December 2022). Further, an amount of ₹1.38 crore was paid in January 2024 and as of March 2025, no recovery had been initiated.

Thus, the failure of KRFB to comply with the Government's direction led to an irregular and avoidable expenditure of ₹2.70 crore, resulting in undue financial benefit to the contractor. Due diligence should be observed by the officials preparing the bills, with strict adherence to Government Orders to safeguard public funds.

Government replied (October 2025) that an amount of ₹2.70 crore has been deducted from the part bill of another work of the same contractor.

Recommendation*: *The Department may strictly adhere to Government Orders and exercise due diligence in the preparation of bills.

3.4 Avoidable liability of ₹2.12 crore due to delayed and inaccurate GST compliance

The Kerala Road Fund Board (KRFB) incurred an avoidable liability of ₹2.12 crore towards interest and penalties arising from delays and errors in filing Goods and Services Tax (GST) returns

The Kerala Road Fund Board (KRFB) is registered under the GST laws and files returns discharging the tax liability on the receipt of centage charges and restoration charges for road cutting etc. Audit verified the GST compliance of KRFB and noticed significant lapses resulting in avoidable expenditure/liability as detailed below.

- **Interest liability on payment of tax due to late filing of return**

Under Section 39 of the CGST/SGST Act, 2017, registered taxpayers are required to file monthly GSTR-3B returns[107] by the 20th of the following month and discharge the tax liability. In case of delay in payment of tax, interest at the rate of 18 *per cent* per annum is payable under Section 50 (1) of the Act. This interest is calculated from the day succeeding the day on which such tax was due to be paid.

On a scrutiny of GST records for the period from 2017-18 to 2024-25, Audit noticed 37 instances of delays in the filing of GSTR-3B returns and payment of tax, ranging from one day to 506 days, as shown in the **Appendix 33**. The GST Authorities issued demand notices[108] for interest liability of ₹72.30 lakh[109] arising from delayed payment of tax due to late filing of returns for the period - October 2017, January 2018, May 2019, and July 2019. Against the demand of interest, KRFB remitted ₹21.50 lakh[110] (December 2023) and sought Government approval (April 2024) to remit the interest of ₹50.91 lakh.

- **Penalty and interest liability due to incorrect reporting of supplies or ineligible claims of input tax credit (ITC)**

Under Section 73 of CGST/SGST Act, 2017, where tax has not been paid or has been short paid, or where input tax credit has been wrongly availed or utilised, the tax along with applicable interest[111] under Section 50 and a penalty not exceeding 10 *per cent* of the tax amount or ₹10,000 (whichever is higher) is recoverable.

The GST authorities issued an assessment order (March 2024) and consequent summary order (DRC-07) on 30 April 2024 under Section 73 demanding tax of ₹13.93 crore and penalty of ₹1.39 crore for the period from 2018-19 to 2021-22. Interest under Section 50 on the demand of tax of ₹13.93 crore, also payable as confirmed in the assessment order, but not quantified.

Audit noticed that penalties were imposed due to omission of taxable outward supplies, availment and utilisation of ineligible ITC including ITC on servicing of office vehicles (Section 17(5)(ab)), annuity and road work payments (Section 17(5)(c)), and consultancy services (Sections 16(1) and 41(1)) as KRFB is not engaged in supply of works contract services or road construction business.

[107] Return declaring the details of inward and outward supplies, input tax credit availed, tax payable and tax paid.
[108] Vide notices dated 03 August 2023 and dated 22 February 2024.
[109] Interest of ₹21.39 lakh for October 2017 and January 2018 and Interest of ₹50.91 lakh for May 2019 and July 2019.
[110] 21.50 lakh = ₹0.11 lakh (tax) plus ₹21.39 lakh (interest)
[111] Interest is payable at 18 per cent per annum for delayed/non-payment of tax under Section 50(1), and 24 *per cent* per annum for wrongly availed and utilised input tax credit under Section 50(3).

- **Late fee due to delayed filing of GST return**

As per Section 47[112] of the CGST/SGST Act, 2017, a late fee of ₹25 per day each under CGST and SGST (total ₹50 per day), is payable for delay in filing GST returns. Return in Form GSTR -1 depicts monthly outward supplies of goods or services and the due date to file GSTR-1 is 10th day of the succeeding month as per Section 37.

Audit noticed that KRFB paid late fee of ₹0.35 lakh for the delayed filing of GSTR -1 returns for the period from April 2019 to December 2019 against the notice issued by the GST authorities (April 2024).

Further, it was noticed that as per Independent Auditor's Report of KRFB for the period ended March 2019 and March 2020, the GST records maintained by the Board was insufficient and not updated to ascertain the correctness and quantify the liabilities. Even though the lapses in the maintenance of GST records were pointed out (April 2021), Audit noticed that filing of returns and payment of tax were delayed in subsequent years also and the finalisation of the annual accounts of the Board has been pending since the year 2020-2021.

Thus, the delay in filing returns and consequent delayed payment of tax, omission to include taxable supplies and ineligible availment of ITC was primarily due to improper maintenance of records related to GST, lapses in applying and assessing the GST laws and inadequate financial control. Audit observed that these deficiencies resulted in interest liability of ₹72.41 lakh[113], penalty of ₹1.39 crore, payment of late fee of ₹0.35 lakh totalling ₹2.12 crore, which were avoidable**.** Further, non-compliance in respect of reporting of all taxable supplies (Section 39) and conditions for availing ITC (Section 16), also resulted in avoidable liability of interest on the tax demand of ₹13.93 crore. Necessary measures must be taken to ensure accurate and timely adherence to GST provisions thereby safeguarding Government funds.

Government replied (October 2025) that KRFB has taken necessary measures to address the earlier instances of delayed and inaccurate GST compliance and at present there have been no such lapses. All submissions and actions have been accurately completed within the stipulated time frames to avoid any penalties or liabilities and will continue to maintain strict adherence to all tax regulations and deadlines.

Even though the Government has accepted that there were instances of delayed and inaccurate GST compliance and stated that KRFB has taken necessary measures to address the issue, the reply is silent on the action taken to remit the interest, penalty and late fee amounting to ₹2.12 crore, and finalization of annual accounts of the Board, which is pending since 2020-21.

Recommendation*: *The Department may put in place a periodic review mechanism to closely monitor the timely and accurate payment of GST.

[112] Notification No.4/2018-Central Tax dated 23 January 2018.
[113] Including ₹21.50 lakh already paid.

3.5 Idling of Bridge due to non-provision of approach road

Construction of the bridge across Aloor River at Kechery in Thrissur district at a cost of ₹2.59 crore, without the approach road, resulted in idle infrastructure and non-achievement of intended public benefit for more than 2.5 years

As per Section 1601.1.2 of the Kerala Public Works Department Manual (2012), a detailed estimate, including all essential components of a project, must be prepared before obtaining Technical Sanction (TS) from the Chief Engineer. This estimate should be based on thorough site investigation and should incorporate provisions for critical infrastructure elements, such as approach roads, ensuring that the completed structure is fully functional.

Audit scrutiny of work files in Public Works Department (PWD) Bridges Division, Ernakulam**,** revealed that Government of Kerala had accorded Administrative Sanction[114] (AS) for four-laning of Thrissur-Kuttippuram Road in December 2009 for ₹62.70 crore. Under the above AS, TS[115] was accorded for "Construction[116] of Kechery Bridge across Aloor River at Kechery in Thrissur District" in April 2018 with an estimated cost of ₹3.50 crore. The work of construction of bridge was completed (15 October 2022), without approach road, at a cost of ₹2.59 crore. It was noticed that although the soil investigation report (March 2011) recommended adopting a well or open foundation[117], the agreement executed with the contractor (November 2018) stipulated the use of a pile foundation. The site was handed over in December 2018 and during execution stage open foundation was found to be feasible. Hence, due to change in the foundation, the estimate was revised to ₹2.91 crore in April 2022. However, the revised estimate excluded 19 items originally agreed upon (17 items pertained to approach road works), while introducing 15 new items essential for stabilising the bridge structure. Audit noticed that funds originally allocated for the construction of the approach road and river protection work (₹90.58 lakh) were used for execution of the bridge with additional protection and for soil stabilisation works. Further, in the revised estimate, the sufficient amount needed for approach road was not mentioned. Due to shortage of funds, PWD Bridges Division, Ernakulam approached Kerala Road Fund Board (KRFB) to include the approach road works under "KIIFB-projects, Thrissur-Kuttipuram Road, First Phase-Kechery Junction improvement-General Civil Work". However, KRFB stated (March 2022 *i.e.*, even before the approval of revised estimate) that the work will be done as and when financial sanction is accorded by KIIFB. Later, the Assistant Engineer, KRFB stated that it was not included under their project and it was decided to entrust the work to PWD

[114] GO(Rt) No. 1837/2009/ PWD dt.18 December 2009 for ₹62.70 crore.
[115] No. 463/2018-19(TSR 2018-19/2018/11 27 April 2018 for ₹3.50 crore.
[116] Part of Four laning of Thrissur-Kuttippuram Road from 5/750 to 19/650 viz., Puzhakkal to Choondal, under NABARD RIDF.
[117] Open foundations are shallow foundations constructed by excavating soil from the ground level to the founding level, where the work is visible throughout construction.
Well foundations are a type of deep foundation built as large, hollow structures (caissons) that are sunk through soil or water to a deeper, more stable layer of ground.

Bridges wing itself (February 2025). Thus, in the absence of the approach road, the bridge remained idle (March 2025) rendering the investment unproductive.

Further, on verification of PRICE[118] data (February 2025), Audit noticed that a new proposal has been initiated for demarcation of land boundaries for the construction of approach road. Audit observed that even though it became very much evident at the time of preparation of revised estimates for construction of the bridge that the amount sanctioned will not be sufficient for the required approach road, the Department went ahead with the construction of bridge. The construction of bridge without ensuring the requisite approach road and rendering the same idle (as shown in **Appendix 34**) for more than 2.5 years reflects the need for strengthening the planning, coordination and resource allocation towards the works executed by the Department. As such, till date, the ₹2.59 crore investment made towards the construction of aforementioned bridge remains unproductive.

Government replied (November 2025) that upon inspection it was noticed that three bridges (Puzhakkal, Choondal and Kechery) had to be urgently constructed between chainage 5/750 to 19/650 in order to develop the road as a four-lane road. Accordingly, the bridges were completed in September 2019, January 2021 and October 2022 respectively. However, in the case of Kechery bridge, acquisition of land was required to connect the bridge safely to the existing two-lane road. Since the work of the bridges were done with prior planning, it would be more efficient to construct the Thrissur-Kuttipuram State Highway as a four-lane road which is having high traffic density. At present, land acquisition process from Mundur to Puttekkara (km11/930 to 13/790) is in final stages.

The reply is not tenable as proper site investigation could have identified the requirement for land acquisition at an early stage. Had the necessary funds been arranged in advance, in accordance with the site conditions, the bridge would not have remained idle till date (November 2025).

Recommendation*: *Government may issue strict directions to the Department to assess the actual site conditions before commencement of any work. The funds for the work also have to be envisaged well in advance.

[118] PRICE is a workflow-based software developed by NIC-Kerala for the Public Works Department of Government of Kerala for preparation and approval of estimates along with its project proposal.

3.6 Excess payment to contractors due to manipulation/ misrepresentation of recorded measurements

Manipulation and misrepresentation of recorded level measurements of Bituminous Macadam (BM) layer resulted in excess payments by PWD to contractors amounting to ₹1.35 crore.

As per Section 2109 of the Kerala Public Works Department (KPWD) Manual (2012), in respect of works where payments exceed the Technical Sanction (TS) powers of the Superintending Engineer, all measurements, especially those involving large earthwork volumes and surface layers like Wet Mix Macadam (WMM), Bituminous Macadam (BM) and Bituminous Concrete (BC), shall be recorded in computerised Measurement Books (M-Books). The level data shall be signed by the contractor, verified by the Assistant Engineer, and checked by the Assistant Executive Engineer. These must be based on initial and final levels recorded in Level Field Books (LF Books), ideally using digital tools, where available, and submitted with billing documents in both hard and soft copies. Further, Clause 113.3 of the MoRTH Specifications mandates that payments for bituminous layers must be based on level measurements.

Audit scrutinised LF books with the final bill of improvement works of two roads[119] in the PWD Roads Division, Idukki which mainly constitute pavement of two non-bituminous layers viz., Granular Sub-Base (GSB) and WMM over GSB and thereafter two bituminous layers viz., BM and BC. A typical cross section of the pavement layer is as shown below.



Figure 12: Cross Section of different layers in improved road.

The thickness of these pavement layers is measured using level measurement instruments and recorded in LF Book. Quantity in volume of these items are worked out based on thickness of each layer. In this connection, Audit noticed the following in the two works:

[119] 1. "NABARD RIDF XXIV -Improvements and BM and BC works to Prakash - Karikkinmedu-Upputhodu road km 0/000km to 6/000km", awarded to the contractor vide Agreement No. 3/SCCCA/ 2020-21 dated 20 May 2020 for a contract value of ₹4.58 crore. 2. FDW 2018-19 improvements to Kuvilettom-Parappu road between km 3/500km to 12/250km awarded to the contractor vide Agreement no. 6/SECCA/2020-21 dated 26 May 2020 for a contract amount of ₹7.25 crore.

(i) Karikkinmedu-Upputhodu road

Government of Kerala (GoK) issued Administrative Sanction (AS) (February 2019) for the work for ₹ five crore and Chief Engineer (CE) accorded Technical Sanction (TS) (August 2019) for the same amount. The work was executed at a contract value of ₹4.58 crore and was completed in June 2023. On scrutiny of measurement books and billing module, Audit observed that the final level measurements of Wet Mix Macadam (WMM) and BM recorded in the Level Field Books (LF Books) were found to be identical at all chainages, suggesting that one of the layers may not have been executed to the specified thickness. Further, BM levels recorded in the area calculation report, used for billing, differed from those in the LF Books. Thus, out of ₹5.05 crore paid[120] to the contractor, an amount of ₹1.17 crore (₹0.99 crore plus 18 *per cent* GST) was incurred towards BM work based on inaccurate level measurements of 1247.397 cubic metre (cu.m.). The inconsistencies in level measurements indicate that the Measurement Book (M-Book) entries in the work bill do not reflect the actual work done as per the M-Book. These anomalies question the integrity of the recorded data. For illustration, the discrepancy in calculation of the final level of BM at Chainage 2000 m is detailed in **Appendix 35**.

(ii) Kuvilettom-Parappu road

GoK issued AS (December 2018) for the work for ₹7.50 crore and CE accorded TS (November 2019) for the same amount. The work was executed at a contract value of ₹7.25 crore and completed in July 2022. On scrutiny of records, discrepancies were noted between final BM level measurements recorded in the Digital Level Field Book (DLFB) at the points -1 and +1 in each chainage along the entire stretch of the road with the corresponding entries in the Area Calculation Book of BM. The audit found inflated values in the calculation report, leading to exaggerated surface area estimates.

For illustration, the discrepancy in calculation of the final level of BM at chainage 7,450 m is detailed in **Appendix 36**. Audit considered the measurements taken at the chainages 7,430 m and 7,450 m of the above road, as shown in Tables 1 and 2 of the **Appendix 37**. Out of ₹8.71 crore paid[121] to the contractor, it was noticed that an amount of ₹2.41 crore[122] was paid against the quantity of 2,536.710 cu.m. of BM. However, the quantity of BM is worked out to 2,375.4625 cu.m. (tack coat area of 47,509.250 sq.m. multiplied by uniform thickness[123] of 0.05 m) and the contractor is eligible only for ₹2.26 crore[124] towards BM. This resulted in excess payment of ₹0.18 crore (₹0.15 crore plus 18 *per cent* GST).

The Executive Engineer (EE) stated (November 2024) that the levels were digitally measured by the contractors and they maintain software for recording the measurements and calculations. Further, the field engineers presumed that

[120] Vide sixth and final bill – ₹4.41 crore *plus* ₹0.64 crore (applicable GST).
[121] Vide eighth and final bill.
[122] 2536 .710 cu.m. x ₹9500 (unit rate of BM) = ₹2.41 crore.
[123] The final level measurements of BM recorded in the LF book is exactly 50mm thickness with respect to the previous layer of the existing road surface.
[124] 2375.4625 cu.m. x ₹9500 (unit rate of BM) = ₹2.26 crore.

the level measurements would not have errors as they were done digitally. Also, the contractors did not provide the digital records to the Department for verification.

Further, Government replied (December 2025) that

1. For the work "Karikkinmedu-Upputhodu road", the error occurred due to wrong input in the software due to oversight. But in quantity calculation, Area calculation, cross section, longitudinal section etc., the level readings are correct and payment made accordingly. The audit team visited the site and was convinced by the facts. Further, no loss of money occurred to the public exchequer. The Chief Engineer has requested that the error that occurred while printing the LF book may kindly be excused. The undulations on the existing surface of the road were corrected while laying GSB and WMM. After the correction a uniform thickness of 5 cm is provided.

2. For the work "Kuvilettom-Parappu road" the final BM levels recorded in DLFB and area calculation book differed at some of the chainages, due to errors in the software used for quantity calculation. For most of the chainages, the levels for +1 point were not directly taken from the site, but interpolated from two consecutive reduced levels, which is a usual practice in level calculation. The quantity calculation was not manipulated. Since all the calculations were carried out with the help of the software, it requires some time to assess the exact quantity of BM as per the reduced levels entered in DLFB. Upon completion of the assessment, excess payment made, if any, for BM will be recovered from the contractor and will report the same.

The reply of the EE is not tenable as the field engineers did not conduct independent verification, contravening KPWD Manual provisions. Further, Audit observed a discrepancy between the figures in the Measurement Book and the Area Calculation Sheet. The EE's response, rather than clarifying the discrepancies, reinforces audit observations regarding the possibility of data manipulation.

The Government, contradicting the EE's reply, stated that the wrong input in the software was due to oversight. The reply is not acceptable as the EE has already stated that the level measurements were presumed as correct. Further, Audit was not convinced as stated in the reply, rather, noted visual signs inconsistent with the BC/BM executed quantities. Even after rectifying the WMM, achieving uniform BM and BC thickness while retaining the existing undulation is not feasible, as these layers are compacted with road rollers and pavers to ensure a smooth surface.

With respect to the second work, the audit comment is based on the measurements recorded in the LF Book and the calculation sheet. The final volume calculation by Division Office is based on incorrect values in the calculation sheet and not based on the figures in the LF book. Further, the reply confirms that the excess payment remains to be calculated and acted upon.

The field engineers failed to follow the KPWD Manual's directions, leading to errors in measurements and calculation sheets, which ultimately resulted in

excess payments amounting to ₹1.35 crore. The failure to adhere to prescribed procedures and verify the accuracy of digital measurements indicates a systemic lapse. The absence of verification mechanisms at the Divisional Office level further compounds the issue. The anomalies, identical level mismatches between DLFB and calculation sheets, and replication of undulations indicate that levels used for payment were not recorded from actual field measurements.

Given that similar irregularities were observed across two subdivisions[125], the likelihood of widespread manipulation and overpayments in other works cannot be ruled out. The Department must conduct a comprehensive review of measurement and billing practices to ensure compliance, transparency, and financial accountability.

Recommendation*: *Government may give strict instructions to the Department to verify the measurement levels accurately and avoid losses. Responsibility shall be fixed on the officials accountable for such losses.

Thiruvananthapuram,
The 17 July 2026

(VISHNUKANTH P. B.)
Accountant General (Audit II), Kerala

Countersigned

New Delhi,
The 24 July 2026

(K. SANJAY MURTHY)
Comptroller and Auditor General of India

[125] Upputhodu and Kuvilettam Roads Sub divisions in Idukki.

Appendices

Appendix 1
Department-wise breakup of outstanding IRs and paragraphs as on 30 June 2024
(Referred to in paragraph 1.5.1)

Department / Autonomous Body		No. of IRs	No. of Paragraphs
Environment and Climate Change		5	31
Forest and Wildlife		188	1084
Science and Technology		3	7
Autonomous Body- Environment Department		10	83
Autonomous Body- Forest		2	21
Autonomous Body – Science and Technology		27	133
Public Works Department	PWD Secretariat	2	18
	Roads	129	819
	Bridges	13	81
	NH	52	175
	KSTP	14	131
	KHRI and Designs	5	15
	KRFB	4	46
	Buildings	155	793
Tourism		7	61
Port		16	58
Cultural Affairs		23	127
Electronics and Information Technology		2	20
Industries and commerce		38	258
Labour[126]		6	13
Transport		6	38
Power		15	50
Autonomous Bodies- Tourism		17	78
Autonomous Bodies- Cultural Affairs		88	535
Autonomous Bodies- Electronics and Information Technology		25	181
Autonomous Bodies- Industries and commerce		15	62
Autonomous Bodies- Transport		1	14
Autonomous Bodies- Power		9	63
Finance		58	216
Planning and Economic Affairs		47	111
Total		**982**	**5322**

[126] Labour Department comes under Audit-I. However, Directorate of Factories and Boilers and Joint Director's Offices are audited in Audit-II.

