

FOURTEENTH KERALA LEGISLATIVE ASSEMBLY

**COMMITTEE
ON
PUBLIC ACCOUNTS
(2016-2019)**

**TWENTY NINETH REPORT
(Presented on 21st June, 2018)**



**SECRETARIAT OF THE KERALA LEGISLATURE
THIRUVANANTHAPURAM**

2018

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On

**Paragraphs relating to General Education, Health & Family Welfare
and Labour & Rehabilitation Departments contained in the Report
of the Comptroller and Auditor General of India for the financial
year ended 31st March, 2012 (General & Social Sector)**

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(2016-2019)

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INTRODUCTION

I, the Chairman, Committee on Public Accounts, having been authorised by the Committee to present this Report, on their behalf present the 29th Report on Paragraphs relating to General Education, Health & Family Welfare and Labour & Rehabilitation Departments contained in the Report of the Comptroller and Auditor General of India for the financial year ended 31st March, 2012 (General & Social Sector).

The Report of the Comptroller and Auditor General of India for the year ended 31st March, 2012 (General & Social Sector) was laid on the Table of the House on 19th March, 2013.

The Committee considered and finalised this Report at the meeting held on 19th June, 2018.

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

Thiruvananthapuram,
19th June, 2018.

V. D. SATHEESAN,
Chairman,
Committee on Public Accounts.

REPORT

GENERAL EDUCATION, HEALTH AND FAMILY WELFARE AND LABOUR AND REHABILITATION DEPARTMENT

GENERAL EDUCATION DEPARTMENT

AUDIT PARAGRAPHS

INTRODUCTION

The Directorate of Public Instruction (DPI) plays an important role in the intellectual and physical development of all pupils studying in the schools. The main function of the DPI is management of Primary, Upper Primary and High Schools in the State. He is responsible for finalizing the curriculum, printing of text books, printing of teachers handbook, arranging on job training to teachers as a part of quality improvement programme, etc.

Literacy rate of Kerala increased to 93.91 percent in 2011 as compared to 47.18 per cent in 1951. The male, female literacy gap also narrowed down to 4.04 per cent from 21.92 per cent in 1951.

There were 12634 schools (4493 Government schools 7278 aided schools and 863 unaided schools) in the State as of July 2011 (2011-12) catering to 42.30 lakh students. The strength of students in the different categories of schools is shown in Table below:

Table: Distribution of students in different category of schools in the State:

Nature of School	Student strength (in Lakh)	Student strength (in Percentage)
Government	12.61	29.82
Government aided	25.93	61.30
Unaided	3.76	8.88
Total	42.30	100.00

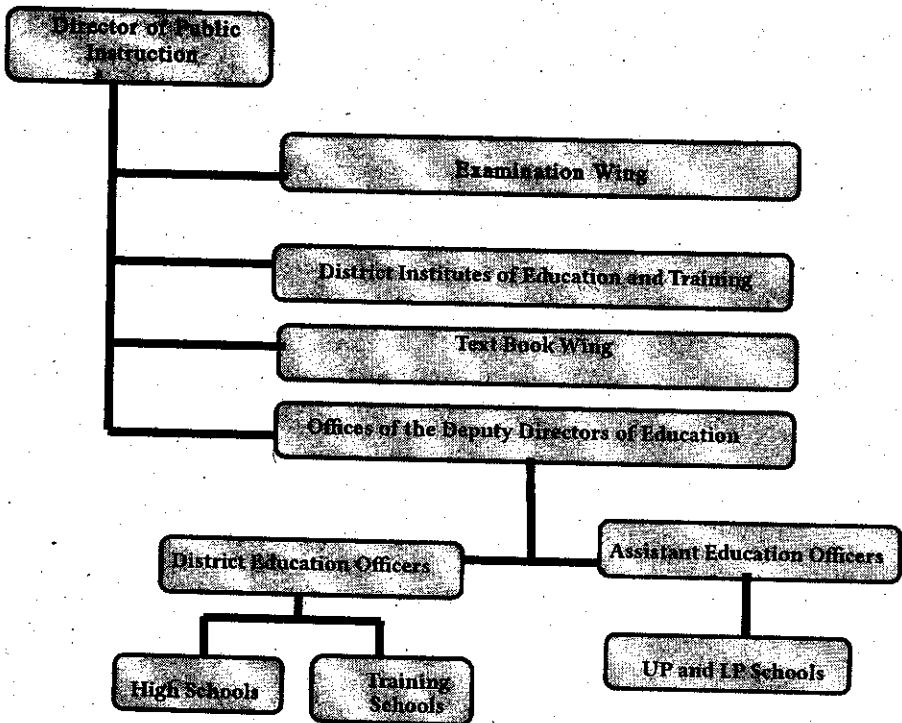
Source: Data furnished by DPI.

Average annual budget outlay of the DPI during 2007-2012 was ₹ 3,090.75 crore.

Organisational Set-up

The DPI is the Chief Controlling Officer of the Education department for Primary and Secondary Education and is assisted by 14 Deputy Directors of Education (DDE). There are 38 Educational Districts in the State. District Education Officers (DEOs) are in charge of the Districts and Assistant Education Officers (AEOs) are in charge of Sub-Districts. The administration of High Schools, Training Schools and other special types of schools are under the control of DEOs and the administration of all Primary/Upper primary Schools is being controlled by the respective AEOs.

The Organizational structure of DPI is as under:



Audit Coverage and Methodology

A Chief Controlling Officer (CCO) based audit of the DPI was conducted during January-May 2012 covered the period at 2007-2012. During audit, the records of four Deputy Director of Education (DDEs), four District Educational Offices (DEOs) and 16 Assistant Educational Officers (AEOs) were test checked as detailed in Table below:

Table : Details of DEOs/AEOs test checked by Audit:

DDE Offices	DEO Offices	AEO Offices	
Thiruvananthapuram	Thiruvananthapuram	Attingal	Neyyattinkara
		Kaniyapuram	Parassala
Kottayam	Kottayam	Changanachery	Kottayam West
		Ettumanoor	Pala
Palakkad	Palakkad	Palakkad	Shornur
		Parali	Pattambi
Kozhikode	Kozhikode	Balussery	Kozhikode City
		Feroke	Perambra

Records of Text Book office and State Council for Education Research and Training (SCERT) were also test checked during audit. While the selection of DDEs was made based on Probability Proportionate to Size Without Replacement¹⁰² (PPSWOR) sampling method, DEOs and AEOs were selected by Random Sampling method.

An Entry Conference was conducted on 14 February 2012 with the Secretary of General Education Department wherein the audit objectives, criteria, sampling method for selection of units for audit and scope of audit were explained. An Exit Conference with the Secretary was conducted on 13 August 2012 during which the audit findings were discussed and the response of the Government was included in the report at appropriate places.

¹⁰² PPSWOR is a sampling procedure under which the probability of a unit being selected is proportional to the size of the ultimate unit. This gives larger clusters a greater probability of selection and smaller clusters a lower probability.

Audit Objectives:

The CCO based audit of the DPI was undertaken to assess whether:—

- there was adequate planning for implementation of schemes;
- the guidelines relating to budgeting were complied with;
- the schemes like Mid-Day Meal, Quality Improvement programme, Printing of textbooks, Quality Education in Madrassas were implemented as per guidelines;
- the expenditure was in conformity with broad principles governing Compliance Audit;
- the infrastructure provided in schools was adequate; and
- the inspection of schools was carried out as prescribed.

Audit criteria

Appropriate audit criteria derived from the following were adopted:

- Acts and Rules namely Kerala Education Act 1958, Kerala Education Rule (KER), 1959, Kerala Services Rules
- Kerala Budget Manual.
- Kerala Treasury Code
- Guidelines and Instructions on the administration of schools issued by Government and DPI from time to time.
- Guidelines and instructions in respect of the implementation of Mid-Day Meal Scheme.

Audit Findings

Planning

The major programmes being implemented for the achievement of the objectives of primary and Secondary Educations are the centrally sponsored schemes such as Sarva Siksha Abhiyan (SSA) and Rashtriya Madhyamik Siksha Abhiyan (RMSA). These programmes are being implemented through independent agencies. A long term Perspective Plan essential for implementation of various schemes and activities by fixing targets to assess the achievements was not prepared by the Directorate. However, the Kerala State Planning Board had prepared the schemes for the DPI and included them in the XI Five Year Plan 2007-2012.

Financial Management

Funds for the DPI are provided in the State budget by the Education Department under Grant No. XVII and the DPI operate the following Major Heads viz. 2202 (General Education), 2204 (Sports and Youth Services), 2205 (Art and Culture) and 2235 (Social Security and Welfare). The total outlay on major centrally sponsored schemes for Sarva Siksha Abhiyan (SSA) was ₹ 1,086.62 crore for 2007-2012 and Rashtriya Madhyamik Siksha Abhiyan (RMSA) was ₹ 57.54 crore for the period 2009-2012 and the total works out to ₹ 1,144.16 crore. The above schemes are being implemented through independent agencies (State Project Officer, Sarva Siksha Abhiyan and Project Officer Rashtriya Madhyamik Siksha Abhiyan) and DPI has no budgetary control over those agencies.

Audit analysis of budget allotments and expenditure revealed the following;

Budget allocation and expenditure

The total budget allocation and expenditure from 2007-08 to 2011-12 under the Plan and Non-Plan heads are as given in Table below:

Table:- Allocation and expenditure under heads of accounts operated by DPI:
(₹ in crore)

	2007-2008		2008-2009		2009-2010		2010-2011		2011-12	
	Plan	Non-Plan	Plan	Non-Plan	Plan	Non-Plan	Plan	Non-Plan	Plan	Non-Plan
Total allocation	83.88	2536.90	169.06	2590.89	253.50	2539.05	285.29	2764.46	344.14	3886.59
Total Expenditure	71.40	2188.33	170.71	2624.21	228.34	2575.99	276.22	2896.74	308.68	4079.92
Excess (+)/ Under utilisation (-)	(-) 12.48	(-) 348.57	(+) 1.65	(+) 33.32	(-) 25.16	(+) 36.94	(-) 9.07	(+) 132.28	(-) 35.46	(+) 193.33

Source : Detailed appropriation accounts of the respective years.

Estimates prepared were based on the departmental estimates submitted by the Heads of Departments. Paragraph 14 of the Kerala Budget Manual (KBM) stipulates that the departmental officers who prepare the estimates should always give careful personal attention and ensure that the estimates are neither inflated nor under-pitched. The budget estimates of the DPI were prepared by compiling the data furnished by the district level officers and heads of other institutions under the control of DPI. The internal audit wing of the DPI did not scrutinize the entire estimates submitted by district level offices because of shortage of manpower and adopted the data without any analysis. Audit noticed excess/savings in the budgeted estimates during 2007-2012 as discussed below:

Short fall in utilization of Plan funds to the tune of ₹ 80.52 crore and excess expenditure to the tune of ₹ 47.30 crore under Non-Plan noticed during 2007-2012, not only indicate the faulty estimation but also revealed that high priority funds (Plan funds) were being diverted for meeting non-plan expenditure.

Director stated (August 2012) that the excess expenditure in non-plan heads was due to non-anticipation of the extra expenditure on account of increase in strength of teaching and non-teaching staff by opening of new schools, sanctioning of additional divisions in the existing schools and up-gradation of schools. It was also stated that due to delay in getting administrative sanction from the Government and treasury restrictions imposed by the Government the DPI was unable to incur Plan expenditure which resulted in under utilization of Plan funds.

The reply indicates that the budget estimates were being prepared without planning and assessment of the actual expenditure.

Expenditure in excess of original budget provision

A review of the budget provision and expenditure in respect of the heads of account, where the original budget provision was more than ₹ one crore revealed that in 32 cases, the expenditure exceeded the original budget provision by 7.02 per cent to 96.28 per cent as shown in Appendix 4.1.

The Government stated (August 2012) that incorrect budget estimation was mainly due to lack of accuracy in details provided by the District level and sub level offices of Education Department and unforeseen policy changes of the Government.

Rush of Expenditure

Rush of expenditure in the month of March inspite of uniform /steady release of funds during the respective fiscal year.

Paragraph 91(2) of the KBM states that flow of expenditure should be regulated in such a manner that there is no rush of expenditure at the end of the year. It was noticed that in 54 heads of account, though there was allotment of ₹ 117.78 crore during the commencement of the year, the entire expenditure (₹ 72.33 crore) was incurred only in the month of March as detailed in Appendix 4.2. It was also seen that under 92 heads of account, expenditure incurred in the month of March was more than 50 percent of the total expenditure as shown in Appendix. 4.3.

The Government stated (August 2012) that though funds were made available to sub offices on time, DDEs failed to utilize in a uniform manner because of delay in receiving administrative sanction.

Operations/Project Management

Infrastructure in Schools

Infrastructure facilities in schools were inadequate.

Chapter IV of KER describes the facilities to be provided in a school like school building with proper fencing, playground, garden, library, toilets, drinking water, educational equipments, etc. The infrastructure facilities are now being provided by the local bodies. Analysis of data collected from 371 schools (out of 1,214 schools in the selected DEOs/AEOs) revealed the following deficiencies in infrastructure:

- Adequate furniture was not available in 103 schools (28 per cent).
- 129 schools (35 per cent) did not have proper educational appliances like globes, maps, etc.

- 99 schools (27 per cent) did not have play grounds.
- 82 schools (22 per cent) did not have a boundary wall or proper fencing.
- Library facility was not available in 60 schools (16 per cent).
- Adequate drinking water facility was not available in 52 schools (14 per cent).

As it was the responsibility of the DPI to ensure the infrastructure facilities in schools, non-availability of the basic facilities in schools is a failure on his part.

Optimal utilization of resources

Rule 22-A of KER prescribes that a school shall have minimum student strength of not less than 25 per standard. It was seen that the number of schools in the State without minimum student strength increased from 3,414 in 2007-08 to 4,614 in 2011-12 as shown in Table below:

Table showing number of schools without minimum strength:

Year	Schools without minimum strength		
	Government	Aided	Total
2007-08	1720	1694	3414
2008-09	1839	1822	3661
2009-10	1974	1988	3962
2010-11	2147	2133	4280
2011-12	2271	2343	4614

Source: Data furnished by DPI.

Further, test check of selected AEOs/DEOs revealed that in 376 schools (out of 1,520), 88 schools had another Government or Aided school within one Km radius and 178 schools had another Government or Aided school within two kilometre radius.

The increasing trend in schools without minimum student strength in standards as required in KER resulted in underutilization of available resources. DPI stated (August 2012) that while implementing the Right to Education Act, such schools would be kept in cluster group so as to utilize the resources of all the schools uniformly.

Scheme for providing Quality Education in Madrassas

To provide Muslim students studying in Madrassas with access to education in modern subjects like Science, Mathematics, Social Studies, Hindi and English, a 'Scheme for Providing Quality Education in Madrassas' (SPQEM) was introduced by GOI with effect from 2010-11. The objective of the scheme was to encourage traditional institutions like Madrassas and Maktabas by providing financial assistance for introducing the above subjects in their curriculum so that academic proficiency for classes I-XII was attainable for children studying in these institutions. Under the scheme, GOI was required to provide assistance to these institutions for appointment of teachers, subject to availability of a minimum of ten students in each subject. Each full time Graduate teacher was to be paid salary for 12 months at the rate of ₹ 6,000 and post Graduate/B.Ed. Teacher ₹ 12, 000 per month. The scheme also provided for assistance to purchase teaching equipments, computers, library books, establishment of science laboratories and assistance for on job training to teachers.

During 2010-11, assistance amounting to ₹ 14.68 crore was paid to 547 Madrassas in the State and an amount of ₹ 3.90 crore was paid to 152 Madrassas in the selected districts.

Audit analysis of 108 out of 152 Madrassas in the selected districts revealed the following:

- According to the guidelines, financial assistance under the scheme was available to children of educationally backward muslim minorities who attend Maktabas/Madrassas/Darul-Ulooms engaged largely in providing

religious teaching and with very little participation in the national mainstream education system. However, records of 108 Madrassas in the test checked DDE offices indicated that all the children in these Madrassas were attending national mainstream education system in general schools. To that extent, the scheme guidelines were not adhered to.

- As per the information available with the DDEs, the above 108 Madrassas were functioning only part-time.
- DPI, while disbursing the assistance to Madrassas had not assessed the working hours of Madrassas, number of children who were learning only religious teaching and curriculum to be followed in the Madrassas. There was no mechanism in place with the DPI to ascertain whether the mainstream subjects like Mathematics, Science, English and Computers were taught and how the time was allotted for teaching the same in Madrassas.
- The scheme also envisaged financial assistance for conducting in-service teacher training programmes for the teachers appointed under the scheme to upgrade their pedagogical skills. Training was to be arranged in groups by State Council for Education Research and Training (SCERT)/District Institutes of Education and Training (DIETs)/Block Resource Centers (BRCs), etc., and the funds for this purpose was to be provided to these training institutions through the State Government at ₹ 100 per day per teacher trainee for a maximum period of 15 days training to cover training expenses and TA/DA of the trainee. DDEs were required to collect the list of teachers from the Madrassas and forward it to SCERT/DIETs for arranging training and the payment to these training institutions made through the State Government. It was seen that training was given to all the 21 teachers employed under the scheme in eight Madrassas under the jurisdiction of DDE, Thiruvananthapuram . But no training was given to 365 teachers engaged in 142 Madrassas under the DDEs of the other three test checked districts viz., Kottayam, Palakkad and Kozhikode.

- Government stated (August 2012) that in Kerala almost all Madrassas are functioning part time . But teaching grants were provided to the Madrassas with a direction to handle modern subjects strictly in accordance with norms and guidelines issued by GOI. Government further stated that on the basis of audit observation, an enquiry would be conducted against the institutions to ascertain whether these institutions under SPQEM had misappropriated Government money and next installment would be paid only after carefully examining the implementation of guidelines of the scheme.

However, the fact remains that during 2010-11, DPI had not obtained necessary clarifications and approval from GOI before making payments of teaching grant of ₹ 1.54 crore to 149 part time Madrasa teachers at the rate of full time teachers.

Implementation of National Programme to Nutritional Support to Primary Education (Mid-Day Meal Scheme)

Excess claim of ₹ 36.63 crore on Mid-Day Meal Scheme was utilized for the distribution of rice kits to children on festival days.

The DPI is the nodal agency for implementation of Centrally Sponsored Mid-Day Meal scheme. The scheme was launched in 1995 with an aim to improve the nutritional levels among children. The guidelines of Mid-Day Meal scheme envisage that the scheme should be complemented with appropriate interventions through administration of six monthly dose of de-worming and vitamin 'A', weekly iron, zinc and folic acid and other appropriate supplements either by utilizing the savings amount in the scheme or be funded from appropriate schemes of the Health Department or the School Health Programme of the State Government. It also require the State Level Steering-Cum-Monitoring Committee (S-SMC) to guide the implementation agency in co-ordination and convergence with departments/agencies/schemes concerned and monitor the status of implementation to take suitable midcourse correction, if any, in time. GOI had directed that the committee shall meet once in six months.

- In order to achieve the objectives of Mid-Day Meal scheme, GOI bears the cost of rice (₹ 5,650 per MT), transportation cost (₹ 750 per MT) and seventy five per cent of cooking cost, honorarium to cooks, etc. According to the norms, savings in any component was to be used for providing micronutrients and de-worming medicines, for conducting periodic health check-up, provide meals having better quality, improving infrastructure facilities, better supervision, monitoring, etc. Audit observed that DPI had inflated the number of feeding days which resulted in excess claim of ₹ 36.63 crore on account of purchase of rice from GOI for three years as shown in Table below:

Table:- Details of savings on account of excess of rice and transportation cost:

(₹ in crore)

Year	Quantity of rice lifted for free supply during festival seasons (MT) ¹⁰³	Value of rice lifted for free supply during festival seasons @ ₹5,650 per MT(+1 percent VAT	Transportation cost (₹ 750 per MT)	Excess claim
2009-10	28999	16.55	2.17	18.72
2010-11	14167	8.08	1.06	9.14
2011-12	13576	7.75	1.02	8.77
Total	56742	32.38	4.25	36.63

The DPI, instead of reducing the amount from the subsequent year's GOI assistance or providing micronutrients, de-worming medicines, etc., as envisaged in the norms of the scheme, utilized the amount for distribution of five kilograms of raw rice kit per child on festival days, which was a State sponsored programme.

¹⁰³ Quantity of rice lifted for free supply during festival seasons was in addition to the rice lifted for Mid-day meal scheme of 27,853, 48,666 and 49,251 metric tonnes for the years 2009-10, 2010-11 and 2011-12 respectively.

DPI stated (August 2012) that annual work and budget plan for the current year was being prepared on the basis of the number of students enrolled for Mid-Day Meal scheme during the month of December of the previous year, and it was usually more than the actual feeding strength of the current year and the procurement of rice was made by reckoning the number of working days for lower and upper primary schools as 200 and 220 respectively. It was also stated that steps were being taken to provide appropriate health supplements with the assistance of Social Welfare and Health Departments.

This reply indicates that the DPI did not utilize the excess claim for providing micronutrients, de-worming medicines, etc., or get the excess claim adjusted from subsequent year's allotment, but it was utilized for the implementation of another State sponsored programme. In test checked schools (371 out of 1,214 schools), it was seen that the average number of working days during 2007-2012 ranged between 170 and 179 and it showed a minimum variation of working days of 21 in respect of upper primary schools and 41 in respect of primary schools against the 200 and 220 days reckoned by DPI for the calculation of Mid-Day Meals. DPI did not take any action to prepare a realistic assessment of the actual feeding strength and the number of feeding days by analyzing the past data and in the light of constant reduction in enrolment of students in the State.

- It was also noticed that the minimum requirement in number of S-SMC meetings was achieved only during 2009-10 and no meetings were held during 2008-09 and 2011-12. This shows deficiency in monitoring of Mid-Day Meal Scheme at State level.

At the district level, there is a noon feeding supervisor who is responsible to examine the food quality in schools and to verify the stock and other related records. According to information contained in the Annual Work Plan for Mid-Day Meal Scheme, the percentage of supervision by the supervisor

ranged between 40 and 50. But audit scrutiny revealed that the extent of supervision in the four selected districts was only 2.54 to 25.58 per cent as detailed in Table below:

Table: showing details of monitoring by noon feeding supervisor:

Year	Thiruvananthapuram		Kottayam		Palakkad		Kozhikode	
	Number of MDM schools	Number of schools verified with percentage	Number of MDM schools	Number of schools verified with percentage	Number of MDM schools	Number of schools verified with percentage	Number of MDM schools	Number of schools verified with percentage
2008-09	945	24 (2.54)	NA	NA	NA	NA	NA	NA
2009-10	950	27(2.84)	878	73 (8.54)	NA	NA	NA	NA
2010-11	940	28(2.97)	878	115 (13.10)	907	209 (23.04)	1242	145(11.67)
2011-12	940	56(5.96)	885	128 (14.46)	907	232(25.58)	1242	181(14.57)

Source : Data furnished by the Deputy Directors of Education.

NA: Data not available.

Analysis of information regarding facilities in schools for Mid-Day Meal scheme collected from 371 out of 1214 schools in the selected DEOs/AEOs revealed the following deficiencies in implementation and monitoring of the scheme:

- there were interruptions in noon meal feeding in 28 schools;
- headmasters of 23 schools were not satisfied with the quality of rice provided;
- facility for storage of food grains in hygienic conditions was not available in 51 schools;
- thirty schools were having thatched kitchen roof; and
- eighty four schools did not have waste disposal facility.

Admitting the observations, the Government stated (August 2012) that action was being taken to rectify the short falls in the implementation of the scheme.

[Audit paragraph 4.1 to 4.1.8 contained in the report of the Comptroller and Auditor General of India for the year ended 31st March, 2012. (General & Social Sector.)]

Notes received from the Government on the above audit paragraph is included as Appendix II.

1. To a query regarding the audit paragraph, the Additional Chief Secretary admitted the non-utilization of plan fund to the tune of ₹ 80.52 crore and excess expenditure to the tune of ₹ 47.30 crore under non-plan during 2007-2012.

2. When the Committee raised the under utilization of ₹ 549 crore under non-plan during 2013-14, the Additional Chief Secretary, General Education Department assured that creative steps would be taken to avoid such issue in future.

3. Regarding the audit para, the Additional Chief Secretary, General Education Department submitted that oral instruction had been given to avoid rush of expenditure at the fag end of the year and not to incur more than 30 per cent of the total expenditure during March. He assured that it should be followed up.

4. When the Committee wanted to know the details regarding infrastructure in schools, the witness deposed that, infrastructure facilities were being provided by the local bodies; but the deficiencies in infrastructure in various schools mentioned in the audit paragraph were the situations just before the transfer of responsibility to the local bodies. Current scenario was much better. Due to lack of availability of land, most of the schools were not provided with playground. The witness added that Government have taken up the construction of compound wall for schools with most priority to avoid loss of land due to encroachments.

5. The Committee opined that the local bodies mostly concentrate on the construction of buildings in schools. But these schools did not have sufficient strength of students, and suggested that local bodies should spend fund for the proper maintenance of existing buildings instead of constructing new ones. It also

suggested that more emphasis should be given for other infrastructures like drinking water facility, construction of urine shed, lab facilities, construction of boundary wall, purchase of computers, maintenance of furniture including benches and desks etc.

6. The Committee decided to recommend that necessary fund should be provided in the Budget, to establish minimum standard facilities in our schools within 2 or 3 years. The Committee added that Budgeting should be done based on the requirement of schools to build up minimum infrastructure facilities like water supply, compound wall, lab etc.

7. The Committee expressed its displeasure for not furnishing RMT statements in time and directed not to repeat the same in future.

8. Regarding the audit paragraph the Additional Chief Secretary, General Education Department submitted that the schools without minimum student strength increased from 3414 in 2007-08 to 5137 in 2012-13 and he added that there were 191 schools in the state having less than 10 students. When exempting schools which situated within the prescribed distance limit and schools of tribal as well as coastal zone, the number would be reduced to 170-180. A proposal was submitted to Government to close and merge them with the neighbouring schools.

9. The Committee viewed the drastic situation in which new schools were emerging in unaided sector and opined that lack of infrastructure could be the only reason for making Government schools becoming non attractive. The Committee suggests that instead of closing the schools which are not viable and uneconomic as observed by the Accountant General the General Education Department should facilitate the required infrastructure in such schools to attract more students.

10. The Additional Chief Secretary, General Education Department submitted that infrastructure was being provided to Government Schools and was optimistic that with the steps so far taken, there was a positive trend in filling the gap of minimum student strength in Government schools and it would sustain in the coming years also.

11. Regarding the audit objection that Madrassas in Kerala were part time institution but were provided with aid as in the case of full time institution, the Committee was informed that the amount received in two installments of ₹ 14.68 crore and ₹ 7.76 crore from Government of India in 2010-11 had been fully distributed to 547 Madrassas and strict instructions were given to all such institutions regarding conditions of expenditure at the time of distribution of fund.

12. When the Committee expressed its anguish over the fact that teaching grant of ₹ 1.54 crore were granted to 149 part time Madrassa teachers without getting clarification from Government of India, Director of Public Instruction submitted that all Madrassas in Kerala were working on part time basis and all the students were found to be regular school students. Department sought clarification from Government of India but no reply has been received. So the grant was disbursed to 149 teachers working in the Madrassas.

13. When an official from the office of the Accountant General submitted that the scheme was envisaged only for such Madrassa students who had not much facility to learn modern subjects especially in North India but not to a state like Kerala, the Committee also admitted the same. The Additional Chief Secretary, General Education Department submitted that the teachers were appointed by Madrassa authorities and they were paid with a consolidated pay from the fund received in this regard. The DPI supplemented that a clarification was sought for from the Government of India regarding whether the part time teachers of Madrassas in Kerala would be paid under this scheme. The Committee accepted the reply.

14. To a query of the Committee regarding the action taken to rectify the deficiencies in mid-day meal programme, the Director of Public Instructions submitted that due to unexpected declaration of Hartal, Local festivals etc. about 20 Working days would be losing in an academic year. The Committee opined that mid day meals scheme should be improved because from the age group of twelve onwards, the children especially from rural areas were forced to go for earning for food. The Committee decided to recommend to transform all school kitchen into steam kitchen. The Committee raised the necessity of S-SMC meetings and decided to recommend for a co-ordination mechanism with LSGD, Education,

SC/ST and Civil Supplies Departments. The Committee further recommend that adequate funding must be guaranteed and to ensure that quality and continuity should be maintained with regard to mid-day meal programme.

15. The Committee expressed its disapproval over the under utilisation of ₹ 549 crore under non plan during 2013-14. In this regard the committee suggests that the department should take necessary steps to avoid fund lapse in future. It also directs the department to take necessary steps to avoid the rush of expenditure at the fag end of the year.

16. The Committee observes that under utilization of plan funds and excess expenditure occurred in non-plan heads was due to the lack of planning and assessment of actual expenditure while preparing budget estimates. Therefore the Committee directs that department should take necessary steps to avoid fund lapse in future.

17. The Committee is displeased to note that ₹ 72.33 crore was incurred only in the month of March even after ₹ 117.78 crore had been allotted at the Commencement of the year itself. The Committee opines that this is a clear violation of para 91(2) of the KBM and directs that department should take necessary steps to avoid the rush of expenditure at the fag end of the financial year.

18. The Committee observes that local bodies mostly concentrate on the construction of building in schools rather than providing infrastructure facilities inspite of knowing the fact that whether the strength of students was sufficient or not. Therefore, the Committee recommends that local bodies should spend fund for the proper maintenance of existing buildings instead of constructing new buildings and also suggests that priority should be given for infrastructure like drinking water facility, construction of urineshed and boundary wall, lab facilities, purchase of computers, maintenance of furniture including benches, desks etc.

19. The Committee observes that the fund provided in the budget were insufficient to meet the requirements. Therefore, the Committee recommends that

inorder to meet minimum standard facilities like water supply, compound wall, lab etc in schools, necessary fund should be provided in the budget within two or three years and then the budgeting should be done based on the requirement of schools to develop infrastructure facilities.

20. The Committee opines that there is a drastic situation in which new schools were emerging in unaided sector and views that lack of infrastructure could be the only reason for non attraction of Government schools. The Committee suggests that necessary steps must be taken to ensure infrastructure facilities in Government Schools instead of closing them due to fall in division.

Conclusions /Recommendations

21. The Committee observes that children from the age group of twelve onwards especially from rural areas are forced to go for earning food due to the deficiencies in the implementation of mid-day meal scheme. Therefore, the Committee opines that mid-day meal scheme should generally be improved and for the effective implementation of mid-day meal scheme the Committee recommends to formulate a co-ordination mechanism with LSGD, Education, SC/ST and Civil Supplies departments. The Committee also recommends that adequate funding must be guaranteed inorder to ensure the quality and quantity with regard to mid-day meal programme and urges to transform all school kitchen to steam kitchen.

22. The Committee expressed its dissatisfaction over the delay in submitting statement of Remedial Measures Taken (RMT). The Committee views this lapse very seriously and suggests that the General Education Department should furnish the RMT statements within two months of laying of the C & AG reports as prescribed in the guidelines.

23. The Committee recommends that local bodies should spend fund for the proper maintenance of existing buildings instead of construction of new

buildings. It also recommends that more importance should be given for other infrastructure like drinking water facility, construction of urine shed and boundary walls, lab facilities purchase of computer, maintenance of furniture including benches and desks etc.

Materials/Stores Management

Procurement of paper for printing of text books

Avoidable purchase of paper worth ₹ 4.50 crore for printing text books.

The department, in connection with printing of text books for the year 2010-11, placed orders with M/s Andhra Pradesh paper mills for the supply of paper at a cost of ₹ 40,791 per MT (less discount of ₹ 300) and procured 1710.92 MT of paper at a cost of ₹ 6.93 crore. Audit observed that during the year 2010-11, 68.50 lakh of text books were printed for class I to IV and required only 779.66 MT of Maplitho paper. This resulted in excess procurement of 931.26 MT of paper. It was also noticed that despite availability of sufficient stock, a further quantity of 1131.62 MT of paper was purchased during 2011-12 from M/s Delta paper mills at a cost of ₹ 4.50 crore (₹ 39,753 per MT). The actual requirement of paper to print 70.30 lakh text books during 2011-12 was only 818.79 MT of paper. The purchase during 2011-12 was avoidable as the existing stock was more than sufficient to meet the requirement for 2011-12.

Government stated (August 2012) that the entire work of purchase of printing paper and issue of printing orders were done well in advance and it was very difficult to ascertain the stock position of printing paper at the time of issuing administrative sanction as the current year's printing would not be completed at the time of issue of administrative sanction.

The reply is not convincing as the quantity of paper to be procured for each year could have been assessed in advance by utilizing the online data in respect of the enrolled students, number of books to be supplied ,etc., available with the DPI.

Man power Management

The Government allotted an amount of ₹ 1.52 crore for modernizing all offices coming under the purview of DPI and incurred an amount of ₹ 1.41 core during the year 2007-2012. As a result of modernization, majority of the functions were carried out using computers. In text books office, indents for text books from schools were received through online and used to get automatically consolidated. Placing of print orders to the Kerala Books and Publication Society (KBPS) was also done through online. The sanctioned strength of gazetted officers was 50 and that of non - gazetted officers was 226. The actual men in position were 50 and 212 respectively indicating a shortage of 14 in the non- gazetted cadre. Work study in respect of the workload among staff members was not conducted by DPI in the light of modernization and hence the redistribution of excess staff, if any, could not be done. It was also seen that the redistribution of manpower was not done in Text book depots as discussed in the following paragraph:

Staff in Text Book Depots

Nineteen staff members in four text book depots were paid ₹ 71.67 lakh during 2010-12 without discharging any function.

Distribution of text books to schools was done through text book depots attached to the 34 DEOs till 2008-09. From 2009-10 onwards, the Government entrusted (December 2009) the distribution of text books to KBPS. But the responsibilities of distribution of text books to unaided schools, maintenance of buffer stock at the district level, supervision of distribution, etc., continued to be vested with the Text Book Officer. A test check of text book depots in the selected DEOs for the period 2010-2012 revealed that

the officers in charge of distribution of text books were not discharging any of these functions. It was seen that 19 staff members were paid ₹ 71.67 lakh during 2010-2012 as detailed in Table below:

Table showing utilisation of manpower in text book depots:

District	Number of staff	Salary and allowances paid (₹ in lakh)	Current utilization of manpower
Thiruvananthapuram	5	22.47	No work was allotted to them. No directions have been received from higher authorities to utilize the manpower.
Kottayam	5	19.68	Redeployment was under consideration with the Head of Department.
Palakkad	5	17.06	Works allotted related to rearrangement of text books, restacking, settling of accounts and rectification of Audit Reports of previous years.
Kozhikode	4	12.46	Handing over of closing stock of books to KBPS, restacking of books in depot.
Total	19	71.67	

Source: Data furnished by DEO.

Government stated (August 2012) that there deployment of surplus manpower was under consideration.

Recruitment of teachers in newly upgraded schools

New Teachers Government (November 2010) accorded sanction for were appointed under DDE, Palakkad without considering surplus teachers awaiting redeployment. upgrading 60 primary/ upper primary schools to High Schools. According to the Government order, the staff required for the newly upgraded schools was to be met from the surplus staff awaiting redeployment. Test check of DDE Palakkad revealed that 45 regular High School Assistants (HSAs) and 73 HSAs

(Daily wages) were newly appointed (June 2011) in the upgraded schools without considering surplus teachers(77) awaiting redeployment in Government/aided schools.

The DDE Palakkad stated (April 2012) that the above appointments were made before finalization of the Protected Teacher's Package¹⁰⁴

Reply is not acceptable as the Government order (November 2010) directing the DPI and DDEs to fill the newly created vacancies only by redeployment of protected teachers was communicated to them well before the upgradation of the schools and the list of protected teachers were already available with DPI.

[Audit paragraph 4.1.9 to 4.1.10 contained in the report of the Comptroller and Auditor General of India for the year ended 31st March, 2012 (General & Social Sector)].

Notes received from the Government on the above paragraph is included as Appendix II.

24. Regarding the audit paragraph, the witness, Additional Chief Secretary, General Education Department submitted that stock accumulated because print order was given for extra books without proper verification of the stock. In the year of objection, books were printed 10 percent in excess of actual requirement anticipating additional demand. Now direction had been given to print as per the indent before the opening of schools and print 3000-4000 excess books if required.

25. The witness added that a committee has been constituted consisting of officials from Stationary Department, DPI and KBPS for the proper verification of the stock and further order will only be issued after considering the verification report.

26. When the Committee wanted to know the present status of the re-deployment of staff in Text Book Depots, the Director of Public Instruction submitted that 30 staffs were re-deployed to Higher Secondary Department, 19 and

¹⁰⁴ Protected teacher's package is a method of deployment of teachers in aided schools working without salary as envisaged in government order No. 199/2011/G.Edn dated 1 October 2011.

5 staffs were redeployed to the new DE office and state depot respectively. The remaining 14 were yet to be redeployed. Then the Committee recommended to re-deploy the remaining staff immediately and General Education Department should take action and report to the Committee at the earliest.

27. The Additional Chief Secretary, General Education Department submitted that the action taken by the DDE, Palakkad was irregular and assured that strict action would be taken against him.

Conclusions/Recommendations

28. The Committee observes that the printing paper purchased by the department was without the verification of existing stock, the Committee is of the opinion that if the department verified the stock properly, the excess procurement of paper for printing extra books could have been avoided. Therefore, the Committee recommends that orders for printing text books should only be issued after proper verification of stock.

29. The Committee is aggrieved to note that failure to re-deploy the excess staff in text book depots even after entrusting the distribution of text books to KBPS resulted in the payment of ₹ 71.67 lakh to nineteen staff members who were discharging no function in connection with the distribution of text books in text book depots of Thiruvananthapuram, Kottayam, Palakkad and Kozhikode. Therefore, the Committee recommends that necessary steps should be taken to re-deploy the excess staff in Text Book Depots and furnish a report in this regard at the earliest.

30. The Committee is displeased to note that new teachers were appointed in the newly upgraded schools under DDE, Palakkad by violating the Government order directing the DPI and DDEs to fill the newly created vacancies only by the re-deployment of protected teachers. Therefore, the Committee recommends that action should be taken against those officers who were responsible for violating the Government Order in this regard and furnish a report regarding the same.

Monitoring

Supervision of Schools by Educational Officers

Supervision of schools by Educational Officers was inadequate. According to KER, Educational Officers were required to inspect each school at least once in a school year and visit at other times as frequently as circumstances permit and report on schools under his control to his superiors. The main aim of inspection was to ascertain exactly the extent to which the schools comply with provisions of Education Act, rules, circulars ,etc.,and to test the efficiency of teaching and discipline and of all arrangements made for this purpose.

Out of 16 AEOs and four DEOs test checked, inspection as stipulated were not conducted by 15 AEOs and two DEOs. Details of supervision of schools were not available in the office of DEO, Kottayam.

Failure to prepare and implement an action plan to inspect all schools in a cyclic manner in an academic year led to inadequate supervision by the Educational Officers. In the absence of adequate supervision of schools by Educational Officers, compliance of the Education Act, efficiency of teaching, discipline in schools and assessment of improvement of education among children could not be ensured. A system of drawing an annual plan, listing out the schools to be visited, etc., was not prepared and monitored by the DPI and hence the adequacy of staff, efficiency in implementation of various programmes in schools and infrastructure facilities could not be assessed.

Properties of Aided Schools

According to Chapter 10 of KER, statements containing lists of movable and immovable properties of aided schools was required to be sent by the school managers in Form 10 of KER to DEOs/AEOs as the case may be. The DEO in charge of the area was the officer competent to give permission to create or make a sale, mortgage, lease, pledge, charge or transfer of possession in respect of any property of an aided school. One DEO out of four DEOs and four AEOs out of

16 AEOs test checked had not received Form 10 from the aided school managers under their control. In the absence of receipt of Form 10, the Educational Authorities could not monitor sale, transfer, mortgage, etc. DPI replied (August 2012) that directions will be given to all AEOs/DEOs to obtain property statements from aided schools.

Working days in Schools

According to KER, there shall ordinarily be a minimum of 220 instructional days excluding the days of examinations in every school year. Every year DPI is required to issue the Education Department Calendar showing the opening day, the closing day, the dates of public holidays, the dates of commencement and termination of Onam and Christmas holidays, the dates of special holidays if any, the number of working days available, and the deficiency to be made up, if any, to raise the number of working days to the prescribed minimum. In this respect audit observed the following:

- Average working days of schools ranged between 170 and 180 days against the stipulated 200 days.
- DPI had fixed only 200 working days in schools as against the stipulated 220 days in the Education Department Calendars 2007-2012.
 - A scrutiny of attendance in 371 schools (out of 1214 schools) in the selected DEOs/AEOs showed that the average number of working days in schools including examination days were only 179, 172, 170 and 173 during the period 2007-2012.
 - The DPI had not evolved any mechanism/procedure to be followed by the schools to make up the deficiencies by way of organizing extra classes, etc., in case the number of working days falls short of the days mentioned in the Education Department Calendar.

Director of Public Instruction replied (July 2012) that the short fall was due to natural calamities or other reasons and remedial action would be taken for preventing such shortfalls in future. However, loss in working days may result in non-completion of the curriculum prescribed for the year.

Regularity issues

Regulation of schools in the State

Educational Officers did not initiate any action against the schools functioning without recognition. According to Government order issued in May 1988, no school shall be established and run in private sector without prior sanction of the Government. Establishment and running of schools without prior sanction of the Government will constitute violation of law and penal offence amounting to cheating. Government orders (June 1988) directed the departmental officers to see that no school other than a Government or aided or recognized school would be allowed to function in the State and if any other school is found to function, it has to be reported to the police for appropriate action.

Audit, however noticed that there were 114 unrecognised schools functioning under the jurisdiction of the test checked nine AEOs and one DEO. No action was seen taken by the Educational Officers against the school as required under the Government order. This indicates gross failure on the part of the DPI and Educational Officers in preventing illegal operation of unrecognized school in the State.

DPI, while accepting (July 2012) that several unrecognized schools are functioning, stated that most of these schools are awaiting recognition from the Government. Hence, the Educational Officers are not taking action against these schools.

It is worth to note that the Educational Officers failed to prevent such schools to function at the preliminary stage and also did not initiate any penal action against such school authorities .

Unadjusted advances

Advances amounting to ₹ 2.58 crore were lying un-adjusted. According to Government order (July 2000), advance drawn should be adjusted within time, failure of which would entail recovery in lumpsum along with penal interest at current bank rates.

Government, subsequently prescribed (October 2011) a period of three months for presentation of final bills and the penal interest was fixed at 18 per cent per annum on the unutilized portion of the advance. In DPI, 89 contingent advances for ₹ 2.58 crore were lying unadjusted (April 2012) as the payees of the advances did not submit the final bills. It included 21 advances amounting to ₹ 0.55 crore (21.31 per cent) which were more than three years old and 25 advances amounting to ₹ 0.60 crore (23.25 per cent) more than two years old. Maintenance of an advance register and its periodic monitoring by the supervising officer was missing.

Government stated (August 2012) that 14 advances out of 89 had been adjusted and 75 advances for ₹ 2.21 crore were lying unadjusted. It was also stated that action is being taken against the defaulters.

Non-adjustment of the advances raises doubts as to whether the advances were utilized for the purpose for which they were granted. To ensure that the advances are adjusted in time, constant monitoring of the advances through advance register would serve as a control mechanism.

Operation of Bank Account outside the Treasury

Government of Kerala, Finance (Streamlining) Department directed (January 2010) all Heads of Departments to ensure that the unutilized amount for a financial year has to be surrendered to Government account before the closure of the year. However, Audit noticed that the DPI maintains a savings bank account (57004975131) in State Bank of Travancore, Jagathy Branch, Thiruvananthapuram and a balance of ₹ 1.48 crore (May 2012) was lying in this account. This amount was being utilized by DPI as an imprest and advances were drawn from this fund for purposes like inaugural functions, conferences, etc. Drawal of advances from the bank account did not ensure checks being exercised to ensure compliance with rules and regulations as in the case of treasury transactions. Operation of an

account outside the treasury was thus irregular. Since the internal audit wing did not conduct the audit of the DPI, it failed to bring this issue to the notice of the authorities concerned.

Government stated (August 2012) that the savings bank accounts would be closed in due course of time.

Printing of Teachers' Handbook

Kerala State Audio Visual Reprographics Centre (C-apt) Thiruvananthapuram, was entrusted by SCERT with the work of printing of Teacher's Hand Book for classes I to VIII for the years 2008 and 2009. Following deficiencies were found in the work getting executed:

- There was failure to get price quotation giving break up of printing cost and material cost in advance.
- On receipt of claim of ₹ 2.26 crore from C-apt, the claim relating to material cost was admitted for ₹ 1.61 crore as against market price of ₹ 1.06 crore resulting in excess payment of ₹ 0.55 crore.

Director, SCERT stated (May 2012) that the SCERT did not have any facility to assess the market cost of material used and C-apt being a public sector undertaking, the material cost claimed was accepted and amount released.

The reply was not correct as the market rates of stationery materials were available with the Controller of Stationery. An assessment of these rates could have avoided the excess payment of ₹ 0.55 crore to C-apt. Checks stipulated in the rules should not have been dispensed with merely because the work was awarded to a public sector undertaking.

Internal Control Mechanism

Functioning of Internal Audit wing was ineffective. Internal audit is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

The internal audit wing of the DPI is headed by a Senior Finance Officer and supported by one Accounts Officer, two Junior Superintendents and eight Clerks. Though DPI has control over 214 field units administering 11,781 schools, it has no annual inspection plan containing details of units/areas to be examined by the internal audit wing. It was noticed that internal audit of the DPI was not conducted for the past five years.

DPI stated that the present staff strength was insufficient for conducting regular internal audit and follow up action.

The reply was not acceptable as there was excess staff deployed in text books depots as mentioned in paragraph 4.1.10.1. As internal audit being an important function of the DPI and augmentation of staff could have been considered by re-deploying the staff idling in text book depots.