Appendix 2
Statement showing approval of project proposals without conducting feasibility/technical studies
(Referred to in paragraph 2.1.10.1)

Sl. No.	Project	Executing agency	AS date	Time of Completion (months)	AS amount (₹ in crore)	Status as per PMS Report (23 August 2024)	Amount released (₹ in crore)	Reply of Government (26 August 2025) and audit remarks
	Non-utilisation / idling of projects – 14 projects							
1	Renovation of Tourism Amenity Centre, Aruvikuzhi, Pathanamthitta	DTPC Pathanamthitta	14/02/2022	06	0.19	Completed	0.19	Government accepted the audit findings and stated that to strengthen planning processes, the department will integrate technical feasibility studies alongside stakeholder consultations for future projects.
2	Adventure Park at Payyambalam, Kannur	DTPC Kannur	20/12/2018	18	0.99	In-progress	0.51	The reply has been incorporated in the report under Para 2.1.10.1(i).
3	Construction of Kannammoola-Akkulam Nellikuzhi Cartable Bridge	ULCCS	24/02/2019	12	4.96	In-progress	2.10	Government replied that the DPR is prepared on the basis of detailed feasibility study and design and approved by the Working Group. The reply is not tenable as feasibility study was not conducted as envisaged in the tourism manual.
4	Revitalisation of Chalai Market	HTG	31/08/2018	24	9.99	In-progress	1.83	
5	Pullooppi Promenade - River Front and Offshore Development - Phase I at Narath Grama panchayat	KEL	27/04/2022	18	4.02	Completed	2.87	The reply has been incorporated in the report under Para 2.1.10.1(ii).
6	Boat Purchase for Malabar-Malanad River Cruise Circuit	KSINC	04/09/2019	10	4.68	Completed	3.74	Government accepted the audit findings and stated that the audit observations were taken in the true spirit of constructive evaluation for future initiatives.
7	MHP - Conservation of Benglakadavu and others - Mala Synagogue, St. Sebastian Parsonage, Cheraman Juma Masjid	INKEL	03/01/2018	18	4.54	In-progress	1.43	Government replied that for issuing AS, feasibility study is mandatory, and the working group is considering the proposal for approval after feasibility study and verifying all such documents/ reports. The reply is not tenable as feasibility study was not conducted as envisaged in the tourism manual.
8	MHP - Construction of Boat Jetties at Azhikode Marthoma Church, Thiruvanchikulam	Irrigation Department	19/03/2018	18	2.26	In-progress	2.25	

Sl. No.	Project	Executing agency	AS date	Time of Completion (months)	AS amount (₹ in crore)	Status as per PMS Report (23 August 2024)	Amount released (₹ in crore)	Reply of Government (26 August 2025) and audit remarks
	Temple, Pallippuram Fort, Valiyappally at Gothuruthu and Kuttichira near North Paravur in Muziris Project Ltd.							
9	THP - Valliyoorkavu Development of Market and Exhibition Space	KEL	16/09/2019	12	4.88	Completed	4.78	Government replied that the DPR includes the safety and stability and feasibility certificate. The reply is not tenable as feasibility study was not conducted as envisaged in the tourism manual.
10	Punarjani-Quilon Eco Park Project	Irrigation Department	26/09/2017	18	3	In-progress	2.48	Government accepted the observation and stated that proactive steps were taken to address the observation and will ensure better planning and coordination in future projects.
11	Conservation and restoration of Chinese Fishing Nets	KITCO	03/06/2014	12	1.50	In-progress	1.20	Government replied that the proposal has been placed before working group after feasibility study and verifying all such document / report. The reply is not tenable as feasibility study was not conducted as envisaged in the tourism manual.
12	Development of Kalassamala Eco-Tourism Project	Kerala State Nirmithi Kendra	28/01/2019	18	2.20	Completed	1.82	Government accepted the observation and stated that DoT will now mandate feasibility studies before approvals.
13	MHP - Development of Munakkal Beach	INKEL	08/02/2021	12	5.97	In-progress	3.28	Government replied that the proposal has been placed before working group after feasibility study and verifying all such document / report. The reply is not tenable as feasibility study was not conducted as envisaged in the tourism manual.
14	MHP-Construction of Boat Jetties at Munakkal Beach, Azhikode and Benglakadavu, Mathilakam	INKEL	11/09/2020	12	1.30	Completed	1.30	
	Non-completion of the projects – 11 projects							
15	Construction of Yathri Nivas at Athirappilly - Phase II works	SILK	03/02/2021	12	5.00	In-progress	1.13	Government replied that Tourism Department identified an alternative site, soil test was conducted and a revised

Sl. No.	Project	Executing agency	AS date	Time of Completion (months)	AS amount (₹ in crore)	Status as per PMS Report (23 August 2024)	Amount released (₹ in crore)	Reply of Government (26 August 2025) and audit remarks
	Yathri Nivas at Athirapilly-Phase I	SILK	18/12/2015	12	5.00	In-progress	2.55	structural design was prepared. Technical sanction for the first phase of the project was then granted for ₹ five crore. The reply is not tenable as it is silent on the conduct of a feasibility study and is not specific to the audit finding.
16	Oceanus Chaliyam - Phase 2	ULCCS	26/04/2022	18	8.56	In-progress	1.69	Government accepted the audit findings and stated that efforts have been intensified to conduct periodic review meetings and to strengthen verification mechanisms to optimize resource utilization. Further, the audit observations have been taken in the true spirit of constructive evaluation for future projects.
17	Upgradation of Exhibition at Napier Museum, TVM	KEL	14/02/2021	12	8.53	Not Started	0	Government replied that DPR was prepared on the basis of detailed feasibility study and design and due to non-receipt of consent from authorities, the project has not been started. The reply is not tenable as feasibility study was not conducted as envisaged in the tourism manual.
18	Panchalimedu Tourism Project - Phase II	DTPC Idukki	16/09/2019	18	3	In-progress	0	Government replied that feasibility certificate was submitted along with DPR. The reply is not tenable as feasibility study was not conducted as envisaged in the tourism manual.
19	Development of Perumathura Beach in Thiruvananthapuram	Harbour Engineering Department	22/08/2019	12	3	In-progress	0.06	Government replied that DPR was prepared on the basis of detailed feasibility study and design. The reply is not tenable as feasibility study was not conducted as envisaged in the tourism manual.
20	Destination Development of Kovalam Phase 1 - Samudra	ULCCS	09/01/2018	12	9.90	In-progress	2.23	Government replied that the agency has completed all the work and project was inaugurated on 14/02/2021. The reply is

Sl. No.	Project	Executing agency	AS date	Time of Completion (months)	AS amount (₹ in crore)	Status as per PMS Report (23 August 2024)	Amount released (₹ in crore)	Reply of Government (26 August 2025) and audit remarks
	Beach Park Area and Grove Beach Area							not tenable as it is silent on the conduct of a feasibility study and is not specific to the audit finding.
21	Development of Veli Tourist Village-Eco Park and Shore Line Development - Revised AS	ULCCS	29/08/2018	24	7.15	In-progress	1.57	Government replied that the agency has completed 100 *per cent* of the project in the first phase and the project was inaugurated on 02 December 2020. The reply is not tenable as it is silent on the conduct of a feasibility study and is not specific to the audit finding.
22	Development of Veli Tourist Village-Urban Park	ULCCS	31/08/2018	12	8.40	In-progress	1.46	
23	Shanghumugham Beach front Development -Parking/Traffic and Recreational Hub	ULCCS	28/09/2018	18	4.99	In-progress	0	Government replied that agency has completed all the works in the project now. DTPC is the custodian of the park. The reply is not tenable as it is silent on the conduct of a feasibility study and is not specific to the audit finding.
24	Travancore heritage project - Facade illumination of historical buildings - Zone A, B, C, D, E	SILK	13/02/2021	12	35.60	In-progress	0.02	Government replied that when the executing agency took over the project, the building owners were not cooperative and the project was completed within the extended time. The reply is not tenable as it is silent on the conduct of a feasibility study and is not specific to the audit finding.
25	Vanchikulam Nature park – Phase I	Kerala State Nirmithi Kendra	25/09/2017	18	2.21	In-progress	0.85	Government replied that the project is nearing completion. The reply is not tenable as the same is silent on conducting feasibility study and is not specific to the audit finding.
	Non commencement/ abandonment of projects- 08 projects							
26	Construction of Pilgrim Amenity Centre at Madappally Sreekrishna Swamy Temple, Vaikkom	SILK	29/01/2021	06	0.33	Completed	0	Government replied that Feasibility certificate was prepared by the empanelled architect. The reply is not tenable as feasibility study was not conducted as envisaged in the tourism manual.

Sl. No.	Project	Executing agency	AS date	Time of Completion (months)	AS amount (₹ in crore)	Status as per PMS Report (23 August 2024)	Amount released (₹ in crore)	Reply of Government (26 August 2025) and audit remarks
27	Monroe Island Village Tourism	Irrigation Department	26/09/2017	18	3	In-progress	2.40	Government replied that lack of technical assessment has resulted in approval of unviable components. Thus, Government has accepted the audit finding that feasibility/ technical study was not conducted.
28	Construction of World Class Toilet Blocks at Various Tourist Destinations - Phase 1 and II	KITCO	21/08/2019	18	9.26	Completed	1.08	Government replied that the world class toilet blocks at Kollam and Varkala were completed and abandoned at Fort Kochi and Alappuzha. The reply is not tenable as it is silent on the conduct of a feasibility study and is not specific to the audit finding.
29	MHP - Beautification of Kodungallur Bypass - 3 KM between Kottappuram and Chanthappura	INKEL	04/08/2020	12	3.60	In-progress	1.16	Government replied that the proposal was placed before working group after feasibility study and verifying all such documents / reports. The reply is not tenable as copy of the feasibility study report was not made available to audit for scrutiny.
30	Illikkal Kallu Tourism Development Project at Kottayam	DTPC Kottayam	07/09/2019	18	3	In-progress	0.90	Government accepted the audit findings and stated that, at present, all projects are submitted from DTO office with feasibility study.
31	Construction of Suspension bridge at Chowara Pozhi - Kovalam	SILK	30/06/2014	12	4.70	In-progress	1.00	Government replied that Working Group has examined the project and issued AS. The reply is not tenable as it is silent on the conduct of a feasibility study and is not specific to the audit finding.
32	Kilipadam The Bird watchers paradise Eco Tourism development at Kakkathuruthu, Kunnamkulam, Thrissur	DTPC	26/09/2017	18	2.50	In-progress	1.25	Government accepted the audit findings and stated that at present the department has formed an engineering wing and proper planning and study will be conducted.
33	Renovation and restoration of Pookode Lake and its premises at Wayanad	DTPC Wayanad	21/08/2019	18	8.85	In-progress	2.42	Government accepted the audit findings and stated that the department is committed to strengthening the planning

Sl. No.	Project	Executing agency	AS date	Time of Completion (months)	AS amount (₹ in crore)	Status as per PMS Report (23 August 2024)	Amount released (₹ in crore)	Reply of Government (26 August 2025) and audit remarks
								process by ensuring comprehensive, site-specific feasibility studies and conducting broader stakeholder consultations.
			Total		**187.06**		**51.55**	

Government reply has been incorporated in the report under Para 2.1.10.1(i) and Para 2.1.10.1(ii) in respect of two projects (Sl. No. 2, 5). Government accepted the audit findings in respect of nine projects (Sl. Nos. 1,6,10,12,16,27,30,32,33) and did not accept the audit findings in respect of 13 projects (Sl. Nos. 3,4,7,8,9,11,13,14,17,18,19,26,29). For the remaining nine projects, the reply furnished by the Government did not address the audit findings.

Appendix 3
Statement showing approval of project proposal without obtaining the report of the DTO
(Referred to in paragraph 2.1.10.3)

Sl. No.	Project	Executing agency	AS date	Time of Completion (months)	AS amount (₹ in crore)	Status as per PMS Report (23 August 2024)	Amount released (₹ in crore)	Remarks	Reply of Government (26 August 2025) and audit remarks
1	Muziris Heritage Project - Development of Munakkal Beach at Azhikode, Thrissur	INKEL	11/09/2020	12	5.97	In-progress	3.28	Execution delay	Government accepted the audit findings and stated that corrective action has been taken for the submission of the DPR through concerned Deputy Directors.
2	Development of Neyyar Dam as Tourist Destination Phase- I	Irrigation Department	04/08/2020	12	4.65	Completed on 23/08/2022	2.51	Execution delay	Government accepted the audit findings and stated that the department is committed to strengthening its project planning process by ensuring comprehensive, site-specific feasibility studies and conducting broader stakeholder consultations, including active involvement of District Tourism Offices before finalizing similar project proposals.
3	Monroe Island Village Tourism Project at Kollam	Irrigation Department	26/09/2017	18	3.00	In-progress	2.40	Abandon-ment	Government accepted the audit findings and stated that at present, all the project proposals are routed through the District Officers concerned.
4	Upgradation of basic amenities at Thenmala	TEPS	12/02/2020	18	1.30	Completed	0	Partial execution	Government accepted the audit findings and stated that the lapse in routing the proposal through the concerned DTO is noted.
5	Construction of World Class Toilet Block at six tourist	KITCO	21/08/2019	18	9.26	In-progress	1.08	Abandon-ment	Government accepted the audit findings and stated that at present, all the project

Sl. No.	Project	Executing agency	AS date	Time of Completion (months)	AS amount (₹ in crore)	Status as per PMS Report (23 August 2024)	Amount released (₹ in crore)	Remarks	Reply of Government (26 August 2025) and audit remarks
	destinations in Kerala							(Alappuzha and Kannur)	proposals are routed through the District Officers concerned.
6	Pullooppi Promenade River Front and Offshore Development at Pullooppi-Narath Grama Panchayath-Kannur District	KEL	27/04/2022	18	4.02	Completed on 09/09/2023	2.87	Idling	Government replied that the architect has given a feasibility certificate in DPR with the recommendation of DD. The reply is not tenable as the report of the DTO was not furnished to audit for scrutiny.
7	Thalassery Heritage Project - St. Johns Anglican Church - Street Development and Landscape Design	KEL	07/09/2019	2	1.85	Completed on 14/07/2023	0.55	Abandon-ment	Government accepted the audit findings and stated that the audit observations is taken in true spirit of constructive evaluation for future projects.
8	Muziris Heritage Project-Conservation of Benglakadavu and Others	INKEL	03/01/2019	18	4.54	In-progress	1.43	Idling	Government accepted the audit findings and stated that corrective action has been taken to submit the DPR through concerned DTO.
9	Panchalimedu Tourism Project – Phase-II	KIIDC	16/09/2019	18	3.00	In progress	0	Execution delay	Government replied that the agency submitted the DPR with the recommendation of DD. The reply is not tenable as the report of the DTO was not furnished to audit for scrutiny.
10	Punarjani-Quilon Eco Park Project	Irrigation Department	26/09/2017	18	3.00	In-progress	2.48	Partial execution	Government accepted the audit findings and stated that at present, all the project proposals are routed through the District Officers concerned.
11	Conservation and restoration of Chinese fishing nets	KITCO	03/06/2014	12	1.50	In-progress	1.20	Partial execution	Government replied that all communication regarding the project is done through DTOs. The reply is not tenable as the

Sl. No.	Project	Executing agency	AS date	Time of Completion (months)	AS amount (₹ in crore)	Status as per PMS Report (23 August 2024)	Amount released (₹ in crore)	Remarks	Reply of Government (26 August 2025) and audit remarks
									report of the DTO was not furnished to audit for scrutiny.
12	Construction of Suspension Bridge at Chowara Pozhi	SILK	30/06/2014	12	4.70	In-progress	1.00	Abandon-ment	Government replied that DTO, Thiruvananthapuram became operational from 2020 only and the project was managed by Head Office. The reply is not tenable as the same is silent on conducting a site visit and submitting a report to Head office.
13	Development of Perumathura Beach in Thiruvananthapuram	HED	22/08/2019	12	3.00	In-progress	0.06	Execution delay	Government accepted the audit findings and stated that it is committed to strengthening its project planning process.
14	Destination Development of Kovalam Phase I - Samudra Beach Park area and Grove Beach area	ULCCS Ltd.	01/09/2018	12	9.90	In-progress	2.23	Execution delay	Government replied that DTO, Thiruvananthapuram became operational from 2020 only and the project was managed centrally by Head Office. Further, the Working Group has examined the project and issued AS in view of tourism potential. The reply is not tenable as the same is silent on conducting a site visit and submitting a report to Head office.
15	Shanghumugham Beach Front Development – "Entry improvement and Urban Plaza Development"-	ULCCS Ltd.	09/02/2021	12	6.60	In-progress	1.11	Execution delay	
16	Development of Veli Tourist Village-Eco Park and Shoreline Development	ULCCS Ltd.	07/02/2021	24	7.15	In-progress	1.57	Execution delay	
17	Development of Veli Tourist Village-Urban Park	ULCCS Ltd.	13/02/2021	12	8.40	In-progress	1.46	Execution delay	

Sl. No.	Project	Executing agency	AS date	Time of Completion (months)	AS amount (₹ in crore)	Status as per PMS Report (23 August 2024)	Amount released (₹ in crore)	Remarks	Reply of Government (26 August 2025) and audit remarks
18	Shanghumugham Beach Front Development - Cultural Hub Development	ULCCS Ltd.	07/02/2021	18	6.60	In-progress	2.00	Idling	
19	Construction of Convention Centre at Veli	ULCCS Ltd.	31/08/2018	12	9.98	Completed on 04/06/2023	3.66	Execution delay	
20	Beautification of Payyambalam Beach walk way-Phase-2	SILK	11/10/2021	18	4.34	Not started	0	Abandon-ment	Government accepted the audit findings and stated that the audit observations have been taken in the true spirit of constructive evaluation for future projects.
21	En Ooru - Tribal Development-cum-Tourism - Revised AS	DNK	04/09/2019	12	4.54	Completed on 01/10/2022	0.91	Execution delay	Government accepted the audit findings and stated that they recognize the importance of adhering to procedural rigor.
22	Muziris Heritage Project - Construction of Boat Jetties at Pallippuram Fort, Valiyapally, Azhikode, Thiruvanchikulam and Kuttichira	Irrigation Department	19/03/2018	18	2.26	In-progress	2.25	Idling	Government accepted the audit findings and stated that at present, corrective action has been taken to submit the DPR of the projects through concerned Deputy Directors.
				Total	**109.56**		**34.05**		

Government accepted the audit findings in respect of 12 projects (Sl. Nos. 1,2,3,4,5,7,8,10,13,20,21,22) and did not accept the audit findings in respect of three projects (Sl. Nos. 6,9,11). For the remaining seven projects, the reply furnished by the Government did not address the audit findings.

Appendix 4
District wise sanction of 642 projects selected for sampling
(Referred to in paragraph 2.1.11.1)

District	No. of projects	Total AS amount (₹)
Thiruvananthapuram	178	571,15,38,657
Kannur	51	403,46,90,604
Kozhikode	69	142,28,40,283
Thrissur	42	90,81,28,398
Ernakulam	51	81,04,54,729
Wayanad	22	62,48,28,282
Idukki	39	60,40,93,965
Kottayam	33	56,31,02,150
Kollam	33	50,52,36,594
Kasaragod	18	44,80,55,791
Pathanamthitta	23	38,73,76,907
Alappuzha	20	35,21,90,130
Malappuram	19	30,28,83,525
Palakkad	16	19,36,84,854
General	28	160,52,42,686
Total	**642**	**1847,43,47,555**

Appendix 5

Non-submission of detailed time schedule for the completion of various items of work, non -conduct of independent audit, third party technical audit etc.- 43 projects

(Referred to in paragraph 2.1.11.1)

Sl. No.	Project	Executing agency	AS date	AS amount (₹ in crore)	Period of completion	Status as per PMS Report (23/08/2024)
1	Renovation of Kulanada Amenity Centre, Pathanamthitta	District Nirmithi Kendra	13/06/2022	0.39	6 months	Completed
2	Renovation of Tourist Amenity Centre, Aruvikuzhi, Pathanamthitta	District Nirmithi Kendra	14/02/2022	0.19	6 months	Completed
3	Interior work, MEP work, Land development work for the proposed convention centre at Veli	ULCCS Ltd.	22/08/2019	7.85	12 months	In-progress
4	Maintenance and Renovation of Guest House, Kannur	ULCCS Ltd.	24/07/2018	2.00	6 months	In-progress
5	Construction of SIHM Boys Hostel - Phase II	ULCCS Ltd.	13/02/2020	3.30	12 months	Completed
6	Bliss Park at Butt Road, Kozhikode	District Nirmithi Kendra	28/11/2019	1.00	12 months	Completed
7	En Ooru - Tribal Development Cum Tourism - Revised AS	District Nirmithi Kendra	04/09/2019	4.54	12 Months	Completed
8	Neyyar Dam as a tourist destination- Second stage	Irrigation Department	22/08/2019	4.92	12 months	In-progress
9	Renovation and Restoration of Pookode Lake and Premises	DTPC / WAPCOS	21/08/2019	8.85	18 months	In-progress
10	Adventure Park at Payyambalam Kannur	DTPC /WAPCOS	20/12/2018	0.99	12 months	In-progress
11	Restoration of Amayizhanjan Thodu from Kannammoola – construction of Nellikuzhi Cartable Bridge	ULCCS Ltd.	24/02/2019	4.96	12 months	In-progress
12	Monroe Island Village Tourism Project at Kollam	Irrigation Department	26/09/2017	3.00	18 months	In-progress
13	Upgradation of basic amenities at Thenmala	Thenmala Ecotourism Promotion Society (TEPS)	12/02/2020	1.30	18 months	Completed
14	Construction of World Class Toilet Block at six tourist destinations in Kerala	KITCO	21/08/2019	9.26	18 months Pookode – Completed Kollam – In-progress Fort Kochi- Not started Payyambalam – Not started Alappuzha – Abandoned	
15	Pullooppi Promenade River Front and Offshore Development at Pullooppi-Narath Grama Panchayath- Kannur District	Kerala Electrical and Allied Engineering Co Ltd.	27/04/2022	4.02	18 Months	Completed