Further, it was seen that the administrative report of the DPI was published only upto the year 2007-08. A comprehensive report containing the functioning of the DPI, its activities, schemes and performance during the year 2008-09 onwards was not available. To assess the achievements against the targeted goal, periodical evaluation and preparation of Administrative Report plays a vital role. However, the DPI prepared the Administrative Report only upto 2007-08.

Conclusion

The DPI did not have a Perspective Plan. Preparation of budgetary estimate was not realistic. Many schools lacked basic facilities and infrastructure. Deficiencies were found in implementation of Mid-Day Meal scheme. There were shortfalls in supervision of schools by Educational Officers. DPI was not initiating any action against unrecognized schools functioning in the State. Staff strength of internal audit wing was not sufficient to undertake the internal audit of the DPI and give adequate assurance that the rules and regulations are complied with.

Recommendations

- **The Government should ensure preparation of Perspective Plan/ Annual Plan for the DPI.**

- **The Government should ensure preparation of realistic budget for the DPI.**
- **The DPI should take steps to improve infrastructural facilities in schools.**
- **The DPI should take steps to rectify the deficiencies in implementation of Mid-Day Meal scheme.**
- **Supervision of schools by Educational Officers as prescribed should be ensured.**

[Audit paragraph 4.1.11 to 4.1.15 contained in the report of the Comptroller & Auditor General for the year ended 31st March, 2012 (General & Social Sector)].

Notes received from the Government on the above paragraph is includes as Appendix II.

31. To a query regarding the audit paragraph, the Director of Public Instructions submitted that property statement from the managers of Aided Schools had been collected by online and random inspection had been carried out frequently.

32. Regarding audit paragraph 'working days in schools' the Committee approved the reply furnished by the Department.

33. The Committee directed the Department to furnish the details like total number of unaided schools, unrecognized schools and recognized schools functioning in the state.

34. Regarding the audit objection 'unadjusted advances', the Committee asked whether the advances pending for settlement were regularised, the Additional Chief Secretary submitted that steps were taken to resolve the issue either by reducing the amount which could be actually given or by fixing liability on the supervisory officer who actually sanction the second advance without taking into account of the first advance. The Committee accepted the explanation.

35. Regarding 'opening of bank account outside the treasury', the witness Additional Chief Secretary, General Education Department submitted that asper the direction of Government, the balance amount available with SB Account had been deposited in the special TSB account at District Treasury, Thiruvananthapuram and the account had been closed.

Conclusion/Recommendation

36. The Committee is astounded to note that Educational Officers neither prevented the unrecognised schools at the preliminary stage nor took any penal action against such school authorities eventhough government orders were prevailing in this regard. Therefore, the Committee directs that department should furnish the details of total number of unaided schools, unrecognised schools and recognised schools functioning in the state.

HEALTH AND FAMILY WELFARE DEPARTMENT

Functioning of Drugs Control Department

Introduction

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

Organisational set up

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

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

Earlier Audit

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

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

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

Scope and Audit Coverage

A Thematic audit on the functioning of the Drugs Control Department in the implementation of relevant Act and Rules in Kerala for the period from 2008-09 to 2011-12 was conducted during December 2011 to January 2012. Audit test checked the records in the Office of the Drugs Controller (DC), Drugs Testing Laboratory (DTL), Deputy Drugs Controller (Ayurveda, Sidha and Unani), Thiruvananthapuram, three ADC (Regional) Offices⁵⁵ and three⁵⁶ Drug Inspectors' Offices and observed the following:

Licensing

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

According to Section 18(c) of the Act, no person shall himself or by any other person on his behalf manufacture for sale or for distribution or sell or stock or exhibit or offer for sale or distribute any drug or cosmetic except under, and in accordance with the conditions of, a licence issued for such purpose under Chapter IV of

55 Ernakulam, Kozhikode and Kannur.

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

the Act. As per Rule 63 of Drugs & Cosmetics Rules, 1945 an original licence or a renewed licence to sell drugs, unless sooner suspended or cancelled, shall be valid for a period of five years on and from the date on which it is granted or renewed. The license shall be deemed to have expired if application for its renewal is not submitted within six months after its expiry.

Renewal of licences of selling unit

There were 2354 (retail-1327 and wholesale-1027) selling units in Ernakulam region as of April 2012. It was noticed that four sales premises under ADC, Ernakulam operated without valid licence for periods ranging between eight and 34 months in contravention to the provisions of the Act as detailed in table below:

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

Sl. No.	Name of firm & Original Drug Licence Number	Valid up to	Date of Application	Fee Collected (in ₹)	Date of Inspection	New Drug Licence No.
1	2	3	4	5	6	7
1	Bharath Medicals 7-365/20/05 7-366/21/05 dated 21 July 2005	20 July 2010	5 August 2011	19000 Ch. No. 272 dated 28 July 2011	6 August 2011	7-379/20/11 7-380/20/11 dated 8 August 2011
2	Bolgatty Medicals 7-94/20/04 7-95/21/04 dated 21 February 2004	20 February 2009	20 October 2009	12000 Ch. No. 228 dated 20 October 2009	27 October 2009	7-469/20/09 7-470/21/09 dated 28 October 2009

1	2	3	4	5	6	7
3	Sreekrishna Medical Stores 260/20/94/CZ 261/21/94/CZ dated 24 March 1994	31 December 1995	29 October 2009	12000 Ch. No. 144 dated 29 October 2009	12 November 2009	7-499/20/09 7-500/21/09 dated 18 November 2009
4	Medlace Disposables 7-357/20B/02 7-358/21B/02 dated 4 September 2002	3 September 2007	24 February 2009	12000 Ch. No. 796 dated 02 February 2009	27 February 2009	7-68/20B/09 7-69/21B/09 dated 28 February 2009

Source: Details collected from departmental records.

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

Renewal of licence of manufacturing units

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

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

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

Blood Bank Licences

Eighteen Blood Banks out of 39 test checked were functioning without renewal of licences.

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

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

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

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

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

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

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

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

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

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

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

Sales of Ayurvedic drugs

There are more than 25000 retail outlets selling more than 5000 varieties of Ayurvedic drugs in the State. In the absence of specific provisions in the Rules for licensing and inspection of sales premises and collection of samples for analysis of Ayurvedic drugs, the Government directed (December 2011) the Department to examine the scope of framing State Rules for regulation of sale of Ayurvedic/Unani/Sidha drugs. However, action in this regard was still pending even though the department was aware of the sale of substandard ayurvedic drugs in the market.

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

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

Manufacturing Units-Ayurveda

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

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

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

Table: Details of inspections conducted:

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

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

Source: Data furnished by the department

As there were only three Dis(Ayu) who were entrusted with the Inspection of 1087 Ayurveda manufacturing units operated in the State, the government sanctioned (March 2006) one post of Drug Inspector under a Centrally Sponsored Scheme and was posted in February 2007 with Thiruvananthapuram District as his jurisdiction. But the post of DI was in operation only up to September 2008. There were 115 manufacturing units in the Thiruvananthapuram District as of December, 2011. As no DI was entrusted with inspection duty, these units were not inspected from September 2008. Though DDC (ASU) requested (October 2008 and May 2010) the DC to give the jurisdiction of Thiruvananthapuram District to the DI, Kollam, no action was taken (December 2011) by DC.

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

[Audit paragraph 3.1 to 3.1.5 contained in the report of the comptroller & Auditor General of India for the year ended 31st March 2012 (General & Social Sector)].

Notes received from the Government on the above paragraph is included as Appendix II.

37. When the Committee wanted to know the status regarding the short falls in the existing system, the Secretary, Health & Family Welfare Department submitted that licensing procedure had been computerised using XLN Software developed by NIC Gujarat by November 2012. By this system, one could apply online for license and unless the procedure was completed within 7 days, a red light would be displayed in the system. So monitoring could be done more effectively. He added that the shortfalls already been there had also been rectified.

38. When the Committee asked whether the defects noted during inspection were rectified, the Secretary, Health & Family Welfare Department submitted that manufacturing license could be granted only after achieving Good Manufacturing Practice (GMP). As per the guidelines issued in 2008 by Government of India, GMP could be achieved only after the implementation of Air handling units, controlled atmosphere etc. To achieve GMP as

per the new guideline, a proposal of ₹ 20 crore for the modernisation of equipments had been submitted before the Industries Department. He was optimistic that after the implementation of the proposal, GMP could be achieved and license could be issued.

39. To a query of the committee, the Secretary, Health & Family Welfare Department submitted that, 39 items worth ₹ 13.87 crore in 2013-14, 37 items worth ₹ 17.30 crore in 2014-15 and 29 items worth ₹ 19.95 crore in 2015-16 had been purchased from KSDP. Out of the amount, a balance of ₹ 2 crore had to be paid.

40. The Committee viewed that this required proper monitoring. The existing equipments and its cleanliness were all matter of concern and the building of KSDP was not suitable for the functioning. As the volume of activities of the Department was unlimited, the working of KSDP should be monitored and it should be taken over by the Department. The Committee could not hide its concern over the fact that whether chemical composition of drugs was compromised for quoting lower price since cost of chemicals could not be varied from firm to firm.

41. The Committee noticed that since 2007, the manufacturing of drugs was going without maintaining adequate GMP standards and recommended that the Health & Family Welfare Department should allot resources to rectify the defects on warfooting. It also recommended that the Government should explore the possibility of making it as the Kitchen factory of the Health & Family Welfare Department.

42. To a query of the Committee, the Secretary, Health & Family Welfare Department submitted that since the licensing of Blood Banks were coming under the Drugs and Cosmetics Act of Central Government, it would be very difficult to find out defects and conduct re-inspection at the level of State Drugs Controller. Out of 18 inspections conducted by Regional Director, Chennai, four firms had been given license and others were pending for rectification. Since the firms failed to rectify the defects, renewal of license could not be done. Then the Committee recommended that speedy steps should be taken for the rectification of defects relating to Blood Banks.

43. When the Committee wanted to know the details regarding the action initiated by the Government for controlling the sale of substandard Ayurvedic drugs, the Secretary,

Health & Family Welfare Department informed that there was no separate provision regarding the license for selling Ayurvedic drugs in the Central Act and a proposal was submitted to Central Government regarding the amendment for licensing the sale of Ayurvedic drugs. Regarding the quality analysis of Ayurvedic Medicines, the witness, Deputy Drugs Controller apprised that in house laboratory facility was available in pharmacies having GMP where medicines prepared by them were tested. The Secretary also submitted that, there was a special wing functioning in the Drug Testing Lab for examining Ayurvedic Medicines. Quality of these drugs were being ensured by collecting and testing samples by inspection. There were six Ayush approved laboratories also. Ayurveda Pharmaco of India had fixed the standards for every products and testing were being conducted based on these standards. To a query, the witness added that it was mandatory that chemical combination to be labelled on every Ayurvedic product.

44. The Committee was doubtful about the competency of the labs under Health & Family Welfare Department to check the quality of Ayurvedic Medicines and recommended that there should be most modern labs to ensure the standardization of Ayurvedic drugs. Chemical Composition could not be analysed in the existing labs. The Committee opined that Ayurveda is empirically effective. The traditional Ayurveda practitioner were not willing to reveal the secret of treatment. Though exporting is the only way by which Ayurveda could be promoted, Ayurvedic Products could not be exported in the present scenario for want of identification of chemical composition of the ingredients. In this context, the Committee recommended to establish a state of the art laboratory capable enough to fix the standards correctly and to find out the ingredients present in each drugs.

45. The Committee also recommended to promote the plantation of medicinal plants for the development of Ayurveda.

46. When the Committee sought the details regarding the audit paragraph, the Secretary, Health & Family Welfare Department admitted that there was shortfall in inspection and put dearth of staff as the reason. He submitted that this discrepancy had been resolved as the Government had created 4 more posts in addition to the existing 3 posts of Drugs Inspector, which had been reported to PSC. He hoped that after filling up all vacancies better result in the field of inspection could be achieved.

Conclusions/Recommendations

47. The Committee is aggrieved to note that drugs are being manufactured without maintaining adequate GMP standards since 2007. The Committee is astounded to note how the government could remain mum in not allotting any resources in order to rectify the defects in the manufacturing of drugs even though it is a life threatening issue. Therefore, the Committee recommends that sufficient resources should be allotted on a war-footing basis in order to rectify the defects in the manufacturing of drugs.

48. The Committee views that KSDP, the major supplier of various drugs to the Government Hospitals was functioning with defects relating to quality control and its functioning require proper monitoring. The Committee recommends that the working of KSDP should be monitored strictly and it should be taken over by the Department. The Committee expressed its concern over the fact that chemical composition of drugs was being compromised for quoting lower price since cost of chemicals could not be varied from firm to firm.

49. Regarding the poor functioning of KSDP, the Committee recommends that Government must explore the possibility of making KSDP as the kitchen factory of the Health department.

50. The Committee opines that non-renewal of licenses of defaulted blood banks would affect the quality of blood and associated risk in blood transfusion. Therefore, the Committee recommends that steps should be speeded up to rectify the defects relating to Blood Banks.

51. The Committee is displeased to note that incapability of the existing labs to find out the chemical composition of Ayurveda drugs and non fixation of standards prevents the promotion of Ayurveda. The Committee is of the opinion that most modern labs only could ensure the substandardisation of Ayurveda drugs. Therefore, the Committee recommends that most modern labs such as state of the art lab should be implemented in order to find out the standardisation of Ayurveda drugs and to find out the ingredients present in each drug.

52. The Committee understands that medicinal plants plays a vital role in the traditional treatment of Kerala. Therefore, the Committee recommends for the plantation of medicinal plants in order to promote Ayurveda.

Banning of prohibited drugs

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

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

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

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

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

[Audit paragraph 3.1.6 contained in the report of the comptroller & Auditor General of India for the year ended 31st March, 2012 (General & Social Sector)].

Notes received from the Government on the above paragraph is included as Appendix II.

53. Regarding the audit para on banning of prohibited drugs, the Secretary, Health & Family Welfare Department submitted that earlier there was no mechanism to inform the details of prohibited drugs through institution. But currently such details were easily available through website. Banning of prohibited drugs could be informed to public

through websites and the department had taken steps to publish such details in district centres. During the last five years, 38 cases were reported from retail/whole sale medical shops regarding banned drugs. Then the Secretary, Health & Family Welfare Department explained the problem faced in this regard, like availability of drugs banned by the Central Drugs Controller in the market due to time lag in passing the information, huge quantum of medicines sold in Kerala etc. But the number of Labs for testing drugs was found to be very low when compared to the higher consumption.

54. To prevent the misuse of banned drugs the Committee recommended to take steps for increasing the testing facility, formation of prosecution wing and to increase the number of Drug Inspectors in the Health & Family Welfare Department.

55. The Committee opined that people must be aware about the banned drugs and it recommended that Health and Family Welfare Department must liaison with Peoples Health Movement and to create awareness regarding restricted drugs.

Conclusion/Recommendations

56. The Committee is much displeased to note that the department did not function effectively to withdraw the banned drugs from the market in time eventhough there exists earlier recommendations of the Committee in this regard. The Committee is of the opinion that as the consumption of banned drugs is a life threatening issue, consumption of it by the public is a criminal offence. Therefore, the Committee recommends that inorder to prevent the misuse and spreading of banned drugs in the market, department should increase the testing facility and the number of post of Drugs Inspectors without any delay.

57. The Committee is also displeased to note that there exists delay in filing of prosecution cases. The Committee opines that if the department filed prosecution cases in time banned drugs could have been prevented to a greater extent. Therefore, the Committee recommends that prosecution wing should be established with immediate effect for the fast trial of the cases.

58. The Committee is of the opinion that lack of liaison with Health Movement prevents the department to give awareness among people regarding banned drugs. Therefore, the Committee recommends that the department must liaison with people Health Movement inorder to create awareness regarding banned drugs.

Testing of Samples

Partial analysis of drug samples

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

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

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

Testing of Ayurveda, Sidha and Unani (ASU) drugs

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

62 Paracetamol, Ampicillin, Amoxicillin etc.

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

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

Renovation of Drugs Testing Laboratory (DTL)

Government of India, under the World Bank Aided programme of Capacity Building Project on Food and Drugs safety, approved (May 2007) the proposal for renovation of DTL and released ₹ 0.93 crore to Kerala State Aids Control Society (KSACS), out of which ₹ 25 lakh was earmarked for establishment of Microbiology Laboratory. The works were to be completed within a period of 18 months. The work of renovation of the DTL was entrusted (June 2007) to Kerala Health Research and Welfare Society (KHRWS) at an estimated cost of ₹ 63 lakh. However, KSACS released the entire amount of ₹ 93 lakh to KHRWS. Audit noticed that KHRWS completed the renovation work at a cost of ₹ 62.47 lakh in July 2010 only, i.e., after three years of entrustment of work. KHRWS intimated (January 2011) the Chief Government Analyst that though a consultant was appointed by the department, neither the consultant nor the officials of the department initiated steps for setting up of the laboratory and hence KHRWS was unable to continue the project. CGA stated (October 2012) that the work has been entrusted (August 2012) to M/s HLL Life Care Limited, a Government of India undertaking.

Prosecution cases

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

Sanction for prosecution and filing of prosecution cases

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

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

There was no fool proof surveillance mechanism in the department to watch the status of every licensee, and timely renewal of licences. Four selling units in the Ernakulam District operated without valid licence for eight to 34 months. KSDP, a major supplier of various drugs to the Government hospitals, was functioning without renewal of licence from January 2007, and defects relating to premises and quality control measures, etc., pointed out by DC during inspection were not rectified as on June 2012. Licences of six Blood banks in the Government hospitals were not renewed due to deficiencies in basic facilities. No efforts were made by the department to ensure immediate withdrawal of banned drugs from the market. Certain drugs were only partially analysed and reported as 'Standard'. Shortfall ranging from 57 to 75 per cent in the inspection of Ayurvedic drug manufacturing units was noticed.

[Audit paragraph 3.1.7 to 3.1.8 contained in the report of the comptroller & Auditor General of India for the year ended 31st March 2012 (General & Social Sector)].

Notes received from the Government on the above paragraph is included as Appendix II.

59. To a query, the Secretary, Health & Family Welfare Department submitted that the practice of using branded items instead of generic medicines was due to the vested interest of pharmaceuticals industries. When the Committee asked whether there were any

survey report regarding the prescription habits, the Secretary, Health & family Welfare Department replied in the negative and he added that guideline had been issued to the Superintendents of Medical Colleges to conduct a prescription Audit. The Committee recommended that Health & Family Welfare Department should take necessary steps to conduct a survey regarding prescription habits.

60. The Secretary, Health & family Welfare Department informed that as doctors had a common opinion that generic medicine used for free supply were substandard in quality, a quality assurance certificate from NABL accredited lab was made mandatory and it was seen that out of 570 samples none of them failed in the quality test. Through these measures, doctors were being motivated to prescribe generic medicine only. He continued that doctors still prescribe other medicines in addition to generic medicine and as it was a behavioural change, doctors would take some time to take generic medicines in good faith.

61. To a query, the Secretary, Health & Family Welfare Department submitted that 495 drugs were supplied through Karunya. Directions had been given to purchase life saving drugs by a Committee chaired by the Superintendent using the funds of RSBY or HDC if there would be scarcity in supply. He deposed that for the last nine months there was not much shortage in medicine.

62. When the Committee enquired about the testing equipment for Ayurveda, Sidha and Unani (ASU) drugs, the Drugs Controller submitted that testing equipments were procured.

63. When the Committee wanted to know the present position of the proposal to create a modern drug testing Laboratory by taking over the building of KSDP, the Drugs Controller submitted that the construction was completed and had applied for licence.

64. The Committee decided to recommend to establish a separate wing for prosecution to avoid delay in initiating timely action for completing investigation and issuing sanction for prosecution.

Conclusions/Recommendations

65. The Committee is displeased to note that the department neither conducted all the test/analyses according to the respective pharmacopoeia nor conducted any audit about the prescription habits regarding the usage of branded items despite

knowing the fact the generic drugs are better than branded items. The Committee is of the suspicion that usage of branded items instead of generic medicine was due to the vested interest of the pharmaceutical industries. Therefore, the Committee recommends that department should take necessary steps of conducting a survey regarding prescription habits with immediate effect.

66. The committee is astounded to note that there was delay ranging from one to two years in issuing sanction for prosecution and non-filing of final complaints within the time limit for filing complaints in many cases despite existing instructions regarding the same. The Committee opines that it was a clear example of incapability of the department in filing prosecution cases in time. Therefore, the Committee recommends that separate wing for prosecution should be established for attaining the objective of prosecution.

Prevention of Food Adulteration

Introduction

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

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

Audit conducted an assessment of effectiveness of implementation of provisions of both the Acts in the areas of inspection and collection of samples, testing of samples and prosecution. Audit scrutinized the records of the Office of the Commissioner of Food Safety, four ⁶⁴ District Offices and three ⁶⁵ Analytical Laboratories covering the period from 2007-08 to 2011-12.

Audit findings are discussed in the following paragraphs:

Inspection

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

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

⁶⁴ Thiruvananthapuram, Ernakulam, Palakkad and Kozhikode.

⁶⁵ Thiruvananthapuram, Ernakulam and Kozhikode.

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

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

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

Collection of Samples

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

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

According to the norms fixed (January 2006) by the Government, a total number of 24,624 food samples were to be collected in the test checked districts of Thiruvananthapuram, Ernakulam, Palakkad and Kozhikode during the period 2008-09 to 2010-11. Audit, however observed that only 12345 samples (50 per cent) were collected and tested. There were shortfalls in collection of food samples ranging from 34 (Kozhikode 2008-09) to 65 per cent (Palakkad 2010-11).

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

Sampling of fish and meat products

Fish and meat products were rarely sampled for analysis

On the basis of the recommendations of the Legislative Committee on Health and Family Welfare, Government directed (December 2007) the Director of Health Services to furnish reports on the action to be taken to ensure that fish and fish products imported to the State are free from adulterants. However, analysis of the data collected from the selected district level offices revealed that Fish and fish products were rarely sampled. Similarly, meat and meat products, alcoholic beverages, etc., were also rarely sampled for food

analysis. The Food Safety Officer, Thiruvananthapuram replied (March 2012) that samples from hotels and bakery, fish and fish products, vegetable, etc., decay very fast and hence the shortfall in collection. The reply was not acceptable as CFS should have made proper arrangements for immediate storage of samples collected, to address the risk of further decay after sampling.

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

Sampling for microbiological analysis

Sampling for microbiological analysis was not done during 2007-2012

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

Defective collection of samples

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

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

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

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

Testing of Samples

Modern and sophisticated machineries with up to date technology are essential for various types of analysis of samples in the Analytical Laboratories as shown in table below:

Table: details of equipments required for analysis

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

Source: Details furnished by the department

Infrastructure facilities in the Analytical laboratories were grossly inadequate

There was only one Government Analyst Laboratory at Thiruvananthapuram and two Regional Analytical Laboratories (RAL) at Ernakulam and Kozhikode for conducting the analysis of samples. The laboratories were not provided with many of the major sophisticated machineries. Some of the equipments supplied to the laboratories during 2004-2007 were not in working condition.

In the Government Analyst Laboratory, Thiruvananthapuram equipment like Atomic Absorption Spectrometer with Graphite Furnace, Rotary Vacuum Evaporator,

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

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

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

Analysis of private samples

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

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

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

Source: Data collected from Government Analytical Laboratory, Thiruvananthapuram.

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

Prosecution

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

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

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

- Deficiency in preparation of mahazar⁶⁸ : (cc No. 196/08) Variation in the statement recorded in the mahazar and the depositions before the court regarding the procedure adopted for collection of the sample of adulterated vinegar.
- Defects in sampling: (cc No. 770/03) Inability of the Food Authority to prove the adequacy of the procedure adopted by the Food Inspector in preparation of homogeneous sample of adulterated ghee.
- Mistake in mahazar: (cc No. 669/2007) Food Inspector failed to record the label description in the mahazar and the label was not produced in the Court.
- Non-compliance of requirements under Section 13 (2) of PFA Act: (cc No. 415/05) The report of analysis of the food item was issued to the accused only after eight months from the date of taking the food sample resulting in sending the second sample to Central Food Laboratory.
- In another case, the State Government had not given permission to launch prosecution, as the adulteration was detected in food kept for sale in the Supplyco outlet at Perinthalmanna, owned by Kerala State Civil Supplies Corporation. Thus, the supplier of adulterated food escaped from prosecution only on the ground that the vendor was a State Corporation.

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

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

Enforcement of FSS Act 2006

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

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

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

Delay in taking preventive measures

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

69. Section 68 of FSS Act, 2006.

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

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

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

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

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

[Audit Paragraph 3.2 contained in the audit report of the Comptroller and Auditor General of India for the year ended 31st March, 2012 (General & Social Sector)]

Notes received from the Government on the above Paragraph is included as Appendix II.

67. To a query regarding the measures taken by the department to create a database of food establishments coming under each jurisdiction after the audit in 2011-12, the witness, Commissioner of Food Safety submitted that from the year 2012 onwards registration and licensing of food establishments were started in Kerala and 190000 registration and 46000 licensing had already been made. Out of which 56000 were entered into online database classifying manufacturing units, hotels and bakery there were a total of 3 lakh food lenders in the state the Central Government set cut off date of online registration for these food lenders, after that cut off date penalty should be imposed but the process was in slow pace due to frequent change of cut off date.

68. When the Committee asked about the importance of online registration, the Secretary, Health & Family Welfare Department submitted that from the online data base, the number of hotels, number of bakeries etc., could be assessed and policy making would be much effective. He added that when the turnover exceeds ₹ 12 lakh, they should take licence but the firms having turnover upto ₹ 12 lakh needed the registration only.

69. When the Committee asked about the random check, the Commissioner of Food Safety submitted that 10 days in every month was set apart for squad works and surveillance at the checkposts in every week. As the chance of adulteration of dairy products and oil was much higher during onam season and during rainy season, water, fruits sold by street venders etc., were checked. Thus more attention would be given to squad activities after fixing targets depending on the probability of adulteration to such products having more demands in each season.

70. When the Committee asked about the chance of classification of hotels based on its standards, the witness, Commissioner of Food & Safety submitted that though all business were treated alike as per the Act, restaurants and Bakeries were fixed 30 points

conditions derived from the Act. An amount of ₹ 1 lakh was being imposed as fine from those who were violating the condition after being given opportunity to satisfy the conditions. If they were violating the conditions for a second time the enterprises would not be allowed to function at any cost. And the witness added that 18000 people were already imposed fine.

71. To a query regarding the staff strength, the Secretary Health & Family Welfare Department submitted that there were 40 Food safety Assistant Commissioners and under them four to five food circles in each districts. Later it was decided to increase number of food circles to 140 to terminus with MLA constituency. Accordingly new posts were created and vacancies had already been reported to PSC.

72. The Committee reminded an instance of some branded milk banned previously due to the presence of formalin in it but the company continued to sale the product under a different name. The Committee emphasised the significance of the powerful interference of the department against the adulteration and directed to be much vigilant especially during the festival seasons.

73. The Committee expressed its displeasure on the unavailability of modern testing lab and suspected whether any powerful lobbies acting behind that.

74. When the Committee wanted to know the details regarding the audit para on collection of samples, CFS, submitted that there had been a short fall in collections of food samples during the period 2008-2011 and that was just before the formation of the department. In the last year 4839 samples were taken including 3218 statutory as well as 1621 non-statutory samples against the target of 3600 and the target was being raised every year.

75. The Secretary, Health & Family Welfare Department submitted that after the installation of modern equipments, the lab had full facilities to detect the presence of anti biotic content especially in meat.

76. The CFS submitted that, out of the sample tested almost all were within the limit of Indian food standards. She continued that samples were being collected from 3 farms

and check post at 4 a.m. without giving prior notices. Now a toll free number was arranged for filing complaints and average 40 complaints were receiving daily from public and most of them were hygiene related.

77. In connection to the pesticide treatment of vegetables from Tamil Nadu, the Departmental officials submitted a report only about the use of pesticides in the vegetables from Tamil Nadu. But instead of harvested crops the tests were conducted on the vegetables in the field. Another point was that, even FSSAI had not fixed the permissible standards for more than 65% chemicals. Farmers from Tamil Nadu claimed that even if they were using pesticides it did not cross the permissible limit. The Committee opined that those farmers were not following any authorised prescription rather they used pesticides as per the direction of the manufacturing companies so it should be checked whether the presence of pesticides in vegetable is more than the safety level.

78. Regarding the audit para, the CFS submitted that in certain cases, the presence of ammonium and formalin were detected in fish. In some cases, there would be a chance of natural formation of ammonia in fishes. Presence of ammonia could not be considered as a serious crime in India as it would be broken down while cooking. The adverse effect of formalin in food materials were get to be studied. The CFS added that the testing would be done at NABL accredited labs as FSSAI insisted to do so.

79. When the Committee asked about the procedure for banning a product, CFS submitted that when a food product was found altered in the lab after obtaining result from the lab, the batches concerned would be banned. For each samples, 10-15 parameters were to be tested. But in the case of hotels, the physical analysis itself was sufficient for banning.

80. With regard to the defective sample collections, CFS informed that in the previous year out of 4800 samples taken only 5 samples were have to be rejected.

81. When the Committee asked about the current status of modernisation, the CFS submitted that the Department received a total budget allocation of ₹ 3.5 crore for modernisation of analytical labs for the past 3 years viz., 2013, 2014 and 2015 as the cost of lab equipments were much expensive the granted amount could not be utilised for modernising all labs in an year.

82. The Secretary H&FWD submitted that the proposal had been submitted to Government of India to establish well-equipped lab in every districts.

83. To a query of the Committee, the CFS submitted that private samples were tested in Government Labs and that being charged from ₹ 1000 - ₹ 8,000. 12%-15% of the samples were being found adulterated irrespective of the private samples or statutory samples. At the same time, the samples taken on the basis of complaint, adulteration seems to be high. As provided in the Act a register has been maintained in the lab for recording the details of people bringing the samples and the result would be informed to them. The Committee urged the H&FW Department to encourage people for testing samples in case of adulteration and by that, adulteration of food could be curtailed to a certain extend. The Secretary H&FW department agreed to do so.

84. The Committee asked whether the department initiated any action against the officials subject to deficiency in procedure. The CFS submitted that the figures shown in the audit paragraph related to old department now the mode of inquiry was well defined in the Act. The Secretary H&FW Department added that 96 cases had been cleared for prosecution sanction only two cases have been taken for trial. Regarding safety improvement the CFS deposed that hygienic conditions of hotels and bakeries were improved But cases of adulteration still continued.

85. The Secretary, Health & Family Welfare Department submitted that 315 cases were filed for adjudication. 151 cases quoted by RDO's were also filed before the adjudicating officers. Since March 2012, situation had changed and much importance has been given to prosecution, adjudication, surveillance check, etc.

Conclusions/Recommendations

86. **The Committee is displeased to note that delay in taking preventive measures against adulteration resulted in repeating the adulteration by selling the adulterated product with different brand name. The Committee is of the opinion that if the officials to preventive measures in time, consumption of adulterated food by the public could have been avoided. Therefore, the Committee recommends that department should take stringent action against adulteration including suspension of licences without any delay.**

87. The Committee is aggrieved to note that even FSSAI had not fixed the permissible standards for more than 65% chemicals. The Committee opines that farmers of the neighbouring states were not following any authorised prescription according to the direction of the manufacturing companies. Therefore, the Committee recommends that steps should be taken to check whether the presence of pesticides in vegetables is more than the safety level or not.

88. The Committee understands that adulteration seems to be high in private samples than those in statutory samples. Therefore, the Committee urges that in order to curtail adulteration of food to a certain extent, the department should encourage the public to bring samples voluntarily for testing in case of adulteration.

89. The Committee is aggrieved to note that absence of microbiologists, microbiological analytical laboratories and modern and sophisticated machineries with upto date technology and labs paved way for the consumption of adulterated and unhygienic food products by the people. The Committee is of the suspicion that involvement of powerful lobbies of adulterants prevents the modernisation of existing labs. Therefore, the Committee recommends that the department should always be vigilant in preventing adulteration especially during festival seasons as food products and vegetables are adulterated more during festival seasons.

LABOUR AND REHABILITATION DEPARTMENT

Functioning of three Welfare Fund Boards

Introduction

The Kerala Handloom Workers Welfare Fund Board (HW Board), the Kerala Cashew Workers Relief and Welfare Fund Board (CW Board) and the Kerala Agricultural Workers Welfare Fund Board (AW Board) were constituted by the Acts mentioned below (Table) to administer the welfare schemes for handloom, cashew and agricultural workers, respectively.

Table: Acts and Schemes governing the three Boards:

	Act	Scheme
HW Board	The Kerala Handloom Workers Welfare Fund Act, 1989 (HW Act)	The Kerala Handloom Workers Welfare Fund Scheme, 1989 (HW Scheme)
CW Board	The Kerala Cashew Workers Relief and Welfare Fund Act, 1979 (CW Act)	The Kerala Cashew Workers Relief and Welfare Fund Scheme, 1988 (CW Scheme)
AW Board	The Kerala Agricultural Workers Act, 1974 (AW Act)	The Kerala Agricultural Workers Welfare Fund Scheme, 1990 (AW Scheme)

The main objective of the schemes was to provide for the constitution of a fund to grant relief, to promote the welfare activities, and also to pay pension and other superannuation benefits to the workers in their respective sectors. The Boards function under the Labour and Rehabilitation Department. As on 31 March 2012, there were 31197 registered members in HW Board, 169538 in CW Board, and 2233371 in AW Board. There were 1032 employers under the HW Board and 788 cashew factories under the CW Board.

The Acts and schemes governing the three welfare boards envisage the constitution of a fund collecting contribution from members, employers and Government at a specified rate³⁹ to meet various welfare activities.

An audit of functioning of HW Board, CW Board and AW Board was conducted during February-April 2012 covering the period 2008-09 to 2011-12. In respect of HW Board, audit scrutinised the records in the Head Office (Kannur) and two (Kannur and Thiruvananthapuram districts) out of four District Executive Offices. In the CW Board, the Head Office (Kollam district), District Executive Office at Kottiyam (Kollam) out of three

³⁹ HW Board (Workers : ₹ three per month, Employer : ₹ six per month, Self employed: ₹ five per month, Government : Equal to the contribution of employee/self employed), CW Board (Employee, Employer, Government : Each at the rate of ₹ one per working day), AW Board (Worker : at the rate of ₹ five per month, Land owners : 25 paise per are per annum for land holding above 40 ares, Government : Equal to the contribution by the members - with effect from 05 January 2010).

District Executive Offices and three Inspector's offices at Kottiyam, Kollam and Irinjalakuda out of 11 Inspector's offices were covered. In respect of AW Board, the Head Office (Thrissur) and four Divisional Offices (Thrissur, Malappuram, Kozhikode and Kollam) out of 14 Divisional Offices were covered. The field level offices relating to CW Board and HW Board were selected based on the presence of large number of industrial units and in the case of AW Board the selection was based on the concentration of agricultural workers.

The Annual accounts of the HW Board and CW Board were finalised upto 2008-09 and that of AW Board were finalised upto 2009-10. The provisional accounts of the HW Board and CW Board were prepared upto 2010-11 and that of AW Board were prepared upto 2011-12.

The audit findings are discussed further.

Financing the activities

The details of funds received and expenditure of the Boards for the years 2008-09 to 2011-12⁴⁰ are depicted in Table below:

Table: Details of funds received and expenditure:

(₹ in lakh)

HW Board										
Year (1)	Receipts							Total Expenditure		
	Contribution from		Government contribution			Other receipts (7)	Total Receipts (8)=(2)+(3)+(5)+(7)			
	Employees & employers (2)	Self employed (3)	Due (4)	Released (5)	Gap funding (6)=(5)-(4)					
1	2	3	4	5	6	7	8	9	10	11
2008-09	20.00	1.97	8.64	233.21	224.57	1.92	257.10	197.61	27.25	224.86
2009-10	10.00	3.53	6.86	392.34	385.48	2.21	408.08	220.49	28.59	249.08
2010-11	12.62	9.14	13.35	401.63	388.28	3.59	426.98	413.59	34.09	447.68

40 Accounts for the year 2011-12 of CW Board and HW Board are not finalized.

1	2	3	4	5	6	7	8	9	10	11
CW Board										
Year (1)	Receipts						Total Expenditure			
	Contribution from Employees & employers (including penalties) (2)	Government contribution			Other receipts (6)	Total Receipts (7)=(2)+ (4)+(6)	Welfare activities (8)	Admini strative & other (9)	Total (10)= (8)+(9)	
		Due (3)	Released (4)	Gap funding (5)= (4)-(3)						
2008-09	356.21	178.10	430.00	251.90	55.63	841.84	1377.42	116.28	1493.70	
2009-10	404.09	202.04	780.00	577.96	36.74	1220.83	1447.05	134.67	1581.72	
2010-11	385.79	192.90	2517.85	2324.95	34.89	2938.53	2792.63	157.29	2949.92	
AW Board										
Year (1)	Receipts						Total Expenditure			
	Contribution from		Government contribution			Other receipts (7)	Total Receipts (8)=(2)+ (3)+(5) + (7)	Welfare activities (9)	Admini strative & other (10)	Total (11)= (9)+(10)
	Workers (2)	Land owners (3)	Due (4)	Released (5)	Gap funding (6)=(5)- (4)					
2008-09	505.17	172.44	NIL	500.00	500.00	108.37	1285.98	1250.18	204.51	1454.69
2009-10	513.13	156.72	513.13	7550.00	7036.87	86.89	8306.74	5546.95	232.80	5779.75
2010-11	761.70	168.60	761.70	4045.00	3283.30	100.36	5075.66	7053.78	254.77	7308.55
2011-12	650.45	179.01	650.45	61.00	Nil	111.88	1002.34	763.15	350.25	1113.40

Source : Annual accounts of the HW Board and CW Board upto 2008-09 and AW Board upto 2009-10 and Provisional accounts of HW Board and CW Board upto 2010-11 and AW Board upto 2011-12.

The schemes envisage constitution of a fund with the share of contributions from the stakeholders of the schemes viz., employee, employer and Government. The financial position of the three Boards was precarious as the income generated were not proportionate

to the financial liability on welfare schemes. The revenue of the Boards was fluctuating and was not commensurate with the increasing trend in expenditure on welfare schemes and on administration. Hence, a major portion of the expenditure of the Boards was met from the additional funds in the form of grants received from Government. As these three Boards follow cash basis system of accounting, the expenditure figures shown in the above table do not reflect the amounts outstanding to be paid to the beneficiaries of the schemes.

Even though certain steps were initiated to augment the revenue in the HW Board and CW Board, these were not implemented by Government as explained below:

Cess Act

During the period 2008-11, the HW Board did not receive any amount as cess collection

State Government enacted the Kerala Handloom Workers Cess Act 2007, which provides for the levy and collection of cess on sale proceeds of yarn, textile or textile product at the rate of quarter per cent of the total sales proceeds. Officers of the Labour and Rehabilitation Department not below the rank of Assistant Labour Officer Grade I were notified as the Assessing Officers in the Districts. The HW Board did not receive any amount as cess collection during the year 2008 to 2011, against budget projection of ₹ 4.25 crore. Government stated (April 2012) that the collection would be strengthened from the next financial year. The reply indicates laxity on the part of Government in augmentation of revenue for the HW Board.

Revision of rate of contribution

The CW Board resolved (February 2010) to enhance the contributions of employees, employers and Government in the ratio from 1:1:1 to 1:2:2 (100 per cent increase in contribution from the employers and the Government) in meeting the welfare expenses of the cashew workers. The proposal was not accepted by the Government citing financial constraints and volatility in the traditional sector. But the past records show that Government had been contributing far in excess of the matching contribution payable by Government. Acceptance of the above proposal would have resulted in increased contribution from the employer. But the proposal was not implemented by the Government.

THE KERALA HANDLOOM WORKERS WELFARE FUND BOARD

Registration of members

A comprehensive database of the organizations and employees was required to monitor the promptness in payments by organizations/beneficiaries. Registration numbers were allotted to the workers by the HW Board on receipt of applications from the employees through employers (paragraph 25 of HW Scheme). The HW Scheme provides for the submission of returns by employer to the Chief Executive Officers (CEO) of the Boards with details regarding the fresh employees to be registered for the first time, the details of establishment, the wages, etc., [paragraph 26(2), 27 and 29 of HW Scheme]. But such information though available with the Board, were not utilized to prepare a computerized database which could have facilitated monitoring the regularity in payments.

Collection of contribution

In HW Board, collection of contribution (from employees /employers/self employed) decreased from ₹ 21.97 lakh in 2008-09 to ₹ 13.29 lakh in 2011-12⁴¹. Proper maintenance of individual account of the workers would have facilitated monitoring of contribution, but this was not done in HW Board. Paragraph 52 of HW Scheme requires the CEOs concerned to assess and realize the arrears of contributions. However, the dues were not properly assessed by preparing a demand, collection and balance statement.

In District Executive Office, Thiruvananthapuram of HW Board, as on 31 March, 2012, ₹ 60.41 lakh was pending from 160 co-operative societies as contributions for the period June 1991 to March 2012 . The CEO stated (June 2012) that notices were not issued due to the shortage of staff.

According to Section 25 of the HW Scheme, every employee who is entitled to be a member, shall register his name as a beneficiary of the Fund. The welfare benefits would be given only to the registered members of the scheme. It was noticed that, contribution from 194 workers were collected and remitted by the employers regularly to the Board, though

41 Details relating to 2011-12 were collected from the HW Board.

these workers were not registered with the Board. The Board detected (June 2009 and August 2010) this irregularity in respect of 183 workers only after their superannuation. Pension and other retirement benefits were not given to these workers as of March 2012.

Penal provisions
against defaulting
employers in HW
Scheme were not
enforced

Section 17 of HW Act provides for imprisonment for a term which may extend upto three months or fine or both for avoiding any payment to be made under the Act or not complying with any of the provisions of the Act. But, the Board had not initiated any penal provisions effectively against the defaulters to act as deterrent.

Welfare Activities

The HW Board is implementing welfare measures viz., pension, ex-gratia payment, maternity assistance, marriage assistance, educational grant to the members, etc. During the years 2008-09 to 2010-11, the expenditure on welfare activities increased from ₹ 1.98 crore to ₹ 4.14 crore. However, in 2011-12 it decreased to ₹ 2.20 crore.

Deficiencies in pension scheme

According to paragraph 35 (2) of the HW Scheme, only those workers who are in service for three years immediately prior to superannuation will be eligible for pension. Thus, a regular contributor who is unable to work due to occupational diseases or other illness or due to the closure of the factory forfeits the eligibility for the pension, whereas, a worker who joins the scheme exactly at the age of 55 will get the benefit of pension.

During 2008-2012, payment of pension was not sanctioned to 117 members because of non-completion of three-year continuous service immediately prior to superannuation even though they had several years of service. They were not entitled even for the refund of the contribution. However, Audit found that pension was sanctioned to 132 workers who joined the scheme at the age of 55/57 years. The provision of paragraph 35(2) therefore, appear detrimental to the interest of genuine members who had long association with the sector, but could not have continuous service at the age of 55/57 due to illness or other reasons.

An amendment was proposed by the HW Board to the effect that paragraph 35(2) will not be applicable to those who have registered before the age of 40 years and have completed 15 years of service as on 31 December 2009. But this was not approved by the department citing financial constraints.

Settlement of pension claims

Four pension adalats were arranged⁴² by the HW Board and 204 pension applications, earlier rejected by the District Executive Officers, were considered. Out of this, 190 cases pending for more than two years to 10 years, were admitted and 14 cases were rejected.

Pension sanctions were delayed for more than 10 years after the retirement indicating the absence of a speedy redressal mechanism. Admittance of pension in the Adalat indicates that the claims were genuine, but rejected for reasons such as delayed remittance of contribution, break in service, etc. The abnormal delay had deprived the workers the pension benefits for a long period as arrears were not allowed to the pensioners.

THE KERALA CASHEW WORKERS RELIEF AND WELFARE FUND BOARD

Collection of contribution-Absence of verifiable and uniform method in the assessment

The collection of contribution from employees and employers in CW Board was also not showing a steady trend. The collection increased from ₹ 3.56 crore in 2008-09 to ₹ 4.04 crore in 2009-10 but declined to ₹ 3.86 crore in 2010-11.

In CW Scheme, as the workers' contribution was linked to the number of days worked, there was risk of understanding the number of days by the employers. In the monthly meeting of District Executive Officers and Inspectors held on 13 April 2010, it was decided to evolve a uniform approach for the assessment and calculate the contributions at an average of 20-22 workdays. But the decision was not implemented. There were complaints from workers of cashew factories regarding the recording of only 3-4 days of attendance against six work days in a week. This illustrates lack of controls.

42 On 5 October 2009, 15 October 2009, 18 February 2010 and 10 June 2010.

Delay in disposal of appeal petitions resulted in block age of revenue in CW Board

Absence of a uniform and verifiable method in assessment can lead to litigation between the CW Board and the employers. As there was a provision under Section 10(5) of CW Act for preferring the appeal, audit observed that appeal petitions of the employers challenging the assessment, combined with departmental delay in disposing the appeal, had resulted in non-collection of revenue of ₹ 35.31 lakh since 2007 in 164 appeals pending before the Deputy Labour Commissioner, Kollam (DLC). In the year 2009, the DLC ordered in 13 cases to remit 20-25 per cent of the assessed amount, initially before considering the appeal. This was not insisted in other years. As a portion of the amount under appeal includes contributions collected from employees also, the imposition of such a condition was reasonable.

Non-enforcement of penal provisions

Penal provisions against defaulting employers were not enforced

The dues of contribution were not properly assessed by preparing a demand, collection and balance statement regularly in accordance with paragraph 59⁴³ of CW Scheme. The Demand, Collection and Balance statement prepared by CW Board, shows arrears of ₹ 1.93 crore as on 31 March 2009. Verification of the returns furnished by 10 out of 11 Inspectors indicate that contributions relating to the period from 1994-95 were pending collection.