Sl. No.	Project	Executing agency	AS date	AS amount (₹ in crore)	Period of completion	Status as per PMS Report (23/08/2024)
16	Thalassery Heritage Project - St. Johns Anglican Church - Street Development and Landscape Design	KEL	07/09/2019	1.85	2 months	Completed
17	Construction of Jalakam Eco Park at Amappara, Idukki	DTPC / SILK	28/01/2019	2.25	18 months	Completed
18	Construction of Food Craft Institute, Kozhikode	ULCCS Ltd.	10/01/2018	9.75	18 months	In-progress
19	Muziris Heritage Project- Conservation of Benglakadavu and Others	INKEL Ltd.	03/01/2019	4.54	18 months	In-progress
20	Muziris Heritage Project - Construction of Boat Jetties at Azhikode Marthoma Church, Thiruvanchikulam Temple, Pallippuram Fort, Valiyapally at Gothuruthu and Kuttichira near North Paravur	Irrigation Department	19/03/2018	2.26	18 Months	In-progress
21	Panchalimedu Tourism Project – Phase-II	DTPC/ KIIDC	16/09/2019	3.00	18 Months	In-progress
22	Punarjani-Quilion Eco Park Project	DTPC/ Irrigation Department	26/09/2017	3.00	18 Months	In-progress
23	Thalassery Heritage Project – Gundert Bungalow – Development of Museum Component	SILK	19/11/2019	1.87	12 months	Completed
24	Conservation and restoration of Chinese Fishing Nets	KITCO	03/06/2014	1.50	12 months	In-progress
25	Expansion of Eco-Tourism Activities at Arippa, Thiruvananthapuram	Eco-tourism Directorate	12/02/2020	1.87	12 months	In-progress
26	Urban Square-Phase I at Pettah, Thiruvananthapuram	KEL	14/02/2021	3.97	12 months	In-progress
27	Destination Development of Kovalam Phase I -Samudra Beach Park area and Grove Beach area	ULCCS Ltd.	01/09/2018	9.90	12 Months	In-progress
28	Shanghumugham Beach Front Development -"Entry improvement and Urban Plaza Development"	ULCCS Ltd.	29/08/2018 09/02/2021 (Revised)	6.60	12 Months	In-progress
29	Development of Veli Tourist Village-Eco Park and Shoreline Development	ULCCS Ltd.	29/08/2018 07/02/2021 (Revised)	7.15	12 Months	In-progress
30	Development of Veli Tourist Village-Urban Park	ULCCS Ltd.	31/08/2018 13/02/2021 (Revised)	8.40	12 Months	In-progress

Sl. No.	Project	Executing agency	AS date	AS amount (₹ in crore)	Period of completion	Status as per PMS Report (23/08/2024)
31	Shanghumugham Beach Front Development - Cultural Hub Development"	ULCCS Ltd.	29/09/2018	4.99	18 Months	In-progress
32	Construction of Convention Centre at Veli	ULCCS Ltd.	31/08/2018	9.98	12 Months	Completed
33	Construction of a Convention Centre at Sree Narayana Gurukulam, Chempazhanthi	ULCCS Ltd.	01/10/2018	9.90	12 Months	Completed
	Digital Museum, MEP, Interior, Yarn Development Work, Office building in connection with Convention Centre at Sree Narayana Gurukulam, Chempazhanthi, Thiruvananthapuram	M/s ULCCS Ltd.	04/09/2019	9.00	12 Months	In-progress
34	Creation of Children's Park at Manappattuchira in Malayattoor	DTPC/LSGD	04/01/2021	0.65	12 Months	Completed
35	Pilgrim Tourism Amenity and Facilitation Centre at the premises of Thiruvairanikkulam Mahadeva temple (Phase-1)	DTPC/WAPCOS	20/09/2019 09/02/2021 (Revised)	5.50	18 Months	Completed
36	Construction of accommodation Complex at Government Guest House, Munnar- Additional/ balance work - Phase-2	Habitat Technology Group	21/11/2019	2.03	12 Months	In-progress
37	Adventure Park at Chootad Beach, Kannur	DTPC/ WAPCOS	10/01/2019 24/11/2022 (Revised)	1.65	12 Months	In-progress
38	Kilipadam The Bird watchers paradise Eco Tourism development at Kakkathuruthu, Kunnamkulam, Thrissur	DTPC / KSIE	26/09/2017	2.50	18 Months	In-progress
39	Vanchikulam Nature park-phase-I	Kerala State Nirmithi Kendra (KSNK)	25/09/2017 28/01/2024 (Revised)	2.21	18 Months	In-progress
40	Muziris Heritage Project - Development of Munakkal Beach at Azhikode, Thrissur	INKEL Ltd.	11/09/2020	5.97	12 Months	In-progress
41	Expansion phase of Development of Adventure Tourism at Karlad lake, Wayanad	DTPC/ District Nirmithi Kendra	31/07/2018	4.91	18 Months	In-progress
42	Clean Destination Campaign for the year 2019-20 to 2023-24	DTPC	2019-24	47.12	NA	NA

Sl. No.	Project	Executing agency	AS date	AS amount (₹ in crore)	Period of completion	Status as per PMS Report (23/08/2024)
43	Setting up of State Institute of Hotel management and Catering Technology at Kottayam	Kerala Irrigation Infrastructure Development Corporation Limited	26/02/2014	30.00	36 Months	In-progress
			Total	**260.89**		

Appendix 6
Non-adherence to timelines in completion of 74 projects
(Referred to in paragraph 2.1.11.1, 2.1.11.3(i))

Sl. No.	Name of Project	Executing Agency	Date of AS	AS Amount (₹)	Amount Released As On 23/08/2024 (₹)	Due Date of Completion	Status As Per PMS Report (23/08/2024)
1	Construction of Suspension bridge at Chowara Pozhi - Kovalam	Steel Industries Kerala Ltd.	30/06/2014	4,70,00,000	1,00,00,000	06/03/2015	In Progress
2	Construction of Government Guest House Phase III in Sulthan Bathery - Revised AS	KITCO	07/03/2014	15,97,67,107	9,23,94,047	07/09/2015	In Progress
3	Setting up of Institute of Hotel Management and Catering Technology (IHMCT) at Kottayam	KIIDC Ltd.	26/02/2014	30,00,00,000	10,45,60,000	26/02/2017	In Progress
4	Expenses for the selection of consultants and preparation of project reports, DPRs	KTIL (TRKL)	12/01/2016	38,50,000	19,25,000	12/07/2017	In Progress
5	Yathri Nivas at Athirapilly	Steel Industries Kerala Ltd.	18/12/2015	5,00,00,000	2,55,16,250	18/06/2017	In Progress
6	Proposal for Development of rock park at Irattinpuram Neyyatinkara, Thiruvananthapuram	Irrigation Department	15/03/2017	2,66,19,369	1,33,76,233	15/09/2018	In Progress
7	Urgent repair and maintenance works at Kerala House, Mumbai	PWD Special Buildings Division	17/01/2017	2,98,00,000	0	17/01/2018	In Progress
8	Swadesh Darshan - Development of Sree Padmanabha Aranmula Sabarimala as a Spiritual circuit - Sree Padmanabha Components	Travancore Devaswom Board	19/09/2016	80,07,73,050	18,48,85,000	19/03/2018	In Progress
9	MHP - Construction of Boat Jetties at Azhikode Marthoma Church, Thiruvanchikulam Temple, Pallippuram Fort, Valiyappally at Gothuruthu and Kuttichira near North Paravur in Muziris Project Ltd.	MD, Muziris Project Ltd.	19/03/2018	2,25,50,000	2,25,50,000	19/09/2019	In Progress
10	Beautification of existing childrens park, walkway and other infrastructural facilities in the bank of Muthirapuzha river at Munnar	DTPC Idukki	08/08/2017	3,65,00,000	73,00,000	08/02/2019	In Progress
11	Monroe Island Village Tourism	Irrigation Department	26/09/2017	3,00,00,000	2,40,00,000	26/03/2019	In Progress
12	Installation of photo frames at seven locations - Idukki	Department of Tourism	2017-18	38,17,116	0	06 months	In Progress

Sl. No.	Name of Project	Executing Agency	Date of AS	AS Amount (₹)	Amount Released As On 23/08/2024 (₹)	Due Date of Completion	Status As Per PMS Report (23/08/2024)
13	Renovation of Existing police Aid post at Tourist Facilitation Centre,Kovalam	District Nirmithikendra	2017-18	3,12,849	0	NA	In Progress
14	Construction of Government Guest House at Guruvayoor	Department of Tourism	25/08/2017	22,45,00,000	17,91,77,060	25/02/2019	In Progress
15	Barrier-free Kerala Tourism - Revised AS	Department of Tourism	26/09/2017	6,91,17,011	3,55,25,824	26/03/2019	In Progress
16	Construction of Chamravattom - Nila Heritage Museum, Ponnani - Revised AS	Department of Tourism	08/01/2018	7,56,00,000	1,40,61,694	08/07/2019	In Progress
17	Construction of Yathri Nivas at Kanyakumari	KTDC	26/10/2017	17,60,26,265	3,52,05,200	26/04/2019	In Progress
18	Malanad - Development of Kottapuram House boat Terminal, Kasargod	Department of Tourism	26/09/2017	8,00,00,000	7,46,75,895	26/03/2019	In Progress
19	Destination Development of Kovalam Phase 1 - Samudra Beach Park Area and Grove Beach Area	Department of Tourism	09/01/2018	9,90,00,000	2,22,84,000	09/01/2019	In Progress
20	Kottapuram House Boat Terminal - Footpath Construction	DTPC Kasargod	25/01/2019	1,48,00,000	29,11,700	25/07/2020	In Progress
21	Shanghumugham Beach front Development - Parking/Traffic and Recreational Hub	ULCCS Ltd.	28/09/2018	4,99,30,743	0	07/02/2021	In Progress
22	MHP - Conservation of Benglakadavu and others - Mala Synagogue, St. Sebastian Parsonage, Cheraman Juma Masjid	Department of Tourism	01/03/2019	4,53,87,000	1,43,01,000	03/07/2019	In Progress
23	Construction of Kannammoola-Akkulam Nellikuzhi Cartable Bridge to achieve the Development of Akkulam Tourism and Rejuvenation of Amayizhanjan Thodu	ULCCS Ltd.	24/02/2019	4,96,27,257	99,25,451	24/02/2020	In Progress
24	Expansion Phase of Development of Adventure Tourism at Karlad Lake, Wayanad	DTPC Wayanad	31/07/2018	4,91,37,181	2,60,00,000	31/01/2020	In Progress
25	MHP - Construction of PA Syed Mohammed Smarakom	Department of Tourism	01/03/2019	4,95,61,000	2,55,75,327	01/09/2020	In Progress
26	Adventure Park at Payyambalam, Kannur	DTPC Kannur	20/12/2018	99,99,616	49,99,808	20/12/2019	In Progress
27	Digital Museum at Kanakakkunnu Palace, Thiruvananthapuram	ULCCS Ltd.	21/08/2018	6,88,00,000	1,07,00,000	21/02/2020	In Progress
28	Revitalization of Chalai Market	Habitat Technology Group	31/08/2018	9,98,53,000	1,82,57,820	31/08/2020	In Progress

Sl. No.	Name of Project	Executing Agency	Date of AS	AS Amount (₹)	Amount Released As On 23/08/2024 (₹)	Due Date of Completion	Status As Per PMS Report (23/08/2024)
29	Developing the Beach Tourism at Varkala	State Nirmithi Kendra	31/08/2018	8,99,32,191	1,79,86,438	29/02/2020	In Progress
30	Destination Development at Kovalam Phase II - Eves Beach, Sea Rock Beach and Light House Beach	ULCCS Ltd.	28/01/2019	9,95,00,000	0	28/07/2020	In Progress
31	MHP - Conservation of Various Heritage Buildings - Canal Office, Paliam Ootupura, Keezhtali temple, Holycross church	MD, Muziris Project Ltd.	01/03/2019	6,61,78,000	3,24,18,283	01/09/2020	In Progress
32	Flood damage works at Idukki Park - Construction of Retaining Wall at Landslide Area	Department of Tourism	11/02/2019	10,00,00,000	0	25/10/2020	In Progress
33	AHP - Development of Museum of Coir History	MD, Muziris Project Ltd.	01/05/2018	9,68,31,000	4,15,43,029	01/11/2019	In Progress
34	Construction of Food Craft Institute building at Kozhikode	Department of Tourism	01/10/2018	9,75,00,000	3,50,00,000	10/07/2019	In Progress
35	Shanghumugham Beach Front - Entry Improvement and Urban Plaza Development - Revised AS	ULCCS Ltd.	29/08/2018	6,60,00,000	1,10,69,200	29/08/2019	In Progress
36	Development of Veli Tourist Village-Eco Park and Shore Line Development - Revised AS	ULCCS Ltd.	29/08/2018	7,15,00,000	1,56,91,000	07/02/2021	In Progress
37	Shanghumugham Beach Front Development - Cultural Hub Development - Revised AS	ULCCS Ltd.	29/09/2018	6,60,00,000	2,00,83,329	29/03/2020	In Progress
38	Development of Veli Tourist Village- Urban park - Revised AS	ULCCS Ltd.	31/08/2018	8,40,00,000	1,45,52,000	13/02/2021	In Progress
39	Construction of Convention Center at Veli	Department of Tourism	31/08/2018	9,98,00,000	3,66,31,000	31/08/2019	In Progress
40	Development of Rural Circuit - Malanad Malabar Cruise Tourism Project in Kerala under Swadesh Darshan Scheme	Department of Tourism	10/10/2018	80,37,38,000	0	10/04/2020	In Progress
41	MHP - Conservation of Various Buildings of Historical Prominence in Muziris Heritage Site- Chendamangalam, Paravur Jewish House, Kesavadev's House, Misri Masjid	MD, Muziris Project Ltd.	29/06/2019	2,26,74,000	50,73,717	29/12/2020	In Progress
42	Illikkal Kallu Tourism Development Project at Kottayam	DTPC Kottayam	07/09/2019	3,00,00,000	89,62,000	09/01/2021	In Progress

Sl. No.	Name of Project	Executing Agency	Date of AS	AS Amount (₹)	Amount Released As On 23/08/2024 (₹)	Due Date of Completion	Status As Per PMS Report (23/08/2024)
43	Responsible Tourism Initiative Plan Proposal 2019-20	Department of Tourism	06/06/2019	4,95,00,000	1,23,75,000	06/12/2020	In Progress
44	Panchalimedu Tourism Project - Phase II	DTPC Idukki	16/09/2019	3,00,00,000	0	16/03/2021	In Progress
45	Development of Perumathura Beach in Thiruvananthapuram - Revised AS	Harbour Engineering Department	22/08/2019	3,00,00,000	6,47,136	22/08/2020	In Progress
46	Renovation of Thirunelli Temple Premises, Wayanad	DTPC Wayanad	06/04/2019	3,80,00,000	1,97,53,135	06/04/2020	In Progress
47	Extension of Government Guest House, Thycaud, Thiruvananthapuram	HITES	27/06/2019	22,00,00,000	67,46,378	27/12/2020	In Progress
48	Construction of World Class Toilet Blocks at Various Tourist Destinations - Phase 1 and II	KITCO	21/08/2019	9,26,14,835	3,00,688	21/02/2021	In Progress
49	Construction of Amenity Centre at Kusamuttam Temple, Chellamangalam Temple, Avukkulam Temple, Puthukkunnu CSI Church at Thiruvananthapuram 2019	WAPCOS	06/04/2019	8,38,79,438	4,15,65,479	06/10/2020	In Progress
50	Project for Interior works, MEP works, Land Development works for the Proposed Convention Center at Veli	ULCCS Ltd.	22/08/2019	7,85,00,000	0	22/02/2021	In Progress
51	Digital Museum, MEP Interior, Yard Development works, and Office Buiding In connection with Convention Centre at Sreenarayana Gurukulam, Chempazhanthy	ULCCS Ltd.	09/04/2019	9,00,00,000	5,68,06,340	09/04/2020	In Progress
52	Renovation and restoration of Pookode Lake and its premises at Wayanad	DTPC Wayanad	21/08/2019	8,84,72,289	2,42,44,400	21/02/2021	In Progress
53	KIIFB Project - Comprehensive Development of Muzhappilangad and Dharmadom Beaches in Kannur District	KIIDC Ltd.	13/11/2019	2,28,00,00,000	50,00,000	13/05/2021	In Progress
54	Renovation of KTDC Munnar Tea County	KTDC	09/09/2020	2,75,00,000	1,00,00,000	09/03/2022	In Progress
55	Expansion of Ecotourism Activities at Arippa	KFDC	12/02/2020	1,87,00,000	1,50,00,000	02/12/2021	In Progress
56	Additional work for the renovation of Government Guest House, Kannur	PWD Buildings, Kannur	04/02/2021	2,20,00,000	0	04/08/2022	In Progress
57	MHP - Beautification of Kodungallur Bypass - 3 KM between Kottappuram and Chanthappura	INKEL Ltd.	04/08/2020	3,60,00,000	1,16,20,000	08/04/2021	In Progress

Sl. No.	Name of Project	Executing Agency	Date of AS	AS Amount (₹)	Amount Released As On 23/08/2024 (₹)	Due Date of Completion	Status As Per PMS Report (23/08/2024)
58	MHP - Maintenance of Muziris Heritage Project 2020-21	Muziris Heritage Project	08/04/2020	4,27,24,000	4,27,24,000	08/10/2021	In Progress
59	Urban Square at Thiruvnanathapuram, Pettah - Phase-1 works	Department of Tourism	14/02/2021	3,97,00,000	0	14/02/2022	In Progress
60	Construction of amenity hall at Chitravila for the memory of Mahatma Ayyankali	Department of Tourism	15/02/2021	17,35,000	0	15/08/2022	In Progress
61	Rectification of Leak and renovation of toilets from Ground floor to Fourth Floor at Government GH, Ernakulam	PWD Buildings, Ernakulam	22/05/2020	64,50,000	0	22/11/2021	In Progress
62	Construction of Yathri Nivas at Athirappilly - Phase II works	Steel Industries Kerala Ltd.	03/02/2021	5,00,00,000	1,12,96,305	03/02/2022	In Progress
63	MHP - Development of Munakkal Beach	MD, Muziris Project Ltd.	08/02/2021	5,97,20,000	3,28,21,960	08/02/2022	In Progress
64	Construction of New Cottages as well as Renovation of Existing ones at Varkala Guest House - Revised AS	HITES	19/10/2020	9,96,50,000	28,42,263	19/04/2022	In Progress
65	Travancore Heritage Circuit - Kadinamkulam Anjuthengu Backwater Corridor Tourism Project	Inland Navigation Department	19/10/2020	8,85,00,000	0	19/04/2022	In Progress
66	Renovation of KTDC Mascot Hotel, Thiruvananthapuram, Revised AS	KTDC	02/12/2020	5,00,00,000	0	02/06/2022	In Progress
67	Clean Destination Campaign - 2020-21	Department of Tourism	30/07/2020	8,34,29,250	4,46,56,000	30/01/2022	In Progress
68	Ecosensitive Astro Tourism Project at Manjampothikkunnu, Kanchangad	Department of Tourism	16/10/2020	4,97,50,000	0	16/04/2022	In Progress
69	Travancore heritage project - Facade illumination of historical buildings - Zone A	Department of Tourism	13/02/2021	5,59,57,184	2,00,000	13/02/2022	In Progress
70	Travancore heritage project - Facade illumination of historical buildings - Zone B	Department of Tourism	13/02/2021	9,44,20,918	0	13/02/2022	In Progress
71	Travancore heritage project - Facade illumination of historical buildings - Zone C	Department of Tourism	13/02/2021	8,47,21,610	0	13/02/2022	In Progress

Sl. No.	Name of Project	Executing Agency	Date of AS	AS Amount (₹)	Amount Released As On 23/08/2024 (₹)	Due Date of Completion	Status As Per PMS Report (23/08/2024)
72	Travancore heritage project - Facade illumination of historical buildings - Zone D	Department of Tourism	13/02/2021	9,36,22,236	0	13/02/2022	In Progress
73	Construction of Motel Aaram at Nedumangad, Thiruvananthpauram	State Nirmithi Kendra	09/09/2020	9,61,00,406	0	09/03/2022	In Progress
74	Conservation and restoration of Chinese Fishing Nets	KITCO	03/06/2014	1,50,00,000	1,20,00,000	02/06/2015	In progress
			Total	**866,26,28,921**	**154,97,16,389**		

Year-wise break up of 74 projects

Year	No. of projects	Amount (₹)
2013-14	3	50,67,67,107
2014-15	1	1,50,00,000
2015-16	2	5,38,50,000
2016-17	3	85,71,92,419
2017-18	11	81,74,23,241
2018-19	21	217,80,74,988
2019-20	13	313,36,40,562
2020-21	20	110,06,80,604
Total	**74**	**866,26,28,921**

Appendix 7
Payment to Non-Governmental, Non-PMC accredited agency without conducting mandatory check measurement by Government Engineers
(Referred to in paragraph 2.1.11.1, 2.1.11.2 (iii))