Section 13, 14 and 15 of the CW Act stipulate penalty with imprisonment with a term of six months to one year for non - remittance of contributions and other violations of the Act. The CW Board had not invoked these penalty provisions effectively to act as deterrent.

Welfare Activities

Several welfare measures viz., pension, ex-gratia payment, maternity benefit, marriage assistance to daughters of members, funeral assistance, payment of cash awards to the children, etc., are being implemented by the CW Board. During the years 2008-09 to 2010-11, the expenditure on welfare activities had increased steadily from ₹ 13.77 crore to ₹ 27.93 crore.

43 · 59 of CW Scheme empowers the CEO to assess and realize the arrears of contributions.

Refund of contribution pending settlement

Paragraph 49 of the CW Scheme stipulates that, in the cases of voluntary retirement or death of a member, refund of total contribution (both the share of employee and employer) shall be paid to the member or nominee as the case may be. In case of death of pensioner, the employees contribution standing at his credit shall be paid to his nominee.

There were 874 applications, pending from 2004 onwards, for refund of contribution with the CW Board as on 31st March, 2012. The CEO stated (April 2012) that atleast ₹ 10 lakh would be required to settle the claims.

The Kerala Agricultural Workers Welfare Fund Board

Registration of workers in AW Board

There were presence of non-bonafide persons in AW Scheme For a remittance of ₹ 60 per year, the AW Scheme assures a return of ₹ 625 for each year of remittance as superannuation benefit in addition to other welfare benefits to the registered workers. Given the attractiveness of benefits available, there is high risk of enrolment of non-bonafide persons. In AW Board, the contributions are remitted by the agricultural workers themselves directly to the AW Board as there is no permanent employer-employee relationship in the agricultural sector, unlike what exists in the HW Board and CW Board.

However, there is a land owner-worker relationship. Application form⁴⁴ for registration requires to furnish information regarding the area/locality where the applicants usually work and date of commencement as agricultural worker. Audit observed that the required documentary evidences in support of the particulars filled in the application form were not being insisted by the AW Board. Registration numbers in the AW Board were being allotted to the applicants on the basis of certificate issued by the trade unions instead of getting certificate from the landowners or from Government agencies like Krishi Bhavans. There was no assurance that the persons enrolled were genuine agricultural workers. The sub-committee appointed by the AW Board also identified such risks. There was spurt in fresh registrations numbering more than 2.17 lakh during 2007-11. Incidentally, it was noticed in audit that there was decline of 2.7 lakh hectares in cropped area during this period.

44 Form I -Application for registration as agricultural worker in the fund [Paragraph 24(1) of the scheme].

Remittance of contribution

Paragraph 26 of AW Scheme stipulates that the remittances can be made in the nearest co-operative banks or directly through the authorized offices of the AW Board. Arrangements for collection of contribution through the co-operative banks were not provided by the Board. About 80 per cent of the workers remitted their contribution through their trade union representatives. Even though there were complaints relating to non-remittance of contributions and irregular collection from the agricultural workers, arrangements were not made by the AW Board for remittance of contribution directly by the workers through banks.

Undue benefit to defaulters

In AW Board, the defaulters have advantage over regular subscribers

According to paragraph 26B (3) of AW Scheme, membership of a worker will be terminated, if the member defaults in payment of contributions for more than 24 months. This provision in the Scheme ensures prompt payment of contribution. During 2009-2011, the CEO issued two orders (which were ratified by the Government) permitting revival of membership of members who had defaulted payments for more than 24 months. More than one lakh workers who had defaulted in payments revived their memberships by remitting arrears of contribution. The additional amount collected was a meagre amount calculated at the rate of ₹ three per year. This amount could not be considered as a penalty to act as deterrent against default in payments. In Divisional Office, Kozhikode, 11 members revived their membership at the age of 59 years after defaulting payment for 10 to 15 years. These workers would get benefit of ₹ 6250 to ₹ 9,375⁴⁵ for this period in the very next year (superannuation age 60 years). This would indicate that the defaulters have an advantage over the regular contributor in terms of money value of returns.

Welfare activities

The major welfare measure taken/initiated by the AW Board was the payment of superannuation benefit. Other welfare activities such as ex-gratia payment,

45 At the rate of ₹ 625 per year (₹ 25,000/40 years) the superannuation benefit for 10 years works out to ₹ 6,250 and for 15 years to ₹ 9,375.

maternity relief, marriage assistance, medical assistance, etc., were also being taken up. During 2008-09 to 2010-11, the expenditure on welfare measures had increased from ₹ 12.50 crore to ₹ 70.54 crore. But in 2011-12, the expenditure decreased to ₹ 7.63 crore due to shortfall in release of funds by the State Government.

Delay in settlement of claims

In AW Board, as on 31st March, 2012, superannuation benefit claims of 107806 workers were pending, out of which 5630 claims related to the period prior to the year 2002-03. Similarly, marriage assistance of 58978 members was pending payment for the period from 2006-07. Details are indicated in Table below:

Table: Details of pending claims:

Year	Superannuation Benefits	Marriage Assistance
1	2	3
Prior to 2002-03	5630
2002-03	340
2003-04	392
2004-05	402
2005-06	369
2006-07	311	16
2007-08	391	60
2008-09	1202	13300
2009-10	18660	13823
2010-11	45200	12082
2011-12	34909	19697
Total	107806	58978

Source: Details furnished by the department.

The CEO stated that the pendency was due to non-furnishing of required documents. The reply was not acceptable as the details of workers should have been available with the AW Board as these documents such as registration form and register of agricultural workers were maintained by the AW Board. Thus, the delay in settlement of claims shows the deficient system of maintenance of records in the Board and negligent attitude on the part of officials in settling the claims.

Conclusion

The three schemes as currently designed are not financially viable leading to contribution from Government far in excess of contributions statutorily payable. There was failure to effectively invoke penal provisions prescribed in the Acts against the defaulters of contribution in HW Scheme and CW Scheme. There are deficiencies in the pension scheme of HW Board. The contributions to be made by employers in CW Scheme are prone to litigation, resulting in delay in remittance of contribution. Given the attractiveness of AW Scheme, there is a high risk of non-bonafide persons being registered. The present arrangements to verify the bonafides of persons registered under AW Scheme are far from satisfactory.

Recommendations

- Efforts should be made to augment the resources of the Boards so as to reduce the dependency on the State exchequer.
- Steps should be taken to update the list of members in the AW Scheme by including only the genuine agricultural workers.
- Steps should be taken to clear the outstanding superannuation claims in the AW Board in a time bound manner.

The issues were referred to Government in July 2012; their reply is awaited (October 2012).

[Audit paragraph 2.3 contained in the report of the Comptroller and Auditor General for the year ended 31st March, 2012 (General and Social Sector)].

Notes received from the Government on the above paragraph is included Appendix II.

90. When the Committee wanted to know the details regarding the steps taken to collect the contribution amount, the witness Additional Secretary, Labour & Skills Department submitted that, Handloom sector was in a crisis and most units were in loss and the Textile Owners (individual employers) obtained interim stay from the High Court against the collection of Amount. The witness, Chief executive Officer, the Kerala Handloom Workers Welfare Fund Board apprised that High Court had stayed the dealer contribution in 2002. When the officers of Labour Department and DIO Enforcement were appointed as Assessing Officers as part of Act to levy cess @ 0.25% individual employers obtained interim stay from High Court so it could not be implemented yet. The Committee expressed its displeasure over the fact that an Act enacted by state Legislature could not be implemented even after eight years for the simple reason that it was stayed by High Court and the department is simply waiting for the stay to get vacated and directed the Labour & Skills Department that immediate and effective steps should be taken to vacate the stay and file special leave petition.

91. Regarding the audit para 2.3.3.3, the Committee accepted the reply furnished by the Department. When the committee asked about the present status, the witness Chief Executive Officer, Kerala Cashew workers Relief & Welfare Fund Board submitted that, an amount of ₹ 96 lakh had been pending collection towards contribution. To realise this amount, monthly target has been fixed as 15% amount to each inspector. A special squad was also formed including Cashew special officers under District Collector. He added that the matching grant was insufficient and now the pension was being given by the Government. The complaints raised by workers were also sorted out.

92. When the Committee enquired about the steps taken to the beneficiaries to be linked with Aadhar, the Additional Labour Commissioner submitted that all beneficiaries were linked with AADHAR and their pension payments were given through Bank.

93. The Additional Labour Commissioner submitted that ₹ 16.04 crore had been received to distribute pension for the month of January to April and it would be disbursed through bank.

94. When the officer from AG's Office asked about the proposal for enhancing employee-employer contribution, Additional Labour Commissioner submitted that it would be considered in the next meeting of the Board. The proposal was to enhance the contribution from 1:1:1 to 2:2:2.

95. When the Committee asked about the complaint about the denial of refund of contribution, the Additional labour Commissioner submitted that labourers of one factory would claim for ex-gratia benefit on the reason that they could not continue to work due to health problems. But after receiving ex-gratia benefit, workers would seek work in another factory. To prevent such malpractices it was decided to grant ex-gratia benefit only in death cases.

96. The Committee remarked that it would not be tenable to reject the application for the refund of contribution. The Committee directed that Labour and skills Department should take necessary steps to ensure that such applications if any, pending would be cleared at the earliest, taking into account the genuineness of application. The Additional Secretary, Labour and skills Department agreed to do so.

97. Regarding the audit para 2.3.5.3 the Committee accepted the reply furnished by the Department.

98. When the Committee enquired the current position of Super annuation benefits and marriage assistance, the CEO submitted that the claim was being increased every year. At present ₹ 24 crore was needed to distribute the benefit. Out of the matching grant sanctioned by Government ₹ 27 crore was yet to be received.

99. The Committee recommended that a special grant might be given to the Agricultural workers welfare fund Board in order to clear the arrears, Superannuation benefits and marriage assistance.

100. The witness, CEO the Kerala Agricultural Workers, Welfare fund Board informed that arrears since 2011 were to be cleared. In this regard the Committee noticed that the statement of CEO was contradictory to what stated in the table 2.25, and asked the CEO to re-examine the matter and an updated statement should be furnished at the earliest.

101. To a query, The Chief Executive Officer submitted that some applications were pending due to non furnishing of certain documents, and all other applications received up to 1/2010 was closed. When the committee asked about the balance amount of defective applicants, the Additional Labour Commissioner submitted that the amount had been spent in the subsequent years.

102. The Committee recommended that the Board should take immediate steps to rectify the defects in the pending application and clear the arrears till 01/2010 and the Government must provide sufficient fund to clear the arrears for both super-annuation and marriage Assistance.

Conclusions/Recommendations

103. The Committee is displeased to note that the department did nothing to vacate the stay order of Hon'ble High Court against the dealer contribution of 2002 which prevents the implementation of the Cess Act enacted by the State Legislature. The Committee opines this as a crystal clear example of laxity on the part of Officers in collecting revenue for the Handloom Workers Welfare Fund Board. Therefore, the Committee recommends that immediate steps should be taken to vacate the stay order by filing Special Leave Petition.

104. The Committee finds no justification in rejecting the application for refund of contribution by merely stating vague reasons. Therefore, the Committee recommends that application for refund of contribution should be taken according to the genuineness of application instead of rejecting the same. The Committee also directs the Labour and Skills department to settle all the pending applications with immediate effect.

105. The Committee observes that much fund is needed to settle the claims as the claim for superannuation benefits and marriage assistance are increasing year by year and regrets to note that there exists pending cases for settlement since 2010 onwards. Therefore, the Committee recommends that in order to clear the arrears, superannuation benefits and marriage assistance, special grant might be given to the Agricultural Workers Welfare Fund Board and directs that Government must provide sufficient funds to clear the arrears for both superannuation and marriage assistance and the Board should take immediate steps to clear the arrears from 1/2010 onwards.

Thiruvananthapuram,
19th June, 2018.

V. D. SATHEESAN,
Chairman,
Committee on Public Accounts.

APPENDIX I

SUMMARY OF MAIN CONCLUSION/ RECOMMENDATION

Sl. No.	Para. No.	Department	Conclusion/Recommendation
1	2	3	4
1	21	General Education	The Committee observes that children from the age group of twelve onwards especially from rural areas are forced to go for earning food due to the deficiencies in the implementation of mid-day meal scheme. Therefore, the Committee opines that mid-day meal scheme should generally be improved and for the effective implementation of mid-day meal scheme the Committee recommends to formulate a co-ordination mechanism with LSGD, Education, SC/ST and Civil Supplies departments. The Committee also recommends that adequate funding must be guaranteed in order to ensure the quality and quantity with regard to mid-day meal programme and urges to transform all school kitchen to steam kitchen.
2	22	„	The Committee expressed its dissatisfaction over the delay in submitting statement of Remedial Measures Taken (RMT). The Committee views this lapse very seriously and suggests that the General Education Department should furnish the RMT statements within two months of laying of the C & AG reports as prescribed in the guidelines.
3	23	„	The Committee recommends that local bodies should spend fund for the proper maintenance of existing buildings instead of construction of new buildings. It also recommends that more importance should be given for other infrastructure like drinking water facility, construction of urine shed and boundary walls, lab facilities purchase of computer, maintenance of furniture including benches and desks etc.

1	2	3	4
4	28	General Education	The Committee observes that the printing paper purchased by the department was without the verification of existing stock, the Committee is of the opinion that if the department verified the stock properly, the excess procurement of paper for printing extra books could have been avoided. Therefore, the Committee recommends that orders for printing text books should only be issued after proper verification of stock.
5	29	..	The Committee is aggrieved to note that failure to re-deploy the excess staff in text book depots even after entrusting the distribution of text books to KBPS resulted in the payment of ₹ 71.67 lakh to nineteen staff members who were discharging no function in connection with the distribution of text books in text book depots of Thiruvananthapuram, Kottayam, Palakkad and Kozhikode. Therefore, the Committee recommends that necessary steps should be taken to re-deploy the excess staff in Text Book Depots and furnish a report in this regard at the earliest.
6	30	..	The Committee is displeased to note that new teachers were appointed in the newly upgraded schools under DDE, Palakkad by violating the Government order directing the DPI and DDEs to fill the newly created vacancies only by the redeployment of protected teachers. Therefore, the Committee recommends that action should be taken against those officers who were responsible for violating the Government Order in this regard and furnish a report regarding the same.
7	36	..	The Committee is astounded to note that Educational Officers neither prevented the unrecognised schools at the preliminary stage nor took any penal action against such school authorities even though government orders were prevailing in this regard. Therefore, the Committee directs that department should furnish the details of total number of unaided schools, unrecognised schools and recognised schools functioning in the stage.

1	2	3	4
8	47	Health & Family Welfare Department	The Committee is aggrieved to note that drugs are being manufactured without maintaining adequate GMP standards since 2007. The Committee is astounded to note how the government could remain mum in not allotting any resources in order to rectify the defects in the manufacturing of drugs even though it is a life threatening issue. Therefore, the Committee recommends that sufficient resources should be allotted on a war-footing basis in order to rectify the defects in the manufacturing of drugs.
9	48	„	The Committee views that KSDP, the major supplier of various drugs to the Government Hospitals was functioning with defects relating to quality control and its functioning require proper monitoring. The Committee recommends that the working of KSDP should be monitored strictly and it should be taken over by the Department. The Committee expressed its concern over the fact that chemical composition of drugs was being compromised for quoting lower price since cost of chemicals could not be varied from firm to firm.
10	49	„	Regarding the poor functioning of KSDP, the Committee recommends that Government must explore the possibility of making KSDP as the kitchen factory of the Health Department.
11	50	„	The Committee opines that non-renewal of licenses of defaulted blood banks would affect the quality of blood and associated risk in blood transfusion. Therefore, the Committee recommends that steps should be speeded up to rectify the defects relating to Blood Banks.
12	51	„	The Committee is displeased to note that incapability of the existing labs to find out the chemical composition of Ayurveda drugs and non fixation of standards prevents the promotion of Ayurveda. The Committee is of the opinion that most modern labs only could ensure the substandardisation of Ayurveda drugs. Therefore, the Committee recommends that most modern labs such as state of the art lab should be implemented in order to find out the standardisation of Ayurveda drugs and to find out the ingredients present in each drug.

1	2	3	4
13	52	Health & Family Welfare Department	The Committee understands that medicinal plants plays a vital role in the traditional treatment of Kerala. Therefore, the Committee recommends for the plantation of medicinal plants inorder to promote Ayurveda.
14	56	..	The Committee is much displeased to note that the department did not function effectively to withdraw the banned drugs from the market in time even though there exists earlier recommendations of the Committee in this regard. The Committee is of the opinion that as the consumption of banned drugs is a life threatening issue, consumption of it by the public is a criminal offence. Therefore, the Committee recom mends that inorder to prevent the misuse and spreading of banned drugs in the market, department should increase the testing facility and the number of post of Drugs Inspectors without any delay.
15	57	..	The Committee is also displeased to note that there exists delay in filing of prosecution cases. The Committee opines that if the department filed prosecution cases in time banned drugs could have been prevented to a greater extent. Therefore, the Committee recommends that prosecution wing should be established with immediate effect for the fast trial of the cases.
16	58	..	The Committee is of the opinion that lack of liaison with Health Movement prevents the department to give awareness among people regarding banned drugs. Therefore, the Committee recommends that the department must liaison with people Health Movement inorder to create awareness regarding banned drugs.
17	65	..	The Committee is displeased to note that the department neither conducted all the test/analyses according to the respective pharmacopoeia nor conducted any audit about the prescription habits regarding the usage of branded items despite knowing the fact the generic drugs are better than branded items. The Committee is of the suspicion that usage of branded items instead of generic medicine was due to the vested interest of the pharmaceutical industries. Therefore, the Committee recommends that department should take necessary steps for conducting a survey regarding prescription habits with immediate effect.

1	2	3	4
18	66	Health & Family Welfare Department	The committee is astounded to note that there was delay ranging from one to two years in issuing sanction for prosecution and non – filing of final complaints within the time limit for filing complaints in many cases despite existing instructions regarding the same. The Committee opines that it was a clear example of incapability of the department in filing prosecution cases in time. Therefore, the Committee recommends that separate wing for prosecution should be established for attaining the objective of prosecution.
19	86	,,	The Committee is displeased to note that delay in taking preventive measures against adulteration resulted in repeating the adulteration by selling the adulterated product with different brand name. The Committee is of the opinion that if the officials to preventive measures in time, consumption of adulterated food by the public could have been avoided. Therefore, the Committee recommends that department should take stringent action against adulteration including suspension of licences without any delay.
20	87	,,	The Committee is aggrieved to note that even FSSAI had not fixed the permissible standards for more than 65% chemicals. The Committee opines that farmers of the neighbouring states were not following any authorised prescription according to the direction of the manufacturing companies. Therefore, the Committee recommends that steps should be taken to check whether the presence of pesticides in vegetables is more than the safety level or not.
21	88	,,	The Committee understands that adulteration seems to be high in private samples than those in statutory samples. Therefore, the Committee urges that in order to curtail adulteration of food to a certain extent, the department should encourage the public to bring samples voluntarily for testing in case of adulteration.

1	2	3	4
22	89	Health & Family Welfare Department	The Committee is aggrieved to note that absence of microbiologists, micro biological analytical laboratories and modern and sophisticated machineries with uptodate technology and labs paved way for the consumption of adulterated and unhygenic food products by the people. The Committee is of the suspicion that involvement of powerful lobbies of adulterants prevents the modernisation of existing labs. Therefore, the Committee recommends that the department should always be vigilant in preventing adulteration especially during festival seasons as food products and vegetables are adulterated more during festival seasons.
23	103	Labour and Rehabilitation Department	The Committee is displeased to note that the department did nothing to vacate the stay order of Hon'ble High Court against the dealer contribution of 2002 which prevents the implementation of the Cess Act enacted by the State Legislature. The Committee opines this as a crystal clear example of laxity on the part of Officers in collecting revenue for the Handloom Workers Welfare Fund Board. Therefore, the Committee recommends that immediate steps should be taken to vacate the stay order by filing Special Leave Petition.
24	104	..	The Committee finds no justification in rejecting the application for refund of contribution by merely stating vague reasons. Therefore, the Committee recommends that application for refund of contribution should be taken according to the genuineness of application instead of rejecting the same. The Committee also directs the Labour and Skills Department to settle all the pending applications with immediate effect.
25	105	..	The Committee observes that much fund is needed to settle the claims as the claim for superannuation benefits and marriage assistance are increasing year by year and regrets to note that there exists pending cases for settlement since 2010 onwards. Therefore, the Committee recommends that inorder to clear the arrears, superannuation benefits and marriage assistance, special grant might be given to the Agricultural Workers Welfare Fund Board and directs that Government must provide sufficient funds to clear the arrears for both superannuation and marriage assistance and the Board should take immediate steps to clear the arrears from 1/2010 onwards.


Appendix - II
Notes furnished by Government

GOVERNMENT OF KERALA
GENERAL EDUCATION (P) DEPARTMENT

Reply to the report of the C&AG for the year ended 31/03/2012 (General & Social sector)

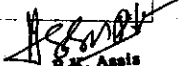
Para No.	Paragraph of the report of the C&AG for the year ended 31/03/2012	Reply furnished																																																						
4.1.7.1	<p>Budget allocation and expenditure The total budget allocation and expenditure from 2007-08 to 2011-12 under the Plan and Non Plan head are as given in Table 4.3</p> <p>Table 4.3 allocation and expenditure under of the Head of Accounts operated by DPI (Rs. in crore)</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="2">a</th> <th colspan="2">2007-2008</th> <th colspan="2">2008-09</th> <th colspan="2">2009-10</th> <th colspan="2">2010-2011</th> <th colspan="2">2011-12</th> </tr> <tr> <th>Plan</th> <th>Non-Plan</th> <th>Plan</th> <th>Non-Plan</th> <th>Plan</th> <th>Non-Plan</th> <th>Plan</th> <th>Non-Plan</th> <th>Plan</th> <th>Non-Plan</th> </tr> </thead> <tbody> <tr> <td>Total allocation</td> <td>83.88</td> <td>2536.90</td> <td>169.06</td> <td>2590.89</td> <td>253.30</td> <td>2539.05</td> <td>285.29</td> <td>2764.46</td> <td>344.14</td> <td>3886.59</td> </tr> <tr> <td>Total expenditure</td> <td>71.40</td> <td>2188.33</td> <td>170.71</td> <td>2624.21</td> <td>228.34</td> <td>2575.99</td> <td>276.22</td> <td>2896.74</td> <td>308.68</td> <td>4679.92</td> </tr> <tr> <td>Excess / under utilization</td> <td>-12.48</td> <td>-348.57</td> <td>+1.65</td> <td>+33.32</td> <td>-25.16</td> <td>+36.94</td> <td>-9.07</td> <td>+132.28</td> <td>-35.46</td> <td>+193.33</td> </tr> </tbody> </table> <p>Estimates prepared were based on the departmental estimates submitted by the Heads of Departments. Paragarphs 14 of the Kerala Budget Manual (KBM) stipulates that the departmental officers who prepare the estimates should always give careful personal attention and ensure that the estimates are neither inflated nor under-pitched. The budget estimates of the DPI were prepared by compiling the data furnished by the District level Officers and heads of other institutions under the control of DPI. The internal audit wing of the DPI did not scrutinize the entire estimates submitted by the District level Officers because of shortage of manpower and adopted the data without any analysis. Audit notices</p>	a	2007-2008		2008-09		2009-10		2010-2011		2011-12		Plan	Non-Plan	Plan	Non-Plan	Plan	Non-Plan	Plan	Non-Plan	Plan	Non-Plan	Total allocation	83.88	2536.90	169.06	2590.89	253.30	2539.05	285.29	2764.46	344.14	3886.59	Total expenditure	71.40	2188.33	170.71	2624.21	228.34	2575.99	276.22	2896.74	308.68	4679.92	Excess / under utilization	-12.48	-348.57	+1.65	+33.32	-25.16	+36.94	-9.07	+132.28	-35.46	+193.33	<p>Preparation of he budget estimates for the ensuing financial year starts early in July of the ongoing financial year mainly deficting on the facts and figures of the current situation. As the academic year is from June to March the staff fixation etc according to the strength of students and other likely expenditure could only be assessed on completion of the same thereafter for the financial year for which proposal was furnished during the previous year. The exact picture or the expenditure depends on the strength of the students which will normally available only after the budget is passed. Whereas the staff fixation, new appointments, additional</p>
a	2007-2008		2008-09		2009-10		2010-2011		2011-12																																															
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<p>excess/savings in the budgeted estimates during 2007-12 as discussed below.</p> <p>Shortfall in utilization of Plan funds to the tune of Rs. 80.52 crore and excess expenditure to the tune of Rs. 47.30 crore under Non-Plan noticed during 2007-12, not only indicate the faulty estimation but also revealed that high priority funds (Plan funds) were being diverted for meeting non-plan expenditure.</p> <p>Director stated (August 2012) that the excess expenditure in non-plan heads was due to non-anticipation of the extra expenditure on account of increase in strength of teaching and non-teaching staff by opening of new schools, sanctioning of additional divisions in the existing schools and up-gradation of schools. It was also stated that due to delay in getting administrative sanction from the Government and treasury restrictions imposed by the Government, the DPI was unable to incur Plan expenditure which resulted in under utilization of Plan funds.</p> <p>The Reply indicates that the budget estimates were being prepared without planning and assessment of the actual expenditure.</p>	<p>infrastructure facilities required etc and the commitment there on are based on the strength of students according to the academic year and not in line with expenditure of the earlier financial year. This position is same in the case of centrally sponsored schemes etc. These provision is made in anticipation of Government of India sanction, the share contribution being released towards the end of the financial year and the same will cause further delay in getting Administrative sanction etc which normally lead to under utilization of budget provision. However creative steps being taken to avoid the issue.</p>
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P.K. Asis
 Additional Secretary to Govt.
 General Education Dept.
 Govt. Secretariat
 Thiruvananthapuram

REPLIES TO THE REPORT OF C&AG FOR THE YEAR ENDING 31/03/2012

Year & Report No.	Para No.	Paragraph of the Report of C&AG for the year 31/3/2012	Reply
Report of C & AG for the year ended 31/03/2012 (General and Social Sector)	4.1.8.1	<p align="center">Infrastructure in schools</p> <p>Chapter IV of KER describes the facilities to be provided in a school like school building with proper fencing, playground, garden, library, toilet, drinking water, educational equipments etc. The infrastructure facilities are now being provided by the local bodies. Analysis of data collected from 374 schools (Out of 1,214 schools in the selected DEOs/AEOs) revealed the following deficiencies in infrastructure.</p> <ul style="list-style-type: none"> • Adequate furniture was not available in 103 schools (28 percent) • 129 Schools (35 percent) did not have proper educational appliances like globes, maps etc. • 99 schools (27 percent) did not have playgrounds. • 82 schools (22 percent) did not have a boundary wall or proper fencing. • Library facility was not available in 60 schools (16 percent). • Adequate drinking water facility was not available in 52 schools (14 percent) <p>As it was the responsibility of the Director of Public Instruction to ensure the infrastructure facilities in schools, non-availability of the basic facilities in schools is a failure on his part.</p>	<p>The Budget provision for the infrastructure facilities like drinking water, laboratory, library, Educational appliances, play grounds, boundary wall is not adequate for meeting the requirements though request for provision of sufficient fund is proposed in the department's budget estimates. The infrastructure facilities are now being provided by the local bodies directly. However, during 2012-2013 an amount of Rs. 38.80 lakhs is allotted for providing drinking water Rs.23 Lakhs for laboratory and library.</p> <p>The deficiency will be rectified at the earliest for which serious efforts are taken for getting sufficient budget allocation for the same.</p>


P.K. Asais
 Additional Secretary to Govt.
 General Education Dep.
 Govt. Secretariat
 Thiruvananthapuram

REPLY ON PARA 4.1.8.2 IN THE REPORT OF THE COMPTROLLER & AUDITOR GENERAL OF INDIA FOR THE YEAR ENDED 31.03.2012.

Year & Report No.	Para No.	Paragraph of the Report of C.&A.G. for the year ended 31.03.2012	Reply																									
Report of C.&A.G. for the year ended 31.3.2012 (General and Social Sector)	4.1.8.2	Rule 22-A of Kerala Education Rules prescribes that a school shall have minimum student strength of not less than 25 per standard. It was seen that the number of schools in the State without minimum student strength increased from 3,414 in 2007-08 to 4,614 in 2011-12 as shown below.	There were 5137 schools including LP/UP/H.S. sections functioned as uneconomic during the year 2012-13 in the Government / Aided sector. Out of the above schools the number of school having less than 10 students is 191. The Director of Public Instruction has submitted a proposal for closing down of schools having less than 10 students. It is the duty of the State to provide Free & Compulsory Education to every child in accordance with Right of Children to Free and Compulsory Education Act																									
		<table border="1"> <thead> <tr> <th data-bbox="421 508 612 535">Year</th> <th colspan="3" data-bbox="612 508 1007 535"><u>Schools without minimum strength</u></th> </tr> <tr> <td></td> <th data-bbox="612 557 766 584"><u>Government</u></th> <th data-bbox="766 557 874 584"><u>Aided</u></th> <th data-bbox="874 557 1007 584"><u>Total</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="421 607 612 633">2007-08</td> <td data-bbox="612 607 766 633">1720</td> <td data-bbox="766 607 874 633">1694</td> <td data-bbox="874 607 1007 633">3414</td> </tr> <tr> <td data-bbox="421 633 612 660">2008-09</td> <td data-bbox="612 633 766 660">1839</td> <td data-bbox="766 633 874 660">1822</td> <td data-bbox="874 633 1007 660">3661</td> </tr> <tr> <td data-bbox="421 660 612 687">2009-10</td> <td data-bbox="612 660 766 687">1974</td> <td data-bbox="766 660 874 687">1988</td> <td data-bbox="874 660 1007 687">3962</td> </tr> <tr> <td data-bbox="421 687 612 714">2010-11</td> <td data-bbox="612 687 766 714">2147</td> <td data-bbox="766 687 874 714">2133</td> <td data-bbox="874 687 1007 714">4280</td> </tr> <tr> <td data-bbox="421 714 612 741">2011-12</td> <td data-bbox="612 714 766 741">2271</td> <td data-bbox="766 714 874 741">2343</td> <td data-bbox="874 714 1007 741">4614</td> </tr> </tbody> </table> <p data-bbox="421 826 1007 845">Further test check of selected Assistant Educational Officers</p>		Year	<u>Schools without minimum strength</u>				<u>Government</u>	<u>Aided</u>	<u>Total</u>	2007-08	1720	1694	3414	2008-09	1839	1822	3661	2009-10	1974	1988	3962	2010-11	2147	2133	4280	2011-12
Year	<u>Schools without minimum strength</u>																											
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2009-10	1974	1988	3962																									
2010-11	2147	2133	4280																									
2011-12	2271	2343	4614																									

		<p>/District Educational Officers revealed that in 376 schools (out of 1,520), 88 schools had another Government or Aided school within one km. radius and 178 schools had another Government or Aided School within two kilometer radius.</p> <p>The increasing trend in schools without minimum student strength in standard as required in Kerala Education Rules resulted in underutilization of available resources.</p> <p>The Director of Public Instruction stated (August 2012) that while implementing the Right to Education Act, such schools would be kept in cluster group so as to utilize the resources of all the schools uniformly.</p>	<p>2009. After examining the matter in detail the Director of Public Instruction has been requested to furnish a detailed report on uneconomic schools having less than 10 students except those located in tribal/coastal areas and in view of the RTE Rules.</p> <p>In this regard, the Subordinate Legislation Committee of Kerala Legislature has studied the RTE Rules and various aspects of implementation in the State and has recorded their observation and recommended that in a State like Kerala the distance norms as specified in the RT Rules (to have L.P. within 1 km. and U.P. within 3 km.) is based on Central Model Rules and that Kerala with more transportation facilities and</p>
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			<p>roads, the distance norms need to be increased. Moreover, only after completion of school mapping which is underway Government would be in a position to assess the need of a neighbourhood school in Government Sector. A decision in forming schools as a Cluster Group can only be considered as and when a policy decision is taken to close down the uneconomic school on the basis of school mapping and in view of Right to Education Act & Rules.</p>
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Anitha K R

ANITHA. K. R
Joint Secretary
General Education Dept.
Govt. Secretariat

REPLY TO THE REPORT OF C & AG FOR THE YEAR ENDED 31/03/2012

Year & Report No.	Para No.	Paragraph of the Report of C & AG for the year ended 31/03/2012	Reply Furnished
Report of C & AG for the year ended 31/03/2012 (General and Social Sector)	4.1.8.3	<p>Scheme for providing Quality Education in Madrassas</p> <p>To provide Muslim students studying in Madrassas with access to education in modern subjects like Science, Mathematics, Social Studies, Hindi and English, a 'Scheme for Providing Quality Education in Madrassas' (SPQEM) was introduced by GOI with effect from 2010-11. The objective of the scheme was to encourage traditional institutions like Madrassas and Makhtabs by providing financial assistance for introducing the above subjects in their curriculum so that academic proficiency for classes 1-XII was attainable for children studying in these institutions. Under the scheme, GOI was required to provide assistance to these institutions for appointment of teachers, subject to availability of a minimum of ten students in each subject. Each full time Graduate teacher was to be paid salary for 12 months at the rate of Rs. 6000 and post Graduate/B.Ed. teacher Rs. 12000 per month. The scheme also provided for assistance to purchase teaching equipments, computers, library books, establishment of science laboratories and assistance for on job training to teachers.</p> <p>During 2010-11, assistance amounting to Rs. 14.68 Crore was paid to 547 Madrassas in the State and an amount of Rs. 3.90 Crore was paid to 152 Madrassas in the selected districts.</p>	<p>In Kerala, Madrassas are teaching modern subjects only on part time basis. Strict instructions were given to the Madrassas regarding conditions of expenditure at the time of distribution of funds. Physical verification to ascertain the expenditure was done by the officials of the DPI and various Deputy Directors of Education.</p> <p>On physical verification, it was found that the fund allotted was utilized for the purchase of computers library books and inspection report of related Science/Maths kit. The salary for the teachers were paid to them by the Madrassa authorities, as per the scheme.</p> <p>Training for the teachers in these Madrassas were given through DIETs, the participation of the teachers were less in the training programme, the Deputy Directors of Education were instructed to make the training compulsory for all Madrassas teachers.</p> <p>During 2010-11, an amount of Rs. 14.68 Crore were received from the Government of India as first installment for the 547 Madrassas, which was completely issued to the Madrassas. The second installment of Rs. 7.76 Crore for the above said 547 Madrassas has been allotted to the beneficiaries during 2012-13. The Utilization Certificate for the amount is being collected and will be submitted to the Government of India immediately.</p>


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Year & Report No.	Para No.	Paragraph of the Report of C & AG for the year ended 31/03/2012	Reply Furnished
<p>Report of C & AG for the year ended 31/03/2012 (General and Social Sector)</p>	<p>4.1.8.4</p>	<p>The DPI is the nodal agency for implementation of Centrally Sponsored Mid-Day Meal Scheme. The scheme was launched in 1995 with an aim to improve the nutritional levels among children. The guidelines of Mid-day Meal scheme envisage that the scheme should be complemented with appropriate interventions through administration of six monthly dose of de-worming and vitamin 'A', weekly iron, Zinc and folic acid and other appropriate supplements either by utilizing the savings amount in the scheme or be funded from appropriate schemes of the Health department or the School Health Programme of the State Government. It also required the State Level Steering-Cum-Monitoring Committee (S-SMC) to guide the implementation agency in co-ordination and convergence with departments/agencies/schemes concerned and monitor the status of implementation to take suitable midcourse correction, if any in time, GOI had directed that the committee shall meet once in six months.</p> <p>In order to achieve the objectives of Mid-Day Meal Scheme, GOI bears the cost of rice (Rs.5,650 per MT), transportation cost (Rs. 750 per MT) and seventy five per cent of cooking cost, honorarium to cooks, etc. According to the norms, savings in any component was to be used for providing micronutrients and de-worming medicines, for conducting periodic health check-up, provide medals having better quality, improving infrastructure facilities, better supervision, monitoring etc., Audit observed that DPI had inflated the number of feeding days which resulted in excess claim of Rs. 36.63 crore on account of purchase of rice from GOI for three years as shown in Table 4.5:</p>	<p>Implementation of National Programme to Nutritional Support to Primary Education (Mid day Meal Scheme)</p> <p>Government of India has allotted the quantity of rice and amount for condiments after calculating total number of children enrolled for MDM for 200 working days. However there will be a savings of food grains for approximate by 20 days due to loss of working days for various reasons. As per the MDM guidelines the savings are permitted to be carried over to next year. As a state sponsored programme this quantity of food grains are given to the children as take home rice during festival season. This practice is for maintaining the nutritional requirements of children during long holidays. If any scarcity is found occurred for the distribution of rice for MDM, State Government take as appropriate action to supply rice to MDM from OMSS after spending money from State exchequer as done in 2013. The State Government had claimed rice for only 20 days. No excess claim was made. It may be noted the school working under Muslim calendar work during April and Multi Grading learning Centers in Tribal areas work during April & May. Due to local festivals and bandhs, we are not able to supply Mid-day meals on all days. Whatever balance rice remarks are utilized the next year. This was informed to Government of India and they allotted rice for the next year only after deducting the balance with us.</p> <p>Government of India will not bear any amount to health programme to children in schools through MDM Scheme. As per the guidelines the savings in any component can be used only to that component to next year. At this occasion the savings cannot be used for health intervention in schools. The modified School Health Programme which is the joint venture of Department of Health Services and Department of Education, aided by the national Rural Health Mission implemented from 2009 onwards. The Programme is continuing in almost all schools in the State.</p>

REPLY TO THE REPORT OF C & AG FOR THE YEAR ENDED 31/03/2012

Year & Report No.	Para No.	Paragraph of the Report of C & AG for the year ended 31/03/2012	Reply Furnished
Report of C & AG for the year ended 31/03/2012 (General and Social Sector)	4.1.8.4		<p>Further, weekly Iron Folic Acid Supplementation has been started in the state from 3/2013.</p> <p>Whenever occasional interruption came to the notice of the higher authorities orders are given to the concerned authority for rectification and for ensuring smooth supply of food grains.</p> <p>In certain schools food grains are stored in vacant class rooms without any disruption to the normal functioning of schools. Permanent or Semi permanent kitchen sheds were put up in each and every school. Directions have also been given to the school authorities to store the food grains in a hygienic conditions. Central Government had sanctioned Rs. 23 Crores for construction of kitchen cum stores during 2006-07, 2007-08 and 2009-10 to the state. Government as per G.O(MS)No.200/2014/GI.Edn Dated, 25/09/2014 has given Administrative Sanction for utilizing this amount. The amount has been distributed to the selected schools and they have already started construction of Kitchen-Cum-Stores. Which will be completed during this academic year.</p> <p>There is a Noon Feeding Supervisor in every District. The Supervisor visits the schools and examines the food served and verifies the stock and other records. The Assistant Educational Officer, District Educational Officer and Deputy Director of Education also visit the schools and monitor the Mid Day Meal Scheme. As per G.O(R)No.98/2015/GI.Edn Dated, 04/05/2013 Government have appointed Noon Meal Officers in all the AEOs to Supervise the implementation of Mid Day Meal Scheme. Vehicles were provided to all Deputy Directors for their school visit and there is a committee at school level also for the implementation and monitoring of the scheme. Directions are given to all concerned authorities for monitoring the scheme at a maximum level.</p> <p>No SLMC meeting was conducted during 2011-12. 2012-13 onwards SLMC meeting conducting regularly.</p> <p>All the school authorities have been given directions to make waste disposal facility in the school with the help of PTA, LSG, MLA and MP fund.</p>

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REPLY TO THE REPORT OF C & AG FOR THE YEAR ENDED ON 31/03/2012

Year Report No	Para No	Paragraph of the Report of C & AG for year ended 31/03/2012	Reply Furnished
Report of C & AG for the year ended 31/03/2012 (General and Social Sector)	4:19:1	<p>Procurement of paper for printing of text books.</p> <p>The department, in connection with printing of text books for the year 2010-11, placed orders with M/s Andhra Pradesh paper mills for the supply of paper at a cost of Rs. 40,791 per MT (less discount of Rs. 300) and procured 1,710.92 MT of paper at a cost of Rs. 6.93 crore. Audit observed that during the year 2010-11, 68.50 lakh of text books were printed for class I to IV and required only 779.66 MT of Maplitho paper. This resulted in excess procurement of 931.26 MT of paper. It was also noticed that despite availability of sufficient stock, a further quantity of 1,131.62 MT of paper was purchased during 2011-12 from M/s Delta paper mills at a cost of Rs.4.50 crore (Rs. 39,753 per MT). The actual requirement of paper to</p>	<p>As per G.O(Rt)1254/04/H.Edn dated 18.09.2004, Govt. have ordered to avoid delay in purchasing printing paper. In the above order a time frame should be prescribed for the procurement of paper and printing of text books. As such the director of Public Instruction had to furnish necessary proposal to purchase the printing materials to Government well in advance. That is before one year (before 7th January for the Academic year). Therefore the Director of Public Instruction furnished the proposal to procure the printing material for the year 2010-11 on 06.01.2009. The roll strength of pupils for any year was anticipated taking into account the previous years roll strength as the proposal has to be furnished one year in advance.</p> <p>The Text Book from standard I to IV are printed in 76 cm map litho paper. In the proposal submitted on 06.01.2009, the quantity assessed for 76 cm map litho paper comes 1197 MT only. The HLMC meeting held on 21.04.2009 decided to make fresh assessment for the purchase of paper. The KBPS on 10.06.2009 demanded 1750 MT 76 cm map litho paper for the Academic year 2010-11. Fresh assessment of paper was made considering the request of KBPS. Therefore revised proposal has been submitted to Government to procure</p>

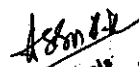
	<p>print 70.30 lakh text books during 2011-12 was only 818.79 MT of paper. The purchase during 2011-12 was avoidable as the existing stock was more than sufficient to meet the requirement for 2011-12.</p> <p>Government stated (August 2012) that the entire work of purchase of printing paper and issue of printing orders were done well in advance and it was very difficult to ascertain the stock position of printing paper at the time of issuing administrative sanction as the current year's printing would not be completed at the time of issue of administrative sanction.</p> <p>The reply is not convincing as the quantity of paper to be procured for each year could have been assessed in advance by utilizing the online data in respect of the enrolled students, number of books to be supplied, etc., available with the Director of Public Instruction.</p>	<p>1750 MT 76 cm paper. Administrative Sanction has been obtained on 27.07.2009 for purchasing 1750 MT 76cm map litho paper and the purchase order was given to Andhra Pradesh Paper Mill. The Mill supplied 1710.920 MT availing minus tolerance.</p> <p>Before submitting proposal for the year 2011-12, the KBPS was requested to report the stock position of printing paper after the completion of printing works for the year 2010-11. But the KBPS reported that the stock of paper as on 17.12.2009 is much below compared to the required quantities as the printing of text books for the academic year 2010-11 was going on. Therefore text book officer furnished the proposal to procure additional map litho paper for the academic year 2011-12</p> <p>The meeting held by Hon, Minister for Education on 28/07/2015 decided to constitute a committee for obtaining balance stock of papers in KBPS. The committee will consider and verify the balance stock of paper to KBPS before issuing further orders.</p>
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A. S. Reddy

REPLY TO THE REPORT OF C & AG FOR THE YEAR ENDED ON 31/03/2012

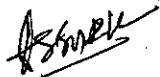
Year & Report No.	Para No.	Paragraph of the Report of C & AG for the year ended 31/03/2012	Reply Furnished
Report of C & AG for the year ended 31/03/2012. (General and Social Sector)	4.1.10.1	<p>Staff in Text Book Depots</p> <p>Distribution of text books to schools was done through text book depots attached to the 34 DEOs till 2008-09. From 2009-10 onwards, the Government entrusted (December 2009) the distribution of text books to KBPS. But the responsibilities of distribution of text books to unaided schools, maintenance of buffer stock at the district level, supervision of distribution, etc., continued to be vested with the Text Book Officer. A test check of text book depots in the selected DEOs for the period 2010-12 revealed that the officers in charge of distribution of text books were not discharging any of these functions. It was seen that 19 staff members were paid Rs. 71.67 lakh during 2010-12 as detailed in Table 4.7.</p>	<p>The Kerala Books and Publication Society is responsible for distribution of Text Books from 2010-2011 onwards. For this purpose the godowns attached to the Depots were handed over to KBPS authorities. Earlier, the Store Keepers of DTBD used to distribute text books to unaided schools after issuing the releasing orders from the text book officer.</p> <p>Now this is done by Kerala Books and Publication Society. Similarly, Maintenance of buffer stock, keeping up of stock balance etc. are vested with Kerala Books and Publication Society.</p>

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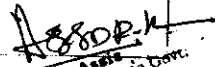
REPLY TO THE REPORT OF C&AG FOR THE YEAR ENDED ON 31/03/2012

Year & Report No.	Para No.	Paragraph of the Report of C&AG for the year ended 31/03/2012	Reply Furnished
Report of C&AG for the year ended 31/03/2012 (General and Social Sector)	4.1.10.2	<p>Recruitment of teachers in newly upgraded schools</p> <p>Government (November 2010) accorded sanction for upgrading 60 Primary/Upper Primary schools to High Schools. According to the Government Order, the staff required for the newly upgraded schools was to be met from the surplus staff awaiting redeployment. Test check of DDE Palakkad revealed that 45 regular High School Assistants (HSAs) and 73 HSAs (daily wages) were newly appointed (June 2011) in the upgraded schools without considering surplus teachers (77) awaiting redeployment in Government/aided schools.</p> <p>The DDE Palakkad stated (April 2012) that the above appointments were made before finalization of the Protected Teachers' Package 104.</p> <p>Reply is not acceptable as the Government Order (November 2010) directing the DPI and DDEs to fill the newly created vacancies only by redeployment of protected teachers was communicated to them well before the up gradation of the schools and the list of protected teachers were already available with DPI</p>	<p>DPI reported that the action of the DDE, Palakkad is irregular. Details of Protected teachers in Palakkad district was available with him. In the absence of the protected teachers in Palakkad District, he can request the list from the neighboring districts. Implementation of package or package of protected teachers is immaterial in this case.</p> <p>Based on the report of DPI Government have given strict direction to initiate disciplinary action against the delinquent officer and report compliance.</p>