Sl. No.	Project	Executing agency	Status as per PMS Report (23/08/2024)	RA/ Work Bill No.	Date of sanction order of DeOT for releasing payment	Value of work including GST (₹)
1	Construction of SIHM Boys Hostel - Phase II	ULCCS Ltd.	Completed	RA-1 (Phase-2) (Electrical)	23/05/2022	10,06,695.00
				RA-1 (Phase-2) Part-2 (ELV)	10/10/2022	6,79,594.65
				Total		**16,86,289.65**
2	Restoration of Amayizhanjan Thodu from Kannmoola – construction of Nellikuzhi Cartable Bridge	ULCCS Ltd.	In-progress	RA-1	28/09/2021	1,04,69,092
				Total		**1,04,69,092**
3	Destination Development of Kovalam Phase I -Samudra Beach Park area & Grove Beach area	ULCCS Ltd.	In-progress	RA-3	04/08/2021	63,43,238
				RA-4 (₹1,51,78,314)	14/09/2021	2,35,42,522
				RA-5 (₹83,64,208)		
				Total		**2,98,85,760**
4	Shanghumugham Beach Front Development- Entry improvement & Urban Plaza Development	ULCCS Ltd.	In-progress	RA-2	04/08/2021	1,61,65,265
				RA-2-Part-2	01/10/2021	22,11,586
				RA-1-Part-4-Electrical	05/12/2021	13,60,059
				Total		**1,97,36,910**
5	Development of Veli Tourist Village-Eco Park and Shoreline Development	ULCCS Ltd.	In-progress	RA-3	03/05/2021	68,61,605
				RA-1 (Phase-2) (Civil & landscaping	17/09/2021	17,87,502
				RA-4	29/10/2021	57,90,891
				RA-1- Construction of Helipad	12/12/2021	4,76,792
				Total		**1,49,16,790**
6	Development of Veli Tourist Village-Urban Park	ULCCS Ltd.	In-progress	RA-3 (Phase-1)	07/05/2021	81,50,069
				RA-1	01/10/2021	67,58,517
				Total		**1,49,08,586**

Sl. No.	Project	Executing agency	Status as per PMS Report (23/08/2024)	RA/ Work Bill No.	Date of sanction order of DeOT for releasing payment	Value of work including GST (₹)
7	Shanghumugham Beach Front Development - Cultural Hub Development	ULCCS Ltd.	In-progress	RA-1, (₹24,45,557) RA-1- (Phase-2) (₹19,60,348) RA-2- (Phase-3) (₹22,96,465)	21/10/2021	67,02,370
				RA-1-Part-4	12/12/2021	18,43,132
				Total		**85,45,502**
8	Construction of Convention Centre at Veli	ULCCS Ltd.	Completed	RA-3	05/10/2021	1,48,21,173
				RA-4	05/12/2021	1,57,17,627
				Total		**3,05,38,800**
9	Construction of a Convention Centre at Sree Narayana Gurukulam, Chempazhanthi	ULCCS Ltd.	Completed	RA-5- Part-1	04/08/2021	70,54,688
				RA-1 (Dome Works)	29/10/2021	1,10,67,696
				Total		**1,81,22,384**
					Total	**14,88,10,113.65**

Appendix 8

Statement showing entrustment of consultancy and non-consultancy services to the same accredited agencies

(Referred to in paragraph 2.1.11.2 (i))

Sl. No.	Project	AS date	Estimated cost (₹ in crore)	Date of completion	Amount released (₹ in crore)	Status	Accredited Agency
1	Renovation of Kulanada Amenity Centre, Pathanamthitta	13/06/2022	0.39	2024-25	0	Completed	District Nirmithi Kendra (DNK)
2	Renovation of Tourist Amenity Centre, Aruvikuzhi, Pathanamthitta	14/02/2022	0.19	2024-25	0.19	Completed	DNK
3	Bliss Park at Butt Road, Kozhikode	28/11/2019	1.00	02/03/2022	0.20	Completed	DNK
4	En Ooru - Tribal Development Cum Tourism - Revised AS	04/09/2019	4.54	01/10/2022	0.91	Completed	DNK
5	Revitalization of Chalai Market	31/08/2018	9.99	In-progress	1.83	In-progress	Habitat Technology Group (HTG)
6	Light and Sound Show – Rejuvenation of Urban Heritage Core near Thali Temple, Kozhikode (4th phase)	15/02/2021	0.25	31/08/2021	0.05	Completed	DNK
7	Oceanus Chaliyam Phase 2	26/04/2022	8.56	In-progress	0	In-progress	ULCCS Ltd.
8	Muziris Heritage Project- Conservation of Benglakadavu and Others	03/01/2019	4.54	In-progress	1.43	In-progress	INKEL Ltd.
9	Muziris Heritage Project -Beautification of Kodungallur Bypass	04/08/2020	3.60	In-progress	1.16	In-progress	INKEL Ltd.
10	Flood damaged works in Idukki Park – construction of retaining wall at landslide area	25/10/2019	0.30	21/12/2021	0.27	Completed	Water and Power Consultancy Services (India) Ltd. (WAPCOS)
11	Muziris Heritage Project - Conservation of Chendamangalam Jewish House/ Kesavdev's House etc.	29/06/2019	2.27	In-progress	0.51	In-progress	INKEL Ltd.
12	Creation of Children's park at Manappattuchira in Malayattoor	04/01/2021	0.65	Not available	0.20	Completed	Local Self Government Department
13	Muziris Heritage Project - Development of Munakkal Beach at Azhikode, Thrissur	11/09/2020	5.97	In-progress	3.28	In-progress	INKEL Ltd.
14	Construction of Convention Centre at Veli	31/08/2018	9.98	Not available	3.66	Completed	ULCCS Ltd.

Sl. No.	Project	AS date	Estimated cost (₹ in crore)	Date of completion	Amount released (₹ in crore)	Status	Accredited Agency
15	Interior work, MEP work, Land development work for the proposed convention centre at Veli	22/08/2019	7.85	Not available	0	Completed	ULCCS Ltd.
	Total		**60.08**		**13.69**		

Appendix 9
Statement of physically completed and/or inaugurated projects, without mandatory closure documents
(Referred to in paragraph 2.1.11.3(i))

Sl. No.	Project	AS date	Estimated cost (₹ in crore)	Date of physical completion	Amount released (₹ in crore)	Status as per PMS Report (23/08/2024)	Accredited Agency	Reply of Government (26 August 2025) and audit remarks
Projects shown under 'in progress' in PMS Report but physically completed								
1	Construction of World Class Toilet Block at six tourist destinations in Kerala	21/08/2019	9.26	15/07/2024	0.03	In-progress	KITCO Ltd.	Government replied that the agreement was not signed between DoT and DTPC but the building has been handed over to DTPC. Government accepted that the project was completed but not updated in PMS Report.
2	Development of Perumathura Beach in Thiruvananthapuram	22/08/2019	3.00	10/07/2024	0.06	In-progress	HED	Government accepted that contractor completed the work on 31 January 2024 and steps were underway to execute an agreement with the grama panchayat. Government accepted that the project was completed but not updated in PMS Report.
3	Development of Veli Tourist Village-Eco Park and Shoreline Development	07/02/2021	7.15	02/12/2020	1.57	In-progress	ULCCS Ltd.	Government accepted that the project was completed on 02 December 2020. However, the executing agency has not submitted project closure documents. Once the same is received, the details will be updated in PMS. Government accepted that the project was completed but not updated in PMS Report.
4	Development of Veli Tourist Village-Urban Park	13/02/2021	8.40	02/12/2020	1.46	In-progress	ULCCS Ltd.	

Sl. No.	Project	AS date	Estimated cost (₹ in crore)	Date of physical completion	Amount released (₹ in crore)	Status as per PMS Report (23/08/2024)	Accredited Agency	Reply of Government (26 August 2025) and audit remarks
5	Shanghumugham Beach Front Development - Cultural Hub Development	07/02/2021	6.60	04/08/2022	2.00	In-progress	ULCCS Ltd.	Government replied that during execution, certain components has changed. Hence, the executing agency has not submitted project closure documents. Once the same is received, the details will be updated in PMS. Government accepted that the project was completed but not updated in PMS Report.
6	Expansion phase of Development of Adventure Tourism at Karlad lake, Wayanad	31/07/2018	4.91	30/12/2022	2.60	In-progress	DNK	Government replied that during execution, certain components have changed and revised estimate is pending approval. Once the revised estimate is approved, it will be updated in PMS Government accepted that the project was completed but not updated in PMS Report.
7	Destination Development of Kovalam Phase I -Samudra Beach Park area and Grove Beach area	01/09/2018	9.90	14/02/2021	2.23	In-progress	ULCCS Ltd.	Government replied that certain components could not be executed and executing agency has not submitted the project closure document. Government accepted that the project was completed but not updated in PMS Report.
Project classified as 'Completed" in PMS Report but documents such as final UC, completion report, etc. were not submitted								
8	Interior work, MEP work, Land development work for the proposed convention centre at Veli	22/08/2019	7.85	In-progress	2.14	Completed	ULCCS Ltd.	Government accepted that the project was completed on 13 March 2024. However, due to component change, revised estimate is pending

Sl. No.	Project	AS date	Estimated cost (₹ in crore)	Date of physical completion	Amount released (₹ in crore)	Status as per PMS Report (23/08/2024)	Accredited Agency	Reply of Government (26 August 2025) and audit remarks
								for approval. Hence, the executing agency has not submitted the project closure documents. Once the same is received, it would be updated in PMS. Thus, Government has accepted the audit findings.
9	Construction of SIHM Boys Hostel – Phase II	13/02/2020	3.30	Not available	3.03	Completed	ULCCS Ltd.	Government replied that due to pending payment, executing agency has not submitted project closure documents. Thus, Government has accepted the audit findings.
10	En Ooru - Tribal Development Cum Tourism - Revised AS	04/09/2019	4.54	01/10/2022	0.91	Completed	DNK	Government replied that during execution, certain components have changed and revised estimate is pending for approval. Once the revised estimate is approved, it would be updated in PMS. Thus, Government has accepted the audit findings.
11	Pullooppi Promenade River Front and Offshore Development at Pullooppi-Narath Grama Panchayath-Kannur District	27/04/2022	4.02	09/09/2023	2.87	Completed	M/s KEL	Government replied that the process for the final payment has begun. Once the entire details are received, the same will be updated in PMS. Thus, Government has accepted the audit findings.
12	Thalassery Heritage Project – Gundert Bungalow – Development of Museum Component	19/11/2019	2.35	07/05/2022	2.09	Completed	SILK	Government replied that instructions have been given to DTO to take immediate measures to maintain mandatory closure

Sl. No.	Project	AS date	Estimated cost (₹ in crore)	Date of physical completion	Amount released (₹ in crore)	Status as per PMS Report (23/08/2024)	Accredited Agency	Reply of Government (26 August 2025) and audit remarks
								documents regarding the completed project. Thus, Government has accepted the audit findings.
13	Creation of Children's Park at Manappattuchira in Malayattoor	04/01/2021	0.65	Not available	0.20	Completed	LSGD	Government replied that legal dispute is ongoing in the Hon'ble Court between the Idamalayar Irrigation Project and Malayattoor Neeleshwaram Grama Panchayat regarding the ownership of the said park land. Once it is resolved, further steps will be taken. Thus, Government has accepted the audit findings.

Appendix 10
Statement showing poor coordination among departments
(Referred to in paragraph 2.1.11.3(i))

Sl. No.	Project	Executing agency	AS date	Time of Completion (months)	AS amount (₹ in crore)	Date of completion/ Status	Amount released (₹ in crore)	Remarks
1	Development of Neyyar Dam as Tourist Destination- Phase- I	Irrigation Department	04/08/2020	12	4.65	23/08/2022	2.51	Lack of coordination between DeOT, Irrigation Department and the Architect.
2	Construction of Kannammoola-Akkulam Nellikuzhi Cartable Bridge	ULCCS	24/02/2019	12	4.96	In-progress	2.10	Lack of coordination between DeOT, Irrigation Department and executing agency.
3	Monroe Island Village Tourism Project at Kollam	Irrigation Department	26/09/2017	18	3.00	In-progress	2.40	Lack of coordination between DeOT, Irrigation.
4	Upgradation of basic amenities at Thenmala	Thenmala Eco-tourism Promotion Society (TEPS)	12/02/2017	18	1.30	31/12/2023	0	Lack of coordination between DeOT/ Thenmala Eco-tourism Promotion Society (TEPS) and Forest Department.
5	Construction of World Class Toilet Block at six tourist destinations in Kerala (Alappuzha)	KITCO	21/08/2019	18	9.26	In-progress	0.03	Lack of coordination between DeOT, Local body and Revenue Department.
6	Pullooppi Promenade River Front and Offshore Development at Pullooppi-Narath Grama Panchayath- Kannur District	KEL	27/04/2022	18	4.02	09/09/2023	2.87	Lack of coordination between DeOT and DTPC.
7	Panchalimedu Tourism Project – Phase-III	Habitat Technology Group	15/09/2023	18	3.10	In-progress	0	Lack of coordination between DeOT, architect and executing agency.
8	Conservation and restoration of Chinese Fishing Nets	KITCO	03/06/2014	12	1.50	In-progress	1.20	Lack of coordination between DeOT, Forest Department and executing agency.
9	Illikkal Kallu Tourism Development Project at Kottayam	DTPC Kottayam	07/09/2019	18	3	In-progress	0.90	Lack of coordination between DeOT, architect and executing agency.

Sl. No.	Project	Executing agency	AS date	Time of Completion (months)	AS amount (₹ in crore)	Date of completion/ Status	Amount released (₹ in crore)	Remarks
10	Shanghumugham Beach Front Development - Cultural Hub Development	ULCCS	07/02/2021	18	6.60	In-progress	2.01	Lack of coordination between DeOT, DTPC and executing agency.
11	Muziris Heritage Project - Conservation of Chendamangalam Jewish House/ Kesavdev's House etc.	INKEL Ltd.	29/06/2019	18	2.27	In-progress	0.51	Lack of coordination between DeOT and MPL.
12	Adventure Park at Chootad Beach, Kannur	DTPC/ WAPCOS	10/01/2019 24/11/2022 (Revised)	12	1.65	In-progress	0.33	Lack of coordination between DeOT, DTPC and executing agency.
13	Expansion phase of Development of Adventure Tourism at Karlad lake, Wayanad	DTPC Wayanad	31/07/2018	18	4.91	In-progress	2.60	Lack of coordination between DeOT and architectural consultant.
14	Setting up of State Institute of Hotel management and Catering Technology at Kottayam	KIIDC Ltd.	26/02/2014	36	30.00	In-progress	10.45	Lack of coordination between DeOT and Dist Administration.
15	Creation of Children's park at Manappattuchira in Malayattoor	DTPC/LSGD	04/01/2021	12	0.65	Completed	0.20	Lack of coordination between DeOT, Irrigation Department and Local Body.
				Total	**80.87**		**28.11**	

Appendix 11
Statement showing non-recovery of Mobilisation Advance
(Referred to in paragraph 2.1.11.3(iii))

Sl. No.	Name of the Project	Date of AS	Accredited Agency	AS Amount (₹)	Advance released to agency* (₹)	Advance to be refunded by agency (₹)	Remarks
1	Kovalam- Construction of retaining wall from Avaduthura Devi Temple to green villa house	20/07/2018	State Nirmithi Kendra	1,91,52,970	45,47,000 (24 *per cent*)	45,47,000	The work was abandoned due to public protest. A letter was issued (01 October 2022) to the accredited agency to refund the amount with interest. The mobilisation advance is yet to be refunded (26 August 2025).
2	Aruvikkara Tourism Project	26/09/2017	Habitat Technology Group (HTG)	1,70,00,000	85,00,000 (50 *per cent*)	85,00,000	The land for the project is owned by Kerala Water Authority (KWA) and NOC was not obtained by KWA. Hence, the project was cancelled. A letter was issued (11 October 2022) to HTG to refund the amount. The mobilisation advance is yet to be refunded (26 August 2025).
3	Construction of compound wall at Veli Tourist Village Beach	11/01/2017	State Nirmithi Kendra	6,22,438	3,11,000 (50 *per cent*)	3,11,000	The work was stopped due to local protest. A letter was issued to agency on 30 September 2022 to refund the amount with interest. The mobilisation advance is yet to be refunded (26 August 2025).
4	Varkala- construction of Parking Facility and Toilet complex	01/08/2003	Varkala Municipality	50,00,000	50,00,000 (100 *per cent*)	50,00,000	The project was cancelled on 09 September 2016. DoT replied (26 August 2025) that it was decided to proceed with revenue recovery action against Varkala Muncipality.
5	Poovar-Adimathura Beach Trial Development Project	20/05/2014	KITCO	4,75,00,000	2,37,00,000 (50 *per cent*)	2,37,00,000	The project was cancelled. The mobilisation advance is yet to be refunded (26 August 2025).
6	Kollam Kunnathur Monroe Island Village Tourism Project	26/09/2017	Irrigation Department	3,00,00,000	2,40,00,000 (80 *per cent*)	2,40,00,000	The project was cancelled due to poor performance of the contractor. A letter was issued to Irrigation Department on 27 September 2022 to refund the

Sl. No.	Name of the Project	Date of AS	Accredited Agency	AS Amount (₹)	Advance released to agency* (₹)	Advance to be refunded by agency (₹)	Remarks
							amount with interest. The mobilisation advance is yet to be refunded (26 August 2025).
7	Kollam Anchal Oliyarik Waterfall surrounding development project	28/10/2019	Habitat Technology Group	42,84,000	8,56,800 (20 *per cent*)	8,56,800	The project was cancelled on 02 February 2022. A letter was issued on 27 September 2022 and a reminder was issued on 27 March 2024 to refund the amount with interest. Government replied (26 August 2025) that the agency neither submitted a new proposal nor refunded the advance.
8	Alappuzha Mararikulam Beach Tourism Development Project	03/02/2016	JITPACK	1,00,00,000	23,00,000 (23 *per cent*)	13,00,000	Government replied (26 August 2025) that out of ₹23 lakh, UC was submitted for ₹10 lakh. Hence, the balance amount to be refunded is ₹13 lakh.
9	Alappuzha Mega Tourism circuit – Punnamada Tourism Complex	12/07/2013	KITCO	52,25,00,000	50,90,700 (0.97 *per cent*)	50,90,700	Government replied (26 August 2025) that request to refund the amount of ₹50.91 lakh was issued on 26 November 2019 and reminder also issued. But the amount was not refunded.
10	Construction of Amenities Centre at Idukki - Devikulam	08/03/2018	WAPCOS	99,00,000	49,50,000 (50 *per cent*)	25,00,000	The project was cancelled on 12 February 2022 due to non-receipt of NOC from local body. ₹24.50 lakh was refunded by DTPC. Balance amount of ₹25 lakh is yet to be refunded. Government replied (26 August 2025) that steps were being taken to repay the remaining amount.
11	Construction of Parking Area at Idukki - Devikulam	26/09/2017	DTPC/ WAPCOS	5,00,00,000	1,00,00,000 (20 *per cent*)	1,00,00,000	The project was cancelled on 08 December 2021. A letter was issued to the accredited agency on 28 September 2022 to refund the advance with interest. Government replied (26 August 2025) that instructions were given to WAPCOS to refund the amount.

Sl. No.	Name of the Project	Date of AS	Accredited Agency	AS Amount (₹)	Advance released to agency* (₹)	Advance to be refunded by agency (₹)	Remarks
12	Kochi Cruise Tourism Facilitation Centre and construction of Port Trust Cruise Terminal complex	01/08/2018	DTPC	1,65,00,000	82,50,000 (50 *per cent*)	70,00,000	The project was cancelled due to expiry of construction period. A letter was issued to refund the advance with interest. Government replied (26 August 2025) that DTPC informed that an amount of ₹12.50 lakh was withdrawn by Government from PSTSB account.
13	Malayatoor Kurishumudi Tourist Facilitation Centre	26/03/2017	KAICO	2,30,00,000	1,15,00,000 (50 *per cent*)	4,29,239	The project is completed. A letter was issued on 30 September 2022 and reminder issued on 24 December 2023 to refund the balance amount of ₹4.29 lakh. Government replied (26 August 2025) that despite several written requests to the concerned agency to repay the mobilization advance granted for the project, the agency has not yet repaid the amount and the department has initiated further steps.
14	Thrissur Vadakkancherry Thumburmoozhi Project - aerobic Compost unit	08/11/2016	COSTFORD	41,84,500	20,92,000 (50 *per cent*)	1,60,000	Government replied (26 August 2025) that out of the ₹20.92 lakh sanctioned for the project, a bill for ₹18.93 lakh has been submitted by the agency and instruction has been given to District Officer to recover the balance amount and to submit a report on this matter.
15	Trichur-Chalakudy-Athirappally waterfall Facilitation Centre	12/01/2017 18 months	Kerala State Housing Board (KSHB)	4,21,08,000	3,36,00,000 (80 *per cent*)	3,36,00,000	The reply has been incorporated in the report under Para 2.1.11.3(iii)(i).
16	Malappuram Keeranallur Park Development project	22/08/2012 12 months	Forest Industries (Travancore) Ltd. (FITL)	1,12,00,000	25,00,000 (22 *per cent*)	25,00,000	The project was cancelled on 13 August 2021. A letter was issued (20 January 2024) to FITL to refund the advance with interest. Government was also informed (20 February 2024) of

Sl. No.	Name of the Project	Date of AS	Accredited Agency	AS Amount (₹)	Advance released to agency* (₹)	Advance to be refunded by agency (₹)	Remarks
							the non-remittance of advance by FITL. Government replied (26 August 2025) that despite multiple reminders, FITL has not responded or returned the money.
17	Wayanad Mananthavady Valliyoorkavu Temple project	2006	KITCO	24,36,362	10,11,750 (42 *per cent*)	10,11,750	The project was abandoned. A letter was issued on 07 November 2022 to KITCO for refunding the advance. The mobilisation advance is yet to be refunded (26 August 2025).
18	Wayanad Mananthavady Valliyoorkavu Temple tourism centre project	2006	KITCO	53,16,743	26,58,371 (50 *per cent*)	26,58,371	The project was abandoned. A letter was issued (05 November 2022) to KITCO to refund the advance. The mobilisation advance is yet to be refunded (26 August 2025).
19	Wayanad tourist Centre development project	2008	Police Housing Construction	7,87,50,000	1,61,37,600 (20 *per cent*)	1,61,37,600	The project was abandoned. A letter is yet to be issued for the refund of the advance. The mobilisation advance is yet to be refunded (26 August 2025).
20	Thalassery Heritage Project	2010	KITCO	2,28,50,000	45,70,000 (20 *per cent*)	45,70,000	The project was abandoned. A letter was issued on 09 October 2022 for the refund of the advance with 18 *per cent* interest. Government replied (26 August 2025) that the projects, implemented under the Thalassery Heritage Project, were abandoned after receiving advance funds from the Department of Tourism. As per the letter No. DoT/427/2025/P8 dated 11 February 2025 (two letters), KITCO has been requested to repay the advance amount sanctioned for these projects and instructed Kannur District officer to take necessary action on this matter.
21	Thalassery Heritage Project	2010	KITCO	1,07,00,000	21,40,000 (20 *per cent*)	21,40,000	
22	Thalassery Heritage Project-Gundert Bungalow	2011	KITCO	1,18,00,000	23,60,000 (20 *per cent*)	23,60,000	
23	Thalassery Heritage Project	2011	KITCO	33,08,000	6,62,000 (20 *per cent*)	6,62,000	
24	Thalassery Heritage Project	2011	KITCO	50,00,000	10,00,000 (20 *per cent*)	10,00,000	

Sl. No.	Name of the Project	Date of AS	Accredited Agency	AS Amount (₹)	Advance released to agency* (₹)	Advance to be refunded by agency (₹)	Remarks
25	Thalassery Heritage Project	2011	KITCO	1,86,00,000	37,20,000 (20 *per cent*)	37,20,000	
26	Thalassery Heritage Project	2011	KITCO	2,50,00,000	50,00,000 (20 *per cent*)	50,00,000	
27	Thalassery Heritage Project	2011	KITCO	1,66,00,000	33,20,000 (20 *per cent*)	33,20,000	
28	Thalassery Heritage Project	2011	KITCO	2,10,00,000	52,00,000 (25 *per cent*)	52,00,000	
29	Thalassery Heritage Project	2011	KITCO	1,12,00,000	22,40,000 (20 *per cent*)	22,40,000	
30	Setting up of a Biogas Plant at Alappuzha	25/06/2013	DTPC	29,90,000	14,95,000 (50 *per cent)*	14,95,000	DoT released (10 May 2014) an amount of ₹14.95 lakh being 50 *per cent* of the AS amount. As there was delay in commencement of the project, the project was abandoned. Government replied (26 August 2025) that the project could not be implemented due to the unavailability of suitable land and a letter was issued on 23 November 2022 to refund the mobilization advance of ₹14.95 lakh provided for the project. At present, the amount is retained in the DTPC Project Fund Account and as per the decision of the DTPC Executive Committee meeting held on 26 March 2025, the amount, along with the accrued

Sl. No.	Name of the Project	Date of AS	Accredited Agency	AS Amount (₹)	Advance released to agency* (₹)	Advance to be refunded by agency (₹)	Remarks
							interest, would be remitted to the Government.
31	Kilipadam The Bird watchers paradise Eco Tourism development at Kakkathuruthu, Kunnamkulam , Thrissur	26/09/2017	KSIE	2,50,00,000	1,25,00,000 (50 *per cent*)	1,25,00,000	The reply has been incorporated in the report under Para 2.1.11.3(iii)(ii).
				Total	**21,12,12,221**	**19,35,09,460**	

*percentages are rounded to the nearest decimal place.

Appendix 12
Details of Joint Physical Verification conducted at project site
(Referred to in paragraph 2.1.5, 2.1.12.2 and 2.1.12.3)

Sl. No	Name of the project	AS amount (₹ in crore)	Expenditure incurred (₹ in crore)	Date of conducting JPV	Remarks	Reply of Government dated 26 August 2025 and audit remarks
(i) Infructuous Expenditure						
1	Renovation and Restoration of Pookode Lake and Premises	8.85	2.42	10/10/2024	Inadequate planning and poor coordination	The reply has been incorporated in the report under Para 2.1.12.3(v).
2	Adventure Park at Payyambalam, Kannur	0.99	0.51	23/09/2024	Absence of pre-implementation site scrutiny	The reply has been incorporated in the report under Para 2.1.10.1 (i) and 2.1.10.4 (i). Government accepted the audit findings and stated that audit observations have been taken in the true spirit of constructive evaluation in future projects.
3	Thalassery Heritage Project - St. Johns Anglican Church - Street Development and Landscape Design	1.85	1.69	24/09/2024	Absence of O&M arrangements	Government accepted the audit findings and stated that audit observations have been taken in the true spirit of constructive evaluation in future projects.
4	Purchase of boats for the Malanad Malabar River Cruise Project	4.68	3.74	25/09/2024	Absence of O&M arrangements	The reply has been incorporated in the report under Para 2.1.12.3 (iv).
5	Kilipadam The Bird watchers paradise Eco Tourism development at Kakkathuruthu, Kunnamkulam, Thrissur	2.50	1.25	15/10/2024	Inadequate planning	The reply has been included in the report under Para 2.1.11.3 (iii) (ii). Government accepted the audit findings and replied that the project site is a permanently waterlogged marshy land/ paddy field and based on the objection, the work was stopped. Further, in future projects mandatory feasibility studies and prior written consent from landowners or compulsory acquisition under relevant laws would be ensured.
6	Valliyoorkavu - Development of Market and Exhibition Space	4.88	4.78	14/10/2024	Inadequate planning and	The reply has been incorporated in the report under Para 2.1.12.2 (i).

Sl. No	Name of the project	AS amount (₹ in crore)	Expenditure incurred (₹ in crore)	Date of conducting JPV	Remarks	Reply of Government dated 26 August 2025 and audit remarks
					absence of O&M arrangements	
7	Development, Maintenance and Upkeeping of Garden and Premises at Government Guest House, Kollam	1.42	0.89	20/09/2024	Inadequate planning and absence of O&M arrangements	The reply has been incorporated in the report under Para 2.1.12.2(ii).
8	Restoration of Amayizhanjan Thodu from Kannammoola – construction of Nellikuzhi Cartable Bridge	4.96	2.10	10/02/2025	Failure to acquire land and secure permissions	The reply has been incorporated in the report under Para 2.1.10.2(i) and 2.1.12.3(i).
9	Monroe Island Village Tourism, Kollam	3.00	2.40	19/09/2024	Poor coordination	The reply has been incorporated in the report under Para 2.1.10.3(i) and 2.1.12.3(ii).
10	Construction of Suspension Bridge at Chowara Pozhi	4.70	1.00	10/02/2025	Failure to secure permissions	The reply has been incorporated in the report under Para 2.1.12.3(iii).
11	Muziris Heritage Project -Beautification of Kodungallur Bypass	3.60	1.16	16/10/2024	Failure to secure permissions	Government accepted the audit findings and stated that the audit observation has been taken in true spirit of constructive evaluation for future initiatives.
	Total	**41.43**	**21.94**			Government accepted the audit findings in respect of six projects (Sl. Nos. 2,3,4,5,8,11) and did not accept the audit finding in respect of one project (Sl. No. 9). For the remaining four projects, the reply furnished by the Government did not address the audit findings.
	(ii) Idling of projects					
12	Revitalization of Chalai market	9.99	2.50	10/02/2025	Inadequate planning and absence of O&M arrangements	Government accepted the audit findings and stated that the audit observations have been taken in the true spirit of constructive evaluation for future projects.
13	Punarjani-Quilon Eco Park Project	3.00	2.48	20/09/2024	Pending electrical works	Government replied that timely joint inspections were carried out until the completion of the civil component of the work.

Sl. No	Name of the project	AS amount (₹ in crore)	Expenditure incurred (₹ in crore)	Date of conducting JPV	Remarks	Reply of Government dated 26 August 2025 and audit remarks
						The reply is not tenable as it is silent on the status of the project even though it was confirmed in JPV that the project was idling and electrical works were pending.
14	Pullooppi promenade- River front and Offshore Development- Phase I	4.02	2.87	23/09/2024	Lack of connectivity	Government accepted the audit findings and stated that the audit observations have been taken in the true spirit of constructive evaluation in future initiatives.
15	Muziris Heritage Project- Conservation of Benglakadavu and others	4.54	1.43	16/10/2024	Inadequate planning and absence of O&M arrangements	
16	MHP - Construction of Boat Jetties at Pallippuram Fort, Valiyapally, Azhikode, Thiruvanchikulam, and Kuttichira	2.26	2.25	16/10/2024	Inadequate planning and absence of O&M arrangements, lack of connectivity	
17	Conservation and restoration of Chinese Fishing nets at Fort Kochi	1.50	1.20	22/10/2024	Inadequate planning Poor coordination	Government replied that site visits were conducted jointly by Assistant Executive Engineer/DoT officials /the Agency/ Client of the concerned project frequently, and were reporting the project status. Audit observed that despite conducting joint site visits and reviewing the project status, the project sanctioned during 2014 is yet to be completed and is idling.
18	Shanghumugham Beach Front Development - Cultural Hub	6.60	2.01	10/02/2025	Absence of O&M arrangements	Government replied that Joint Site inspection with agency was conducted on 07 November 2023 and 06 January 2024 and report was submitted to Directorate accordingly. However, the copy of the report was not made available to Audit for scrutiny and the reply is silent on the status of the project.

Sl. No	Name of the project	AS amount (₹ in crore)	Expenditure incurred (₹ in crore)	Date of conducting JPV	Remarks	Reply of Government dated 26 August 2025 and audit remarks
19	Muziris Heritage Project (MHP)- Conservation of Various Buildings of Historical Prominence in Muziris Heritage Site- Chendamangalam, Paravur Jewish House, Kesavadev Residence	2.27	0.51	16/10/2024	Inadequate planning	Government replied that the project is under MHP and the site verification was conducted by Muziris Heritage Project officials. At present, the projects were completed. The reply is not tenable as it is silent on the status of the project even though it was confirmed in the JPV that the projects were idling.
20	Creation of Children's Park at Manapputtuchira in Malayattoor	0.65	0.20	22/10/2024	Legal dispute	Government replied that at present, site joint visits are conducted by Assistant Executive Engineer/ DoT officials/ agency frequently and the project status is being reported. The reply is not tenable as it is silent on the status of the project even though it was confirmed in JPV that the project was idling.
21	Vanchikkulam Nature park- Phase I	3.00	1.86	15/10/2024	Inadequate planning and absence of O&M arrangements	Government replied that Vanchikkulam Nature Park is currently operated and maintained by Thrissur Corporation. The reply is not tenable as it is not specific to the audit findings. Further, the reply is silent on the status of the project even though it was confirmed in JPV that the several components of the projects were idling.
22	Development of Kalassamala Eco-Tourism Project	2.20	1.82	15/10/2024	Inadequate planning and absence of O&M arrangements	Government replied that DTPC currently operates and maintains the project and DTO has requested DTPC to address the remaining deficiencies. However, the fact remains that the deficiencies still exist and the components like rainwater harvesting pond are idling and not put to use.
23	Muziris Heritage Project- Development of Munakkal Beach	5.97	2.29	16/10/2024	Inadequate planning	Government replied that the project is under MHP and the site verification

Sl. No	Name of the project	AS amount (₹ in crore)	Expenditure incurred (₹ in crore)	Date of conducting JPV	Remarks	Reply of Government dated 26 August 2025 and audit remarks
24	Muziris Heritage Project - Construction of Boat Jetties at Munakkal Beach, Azhikode and Benglakadavu, Mathilakam	1.30	1.30	16/10/2024	Inadequate planning and lack of connectively	was conducted by Muziris Heritage Project officials. At present, the projects were completed. The reply is not tenable as it is silent on the status of the project even though it was confirmed in JPV that the projects were idling.
	Total	**47.30**	**22.72**			Government accepted the audit findings in respect of four projects (Sl. Nos. 12,14,15,16) and did not accept the audit finding in respect of one project (Sl. No. 22). For the remaining eight projects, the reply of the Government did not address the audit findings.
(iii) Other projects						
25	Light and Sound Show – Rejuvenation of Urban Heritage Core near Thali Temple, Kozhikode (4th phase)	0.25	0.05	01/10/2024	The project is completed and properly maintained and operated.	
26	Construction of Food Craft Institute, Kozhikode	9.75	3.50	30/09/2024	In the exit meeting, Government informed that the dispute on the acquisition of land for the approach road has been resolved and the project is nearing completion.	
27	Oceanus Chaliyam Phase 2	8.56	1.69	30/09/2024	The project is nearing completion.	
28	Thalassery Heritage Project – Gundert Bungalow – Development of Museum Component	2.21	0.01	24/09/2024	The project is completed and operated by DTPC. However, the visitors are meagre.	
29	Pilgrim Tourism Amenity and Facilitation Centre at the premises of Thiruvairanikkulam Mahadeva temple (Phase-1)	5.50	3.82	22/10/2024	The project is completed and operated by Thiruvairanikkulam Mahedeva Temple Trust.	
30	Adventure park at Chootad Beach, Kannur	1.65	0.33	23/09/2024	Only piling work has been completed for the three towers envisaged in the project.	
31	Expansion phase of Development of Adventure Tourism at Karlad lake, Wayanad	4.91	2.60	14/10/2024	The project is completed and operational.	
32	Bliss Park at Butt Road, Kozhikode	1.00	0.20	01/10/2024	The project is completed and open to the public. However, the project is poorly maintained and unattended by the DTPC, leading to its deterioration.	

Sl. No	Name of the project	AS amount (₹ in crore)	Expenditure incurred (₹ in crore)	Date of conducting JPV	Remarks	Reply of Government dated 26 August 2025 and audit remarks
33	Setting up of Garden and its maintenance thereafter at Government Guest House, Kozhikode	0.97	0	30/09/2024	The project is completed but poorly maintained and unattended by the agency - HLL Lifecare Ltd., leading to its deterioration.	
34	En Ooru - Tribal Development Cum Tourism Project	4.54	4.00	09/10/2024	The project has been completed and operated by Tribal Department.	
35	Construction of accommodation Complex at Government Guest House, Munnar-Balance work	2.03	0.33	29/10/2024	Government replied (26 August 2025) that the project has been completed and opened on 04 January 2025.	

Appendix 13
List of selected works
(Referred to in paragraph 2.2.6)

Sl. No.	Name of Work	Agreement No. and date	Period of execution	Contract Amount (₹)	Contractor
1	Alappuzha-Changanassery Road	334/KSTP/PMT/PWD/2020 dated 27/10/2020	912 days	**649,76,86,775** (EPC contract)	M/s ULCCS-EVRASCON (JV)
2.	Mananthavady-Periya Road	335/KSTP/PMT/PWD/2020 dated 27/10/2020	548 days	**102,83,06,000** (EPC contract)	M/s. ULCCS
3.	Uruvachal-Maruthayi Road	340/KSTP/PMT/PWD/2020 dated 14/12/2020	548 days	**100,42,64,139** (EPC contract)	M/s Engineering Projects (India) Ltd.
4.	Kumbla- Mulleria Road	341/KSTP/PMT/PWD/2020 dated 14/12/2020	730 days	**158,85,00,000** (EPC Contract)	M/s. RDS Project Ltd.
5.	Koyilandy-Eranhimavu Road	342/KSTP/PMT/PWD/2021 dated 16/02/2021	730 days	**221,06,50,860** (EPC contract)	M/s. Sreedhanya Constructions.
6.	Vythiri-Tharuvana Road	347/KSTP/PMT/PWD/2021 dated 10/03/2021	480 days	**6,39,00,000** (EPC contract)	M/s. Midland Engineering & Contracting Company-M/s. Rayee Gowda Construction Company (JV)
7.	Eranhimavu-Edavanna Road	331/KSTP/PMT/PWD/2020 dated 08/10/2020	548 days	**189,76,50,000** (EPC contract)	M/s. Sreedhanya Construction Company
8.	Gandhinagar-Medical College-Athirampuzha-Vedagri Road	355/KSTP/PMT/PWD/2021 dated 27/05/2021	548 days	**121,11,28,232** (Item rate contract)	M/s. Sreedhanya Construction Company
9.	Vadayar-Muttuchira Road	374/KSTP/PMT/PWD/2022 dated 20/04/2022	548 days	**111,09,82,254** (Item rate contract)	M/s. Marymatha Infrastructure Pvt Ltd.
10.	Thattarambalam-Pandalam Road	353/KSTP/PMT/PWD/2021 dated 29/04/2021	548 days	**11,91,33,647** (Item rate contract)	M/s. Begorra - PRL (JV)

Appendix 14
Details of Change of Scope: Kumbla – Mulleria Road
(Referred to in paragraph 2.2.7.1 (ii))

Provision as per Final DPR	Details of Proposal for Change of Scope	Details of COS notice/order	Details of Supplementary Agreement	Payment details
41 Existing (31- for reconstruction, five for widening and five to be retained with minor repairs) and one new RCC Box culvert (DPR-11.20.3)	The DPR identified 41 existing culverts and proposed one new RCC box culvert, along with the reconstruction of 31 culverts and widening of five others. Additionally, one new RCC box culvert was proposed. The contractor proposed 19 additional culverts (27/08/2021). Authority Engineer (M/s MSV-JSV) recommended (07/09/2021) reconstruction of 12 culverts out of the 19 proposed by the contractor. The EE KSTP Division, Kannur also agreed with the recommendation.	Change of Scope Notice issued (five culverts) on 27/11/2021 by the AE and (six more culverts) on 11/03/2022	Supplementary Agreement executed only on 01 August 2023 for ₹2,37,75,618.57.	Paid as per IPC 20 ₹2,14,73,839 (20/01/2024).
Two minor bridges at 7+085 and 14+600 to be retained with Minor repairs.	The minor bridge at km 7+085 (7+071 as per design chainage) was initially to be retained with minor repairs, but due to weak foundations, proposed to be reconstructed for which a CoS proposal was initiated.	CoS Order issued on 25/03/2024	Supplementary Agreement executed only on 27 April 2024 for CoS 3 for ₹1,19,20,309.99.	Paid as per IPC 23 ₹95,50,390.48 (29/08/2024).
Total			**₹3,56,95,928.56**	

Appendix 15
Details of Change of Scope: Mananthavady-Periya Road
(Referred to in paragraph 2.2.7.1 (iii))

Change of Scope (CoS) No.	Proposal for Change of Scope	Amount (₹ in crore)	Details of CoS notice/order Supplementary Agreement	Remarks as per file
CoS 1	Approach Road via-ducts for MNB @km 17+103 due to lack of ROW	2.39	KSTP/499/2021 dtd 09/11/2022 Supplementary agreement executed.	Due to limited width of Right of Way, it is not possible to construct normal embankment with free slope as per contract schedule. In order to meet the site requirement an approach ramp structure of length 32.485m on Mananthavady side (A1side) and 56.485m on Periya side (A2 side) is proposed for Minor bridge @km 17+100.
CoS 3	Gabion Retaining Wall	3.33	KSTP/499/2021 dtd 20/09/2022 Supplementary agreement executed.	Due to limited width of Right of way available for the construction of the road as per TCS-7 of the contract, retaining structures are required to be provided to protect the proposed raised embankment in flood prone locations. So Gabion retaining walls are proposed at flood prone locations for a length of 1340m where the embankment is required to be protected.
CoS 4	Additional protection works and drains required as per site condition	7.17	KSTP/337/2023 dtd 20/09/2022	As per the contract schedule, embankment raising with paver block flooring of length 4790m was proposed where there is no provision of protection wall. During the flood in the year 2018 this stretch was considered as water logging area. Moreover, land is not available to accommodate the free slope of embankment filling. During the monsoon season it was observed that water was overflowing the existing earthen drain and entering into the private property. In order to resolve the issue, 750m box drain and 350m rectangular drain is proposed. During reconstruction of pavement between Ch 19 + 690 to 10+990 it was observed that lateral movement of earth is happening as a result CTSB layer was cracked. In order to protect the formation 561m DR wall is proposed.
CoS 5	Deleting the road works of 190m due to the interface with approach of new PWD bridge	(-)0.39	KSTP/409/2022 dtd 07/11/2023 Supplementary agreement executed.	Deleting the scope of work from Ch 15+ 900.50 to Ch 16+091.40(190m) due to the scope of the PWD bridge approach under construction at this place covering the above area.
CoS 6	Change in span of Minor bridge at km 9 +815	(-)0.07	KSTP/409/2021 dtd 07/11/2023 Supplementary agreement executed.	Due to land restrictions and based on hydrology data the span of minor bridge has to be reduced covering under the CoS.
CoS 8	Descoping of widening of Existing Minor bridge at 25+640	(-)1.37	KSTP/499/2021 dtd 03/06/2024 Supplementary agreement executed.	The existing Minor bridge has sufficient Road way width and RoW is not available for widening of the existing bridge.
Total		**11.06**		

Appendix 16
Details of Over Head Payments made in electrical utility shifting works
(Referred to in paragraph 2.2.8.1)

	Bill No.	OH claimed (₹)		OH admitted (₹)		GST paid @ rate (in *per cent*)	Payment details as per office note
		Material Part	Labour Part	Material Part	Labour Part		
Kumbla - Mulleria Road	IPC 01	14,12,091		-			No amount admitted.
	IPC 02	10,34,359		6,96,917		18	OH 15 *per cent.*
	IPC 03			14,12,091		18	OH 15 *per cent* in respect of IPC 01 paid.
	IPC 04	3,14,863	14,69,461	3,14,863		18	OH 15 *per cent* paid.
Koyilandy-Eranhimavu Road	RA 01	41,13,414		35,46,047		18	OH @ 15 *per cent* on material.
	RA 02	12,68,687		10,93,695		18	OH @ 15 *per cent* on material.
	RA 03		6,63,058			--	OH on labour not seen admitted.
	RA 04	90,920		78,380		18	OH @ 15 *per cent* on material.
	RA 05	2,40,406					Not released.
Eranhimavu-Edavanna road	IPC 01	41,69,138		35,94,084		18	OH @ 15 *per cent* on material.
		5,75,054 (Claim for balance amount in IPC 01)					Balance on OH @ 15 *per cent* on material claimed in IPC 01-Not seen paid.
	IPC 02	3,04,030	31,62,483	3,04,030	31,62,483	18	OH 15 *per cent* on both materials and labour paid.
Mananthavady-Periya Road	IPC 01	6,81,413					No OH admitted.
	IPC 02		8,29,869 1,89,269				No OH admitted.
	IPC 03	93,391		93,391		18	OH 15 *per cent* admitted on materials.