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REPLY TO THE REPORT OF C & AG FOR THE YEAR ENDED 31/03/2012

Year & Report No.	Para No.	Paragraph of the Report of C & AG for the year ended 31/03/2012	Reply Furnished
<p>Report of C & AG for the year ended 31/03/2012 (General and Social Sector)</p>	<p>4.1.13</p>	<p>Internal audit is an independent, objective assurance and consulting activity designed to add value and improve and organization's operations. It helps an organization to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.</p> <p>The internal audit wing of the DPI is headed by a Senior Finance Officer and supported by one Accounts Officer, two Junior Superintendents and eight Clerks. Though DPI has control over 214 field units administering 11,781 schools, it has no annual inspection plan containing details of units/areas to be examined by the internal audit wing. It was noticed that internal audit of the DPI was not conducted for the past five years.</p> <p>DPI stated that the present staff strength was insufficient for conducting regular internal audit and follow up action.</p> <p>The reply was not acceptable as there was excess staff deployed in text books depots as mentioned in paragraph 4.1.10.1. As internal audit being an important function of the DPI and augmentation of staff could have been considered by re-deploying the staff idling in text book depots.</p> <p>Further, it was seen that the administrative report of the DPI was published only up to the year 2007-08. A comprehensive report containing the functioning of the DPI, its activities, schemes and performance during the year 2008-09 onwards was not available.</p> <p>To assess the achievements against the targeted goal, periodical evaluation and preparation of Administrative Report plays a vital role. However, the DPI prepared the Administrative Report only up to 2007-08.</p>	<p>The present staff strength of the audit section is insufficient for conducting regular internal audit and follow up action.</p> <p>The audit section will be strengthened by deploying the excess staff in text book depots.</p> <p>The Administrative report upto the year 2010-11 has been published.</p>


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GOVERNMENT OF KERALA
GENERAL EDUCATION (P) DEPARTMENT

**Statement of Action taken on the Audit Paras contained in the report of C&AG for
the year ended 31/03/2012 (General and Social Sector)**

Sl. No	Para No.	Recommendation	Action taken by the Government
1	4.1.11.2	<p>According to Chapter 10 of KER, Statements containing lists of movable and immovable properties of aided schools was required to be sent by the school managers in Form 10 of KER to DEO's /AEO's as the case may be. The DEO in charge of the area was the officer competent to give permission to create or make a sale, mortgage, lease, pledge, charge or transfer of possession in respect of any property of an aided school. One DEO out of four DEO's and four AEO's out of 16 AEO's test checked had not received Form 10 from the aided school managers under their control. In the absence of receipt of Form 10, the Educational Authorities could not minor sale, transfer, mortgage, etc. DPI replied (August 2012) that directions will be given to all AEO's /DEO's to obtain property statements from aided schools..</p>	<p>During the monthly review meeting of education officers, directions have been given for inspection of school and obtaining property statement from the managers of aided schools as envisaged in KER</p>
2	4.1.11.3	<p>According to KER, there shall ordinarily be a minimum of 220 instructional days excluding the days of examinations in every school year. Every year DPI is required to issue the Education Department Calendar showing the opening day, the closing day, the dates of public holidays, the dates of commencement and termination of Onam and Christmas holidays, the dates of special holidays if any, the number of working days available, and the deficiency to be made up, if any, to raise the number of working days to the prescribed minimum. In this respect audit observed the following.</p> <ul style="list-style-type: none"> • DPI had fixed only 200 working days in schools as against the stipulated 220 days in the Education Department Calendars 2007-12. • A Scrutiny of attendance in 371 schools (out of 1,214 schools) in the selected DEO's/AEO's showed that the average number of working days in schools including examination days were only 179, 172, 170 and 173 during the period 2007-12. 	<p>From the Academic year 2013-14 onwards, as part of implementation of Right to free Education Act, the minimum instructional days are fixed as 200 or 1000 working hours. However instructions were already given to compensate the short fall on working days by conducting extra classes on holidays, thereby re-couping the loss in working days.</p>

		<ul style="list-style-type: none"> The DPI had not evolved any mechanism/procedure to be followed by the schools to make up the deficiencies by way of organizing extra classes, etc. in case the number of working days falls short of the days mentioned in the Education Department Calendar. <p>Director of Public Instruction replied (July 2012) that the shortfall was due to natural calamities or other reasons and remedial action would be taken for preventing such shortfalls in future.</p> <p>However, loss in working days may result in non-completion of the curriculum prescribed for the year</p>	
3	4.1.12.1	<p>According to Government order issued in May 1988, no school shall be establish and run in private sector without prior sanction of the Government. Establishment and running of schools without prior sanction of the Government will constitute violation of law and penal offence amounting to cheating. Government orders (June 1988) directed the departmental officers to see that no school other than a Government or aided or recognized school would be allowed to function in the State and if any other school is found to function, it has to be reported to the police for appropriate action.</p> <p>Audit, however noticed that there were 114 unrecognized schools functioning under the jurisdiction of the test checked nine AEO's and one DEO. No action was seen taken by the Educational Officers against the school as required under the Government order. This indicates gross failure on the part of the DPI and Educational Officers in preventing illegal operation of unrecognized school in the State.</p> <p>DPI, while accepting (July 2012) that several unrecognized schools are functioning, stated that most of these schools are awaiting recognition from the Government. Hence, the Educational Officers are not taking action against these schools.</p> <p>It is worth to note that the Educational Officers failed to prevent such schools to function at the preliminary stage and also did not initiate any penal action against such school authorities.</p>	<p>As per KER Chapter VI Rule 7 & 8 private study is allowed in standards I to IV only in Kerala. But many private schools under the ownership of individuals and trusts are functioning in Kerala.</p> <p>As a part of giving recognition to the unrecognized schools functioning in CBSE/ICSE syllabus Government has issued guidelines and on the basis of the guidelines applications has received and recognition has given to many schools. Steps are being taken for giving recognition to remaining schools.</p> <p>Government has conducted survey of the unrecognized schools functioning in State syllabus and collected the details, for giving recognition on the basis of Right to Education Act.</p>

			Government has issued guidelines as per G.O(MS)184/2013 G.Edn. dated: 10.06.2013 for giving recognition to such schools. Government accept the recommendations of the C&AG and will evolve a policy decision to initiate the action against the functioning of unrecognized schools
4	4.1.12.2	<p>According to Government order (July 2000), advance drawn should be adjusted within time, failure of which would entail recovery in lump sum along with penal interest at current bank rates. Government, subsequently prescribed (October 2011) a period of three months for presentation of final bills and the penal interest was fixed at 18 per cent per annum of the unutilized portion of advance. In DPI, 89 contingent advances for Rs. 2.58 crore were lying unadjusted (April 2012) as the payees of the advances did not submit the final bills. It included 21 advances amounting to Rs. 0.55 Crore (21.31 per cent) which were more than three years old and 25 advances amounting to Rs.0.60 crore (23;25 per cent) more than two years old. Maintenance of an advance register and its periodic monitoring by the supervising officer was missing.</p> <p>Government stated (August 2012) that 14 advances out of 89 had been adjusted and 75 advances for Rs. 2.21 crore were lying unadjusted. It was also stated that action is being taken against the defaulters.</p> <p>Non-adjustment of the advances raised doubts as to whether the advances were utilized for the purpose for which they were granted. To ensure that the advances are adjusted in time, constant monitoring of the advances through advance register would serve as a control mechanism.</p>	Government have taken stringent action in settling pending advances. Time limit notice has been issued to the persons to settle the advance NLC of such retired officers had been with held. Only 4 advance availed before 2000 are pending to be settled. Now in this case the entire amount drawn as advance along with 18% interest has been fixed as the personal liability of the officer who drew the advance. The advance register is being kept up to date steps have taken to monitor that the advance sanctioned and paid are settled within the time limit of 3 months by presenting final bill. In the light of the explanation given, the objection may be dropped.

5	4.1.12.3	<p>Government of Kerala, Finance (Streamlining) Department directed (January 2010) all Heads of Departments to ensure that the unutilized amount for a financial year has to be surrendered to Government account before the closure of the year. However, Audit noticed that the DPI maintains a savings bank account (57004975131) in State Bank of Travancore, Jagathy Branch, Thiruvananthapuram and a balance of Rs. 1.48 crore (May 2012) was lying in this account. This amount was being utilized by DPI as an imprest and advances were drawn from the fund for purposes like inaugural functions, conferences, etc. Drawal of advances from the bank account did not ensure checks being exercised to ensure compliance with rules and regulations as in the case of treasury transactions. Operation of an account outside the treasury was thus irregular. Since the internal audit wing did not conduct the audit of the DPI, it failed to bring this issue to the notice of the authorities concerned.</p> <p>Government stated (August 2012) that the saving bank accounts would be closed in the due course time.</p>	<p>The SB Account No.57004975131 (Old No.5059) was opened for crediting amounts received from UNICEF and still continuing. Now as per the direction of Government the balance amount available in the SB Account has been deposited in the special TSB Account No.12332 at District Treasury, Thiruvananthapuram on 29/03/2014 and 12/06/2014 respectively and the account has already been closed. Hence the objection may be dropped.</p>

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**ACTION TAKEN REPORT ON THE REPORT OF THE CAG FOR THE YEAR ENDED MARCH 2012
IN RESPECT OF DRUGS CONTROL DEPARTMENT**

Para No.	Remarks/Recommendation in the Report of the CAG	Action Taken	Remarks
3.1.5.1	<p>Renewal of licenses of selling unit <i>(Absense of fool proof surveillance mechanism in the department to watch the status of every license and timely renewal of license)</i></p>	<p>As manual surveillance of licensing has limitations, Government have implemented computerization of the Sales Licensing procedures from November 2012. Now the trade licenses are issued/ renewed through the XLN software. Therefore now it is easy to monitor the status of licenses issued and the status of applications for renewal/ fresh applications received in the Department. As this system is in its initial stage lot of shortcomings/ defects were noted. Once all the shortfalls in the existing system are rectified the Department will be able to assure that no firm is carrying on business without valid license.</p>	
3.1.5.2	<p>Renewal of licence of manufacturing units <i>(Kerala State Drugs and Pharmaceuticals Limited (KSDP), Alappuzha was functioning without renewing its licence from January 2007.)</i></p>	<p>Kerala State Drugs and Pharmaceuticals Limited (KSDP) Alappuzha is a State Government Public Sector undertaking. The company was functioning with the compliance of Good Manufacturing Practices. But, with the implementation of the current GMP implemented by the Government of India insisting on the most modern technology like Air Handling Units etc., there was a lag in the implementation of the same in the State owned company due to lack of sufficient funds. But, this is being implemented in a phased manner. The Government in the interest of the public is supporting this firm as this firm is supplying medicines only to Government Institutions at the lowest possible rates. Hence, a lenient view is taken towards KSDP both in the interest of the Public and the Government. This</p>	

3.1.5.3 **Blood Bank Licences**

(Audit noticed that delay in renewal of licenses were due to (i) non conducting of combined inspections and (ii) non-issue of renewal certificates though combined inspections were conducted. Lack of quality system in the blood banks in Government Hospitals would compromise the quality of blood and associated risk in blood transfusion and that the Government should have taken steps to see that the hospitals remedied the deficiencies fully and expeditiously.)

does not mean that the company is manufacturing without manufacturing License or manufacturing sub-standard quality drugs. All the activities of the firm are constantly monitored by the Drugs Control Department. The firm is taking action to rectify the defects noted during the inspection by the officials of Drugs Control Department.

Since the licensing of Blood Banks comes under the Drugs & Cosmetics Act, which is a Central Act, the State Government has no direct control over the process. In several instances when the renewal applications were forwarded to CDSCO with the inspection report of State Inspectors, CDSCO did not consider the application and joint inspections were insisted. Besides, the application for renewal cannot be forwarded unless the defects pointed out are rectified by the licensee. Hence there is unintentional delay in most of the blood bank renewal files. In addition, NOC from State Blood Transfusion council is also required by CDSCO.

In respect of the Blood Banks attached to the Government Hospitals/Institutions, mostly the renewal status is pending for want of rectification of defects due to non-compliance of the strict requirements of licensing. Since these are State Government Institutions catering to the need of the poor public in the State especially in the remote areas, this Department cannot take stringent action like cancellation or suspension of licences. However, it is assured that the quality of blood stocked and transfused from these institutions are not compromised due to the minor defects detected during the inspection for renewal of licences.

In respect of the 18 pending cases pointed in the Audit Report, renewal applications of the 4 institutions have already been processed and completed and renewal of the

3.1.5.4 Sale of Ayurvedic drugs

(Action for framing State Rules for regulation of sale of Ayurvedic/Unani/Sidha drugs is still pending even though the department is aware of the sale of substandard ayurvedic drugs in the market)

3.1.5.5 Manufacturing Units – Ayurveda

(A test check of records of the offices of Deputy Drugs Controller (ASU) and two Drugs Inspectors – Kollam and Ernakulam- revealed that there was 67 percent shortfall in inspections conducted.)

3.1.6 Banning of prohibited drugs

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

remaining are under speedy process.

Manufacture and sale of drugs including Ayurvedic drugs are regulated in the country as per the statutes of the Central Act, Drugs and Cosmetics Act and Rules made there under. There is no restriction for the sale of Ayurvedic Drugs as per the prevailing provision of the Act and Rules. Government in consultation with Drugs control Department will examine the scope for enacting rules for controlling the sale of Ayurvedic drugs.

In order to overcome the shortfall in the inspection of Ayurveda manufacturing units Government have sanctioned 4 new posts of Drugs Inspectors for the Ayurvedic Wing of the Department. All the four posts have been reported to the Public Service Commission and steps are being taken to fill the posts temporarily through employment exchange until permanent hands are appointed through PSC. Once the posts are filled, required number of inspection could be conducted.

The Central Government by the powers vested under Section 26 A of Drugs & Cosmetics Act, 1945, issues notification for banning of a drug/ fixed dose combination. Whenever a notification banning a drug is received, currently the following procedure is adopted.

- i) A Press Release is issued via media such as News Papers and Televisions
- ii) All the Drugs Inspectors are immediately informed and instructed to take immediate steps to stop sale of the banned drug.
- iii) The enforcement officers make enquiries at the First Point Distributors (C & F/Depots) and thereafter at the Retailers

to whom the sale has been conducted.

iv) The subordinate offices are required to send feedback regarding the quantity and value of stocks taken back by the First Point Sellers/Distributors from the market and returned to the Manufacturer.

v) After the above action is performed the Drugs Inspectors keep a close watch over the stocking/sale of drugs if any during their routine inspections or on any specific information received by them, and if found prosecution action is initiated.

As observed in the Audit report, follow up action regarding the banned drugs were not so organized as it is done presently. But now action has been taken to ensure that no banned drug is sold in the market. In the wake of the comments in the Thematic Audit, an SOP is being prepared for uniformity of action regarding the matter.

Regarding the instance pointed out in the Audit Report on the availability of banned drugs in the market, the drug Septidase D containing a banned combination of non-therapeutic value for human beings, as reported by the Thematic Audit team, the combination was banned in 1983. The Drugs Control enforcement wing have effectively stopped the movement of the said combination in the State as soon as it was identified. However, the Himachal Pradesh Drugs Control Dept. permitted one of the manufacturers to manufacture and sell the above banned combination throughout the country. The said drug is a combination of Diclofenac Sodium with traces of Vitamins and Serratiopeptidase. Due to the permission by the Himachal Pradesh Drug Authorities for manufacture and sale of the said combination, the same was available in the State and it is only due to the continuous thorough inspections and strict vigil by the enforcement officers, the banned combination was traced to

be available in the market. Immediate prosecution action was initiated against the manufacturer and around 38 dealers in the State. The manufacturer moved a writ petition before the Hon. High Court of Kerala and as per the Statement submitted by the Drugs Control Department, it has been clarified that the vitamin in the combination is added only in *trace quantities* for catalyzing the action of the enzymatic drug Serratlopeptidase. They are not claiming any therapeutic effect for the vitamin in the combination. On enquiry it is learnt that this combination manufactured by this particular company is freely available throughout the Country and has not been restricted by any other State. The Hon. Court has also directed this Department to consider the representation of the Company before proceeding with further prosecution steps. The matter has been referred to the Apex Body - Drugs Controller General of India (CDSCO) for a decision on the claim of the manufacturer. Immediately after the seizure, the manufacturer has changed the formula of the drug. The case is pending before the Hon. Court for further clarification from DCGI. Hence it is informed that the procedure adopted by Drugs Control Department has facilitated the detection of a banned combination even after 29 years of its banning which proves that the enforcement mechanism is effective. Strict instruction has been given to all field staff of the department to be vigil in ensuring that no banned drugs are available in the market.

3.1.7.1 **Partial analysis of drug samples**

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

The Audit observation regarding partial testing is related to the specialty drugs and combination drugs, of which the testing procedure is normally complicated and involving Chemicals/Equipments which are rarely available in the market. These chemicals cannot be procured on short notice as drugs

are received in the Laboratory without intimation in advance. Moreover, reference standards required for most of the analysis are to be procured from Central Drugs Laboratory or Indian Pharmacopoeial Commission. But, these statutory bodies are not supplying the standards normally. The testing of the parameter for 4-Aminophenol in Paracetamol formulations has been withdrawn from the official monograph (Indian Pharmacopoeia) as the working standard was not available anywhere in the market resulting in the partial analysis of that product, irrespective of the Laboratory including Central Drugs Laboratory, Calcutta. It is also pertinent to note that all the reports are released only if the principal tests like assay, dissolution and disintegration are conducted.

A new Regional Drugs Testing Laboratory will be commissioned shortly with state-of-the-art equipment and instruments. The quality of testing will considerably improve with the commissioning of the new Laboratory. Further, the existing Laboratory at Thiruvananthapuram is being modernized with a new Microbiology Section. Instruments worth an amount of Rs. 168.8 lakhs have been ordered for purchase through Kerala Medical Services Corporation for use of the Drugs Testing Laboratory at Thiruvananthapuram. Also, instruments and equipment worth Rs. 436.5 lakhs has been sanctioned by the Government. The short comings noted in the audit report could be avoided to a great extent once the modernization is completed.

Various analytical instruments including Atomic Absorption Spectrophotometer have been procured and installed. The tender procedure for procuring Gas Chromatograph has been completed and purchase order has been placed. The installation of the same will be completed.

3.1.7.2 Testing of Ayurveda, Sidha and Unani (ASU) drugs
(Equipment required for getting reliable and accurate results, weree not available in the ASU section of the Laboratory)

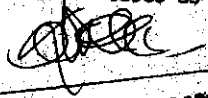
3.1.7.3 **Renovation of Drugs Testing Laboratory (DTL)**
(Government of India, under World Bank Aided programme of Capacity Building Project on Food and Drugs safety, approved the proposal for renovation of DTL. An amount of Rs. 25 Lakhs was earmarked for the establishment of Microbiology Laboratory. The department has not initiated steps for setting up the lab.)

3.1.8 **Sanction for prosecution and filing of prosecution cases**
(Audit observed that there was delay ranging from one to two years in issuing sanction for prosecution)

within 3 months. The requirement of the Polarized Digital Microscope has not been intimated from the Chief Government Analyst of Drugs Testing Laboratory till date. Steps will be taken to procure the same on intimation of the requirement.

The proposed renovation works of the Drugs Testing Laboratory under the Capacity Building Project has been completed except for minor electrical works and the setting up of the Microbiology Lab. As the setting of Microbiology Lab is a venture involving high technology and expertise for maintaining sterile environmental conditions (aseptic conditions), KHRWS has informed their inability to undertake the work. Steps has been taken to entrust the work to M/s HLL Life Care Ltd., a Govt. of India undertaking as they are well versed with such high technology constructions. The work will be completed within a period of two months.

The time limitation for filing complaints has been specified in the Code of Criminal Procedures according to the penalty to be awarded to the accused. Usually in drug cases, the time limit is from one year to seven years. The enforcement officers are entrusted with various responsibilities other than legal action like sampling, inspections, enquiries, office administration etc which may affect the enquiry period from the date of seizure to the date of final complaint. In cases where the accused manufacturing units are situated outside the State the enquiry may still be delayed for want of documents and evidences which has to be collected in person when the accused and the concerned Drugs Control Department do not cooperate with the enquiry. Strict instruction has been given to all officers in the department to ensure filing of prosecution cases as early as possible.