	Bill No.	OH claimed (₹)		OH admitted (₹)		GST paid @ rate (in *per cent*)	Payment details as per office note
		Material Part	**Labour Part**	**Material Part**	**Labour Part**		
Uruvachal-Maruthayi Road	RA 01	1,66,401	1,14,825	1,66,401		18	OH @ 15 *per cent* admitted on materials.
	RA 02	36,750	3,87,714	30,217		18	OH @ 15 *per cent* admitted on materials.
Alappuzha-Changanassery Road	RA 01	59,87,610		59,87,610		12	OH @ 15 *per cent* admitted on materials.
	RA 02	47,04,077					OH not admitted initially.
	OH claim on RA 02 made again	47,04,077		47,04,077		12	OH @ 15 *per cent* admitted on materials (RA 02).
	RA 03		16,53,420				
	RA 04		18,69,639				
	RA 05		1,17,111				
	RA 06	26,182	14,311	26,182		18	OH @ 15 *per cent* on material.
	RA 07	8,68,199		8,68,199		18	OH @ 15 *per cent* on material.
				2,29,16,184	**31,62,483**		
	Add: GST – @12 *per cent* of ₹1,06,91,687 (59,87,610+47,04,077) = ₹12,83,002 **@18 *per cent* of ₹1,53,86,980 (2,29,16,184-1,06,91,687+31,62,483) = ₹27,69,656**						
	Total	**₹3,01,31,325**					

Appendix 17
Details of Bank Guarantees received towards Performance Security and ESHS Security
(Referred to in paragraph 2.2.8.2(i))

Sl. No.	Name of Work	Agreement No., date	Agreed period of execution	Date by which the work was to be completed, reckoned based on Agreement date	Defect liability period / maintenance period	Period to be covered in the Guarantee to be provided	Details of Bank Guarantee			
							Bank	Amount (₹)	Date of issue	Validity period of the BG furnished initially
1.	Alappuzha-Changanassery Road	334/KSTP/PMT/PWD/2020 dated 27/10/2020	912 days	26/04/2023	60 months	Initially upto 25/06/2028*	Kerala Bank	51,98,14,942 12,99,53,736	23/10/2020 23/10/2020	25/04/2028 25/04/2028
2.	Uruvachal-Maruthayi Road	340/KSTP/PMT/PWD/2020 dated 14/12/2020	548 days	14/06/2022	60 months	Initially upto 13/08/2027*	IOB - Delhi	8,03,41,132 2,00,85,283	12/11/2020 12/11/2020	31/07/2022 31/07/2022
3.	Kumbla – Mulleria Road	341/KSTP/PMT/PWD/2020 dated 14/12/2020	730 days	13/12/2022	60 months	Initially upto 11/02/2028*	Bank of Baroda	12,70,80,000 3,17,70,000	21/11/2020 21/11/2020	20/02/2023 20/02/2023
4.	Koyilandy-Eranhimavu Road	342/KSTP/PMT/PWD/2021 dated 16/02/2021	730 days	15/02/2023	60 months	Initially upto 15/04/2028*	HDFC Bank	8,84,26,035 2,21,06,510	16/02/2021 16/02/2021	26/04/2024 26/04/2024
5.	Vythiri – Tharuvana Road	347/KSTP/PMT/PWD/2021 dated 10/03/2021	480 days	02/07/2022	60 months	Initially upto 31/08/2027*	Federal Bank	2,55,60,000 63,90,000	15/02/2021 15/02/2021	15/08/2023 15/08/2023
6.	Eranhimavu-Edavanna Road	331/KSTP/PMT/PWD/2020 dated 08/10/2020	548 days	08/04/2022	60 months	Initially upto 07/06/2027*	SBI	15,18,12,000 3,79,53,000	06/10/2020 06/10/2020	15/04/2023 15/04/2023
7.	Gandhinagar-Medical College Road	355/KSTP/PMT/PWD/2021 dated 27/05/2021	548 days	25/11/2022	60 months	Initially upto 23/12/2027#	ICICI BANK	6,05,56,500	25/03/2021	23/10/2023

Sl. No.	Name of Work	Agreement No., date	Agreed period of execution	Date by which the work was to be completed, reckoned based on Agreement date	Defect liability period / maintenance period	Period to be covered in the Guarantee to be provided	Details of Bank Guarantee			
							Bank	Amount (₹)	Date of issue	Validity period of the BG furnished initially
8.	Vadayar-Muttuchira Road	374/KSTP/PMT/PWD/2022 dated 20/04/2022	548 days	19/10/2023	60 months	Initially upto 16/11/2028#	Federal Bank	5,55,49,150	25/03/2022	24/12/2024
9.	Thattarambalam – Pandalam Road	353/KSTP/PMT/PWD/2021 dated 29/04/2021	548 days	28/10/2022	60 months	Initially upto 25/11/2027#	Federal Bank	5,95,66,900	28/04/2021	27/01/2024
Total								**1,41,69,65,188**		

[The dates shown as BG initially required have been arrived reckoning from the date of agreements, considering 60 months DLP and 60 days after DLP in respect of EPC contracts, and 28 days after period of contractual obligation including five years maintenance period in respect of item rate contracts]

** Sixty days after the expiry of Defects Liability Period (EPC contracts-Sl. Nos. 1 to 6).*

 # 28 days after completion of maintenance period (Item rate contracts-Sl. Nos. 7, 8, 9).

Appendix 18
Non- Compliance with Contractual Insurance requirement
(Referred to in paragraph 2.2.8.2(ii))

Sl. No.	Name of Work and contract amount	Agreement No. and date	Appointed Date	Insurance policy from
1.	Upgradation of Alappuzha-Changanassery road into semi-elevated highway (EPC contract): ₹649,76,86,775	334/KSTP/PMT/PWD/2020 dated 27/10/2020	29/12/2020	CAR policy-05/04/2021 ECLP-05/04/2021 CGLP-05/04/2021
2.	Rehabilitation and upgrading the Mananthavady-Periya Road (EPC contract): ₹102,83,06,000	335/KSTP/PMT/PWD/2020 dated 27/10/2020	29/12/2020 later changed to 01/03/2021	CAR policy-14/03/2021 ECLP-14/03/2021 CGLP 14/03/2021
3.	Upgrading Uruvachal-Manakkayi Valayal-Keezhallur-TherurPalayod-Vellaparamba-Karimbala colony-Maruthayi Road (EPC contract): ₹100,42,64,139	340/KSTP/PMT/PWD/2020 dated 14/12/2020	20/04/2021	CAR policy-23/11/2021
4.	Upgrading Kumbla – Badiadka - Mulleria Road: Km 0+000 (Kumbla) to Km 29+135 (Mulleria) (EPC contract): ₹158,85,00,000	341/KSTP/PMT/PWD/2020 dated 14/12/2020	20/01/2021	CAR policy-04/05/2021 ECLP-05/08/2021
5.	Upgrading Koyilandy-Thamarassery Mukkam Areekkode- Eranhimavu Road 1 (EPC contract): ₹221,06,50,860	342/KSTP/PMT/PWD/2021 dated 16/02/2021	18/03/2021	CAR policy-23/07/2021
6.	Upgrading Vythiri – Tharuvana Road (EPC contract): ₹63,90,0000	347/KSTP/PMT/PWD/2021 dated 10/03/2021	07/06/2021	CAR policy-06/07/2021
7.	Upgrading Eranhimavu to Edavanna Section of SH 34(KM 51/200 TO 70/000 18.8KM) (EPC contract): ₹189,76,50,000	331/KSTP/PMT/PWD/2020 dated 08/10/2020	23/11/2020	CAR policy-31/03/2021 to 30/09/2022
8.	Rehabilitation and Upgradation of Road 1- Gandhinagar-Medical College Road, Babu Chazhikadan Road, Kottayam – Parippu Road, Athirampuzha Liessue-Kaippuzha Mannanam- Pulikuttissery Parolickal Muttappally Road (Item rate contract): ₹121,11,28,232	355/KSTP/PMT/PWD/2021 dated 27/05/2021	09/08/2021	CAR policy-16/10/2021 ECLP-09/09/2021
9.	Rehabilitation and Upgradation of Road 2-Vadayar-Chandappalam-Mulakkulam Road and Vadayar-Kallattippalam-Muttuchira Road (Item rate contract): ₹111,09,82,254	374/KSTP/PMT/PWD/2022 dated 20/04/2022	12/05/2022	CAR policy- 12/05/2022 ECLP-18/04/2022
10.	Road 7-Thattarambalam – Michel junction and Kochalumoodu –Mangankuzhy – Pandalam road (Item rate contract): ₹119,13,36,470	353/KSTP/PMT/PWD/2021 dated 29/04/2021	12/07/2021	CAR policy-19/08/2021 ECLP-19/08/2021

Appendix 19

Benefit to the contractor due to splitting of stage of payment "Reconstruction of Major culverts / Minor Bridges" to sub-stages

(Referred to in paragraph 2.2.10.4)

IPC no.	Amount for the first three sub-stages (₹)	Date of payment of IPC	Date of payment of last and fourth stage (IPC 17)	Premature payment in days
IPC 01	14,58,59,124	21/06/2022	18/12/2024	911
IPC 02	2,24,39,865.2	21/06/2022	18/12/2024	911
IPC 03	1,19,68,304.2	31/08/2022	18/12/2024	840
IPC 04	1,12,19,932.6	25/10/2022	18/12/2024	785
IPC 05	2,16,91,493.7	06/12/2022	18/12/2024	743
IPC 07	1,27,16,675.8	30/06/2023	18/12/2024	537
IPC 08	2,09,43,122.1	29/05/2023	18/12/2024	569
IPC 10	1,12,19,932.6	25/10/2023	18/12/2024	420
IPC 11	2,31,88,236.8	20/01/2024	18/12/2024	333
IPC 12	1,04,71,651.1	20/01/2024	18/12/2024	333

Appendix 20
Comparison of approved value of substage against DPR weightages
(Referred to in paragraph 2.2.10.4)

Stage for payment	Amount (₹)	Substage for payment	Weightage (in *per cent*)	Amount (₹)	As per DPR	
					Weightage (in *per cent*)	Amount if DPR percentage weightage is adopted on the stage amount in col (2) (₹)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Earthwork up to top of the sub-grade including ground improvement works of stone column and PVD	123,93,25,890.73	(i) Subsoil improvement using PVD or alternate suitable technique recommended by geotechnical expert committee and all works upto subgrade bottom level	15	18,58,98,883.61	24.32	30,14,04,056.63
		(ii) Subsoil improvement using Stone column or alternate suitable technique recommended by geotechnical expert committee and all works upto subgrade bottom level	55	68,16,29,239.90	72.60	89,97,50,596.67
		(iii) Subsoil improvement using coir geotextile of 700 GSM and all works upto the subgrade bottom level	5	6,19,66,294.54	0.96	1,18,97,528.55
		(iv) Embankment filling and subgrade work	25	30,98,31,472.68	2.10	2,60,25,843.71

Appendix 21
Value of CoS-3 without splitting of stage of payment into substages
(Referred to in paragraph 2.2.10.4)

Specification	UoM	Qty	Rate (₹)	Amount (₹)
3.16 Construction of embankment with approved material obtained from borrow pits with all lifts and leads, transporting to site, spreading, grading to required slope and compacting to meet requirement of Table No. 300-2.	cu.m.	40500	274.25	1,11,07,125
3.18 Construction of sub-grade and earthen shoulders with approved material obtained from borrow pits with all lifts and leads, transporting to site, spreading, grading to required slope and compacted to meet requirement of Table No. 300-2.	cu.m	8633	302.75	26,13,640.75
4.13 Construction of Median and island above road level with approved material deposited at site from roadway cutting and excavation for drain and foundation of other structures, spread, graded and compacted as per Clause 408.	cu.m	335	189.81	63,586.35
3.15 Scarifying the existing bituminous road surface to a depth of 50 mm and disposal of scarified material within all lifts and lead upto 1000 metres by mechanical means.	sq.m.	213280	4.11	8,76,580.8
	Total			1,46,60,932.9
	Add Cost index @41.53 *per cent*			60,88,685.433
	Sub total			2,07,49,618.33
	Add OH @8 *per cent*			16,59,969.467
	Sub total			2,24,09,587.8
	Add CP @10 *per cent*			22,40,958.78
	Sub-Total			2,46,50,546.58
	Add GST @12 *per cent*			29,58,065.59
	Sub-total			2,76,08,612.17
	Add CoS 3 now sanctioned			70,43,87,709
	Grand total			**73,19,96,321**

Appendix 22
Details of delay in processing SPS/IPCs resulting in payment of interest
(Referred to in paragraph 2.2.11.1)

SPS / IPC	Date of submission by contractor	Due Date of receipt of AE Recommendation*	Actual Date of receipt of AE Recommendation	Delay by AE in submitting IPC (Days)	Due date **	Date of payment (Cheque date etc.)	Delay in payment (in days)	Interest paid (₹)
SPS 01	28/12/2021	07/01/2022	30/12/2021		09/01/2022	20/01/2022	11	1,36,825.57
IPC 01	28/12/2021	12/01/2022	18/01/2022	6	27/01/2022	14/02/2022	18	98,560.88
SPS 02	22/01/2022	01/02/2022	28/01/2022		07/02/2022	08/02/2022	1	23,513.22
IPC 02	22/01/2022	06/02/2022	19/02/2022	13	21/02/2022	11/03/2022	18	1,09,106.02
SPS 03	22/02/2022	04/03/2022	27/02/2022		09/03/2022	11/03/2022	2	58,976.87
IPC 03	22/02/2022	09/03/2022	12/03/2022	3	24/03/2022	30/03/2022	6	39,026.81
IPC 04	16/03/2022	31/03/2022	11/04/2022	11	15/04/2022	17/05/2022	32	3,05,678.16
SPS 05	08/04/2022	18/04/2022	21/04/2022	3	01/05/2022	27/05/2022	26	7,84,887.90
IPC 05	08/04/2022	23/04/2022	30/04/2022	7	08/05/2022	27/05/2022	19	16,15,768.05
SPS 06	09/05/2022	19/05/2022	15/05/2022		25/05/2022	25/05/2022	NIL	2,06,227.87
IPC 06	09/05/2022	24/05/2022	30/05/2022	6	08/06/2022	25/06/2022	17	2,37,183.40
SPS 08	06/06/2022	16/06/2022	21/06/2022	5	01/07/2022	30/06/2022	NIL	59,453.01
IPC 08	06/06/2022	21/06/2022	24/06/2022	3	06/07/2022	15/07/2022	9	22,695.25
SPS 09	07/07/2022	17/07/2022	29/07/2022	12	08/08/2022	31/08/2022	23	58,574.81
IPC 09	25/07/2022	09/08/2022	08/08/2022		24/08/2022	03/09/2022	10	29,288.73
SPS 10	08/08/2022	18/08/2022	12/08/2022		22/08/2022	31/08/2022	9	1,59,466.04
IPC 10	08/08/2022	23/08/2022	25/08/2022	2	07/09/2022	20/09/2022	13	2,44,600.98
SPS 12	14/09/2022	24/09/2022	20/09/2022		30/09/2022	25/10/2022	25	4,40,200.76
IPC 12	14/09/2022	29/09/2022	30/09/2022	1	14/10/2022	14/11/2022	31	1,53,073.58
IPC 13	17/10/2022	01/11/2022	08/11/2022	7	16/11/2022	06/12/2022	20	1,58,318.96
SPS 14	12/11/2022	22/11/2022	18/11/2022		28/11/2022	06/12/2022	8	10,44,672.45
							Total	**59,86,099.32**

*As per Clause 19.5.1, Within 10 (ten) days of receipt of stage payment statement from the contractor pursuant to Clause 19.4, the AE shall broadly determine the amount due to the contractor and recommend the release of 75 percent of the amount so determined as part payment against the Stage Payment Statement. Within 10 (ten) days of the receipt of recommendation of the AE, the Authority shall make electronic payment directly to the contractor's bank account.
As per Clause 19.5.2, Within 15 (fifteen) days of receipt of stage payment statement referred to in Clause 19.4, the AE shall determine and shall deliver to the Authority and the contractor, an IPC certifying the amount due and payable to the contractor.
** As per Clause 19.5.1, Within 10 (ten) days of the receipt of recommendation of the AE, the Authority shall make electronic payment directly to the contractor's bank account. For IPC' as per Clause 19.9.1, payment shall be made no later than 30 days from the date of submission of Stage Payment Statement by the contractor to the Authority's Engineer.

Appendix 23
Details of excess payment of interest
(Referred to in paragraph 2.2.11.1)

SPS / IPC	Date of submission by contractor	Date of receipt of AE Recommendation	Due date of payment *	Date of payment (Cheque date etc.)	Corrected Interest Calculation (SBI Base Rate plus two *per cent*) (₹)	Interest paid (PLR plus two *per cent*) (₹)	Excess Payment (₹)
SPS 01	28/12/2021	30/12/2021	09/01/2022	20/01/2022	87,577.79	1,36,825.57	49,247.78
IPC 01	28/12/2021	18/01/2022	27/01/2022	14/02/2022	47,462.94	98,560.88	51,097.94
SPS 02	22/01/2022	28/01/2022	07/02/2022	08/02/2022	7,535.16	23,513.22	15,978.06
IPC 02	22/01/2022	19/02/2022	21/02/2022	11/03/2022	43,245.14	1,09,106.02	65,860.88
SPS 03	22/02/2022	27/02/2022	09/03/2022	11/03/2022	25,299.59	58,976.87	33,677.28
IPC 03	22/02/2022	12/03/2022	24/03/2022	30/03/2022	25,174.27	39,026.81	13,852.54
IPC 04	16/03/2022	11/04/2022	15/04/2022	17/05/2022	58,873.68	3,05,678.16	2,46,804.48
SPS 05	08/04/2022	21/04/2022	01/05/2022	27/05/2022	4,41,070.16	7,84,887.90	3,43,817.74
IPC 05	08/04/2022	30/04/2022	08/05/2022	27/05/2022	42,608.56	16,15,768.05	15,73,159.49
SPS 06	09/05/2022	15/05/2022	25/05/2022	25/05/2022	0	2,06,227.87	2,06,227.87
IPC 06	09/05/2022	30/05/2022	08/06/2022	25/06/2022	2,23,006.04	2,37,183.40	14,177.36
SPS 08	06/06/2022	21/06/2022	01/07/2022	30/06/2022	0	59,453.01	59,453.01
IPC 08	06/06/2022	24/06/2022	06/07/2022	15/07/2022	18,506.95	22,695.25	4,188.30
SPS 09	07/07/2022	29/07/2022	08/08/2022	31/08/2022	22,106.05	58,574.81	36,468.76
IPC 09	25/07/2022	08/08/2022	24/08/2022	03/09/2022	34,523.85	29,288.73	-5,235.12
SPS 10	08/08/2022	12/08/2022	22/08/2022	31/08/2022	36,065.77	1,59,466.04	1,23,400.27
IPC 10	08/08/2022	25/08/2022	07/09/2022	20/09/2022	1,22,026.70	2,44,600.98	1,22,574.28

SPS / IPC	Date of submission by contractor	Date of receipt of AE Recommendation	Due date of payment *	Date of payment (Cheque date etc.)	Corrected Interest Calculation (SBI Base Rate plus two *per cent*) (₹)	Interest paid (PLR plus two *per cent*) (₹)	Excess Payment (₹)
SPS 12	14/09/2022	20/09/2022	30/09/2022	25/10/2022	230839.21	4,40,200.76	2,09,361.55
IPC 12	14/09/2022	30/09/2022	14/10/2022	14/11/2022	127042.60	1,53,073.08	26,030.48
SPS 13	17/10/2022	26/10/2022	05/11/2022	02/12/2022	419864.50	790390.37	3,70,525.87
IPC 13	17/10/2022	08/11/2022	16/11/2022	06/12/2022	170678.85	1,58,318.96	-12,359.89
SPS 14	12/11/2022	18/11/2022	28/11/2022	06/12/2022	337486.57	10,44,672.45	7,07,185.88
IPC 14	12/11/2022	02/12/2022	12/12/2022	14/02/2023	367047.89	3,89,988.39	22,940.50
					28,88,042.27	**71,66,477.58**	**42,78,435.31**

*As per Clause 19.5.1, Within 10 (ten) days of receipt of stage payment statement from the contractor pursuant to Clause 19.4, the AE shall broadly determine the amount due to the contractor and recommend the release of 75 (Seventy-Five) percent of the amount so determined, as part payment against the Stage Payment Statement. Within 10 (ten) days of the receipt of recommendation of the AE, the Authority shall make electronic payment directly to the contractor's bank account.
As per Clause 19.5.2, Within 15 (fifteen) days of receipt of stage payment statement referred to in Clause 19.4, the AE shall determine and shall deliver to the Authority and the contractor, an IPC certifying the amount due and payable to the contractor.
For IPCs as per Clause 19.9.1, payment shall be made no later than 30 (thirty) days from the date of submission of Stage Payment Statement by the contractor to the Authority's Engineer.

Appendix 24
Excess expenditure due to payment of GST at higher rates
(Referred to in paragraph 2.2.11.2)

(Amount in ₹)

SI. No.	Name of Work	Part Bill	Work up to	Amount excluding GST	GST Paid (@ 18 *per cent*)	GST due (@12 *per cent*)	Excess GST paid
1	Alappuzha-Changanassery Road	IPC 04	30/06/2022	22,77,62,612	4,09,97,270	2,73,31,513	1,36,65,757
2	Uruvachal-Maruthayi Road	IPC 02	30/06/2022	14,05,66,019	2,53,01,883	1,68,67,922	84,33,961
3	Koyilandy- Eranhimavu Road	IPC 04	22/06/2022	10,07,38,264	1,81,32,887	1,20,88,592	60,44,295
4	Eranhimavu-Edavanna Road	IPC 03	31/05/2022	27,91,08,942	5,02,39,610	3,34,93,073	1,67,46,537
						Total	**4,48,90,550**

Appendix 25
Payment of GST to consultancy agencies rendering Pure Services related to Road works - Aggregate payment to consultants upto 31 March 2024
(Referred to in paragraph 2.2.11.3)

(Amount in ₹)

Sl. No.	Consultancy	Amount paid (including GST)	GST paid
1	MSV-JSV JV (Authority Engineer-2-RKI Works)	7,23,08,064	1,10,30,044
2	Egis-Orion JV (Authority Engineer-RKI Works)	10,81,09,145	1,64,91,226
3	SAI-ORION JV (CSC-RKI -Pkg III and IV)-Lot 1	17,73,77,458	2,70,57,578
4	SAI-ORION JV (CSC-RKI -Pkg III and IV)-Lot 2	18,66,05,024	2,84,65,173
5	Voyants-Technocrats (Authority Eng-RKI-Semi Ele.HW)	4,48,44,954	68,40,756
6	Louis Berger Consulting Pvt. Ltd. (DPR-RKI)	8,59,43,585	1,31,10,038
7	Feedback Infra Pvt. Ltd. (DPR-RKI)	3,51,03,514	53,54,773
8	Egis India Consulting Engineers Pvt. Ltd. (DPR-RKI)	3,79,78,673	57,93,357
9	L&T Infrastructure Engineering Ltd. (DPR-RKI)	5,46,65,566	83,38,815
10	LB Consulting Pvt. Ltd. - LB Group INC JV (PMC)	18,46,33,161	2,81,64,380
	Total	**98,75,69,144**	**15,06,46,140**

Appendix 26

Details of excess payments to the consultant due to non-application of the required remuneration reductions on the replacement of Key Personnel

(Referred to in paragraph 2.2.11.5)

(*Amount in ₹*)

Invoice No.	Quarter	Remuneration- Key Personnel		Remuneration- Non-key personnel	Remuneration paid (A+C)	Remuneration- (B+C)	*Per cent* reduction - replacement – Key personnel	Remuneration admissible E*(100-F) *per cent*	Excess remuneration paid (D-G)
		Remuneration paid by KSTP (85 *per cent*- 97 *per cent)*	Remuneration to be paid (95 *per cent)*						
		A	B	C	D	E	F	G	H
4	Apr-Jun 2021	60,35,210	60,35,210	37,07,620	97,42,830	97,42,830	3	94,50,545	2,92,285
5	July-Sep 2021	72,23,847	71,90,568	42,03,202	1,14,27,049	1,13,93,770	3	1,10,51,957	3,75,092
6	Oct-Dec 2021	77,62,806	76,98,510	40,69,356	1,18,32,162	1,17,67,866	3	1,14,14,830	4,17,332
7	Jan-Mar 2022	86,58,764	86,22,378	50,98,124	1,37,56,888	1,37,20,502	10	1,23,48,452	14,08,436
8	Apr-Jun 2022	95,13,434	95,05,190	60,08,363	1,55,21,797	1,55,13,553	10	1,39,62,198	15,59,599
9	July-Sep 2022	85,97,074	85,86,975	54,06,703	1,40,03,777	1,39,93,678	10	1,25,94,310	14,09,467
10	Oct-Dec 2022	89,42,550	89,39,555	48,05,760	1,37,48,310	1,37,45,315	10	1,23,70,784	13,77,526
11	Jan-Mar 2023	74,12,105	80,97,224	49,01,096	1,23,13,201	1,29,98,320	10	1,16,98,488	6,14,713
12	Apr-Jun 2023	61,85,749	62,00,338	49,30,375	1,11,16,124	1,11,30,713	10	1,00,17,642	10,98,482
13	Jul-Sep 2023	59,50,906	59,79,744	45,06,390	1,04,57,296	1,04,86,134	10	94,37,521	10,19,775
14	Oct-Dec 2023	68,09,136	70,24,719	45,96,539	1,14,05,675	1,16,21,258	15	98,78,070	15,27,605

Invoice No.	Quarter	Remuneration- Key Personnel		Remuneration- Non-key personnel	Remuneration paid (A+C)	Remuneration- (B+C)	*Per cent* reduction - replacement – Key personnel	Remuneration admissible E*(100-F) *per cent*	Excess remuneration paid (D-G)
		Remuneration paid by KSTP (85 *per cent*- 97 *per cent)*	Remuneration to be paid (95 *per cent)*						
15	Jan-Mar 2024	66,92,548	69,30,174	41,80,028	1,08,72,576	1,11,10,202	15	94,43,671	14,28,905
16	Apr-Jun 2024	73,65,360	78,79,554	53,47,491	1,27,12,851	1,32,27,045	15	1,12,42,988	14,69,863
17	Jul-Sep 2024	71,17,261	76,50,261	57,21,044	1,28,38,305	1,33,71,305	15	1,13,65,610	14,72,695
18	Oct-Dec 2024	72,47,899	78,11,094	46,73,373	1,19,21,272	1,24,84,467	15	1,06,11,797	13,09,475
	Total	**11,15,14,649**	**11,41,51,494**	**7,21,55,464**	**18,36,70,113**	**18,63,06,958**		**16,68,88,863**	**1,67,81,250**

Appendix 27
Details of the streetlights
(Referred to in paragraph 2.2.11.6)

Sl. No.	Name of the Project	No of Street Lights	Wattage	No. of Highmast	Wattage	Electricity consumption in units per day @12 hrs (Wattage x Hrs/1000) x nos.)			Total Electricity charges for 5 years (365x5) @₹4.8/-per unit (₹)	Remarks
						Street light	High mast	Total		
1	Mananthavady to Periya Road	240	100	0	0	288.00	0	288.00	25,22,880	
2	Upgrading Kumbla – Mulleria Road	289	210	40	200	728.28	96	824.28	72,20,693	Double Arm 39, and Single Arm 211 Nos. Five High-masts with eight lamps each
3	Koyilandy-Eranhimavu Road	968	120	84	200	1393.92	201.6	1595.52	1,39,76,755	Seven High-masts with 12 lamps each
4	Vythiri – Tharuvana Road	115	150	0	0	207.00	0	207.00	18,13,320	
5	Eranhimavu-Edavanna Road	278	120	36	200	400.32	86.4	486.72	42,63,667.20	Three High-masts with 12 lamps each
Grand total									**₹2,97,97,315**	

Electricity charges are calculated excluding fixed charges for each meter.

Appendix 28
E tender status – of selected works
(Referred to in paragraph 2.2.12.1)

Sl. No.	Name of Work	Tender ID	Status (e-tender Kerala)
1.	Kumbla-Mulleria Road (341/KSTP/PMT/PWD/2020)	2020_PWD_379378_1	Financial Bid Opening in process
2.	Alappuzha-Changanassery Road (334/KSTP/PMT/PWD/2020)	2020_PWD_368578_1	Financial Bid Opening in process
3.	Uruvachal-Maruthayi Road (340/KSTP/PMT/PWD/2020)	2020_PWD_380664_1	Financial Bid Opening in process
4.	Koyilandy-Eranhimavu Road (342/KSTP/PMT/PWD/2021)	2020_PWD_384717_1	Financial Bid Opening in process
5.	Vythiri-Tharuvana Road (347/KSTP/PMT/PWD/2021)	2020_PWD_384724_1	Financial Bid Opening in process
6.	Eranhimavu-Edavanna Road (331/KSTP/PMT/PWD/2020)	2020_PWD_362593_1	Financial Bid Opening in process
7.	Mananthavady-Periya Road (335/KSTP/PMT/PWD/2020)	2020_PWD_372414_1	Financial Bid Opening in process
8.	Gandhinagar-Medical College Road (355/KSTP/PMT/PWD/2021)	2020_PWD_397206_1	AOC Done / incomplete evaluation summary
9.	Vadayar-Muttuchira Road (374/KSTP/PMT/PWD/2022)	2021_PWD_414000_1	AOC Done / incomplete evaluation summary
10.	Thattarambalam-Pandalam Road (353/KSTP/PMT/PWD/2021)	2020_PWD_392263_1	AOC Done / incomplete evaluation summary

Appendix 29
Estimate of vehicle for supervision of the project
(Referred to in paragraph 2.2.12.3)

Sl. No.	Description	Unit	Quantity	Rate (₹)	Amount (₹)
1	Procure (purchase) and supply brand new vehicle for employer and engineer including registration, full comprehensive insurance (first year), number plate, road tax etc., Innova Type 2 Vehicle.	nos.	**1**	20,00,000	20,00,000
2	Vehicle's running cost of fuel and POL for 3000 km.	Veh-month	**78**	35,000	27,30,000
3	Maintenance of Type 2 Vehicles including full comprehensive insurance, driver's salary, repairs including replacement of worn tyres, services as per manufacturers' recommendation.	Veh-month	**78**	40,000	31,20,000
				Total	**78,50,000**

Appendix 30
Details of 30 invoices found to be forged/fake/invalid which were encashed
(Referred to in paragraph 3.1)

Sl. No	Item	Invoice No. and Date	Quantity in MT	Total Invoice value (in ₹)	EWB No. mentioned in the invoice	Remarks by Audit
1. Name of work: KIIFB – 2016/17 Improvements to Cheruvathur Cheemeni IT Park Palavayal, Beemanady, Mukkada Road by providing DBM and BC in Kasaragod District. **Name of Contractor: Contractor A**						
Name of Supplier: M/s Mangalore Refinery and Petrochemicals Limited, GSTIN: 29XXXXXXXXXA1ZZ						
1	Bitumen VG 30	KA000000793 3 dated 03/05/2021	22.445	9,86,762.00	18XXXXXX5254	Invalid EWB number. The EWB Number 19XXXXXX5254, issued against the said invoice showed a different invoice date as 08/06/2021. Though the invoice number was same, the submitted copy was not genuine.
2		KA0000030240 dated 06/02/2022	22.145	10,41,847.00	14XXXXXX8047	Invalid EWB. The Invoice Reference Number (IRN) mentioned in the Invoice No. KA0000030240, submitted to the department pertained to KA0000040240 dated 09/02/2022 which had been issued to the contractor with EWB No.14XXXXXX9047. The corresponding invoice details were available in EWB Portal. This indicates that invoice KA0000030240 was not genuine.
3	Bitumen VG 30	KA0000043431 dated 01/03/2022	23.400	12,78,988.00	15XXXXXX8311	Invalid EWB. (Invoice No. KA0000043531 dated 04/03/2022 was issued to the contractor with EWB No. 15XXXXXX8311 against which the invoice details were available in EWB Portal. As the IRN referred in the Invoice 43431 was not registered on Invoice Registration Portal (IRP), the invoice was not genuine).
4		KA0000008558 dated 29/05/2022	22.320	12,27,596.00	18XXXXXX7916	Invalid EWB. (Invoice No. KA0000008598 dated 30/05/2022 was issued to the contractor with EWB No.

Sl. No	Item	Invoice No. and Date	Quantity in MT	Total Invoice value (in ₹)	EWB No. mentioned in the invoice	Remarks by Audit
						18XXXXXX7916 against which the invoice details were available in EWB Portal which were similar to the invalid invoice furnished). As the IRN referred in the Invoice 8558 is not registered on Invoice Registration Portal (IRP), the invoice was not genuine.
5		KA0000000572 dated 03/06/2022	18.420	9,49,846.00	14XXXXXX4114	Invalid EWB. (The invoice number issued on 30/05/2022 was KA0000008598 and hence, the invoice number KA0000000572 on 03/06/2022 was not possible. A similar invoice No. KA0000010572 was issued on 10/06/2022 with EWB No.14XXXXXX5114. As the IRN referred in the Invoice 00572 was not registered on IRP, the invoice was not genuine).
6	Bitumen VG 30	KA0000029504 dated 01/02/2024	20.150	8,63,343.00	11XXXXXX7765	The EWB No. 11XXXXXX7765 dated 04/12/2023 and the IRN mentioned in the invoice pertained to Invoice No. KA0000022794 dated 04/12/2023 had been issued to Irikkur Construction Company, Kannur for a value of ₹10.78 lakh. Thus, the invoice was not genuine.
7		KA0000029575 dated 07/02/2024	23.080	9,88,881.00	10XXXXXX5255	The Original invoice was in the name of Irikkur construction company, Kannur and the same was available in another work file "KIIFB 2017-18 Improvements to Hill highway from Vallithod to Ambayathod Ch: 64/700 to 90/000 in Kannur District" (E File No. PDKRFB-KNR/5/2022-T2, Computer No. 4765), as proof of procurement for that work. This indicates that the bitumen invoice furnished was not genuine.
8		KA0000029822 dated 09/02/2024	20.645	8,23,649.00	14XXXXXX9268	The EWB was issued to another person with GSTIN32XXXXXXXXXB1ZM, indicating that the invoice was not genuine.

Sl. No	Item	Invoice No. and Date	Quantity in MT	Total Invoice value (in ₹)	EWB No. mentioned in the invoice	Remarks by Audit
9		KA0000030904 dated 21/02/2024	15.030	6,13,645.00	12XXXXXX0457	The EWB was issued to a contractor with GSTIN 32XXXXXXXXXB1ZZ, indicating that the invoice was not genuine.
10	Bitumen VG 30	KA00000002104 dated 01/05/2024	20.150	8,63,343.00	11XXXXXX7765	The EWB was issued on 04/12/2023 in favour of Irikkur construction company as per Invoice No. KA00000227541 dated 04/12/2023. The Invoice number mentioned in the invoice is incorrect as there were 11 digits whereas actual invoice number consists of 10 digits preceded by two characters as State code. This indicates that the invoice was not genuine.
11		KA0000024979 dated 15/12/2023	22.890	9,62,644.00	18XXXXXX7116	The EWB was issued to M/s. Irirkkur Construction Company against the invoice dated 21/12/2023, which indicates that the invoice furnished was not genuine.
12		KA0000028753 dated 07/01/2024	21.295	8,94,813.00	16XXXXXX2989	The EWB was issued to Irikkur Construction company against Invoice No. KA0000022591 dated 02/12/2023. Thus, the furnished invoice was not genuine.
13	Bitumen VG 30	KA0000028957 dated 30/01/2024	16.990	7,13,917.00	11XXXXXX6262	The EWB showed that the invoice dated 31/01/2024 was issued to Irikkur construction company, Kannur and the same was available in the File "KIIFB 2017-18 Improvements to Hill highway from Vallithod to Ambayathod Ch: 64/700 to 90/000 in in Kannur District" (E File No. PDKRFB-KNR/5/2022-T2, Computer No. 4765), as proof of procurement for that work. Hence the furnished invoice was not genuine. Also, the EWB number was the same as that mentioned at Sl. No. 14. Thus, the invoice submitted was not genuine.
14		KA0000029431 dated 31/01/2024	23.225	9,75,910.00	11XXXXXX6262	The EWB pertained to Invoice No. KL0000028957 dated 31/03/2024, which was issued to Irikkur construction company. The EWB number was the same as that mentioned at

Sl. No	Item	Invoice No. and Date	Quantity in MT	Total Invoice value (in ₹)	EWB No. mentioned in the invoice	Remarks by Audit
						Sl. No. 13. This indicates that the invoice was not genuine.
15		KA0000049869 dated 26/02/2023	22.895	10,76,322.00	17XXXXXX6893	Invalid EWB and hence invoice was not genuine.
16		KA0000052009 dated 14/03/2023	23.068	10,84,454.00	17XXXXXX7944	Invalid EWB and hence invoice was not genuine.
17		KA0000009895 dated 05/06/2022	23.756	12,24,002.00	14XXXXXX4008	Invalid EWB and hence invoice was not genuine.
18		KA0000010945 dated 11/06/2022	23.060	11,89,112.00	14XXXXXX9114	Invalid EWB and invoice was not genuine.
19		KA0000052711 dated 21/03/2023	22.985	11,10,658.00	17XXXXXX8893	Invalid EWB and invoice was not genuine.
Name of Supplier: M/s Bharat Petroleum Corporation Ltd, GSTIN: 32 XXXXXXXXX**M1Z2**						
20		4551069411	22.770	10,98,142.00	52XXXXXX3776	The original invoice was in the name of Irikkur construction company, Kannur and the same was available in the File "KIIFB 2017-18 Improvements to Hill highway from Vallithod to Ambayathod Ch: 64/700 to 90/000 in Kannur District" (E File No. PDKRFB-KNR/5/2022-T2, Computer No. 4765), as proof of procurement for that work. Thus, the furnished invoice was not genuine.
Name of Supplier: M/s Hindustan Colas Private Limited, GSTIN: 29 XXXXXXXXX**P1Z9**						
21	Bitumen Emulsion SS1	4103111121 dated 13/04/2021	12.725	1044463.00	14XXXXXX0585	Invalid EWB Number.
22		4103113122 dated 04/05/2021	10.907	895242.40	14XXXXXX8558	Invalid EWB Number. Invoice No. 4103111901 - was issued by the supplier on 07/06/2021 and hence the issuance of Invoice No. 4103113122 on 04/05/2021was not possible.

Sl. No	Item	Invoice No. and Date	Quantity in MT	Total Invoice value (in ₹)	EWB No. mentioned in the invoice	Remarks by Audit
23		4103111165 dated 15/11/2021	5.454	477581.90	15XXXXXX9151	The instant EWB was issued by GM Cables and Switches Private Limited, Andhra Pradesh to Bright Electricals in Telangana for supply of Electrical goods on 11/10/2019 against invoice No. GBTI/05471/19-20 dated 09/10/2019. This indicates that the invoice was not genuine.
24	Bitumen Emulsion SS1	4103122757 dated 28/03/2024	8.00	566758.00	19XXXXXX8652	The EWB was issued to Irikkur Construction Company, Kannur and the same was available in the File "KIIFB 2017-18 Improvements to Hill highway from Vallithod to Ambayathod Ch: 64/700 to 90/000 in Kannur District" (E File No. PDKRFB-KNR/5/2022-T2, Computer No. 4765), as proof of procurement for that work. Further, the name of the supplier on the Invoice was printed as 'Hindustan Coals Private Limited' instead of 'Hindustan Colas Private Limited', indicating forgery.
25		4103121117 dated 27/01/2024	16.160	1191622.00	15XXXXXX4797	The original invoice was in the name of Irikkur construction company, Kannur and the same was available in the File "KIIFB 2017-18 Improvements to Hill highway from Vallithod to Ambayathod Ch: 64/700 to 90/000 in Kannur District" (E File No. PDKRFB-KNR/5/2022-T2, Computer No. 4765), as proof of procurement for that work. In the invoice too, the name of supplier was incorrectly printed as 'Hindustan Coals Private Limited', which is a pointer to forgery.
26		4103116539 dated 08/03/2023	16.170	1424633.92	11XXXXXX9059	Invalid EWB number.
27		4103116579 dated 15/05/2022	3.654	385243.56	15XXXXXX3725	Invalid EWB number.
Name of Supplier: M/s Hindustan Colas Private Limited, GSTIN: 29 XXXXXXXXX**P1Z9**						
28	Bitumen Emulsion RS	4103120570 dated 02/01/2024	21.40	8,14,225.49	18XXXXXX2086	The original invoice was issued to Irikkur Construction Company, Kannur and the same was available in the File "KIIFB 2017-18 Improvements to Hill highway from Vallithod to

Sl. No	Item	Invoice No. and Date	Quantity in MT	Total Invoice value (in ₹)	EWB No. mentioned in the invoice	Remarks by Audit
						Ambayathod Ch: 64/700 to 90/000 in Kannur District" (E File No. PDKRFB-KNR/5/2022-T2, Computer No. 4765), as proof of procurement for that work. Further, the name of the company was typed as Hindustan Coals Private Limited instead of Hindustan Colas Private Limited which indicates that the invoice was not genuine
2.Name of Work: KIIFB 2017 - 18- Improvements to Muringoor Ezhattumugham Road Km 0/000 to 17/205, Chalakkudy LAC, Thrissur District (Part TS-1 Reach 0/000 to 12/000 km) - Urgent patch works **Name of Contractor: Contractor B**						
Name of Supplier: M/s Hindustan Colas Private Limited, Kadavanthra, GSTIN: 32XXXXXXXXXP1ZM						
29	Bitumen Emulsion SS	4210125291 dated 19/05/2023	4.186	3,84,005.12	53XXXXXX4846	The EWB No. 53 XXXXXX 846 mentioned in the invoice furnished by Contractor B was against an Invoice bearing No. 4210115526 dated 16/03/2022 issued to another contractor with GSTIN 32XXXXXXXXXP1ZZ. Further, as per EWB No. 59XXXXXX1323, the invoice No. 4210125291, dated 19/05/2023, for a value of ₹7,533.00, was issued to a PWD contractor, with GSTIN 32XXXXXXXXXG1Z9. This indicates that the submitted invoice was fake/invalid.

Sl. No	Item	Invoice No. and Date	Quantity in MT	Total Invoice value (in ₹)	EWB No. mentioned in the invoice	Remarks by Audit
3.Name of work: KIIFB 2017 - 18- Improvements to Muringoor Ezhattumugham Road Km 0/000 to 17/205, Chalakkudy LAC, Thrissur District (Part TS-1 Reach 0/000 to 12/000 km) - Urgent patch work and Cautionary Measures from Ch 8/715 to 12/200-General Civil work **Name of Contractor: Contractor B**						
Name of Supplier: M/s Hindustan Colas Private Limited, Kadavanthra, GSTIN: 32XXXXXXXXXP1ZM						
30	Bitumen Emulsion SS	4210129291 dated 11/11/2023	0.728	66,969.52	53XXXXXX8846	The EWB No. 53XXXXXX8846 mentioned in the invoice furnished by Contractor B was invalid. Further, as per the EWB No. 55XXXXXX9918, the Invoice No. 4210129291 dated 23/01/2024, for a value of ₹5,13,972 was issued to another contractor, with GSTIN: 32XXXXXXXXXG1ZV. This indicates that the submitted invoice was fake/invalid.
Total			**530.103**	**272,18,618.91**		

Appendix 31
Price difference of bitumen paid based on the invalid/fake invoices
(Referred to in paragraph 3.1)

Name of work: KIIFB – 2016/17 Improvements to Cheruvathur Cheemeni IT Park Palavayal, Beemanady, Mukkada Road by providing DBM and BC in Kasaragod District.

Name of Contractor: Contractor A

SI No	Item	Invoice No	Invoice Date	Quantity (MT)	Closing date of tender	Rate as on closing date of tender published by PWD per Metric Ton (₹)	Invoice Rate per Metric Ton (₹)	Excess (₹)	Amount (₹)
Name of Supplier: M/s Mangalore Refinery and Petrochemicals Limited, GSTIN: 29XXXXXXXXXA1ZZ									
1	VG30 BULK	KA0000007933	03/05/2021	22.445	25/05/2019	30,516.00	37,220.00	6,704.00	1,50,471.28
2	VG30 BULK	KA0000030240	06/02/2022	22.145	25/05/2019	30,516.00	39,870.00	9,354.00	2,07,144.33
3	VG30 BULK	KA0000043431	01/03/2022	23.400	25/05/2019	30,516.00	46,320.00	15,804.00	3,69,813.60
4	VG30 BULK	KA0000008558	29/05/2022	22.320	25/05/2019	30,516.00	46,610.00	16,094.00	3,59,218.08
5	VG30 BULK	KA0000000572	03/06/2022	18.420	25/05/2019	30,516.00	43,700.00	13,184.00	2,42,849.28
Name of Supplier: M/s Hindustan Colas Private Limited, GSTIN: 29XXXXXXXXXP1Z9									
6	Bitumen Emulsion SS	4103111121	13/04/2021	12.725	25/05/2019	26,395.00	69,559.00	43,164.00	5,49,261.90
7	Bitumen Emulsion SS	4103113122	04/05/2021	10.907	25/05/2019	26,395.00	69,559.00	43,164.00	4,70,789.75
8	Bitumen Emulsion SS	4103111165	15/11/2021	5.454	25/05/2019	26,395.00	69,559.00	43,164.00	2,35,416.46
		Total		**137.816**					**25,84,964.68**

Appendix 32
Details of deficiencies in contract management
(Referred to in paragraph 3.2)

Sl. No.	Name of work	Original tender		Re-tender (contract executed / tender approved/ recommended)		Cost overrun (₹ in crore)
		Date of opening of tender	Rate quoted by successful bidder (₹ in crore)	Rate quoted by successful bidder (₹ in crore)	Details of agreement executed after re-tendering	
1	Construction of Ramanchira Bridge across Muttoli River in Kasaragod District	18/01/2022	13.54	14.99	Agreement No. 43/2022-23 dated 08/02/2023	1.45
2	Construction of Vattoli Bridge Across Vattoli River in Chittariparamba Panchayath and Reconstruction of Chekku Palam on Thalassery Irikkur Road in Kannur District-Balance Work of Chekku Palam	14/10/2022	2.55	2.88	Agreement No. 23/2023-24 dated 18/09/2023	0.33
3	KIIFB- Improvements to Achancovil Plappilly-Phase I-Achancovil Plappilly Road in Pathanamthitta District (Phase-I Stretch 3 Thannithodu Chittar Road) and Stretch 4 (Urumbini Valupara Road)	13/01/2023	32.37	34.64	Agreement No. 03/PWD015-109-01/PD/PMU-KRFB/2024-25 dated 26/06/2024	2.27
4	KIIFB-Upgradation of Roads by FDR Technology under KRFB Thiruvananthapuram Division	30/09/2022	67.94	83.17	Agreement No. 2/2024-25 dated 15/06/2024	15.23
5	KIIFB – Improvements to Kanjikode Industrial Estate Mupana Road km 0/000 to 5/080 (Menonpara Kanjikode Road) Palakkad District	23/12/2022	17.67	19.72	Agreement No. 20/2024-25 dated 03/10/2024	2.05
					Total cost overrun	**21.33**

Appendix 33
Details of delays in the filing of GSTR-3B returns by Kerala Road Fund Board (KRFB) during 2017-18 to 2024-2025
(Referred to in paragraph 3.4)

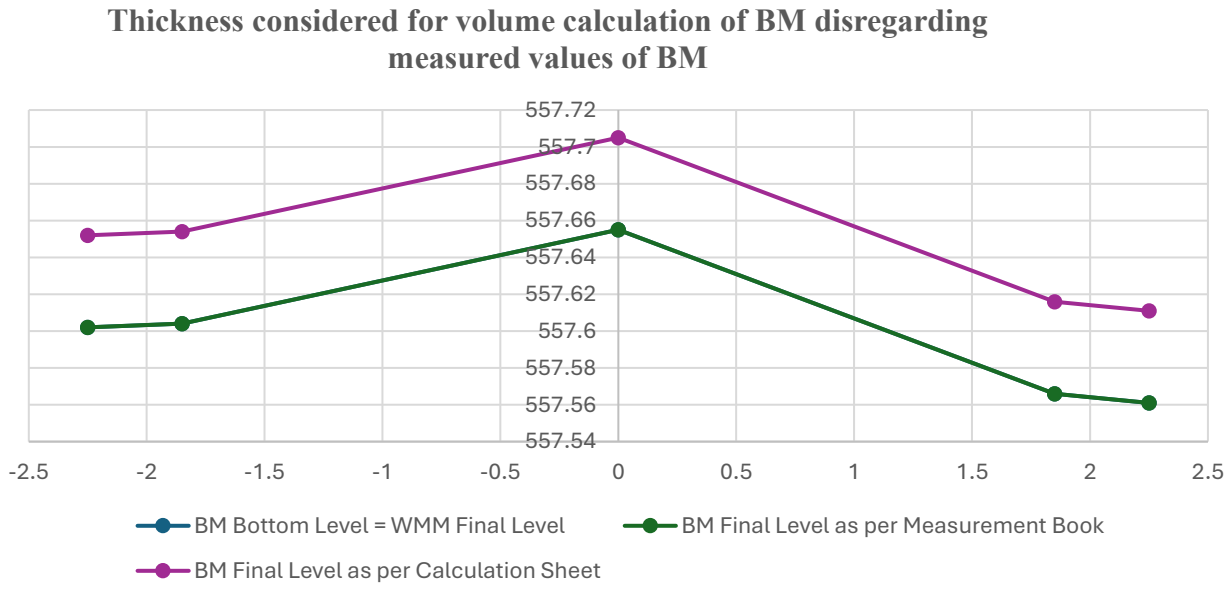
Sl. No.	Financial year	Tax period	Due Date	Date of Filing	Delay in Days
1	2017-2018	Aug-17	20/09/2017	08/02/2019	506
2	2017-2018	Sep-17	20/10/2017	08/02/2019	476
3	2017-2018	Oct-17	20/11/2017	15/02/2019	452
4	2017-2018	Nov-17	20/12/2017	15/02/2019	422
5	2017-2018	Dec-17	20/01/2018	16/02/2019	392
6	2017-2018	Jan-18	20/02/2018	22/02/2019	367
7	2017-2018	Feb-18	20/03/2018	25/02/2019	342
8	2017-2018	Mar-18	20/04/2018	25/02/2019	311
9	2018-2019	Apr-18	20/05/2018	27/02/2019	283
10	2018-2019	May-18	20/06/2018	28/02/2019	253
11	2018-2019	Jun-18	20/07/2018	28/02/2019	223
12	2018-2019	Jul-18	20/08/2018	28/02/2019	192
13	2018-2019	Aug-18	20/09/2018	28/02/2019	161
14	2018-2019	Sep-18	20/10/2018	28/02/2019	131
15	2018-2019	Oct-18	20/11/2018	28/02/2019	100
16	2018-2019	Nov-18	20/12/2018	05/03/2019	75
17	2018-2019	Dec-18	20/01/2019	21/03/2019	60
18	2018-2019	Jan-19	20/02/2019	21/03/2019	29
19	2018-2019	Feb-19	20/03/2019	21/03/2019	1
20	2018-2019	Mar-19	20/04/2019	11/07/2019	82
21	2019-2020	Apr-19	20/05/2019	28/10/2019	161
22	2019-2020	May-19	20/06/2019	12/11/2019	145
23	2019-2020	Jun-19	20/07/2019	12/11/2019	115
24	2019-2020	Jul-19	20/08/2019	16/12/2019	118
25	2019-2020	Aug-19	20/09/2019	09/01/2020	111
26	2019-2020	Sep-19	20/10/2019	14/01/2020	86
27	2019-2020	Oct-19	20/11/2019	20/01/2020	61
28	2019-2020	Nov-19	20/12/2019	22/01/2020	33
29	2019-2020	Dec-19	20/01/2020	23/01/2020	3
30	2019-2020	Mar-20	20/04/2020	04/06/2020	45
31	2020-2021	Apr-20	20/05/2020	04/06/2020	15
32	2020-2021	Jun-20	20/07/2020	17/09/2020	59
33	2020-2021	Jul-20	20/08/2020	17/09/2020	28
34	2021-2022	Jan-22	20/02/2022	09/03/2022	17
35	2023-2024	Nov-23	20/12/2023	24/01/2024	35
36	2023-2024	Dec-23	20/01/2024	02/02/2024	13
37	2024-2025	Dec-24	20/01/2025	22/01/2025	2

Source: GST portal.

Appendix 34
Satellite Image of Kechery Bridge
(Referred to in paragraph 3.5)



Appendix 35
Illustration of discrepancy in calculation of the final level of BM at chainage 2000 m in Karikkinmedu-Upputhodu road
(Referred to in paragraph 3.6 (i))

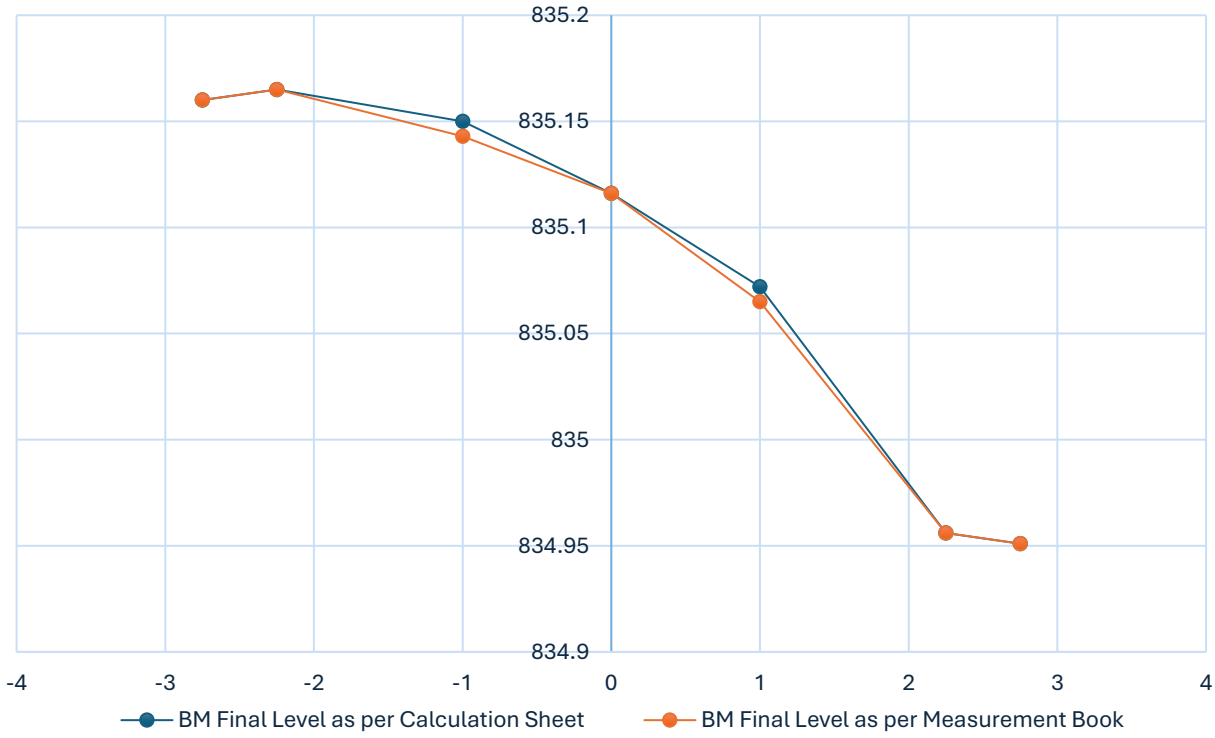


(All values in metres)

Distance from Centre	BM Bottom Level = WMM Final Level	BM Final Level as per Measurement Book	BM Final Level as per Calculation Sheet
-2.25	557.602	557.602	557.652
-1.85	557.604	557.604	557.654
0	557.655	557.655	557.705
1.85	557.566	557.566	557.616
2.25	557.561	557.561	557.611

Appendix 36
Illustration of discrepancy in calculation of the final level of BM at chainage 7450 m in Kuvilettom -Parappu road
(Referred to in paragraph 3.6(ii))

Thickness considered for volume calculation of BM disregarding measured values of BM



(All values in metres)

Distance from Centre	BM Final Level as per Measurement Book	BM Final Level as per Calculation Sheet
-2.75	835.160	835.160
-2.25	835.165	835.165
-1	835.143	835.150
0	835.116	835.116
1	835.065	835.072
2.25	834.956	834.956
2.75	834.951	834.951

Appendix 37
Illustration of measurements at selected chainages
(Referred to in paragraph 3.6 (ii))

Table 1: Measurements taken at the chainages 7430 m.

(All values in metres)

Directions from centre to side	Measurement points along the width of the road at chainage 7430 m	Initial level of BM	Digital Level Field Book reading		As per area report which is considered for calculating the Volume of BM	
			Final level of BM	Difference in level (thickness of BM)	Final level of BM (uniform thickness of 50mm)	Difference in level (thickness of BM)
(a)	(b)	(c)	(d)	(e) = (d) – (c)	(f)	(g) = (f) – (c)
Towards left side	-2.75	836.203	836.253	0.050	836.253	0.050
	-2.25	836.208	836.258	0.050	836.258	0.050
	-1	836.317	836.367	0.050	836.374	**0.057**
Centre	0 (centre of the road)	836.351	836.401	0.050	836.401	0.050
Towards right side	1	836.347	836.397	0.050	836.404	**0.057**
	2.25	836.292	836.342	0.050	836.342	0.050
	2.75	836.287	836.337	0.050	836.337	0.050

Table 2: Measurements taken at the chainages 7450 m.

(All values in metres)

Directions from centre to side	Measurement points along the width of the road at chainage 7450 m	Initial level of BM	Digital Level Field Book reading		As per area report which is considered for calculating the Volume of BM	
			final level of BM	Difference in level (Thickness of BM)	Final level of BM	Difference in level (Thickness of BM)
(a)	(b)	(c)	(d)	(e) = (d) – (c)	(f)	(g) = (f) – (c)
Towards left side	-2.75	835.110	835.160	0.050	835.160	0.050
	-2.25	835.115	835.165	0.050	835.165	0.050
	-1	835.093	**835.143**	0.050	**835.150**	**0.057**
Centre	0 (centre of the road)	835.066	835.116	0.050	835.116	0.050
Towards right side	1	835.015	**835.065**	0.050	**835.072**	**0.057**
	2.25	834.906	834.956	0.050	834.956	0.050
	2.75	834.901	834.951	0.050	834.951	0.050

It is evident from above that the final levels of BM recorded in the DLFB and the area report differ at points -1 and +1. The volume of BM should have been calculated based on the final level measurements recorded in the DLFB. But the measurements adopted for calculation of quantity of BM were taken as per the cross-sectional area report, where the levels at -1 and 1 were manipulated to inflate the quantity of BM, which finally resulted in excess payment for the item of work.

Glossary of Abbreviations

GLOSSARY OF ABBREVIATIONS

Abbreviation	Full form
ABs	Autonomous Bodies
ACM	Audit Committee Meeting
AE	Authority's Engineer
AS	Administrative Sanction
BC	Bituminous Concrete
BDS	Bid Data Sheet
BG	Bank Guarantee
Bitumen RS	Bitumen Rapid Setting
Bitumen SS	Bitumen Slow Setting
BM	Bituminous Macadam
BoQ	Bill of Quantities
C&AG	Comptroller and Auditor General of India
CEO	Chief Executive Officer
CGLP	Commercial General Liability Policy
CoS	Change of Scope
CRZ	Coastal Regulation Zone
CSC	Construction Supervision Consultant
CVC	Central Vigilance Commission
DB	Dispute Board
DeOT	Directorate of Tourism
DLFB	Digital Level Field Book
DNK	District Nirmithi Kendra
DoT	Department of Tourism
DPC Act	Duties, Powers and Conditions of Service Act, 1971
DPL	Development Policy Loan
DPR	Detailed Project Report
DSC	Digital Signature Certificate
DSR	Delhi Schedule of Rates
DTO	District Tourism Office
DTPC	District Tourism Promotion Council
ECLP	Employees Compensatory Liability Policy
EMD	Earnest Money Deposit
EoT	Extension of Time
EPC	Engineering, Procurement and Construction
ESHS	Environmental, Social, Health and Safety
EWB	E-Way Bill
FITL	Forest Industries (Travancore) Ltd.
GCC	General Conditions of Contract
GoI	Government of India
GoK	Government of Kerala

Abbreviation	Full form
GSB	Granular Sub-Base
GST	Goods and Services Tax
HITES	HLL Infra Tech Services
HLEC	High-Level Empowered Committee
HTG	Habitat Technology Group
IDEA	Interactive Data Extraction and Analysis
IPC	Interim Payment Certificates
IR	Inspection Report
IRC	Indian Roads Congress
IRN	Invoice Reference Number
IRP	Invoice Registration Portal
ITC	Input Tax Credit
IWAI	Inland Waterways Authority of India
JPV	Joint Physical Verification
JRDNA	Joint Rapid Damage and Needs Assessment
KAICO	Kerala Agro Industries Corporation
KFC	Kerala Financial Code
KFDC	Kerala Forest Development Corporation
KIAL	Kannur International Airport Ltd.
KIIFB	Kerala Infrastructure Investment Fund Board
KITCO	Kerala Industrial & Technical Consultancy Organisation
KPWD	Kerala Public Works Department
KRFB	Kerala Road Fund Board
KSEBL	Kerala State Electricity Board Limited
KSHB	Kerala State Housing Board
KSIEL	Kerala State Industrial Enterprises Limited
KSINC	Kerala Shipping and Inland Navigation Corporation
KSTP	Kerala State Transport Project
KTDC	Kerala Tourism Development Corporation
KWA	Kerala Water Authority
LA	Land Acquisition
LF Book	Level Field Books
LoA	Letter of Acceptance
LSGI	Local Self-Government Institution
M-Book	Measurement Books
MD	Malabar Devaswom
MHP	Muziris Heritage Project
MoRTH	Ministry of Road Transport and Highways
MPL	Muziris Projects Limited
MRC	Malabar River Cruise
NGO	Non-Governmental Organization

Abbreviation	Full form
NHAI	National Highways Authority of India
NOC	No Objection Certificate
O & M	Operation and Maintenance
PAC	Public Accounts Committee
PA	Performance Audit
PD	Project Director
PDNA	Post Disaster Needs Assessment
PE	Project Engineer
PFMS	Public Financial Management System
PLR	Prime Lending Rate
PMC	Project Management Consultant
PMS	Project Monitoring Software
PMT	Project Management Team
PMU	Project Management Unit
PRICE	Project Information & Cost Estimation
PSU	Public Sector Undertakings
PVD	Pre-Fabricated Vertical Drain
RA	Running Account
RFP	Request for Proposal
RKDP	Rebuild Kerala Development Programme
RKI	Rebuild Kerala Initiative
RoW	Right of Way
RWH	Rain Water Harvesting
SBD	Standard Bidding Document
SBI	State Bank of India
SIHM	State Institute of Hotel Management
SILK	Steel Industries Kerala Limited
SoR	Schedule of Rates
SPS	Stage Payment Statement
SPV	Special Purpose Vehicle
SSCA	Subject Specific Compliance Audit
TS	Technical Sanction
UC	Utilisation Certificate
ULCCS	Uralungal Labour Contract Co-operative Society
VG	Viscosity Grade
WAPCOS	Water and Power Consultancy Services (India) Ltd.
WMM	Wet Mix Macadam

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