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**GOVERNMENT OF KERALA
INDUSTRIES DEPARTMENT**

**ACTION TAKEN REPORT ON PARA 3.1.5.2 IN THE REPORT OF C&AG FOR THE YEAR ENDED ON 31.3.2012 (CIVIL) ON
KERALA STATE DRUGS & PHARMACEUTICALS LIMITED**

Para No.	Audit Para	Reply
3.1.5.2	<p><u>Renewal of licence of manufacturing units</u></p> <p>As per provisions of the Rule, the manufacturers should comply with the requirements of Good Manufacturing Practices laid down in Schedule 'M' for obtaining manufacturing licences.</p> <p>Audit noticed that, a State Government company viz, Kerala State Drugs & Pharmaceuticals Limited (KSDP) Alappuzha was functioning without renewing its license from January 2007. Inspection conducted (August 2007) by DC revealed that KSDP was not observing the parameters in respect of building premises, water system, production and processing control, quality assurance etc. DC, however, did not suspend the licence of the firm in consideration of the firm's plea (February 2008) that the entire plant was under the process of remodeling after possible grant of Rs.17 crore</p>	<p>The Company has been manufacturing and supplying different varieties of medicines to the government hospitals during the last 38 years. The infrastructure was set up at the time of formation of the company. The GMP standards came to be implemented in the state in 2003. Accordingly a modernisation plan is being implemented to upgrade the infrastructure to cGMP standards. In pursuance thereof a new cGMP compliant Betalactam plant has already been inaugurated and is in operation and GMP certificate has been obtained in September 2011. A new NABL accredited laboratory that is being set up is nearing completion. A GMP compliant Betalactam Injection Plant is to be commissioned shortly. Sanction has also been received for a new GMP compliant Non Betalactam Plant that is to be set up.</p> <p>Even though the present facility of Formulation plant does not meet GMP standards as it is quite old the company maintains the best standards possible within the limitations. And the laboratory ensures that the products meet the required quality standards. Government have also accorded sanction to KMSCL for procurement of medicines from KSDP in relaxation of the requirements of GMP standards and accordingly the company has been manufacturing and supplying medicines to government hospitals during the last several years. The products are adhering to the quality requirements also.</p>

<p>from the Government.</p> <p>KSDP is a major supplier of various drugs to the Government hospitals in the State. As per details furnished (November 2012) by the Kerala Medical Services Corporation Limited (KMSCL) out of 1.03 lakh quantity of medicines purchased during 2008-09 to 2011-12 from KSDP, 0.23 lakh quantity of medicines (Cost: Rs.6.88 lakh) were of 'Not of Standard Quality'.</p>	<p>In accordance with the plan of action to attain GMP standards the modernization proposal is already under implementation and in pursuance thereof the GMP compliant Betalactam plant has already been commissioned and the Betalactam Injection Plant and the modern NABL Accredited Laboratory are due to be commissioned in a few months time. Considering the huge investment required to upgrade the entire manufacturing facilities to GMP standard the company has been already implementing measures to attain these standards in stages and has already made considerable headway in the matter by creating new civil infrastructure and by induction of new equipments and updated technology for the manufacturing process. An investment of Rs.65crore is anticipated for the Non Betalactam plant that is being set up and it will take three to four years to complete and commission this modern facility.</p>
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Abbey Paul
ABBEY PAUL
 Additional Secretary to Govt.
 Industries Department
 Thiruvananthapuram

Health & Family Welfare (E) Department

Report of the Comptroller & Auditor General of India on General and Social Sector
paras relating to Commissioner of Food Safety – Action Taken Statement

Para No.	Audit Report	Action Taken						
Para 3.2.2	The Department had not maintained the data base of food establishments	<p>The report says that no systematic or risk based planning & inspection were done. The argument of shortage of manpower was not acceptable to the audit since only 8 out of 32 posts of food inspectors was vacant. The Audit alleged that the Department did not carry out the duties with the available staff and facilities.</p> <p>In order to implement that Act in its comprehensive nature the Commissioner of Food Safety has checked out a "FOOD SAFETY PLAN" called "EEE" which involves Estimation, Education and Enforcement. A three stage Action Plan in the process of Implementation.</p> <p>The points raised by the Audit are true to facts that the commissionerate established with a skeleton staff may not be able to implement the Act in its totality. In order to strengthen the Department Government have created the following posts.</p> <table border="0" data-bbox="740 745 1187 816"> <thead> <tr> <th align="left"><u>Name of Post</u></th> <th align="right"><u>Number</u></th> </tr> </thead> <tbody> <tr> <td>Joint Commissioner</td> <td align="right">2</td> </tr> <tr> <td>Food Safety Officer</td> <td align="right">57</td> </tr> </tbody> </table> <p>Besides the above 32 food Inspectors belonging to Kerala Municipal Common Service also have been Transferred to the Food Safety Department.</p> <p>Apart from creating the posts and shifting several posts some staff members are</p>	<u>Name of Post</u>	<u>Number</u>	Joint Commissioner	2	Food Safety Officer	57
<u>Name of Post</u>	<u>Number</u>							
Joint Commissioner	2							
Food Safety Officer	57							

		<p>deputed from the Health Services Department on working arrangement till regular hands are made available.</p> <p>The Department is facing delay in recruiting new hands through the PSC for want of executive orders or Special rules. Action is in the final stage for publishing executive orders for staff selection.</p> <p>This Department is comparatively new and functioning with skeleton staff. Action is underway to have a full fledged Department. When it is fully functional, the deficiencies pointed out by the audit will be cured. The Department has already started systematic implementation of various provisions of the Act. As part of this exercise, Designated Officers have been notified in all the Districts with the filling of all the newly created posts. It is hoped that the Department will be able to function efficiently</p>
Para 3.2.3	<p>Short Fall in the Collection of samples ranged from 34-65% in the Districts checked by the Audit. As per the norms fixed by Government a total number of 24624 food samples were to be collected in the test checked Districts of Thiruvananthapuram, Ernakulam, Palakkad & Kozhikode Districts during the period 2008-09 to 2010-11.</p>	<p>Considering the shortage of Food Safety Officer in the State Government vide Order No. 24/2013/H&FWD dated 02/02/2013 has ordered creation of 57 new post of Food Safety Officers and transferred the lien of 32 post of Food Safety Officers from Municipal Common Service Department to this Department and as recommended by the Subject Committee in the matter of making use of the newly created posts necessary steps have been taken to ensure one Food Safety Office in every constituency of the State. The deficiency in sampling pointed out by the audit has been noted for remedial action.</p>
Para 3.2.3.1	<p>Fish & Meat Products were rarely sampled for analysis. Similarly Meat & Meat Products, alcoholic beverages etc. Were also rarely taken for analysis.</p>	<p>The Finding of the Audit that the Department has very rarely taken samples of fish and fish products, meat & meat products etc. is true to facts. One of the reason for this was shortage of proper facilities for preservation of samples. Shortage of manpower also was another reason. However the department has recently took several measures including widespread collection of samples of fish from all over the state. Test analysis showed presence of formalin, Histamine and Heavy metals in the fish that are bought from Tamil Nadu, Karnataka, Goa etc. Thereupon the authorities of those states were addressed to ensure that fish varieties transported from their states were free from harmful preservatives including formalin.</p>

		<p>The Department also found that many ice factories in the State produced ice containing Ammonia & Formalin. In 8 cases manufacture and sale of ice have been prohibited due to the above reason.</p> <p>Deficiency in Sampling and followup action is mainly due to shortage of staff & lack of proper training of the available staff. When the Department is fully functional with sufficient staff, for which action is in progress, such deficiencies will be rectified.</p>
Para 3.2.3.2	Sampling for Microbiological analysis was not done during 2007-12.	There were no microbiological analytical facilities or microbiologists for conducting analysis in any of the analytical lab in the State. The Commissioner of Food Safety posted microbiologists in 2 food analysis Lab in the State one vacancy of microbiologist remains due to non-availability of candidate with the PSC, with the available facility the Department will conduct microbiological analysis.
Para 3.2.3.3.	Procedural lapses in the collection of samples by food inspectors led to rejection of samples by analytical laboratories.	It is found that rejection of samples was caused due to the defective sampling by food inspectors. The Department thereupon called for the explanation of the Officers concerned for further activities, Government will direct the Department to see that such lapses are not repeated in future.
Para 3.2.4.	Infrastructure Facilities in the Analytical Laboratories were grossly inadequate. Absence of many equipments in laboratories essential for conducting the tests for detection of adulteration in food led to consumption of untested food stuff in the Test Check Districts.	To purchase all these equipments minimum of Rs. 10 Crore is required. With the available fund of Rs. 3.5 Crore, allotted for the current financial year of 2013-14 GCMS, MJ will be purchased for Trivandrum Lab in this financial year. Already a proposal for Central Assistance has been sent to Food Safety and Standards Authority of India to provide an amount of Rs. 153 Crores including modernization and installation of modern machineries so as to equip the lab according to changing scenarios. It is hoped that the labs will be fully equipped with the purchase of modern equipments utilizing the funds from the State Government and the Central assistance.
Para 3.2.4.1	Analysis of Private Samples	The observation made by the audit will be viewed seriously. Necessary directions have been given to the enforcement officers to change the priority while sampling. Earlier the number of samples was the priority. Now the Department proposed to change the above priority to adulteration prone sampling. It may be seen that the special drive made by the Department to identify adulteration in

		fish available in the State is a clear example of the above.
Para 3.2.5.	There were large number of acquittals in the prosecution cases due to procedural deficiencies.	FSS Act was promulgated on the understanding that PFA Act was not efficacious to curb the menace of selling substandard food. Food Safety and Standards Authority of India has decided to withdraw cases filed under PFA Act in which the food article involved were not injurious to health.
Para 3.2.6	Enforcement of FSS Act 2006- Prosecution of erring Food Business Operatives (FBOs) as per the FSS Act could not be done.	Government as per order No. G. O. (Ms)435/2012/H&FWD dated 24/12/2012 has placed all Revenue Divisional Officers under their original jurisdiction as adjudicating officers. The posting of a consultant regarding NABL accreditation is in the final stage.
Para 3.2.6.1	Delay in taking Preventive Measures	The same matter is under the consideration of Kerala State Human Rights Commission vide petition No. HRMP/115/12/ALP. As per the direction of the Commission a committee has been constituted to examine all the matter related with the issue. Further necessary action will be taken according to the recommendations of the Hon'ble Commission.



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Action taken Statement on C& AG report(G&SS)
for the year ended 31st March 2012.

Sl. No.	Para No.	Recommendation	Action taken report
1.	2.3.2	<p><u>Financing the Activities</u></p> <p>The revenue of the Boards was fluctuating and was not commensurate with the increasing trend in expenditure on welfare schemes and on administration. Hence, a major portion of the expenditure of the Boards was met from the additional funds in the form of grants received from Government. As these three Boards follow cash basis system of accounting, the expenditure figures table do not reflect the amounts outstanding to be paid to the beneficiaries of the schemes.</p> <p>Even though certain steps were initiated to augment the revenue in the HW Board and CW Board, these were not implemented by Government.</p>	<p>The large variation in the amount received by the board on employees and employer contribution is due to various reasons. In the handloom sector so many establishments are under the threat of closure due to financial crisis. Sometimes these establishments remit the arrear contribution, in bulk and the amount so received shows a hike in the income of the board in that year. The proper monitoring of individual accounts could not be maintained, due to shortage of staff. The board has initiated Revenue Recovery proceedings and legal steps against defaulters.</p>
2	2.3.2.1	<p><u>Cess Act</u></p> <p>State Government enacted the Kerala Handloom Workers Cess Act 2007, which provides for the levy and collection of cess on sale proceeds of yarn, textile or textile product at the rate of quarter <i>per cent</i> of the total sales proceeds. Officers of the Labour and Rehabilitation Department not below the rank of Assistant Labour Officer Grade I were notified as the Assessing Officers in the Districts. The HW Board did not receive any amount as cess collection during the year 2008 to 2011, against budget projection of 4.25 crore. Government stated (April 2012) that the collection would be strengthened from the next financial year. The reply indicates laxity on the part of Government in augmentation of revenue for the HW Board.</p>	<p>The source of income of the board, as per Kerala Handloom Workers Welfare Fund Board Rules and Scheme 1989 from the beginning itself was the contribution from employees, employer, the dealers and from the Government. The main source of income was from the dealer contribution. On 22.02.2002 the Hon'ble High court of Kerala, through a verdict, declared the collection of dealers contribution as unconstitutional. Then on wards the board has been suffering with financial problems. To save the board from financial crisis, the Kerala Handloom Workers welfare Cess Rules 2007 and Kerala Handloom Workers Welfare Cess Scheme 2008 were notified. The District Officers from Labour Department were posted as Assessing Officers for Collecting the Cess. In most of the cases on receiving the notice for payment of handloom cess the textile owners are approaching the court and obtaining interim stay. Government have filed Counter Affidavit in several cases and</p>

			awaiting final court order. Thus Government is now taking earnest effort to vacate stay orders in all the cases immediately.
3	2.3.2.2	<p><u>Revision of rate of contribution</u></p> <p>The CW Board resolved (February 2010) to enhance the contributions of employees, employers and Government in the ratio from 1:1:1 to 1:2:2 (100 per cent increase in contribution from the employers and the Government) in meeting the welfare expenses of the cashew workers. The proposal was not accepted by the Government citing financial constraints and volatility in the traditional sector. But the past records show that Government had been contributing far in excess of the matching contribution payable by Government. Acceptance of the above proposal would have resulted in increased contribution from the employer. But the proposal was not implemented by the Government</p>	Government is now considering the proposal for enhancing employee and employer contribution.
4	2.3.3.1	<p><u>Registration of members</u></p> <p>A comprehensive database of the organizations and employees was required to monitor the promptness in payments by organizations/beneficiaries. Registration numbers were allotted to the workers by the HW Board on receipt of applications from the employees through employers (paragraph 25 of HW Scheme). The HW Scheme provides for the submission of returns by employer to the Chief Executive Officers (CEO) of the Boards with details regarding the fresh employees to be registered for the first time, the details of establishment, the wages, etc. (paragraph 26(2), 27 and 29 of HW Scheme). But such information though available with the Board, were not utilized to prepare a computerized database which could have facilitated monitoring the regularity in payments.</p>	The digitization of details of the members and pensioners registered under this board is in progress. Keltron, a public sector undertaking has prepared a software for this purpose. The Data Entry of details of members including the Adhar number for detecting and preventing dual membership among various Welfare Fund Boards is going on. The monitoring of regularity of payment, details of establishments, wages etc. can be done by this digitalization in future.

5	7.3.3. 2	<p>Collection of Contribution</p> <p>HW Board, collection of contribution (from employees/ employers/self employed) decreased from 21.97 lakh in 2008-09 to 13.29 lakh in 2011-12. Proper maintenance of individual account of the workers would have facilitated monitoring of contribution, but this was not done in HW Board. Paragraph 52 of HW Scheme requires the CEOs concerned to assess and realize the arrears of contributions. However, the dues were not properly assessed by preparing a demand, collection and balance statement. In District Executive Office, Thiruvananthapuram of HW Board, as on 31 March 2012, 60.41 lakh was pending from 160 co-operative societies as contributions for the period June 1991 to March 2012. The CEO stated (June 2012) that notices were not issued due to the shortage of staff. According to Section 25 of the HW Scheme, every employee who is entitled to be a member, shall register his name as a beneficiary of the Fund. The welfare benefits would be given only to the registered members of the scheme. It was noticed that, contribution from 194 workers were collected and remitted by the employers regularly to the Board, though these workers were not registered with the Board. The Board detected (June 2009 and August 2010) this irregularity in respect of 183 workers only after their superannuation. Pension and other retirement benefits were not given to these workers as of March 2012. Section 17 of HW Act provides for imprisonment for a term which may extend upto three months or fine or both for avoiding any payment to be made under the Act or not complying with any of the provisions of the Act. But, the Board had not initiated any penal provisions effectively against the defaulters to act as deterrent.</p>	<p>In Kerala Handloom Workers Welfare Fund Board, the main source of income from the beginning itself was the Dealers Contribution. On 22.02.2002 the Hon'ble High Court through a verdict lifted the power to collect the contribution from the dealers. As a result the board fell into financial crisis. Consequently the board compelled to work with a skeleton staff. Revenue Recovery proceedings were initiated against some establishments by the board. The board collected about 2 lakhs from the Common Wealth Weaving Textiles in 2012. So many Revenue Recovery cases are pending with the Revenue authorities.</p> <p>In the board the contribution collected was 21.97 Lakhs in 2008-09. In 2009-10 it was Rs.13.53 and in 2011-12 it was 13.29. Due to financial crisis board has been working with a skeleton staff in all its offices. It is not possible to monitor and to take corrective steps in individual accounts with these minimum staff, who has been working on casual basis. In Thiruvananthapuram district many co-operative societies are not working properly due to financial problem. Hence contribution was not received from them regularly. In 2008-09 the board Chairman requested the Director of Handloom and Textiles, not to issue rebates to such handloom societies which have not paid contribution to the board regularly. The Director, Handloom and Textiles in that year directed all the handloom establishments to produce a no-objection certificate from the district executive officer for the release of rebate. This action, in turn, increased the contribution of the board for the year 2008-09. The board received an arrear contribution for about Rs.7 Lakhs in that year from Thiruvananthapuram district.</p> <p>A major part of employers are making delay in remitting contributions regularly to the Board, due to their financial problems in Thiruvananthapuram district.</p>
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6	2.3.3. 3	<p><u>Welfare activities</u></p> <p>The HW Board is implementing welfare measures viz., pension, ex-gratia payment, maternity assistance, marriage assistance, educational grant to the members, etc. During the years 2008-09 to 2010-11, the expenditure on welfare activities increased from 1.98 crore to 4.14 crore. However, in 2011-12 it decreased to 2.20 crore.</p> <p><u>Deficiencies in Pension Scheme</u></p> <p>According to paragraph 35 (2) of the HW Scheme, only those workers who are in service for three years immediately prior to superannuation will be eligible for pension.</p>	<p>The variation in the expenditure towards welfare measures is connected with the availability of Fund. The main welfare measure for which huge amount of fund required is for payment of pension. Pension has been given to the members with help of the Government Grant and based on its variation the figure of expenditure changes.</p> <p>As per the Kerala Handloom Workers Welfare Fund Scheme, only those members who are in service for three years immediately prior to the superannuation,</p>

Thus, a regular contributor who is unable to work due to occupational diseases or other illness or due to the closure of the factory forfeits the eligibility for the pension, whereas, a worker who joins the scheme exactly at the age of 55 will get the benefit of pension.

During 2008-2012, payment of pension was not sanctioned to 117 members because of non-completion of three-year continuous service immediately prior to superannuation even though they had several years of service. They were not entitled even for the refund of the contribution. However, Audit found that pension was sanctioned to 132 workers who joined the scheme at the age of 55/57 years. The provision of paragraph 35(2) therefore, appear detrimental to the interest of genuine members who had long association with the sector, but could not have continuous service at the age of 55/57 due to illness or other reasons.

An amendment was proposed by the HW Board to the effect that paragraph 35(2) will not be applicable to those who have registered before the age of 40 years and have completed 15 years of service as on 31 December 2009. But this was not approved by the department citing financial constraints.

Settlement of pension claims

Four pension adalats were arranged by the HW Board and 204 pension applications, earlier rejected by the District Executive Officers, were considered. Out of this, 190

i.e. 58 years, will be eligible for pension. Thus, members who are unable to work due to disease or illness forfeit the eligibility for pension. But a worker joined the scheme at the age of 55 may get the benefit of the scheme. Kerala Handloom Workers Welfare Fund (amendment) Scheme-2001 ordered vide G.O.(P) No.25/2001/Labour dated 30.03.2001, has allowed to sanction pension to members who are unable to work due to disease or illness. But it was implemented by the board up to 2010. The 115th meeting of Board of Directors held on 31/03/2010 has decided to allow disability pension to the members who are unable to work due to illness on production of Medical Certificate in this regard, at least from a District Medical Board.

During 2008-12, (the period of audit) payment of pension was not sanctioned to 117 members, because of the non-completion of three years of continuous service immediately prior to superannuation, as envisaged in the scheme, even though they had several years of service. But several members were given pension, who joined the scheme at the age of 54 or 55 years. Due to financial constraints, the Government was not in a position to approve the proposal to the effect that the paragraph 35 (2) of the Scheme, (i.e. the rule that, only those members who are in service for three years immediately prior to the superannuation, i.e. 58 years, will be eligible for pension) will not be applicable to those who had registered before the age of 40 years and have completed the 15 years of service in the Scheme as a member on or before 31st December 2012. Still the board is facing financial crisis and is running on the Grant given by Government.

During the period of audit 4 Pension Appeal Adalats were arranged by the board for the redressal of large number of

	<p>cases pending for more than two years to 10 years, were admitted and 14 cases were rejected. Pension sanctions were delayed for more than 10 years after the retirement indicating the absence of a speedy redressal mechanism. Admittance of pension in the Adalat indicates that the claims were genuine, but rejected for reasons such as delayed remittance of contribution, break in service, etc. The abnormal delay had deprived the workers the pension benefits for a long period as arrears were not allowed to the pensioners.</p>	<p>pension petitions received by it. All these applications were rejected earlier by the District Executive Officers. In 2008, Government ordered a decrease in the age of superannuation from 60 to 58. This is the main reason for the receiving large number of appeal petitions. The board admitted many of them which was earlier rejected by the DEOs on account of non-remittance of contribution, break of service, invalidated membership, absence from duty during the 3 years immediately prior to the age of superannuation etc. In these cases pension was allowed to them by the board, after taking some remedial steps like revival of membership, production of Medical Certificates etc. The board has the power to revive membership which was discontinued for years. In such cases the board allowed the pension after reviving the membership. The arrears have not been allowed because of the poor financial condition of the board.</p>
7	<p><u>The Kerala Cashew workers relief and welfare fund board</u> <u>Collection of contribution-absence of verifiable and uniform method in assessment</u></p> <p>The collection of contribution from employees and employers in CW Board was also not showing a steady trend. The collection increased from 3.56 crore in 2008-09 to 4.04 crore in 2009-10 but declined to 3.86 crore in 2010-11.</p> <p>In CW Scheme, as the workers' contribution was linked to the number of days worked, there was risk of understating the number of days by the employers. In the monthly meeting of District Executive Officers and Inspectors held on 13 April 2010, it was decided to evolve a uniform approach for the assessment and calculate the contributions at an average of 20-22 workdays. But the decision was not implemented. There were complaints from workers of cashew factories regarding the recording of only 3-4 days of attendance against six work days in a week. This illustrates lack of controls.</p>	<p>The findings made by the audit team in this Para is not correct. The assessment is done by the Inspector on the basis of records and statements recorded from the authorised person at the time of hearing in presence of Trade Union Leaders. In case of any mismatch in the statement recorded from the authorised person, the trade union leaders may challenge such statement. At the enquiry, the authorised persons produce records such as attendance Register, Wages Register, Contribution Register etc. After the enquiry, the Inspector prepares the Provisional Determination Order statement only on the basis of this records and also on the inspection report prepared at the time of factory inspection by the concerned Inspector. Hence the assessment is strictly done on the basis of the evidence seen in the file. Hence any litigation made by the Inspector can already be found out at the time of any audit.</p>

		<p>Absence of a uniform and verifiable method in assessment can lead to litigation between the CW Board and the employers. As there was a provision under Section 10(5) of CW Act for preferring the appeal, audit observed that appeal petitions of the employers challenging the assessment, combined with departmental delay in disposing the appeal, had resulted in non-collection of revenue of 35.31 lakh since 2007 in 164 appeals pending before the Deputy Labour Commissioner, Kollam (DLC). In the year 2009, the DLC ordered in 13 cases to remit 20-25 per cent of the assessed amount, initially before considering the appeal. This was not insisted in other years. As a portion of the amount under appeal includes contributions collected from employees also, the imposition of such a condition was reasonable.</p>	
8	2.3.4.2	<p><u>Non - enforcement of penal provisions</u></p> <p>The dues of contribution were not properly assessed by preparing a demand, collection and balance statement regularly in accordance with paragraph 59 of CW Scheme. The Demand, Collection and Balance statement prepared by CW Board, shows arrears of 1.93 crore as on 31 March 2009. Verification of the returns furnished by 10 out of 11 Inspectors indicate that contributions relating to the period from 1994-95 were pending collection.</p> <p><i>Section 13, 14 and 15 of the CW Act stipulate penalty with imprisonment with a term of six months to one year for non-remittance of contributions and other violations of the Act. The CW Board had not invoked these penalty provisions effectively to act as deterrent.</i></p>	<p>Earnest steps have been taken to find out the actual arrears mentioned in the demand collection balance statement. A prescribed proforma has been sent to the Inspectors of the Board. On receiving the Proforma the arrears may be finalised and this shall be intimated to the Government without delay.</p>
9	2.3.4.3	<p><u>Welfare Activities</u></p> <p>Several welfare measures viz., pension, ex-gratia payment, maternity benefit, marriage assistance to daughters of members, funeral assistance, payment of cash awards to the children, etc.,</p>	<p>The statement found by the audit is due to the increase in the number of pensioners and pension amount. The amount of monthly pension has been revised from Rs.125 to Rs.500. The Board also</p>

are being implemented by the CW Board. During the years 2008-09 to 2010-11, the expenditure on welfare activities had increased steadily from 13.77 crore to 27.93 crore.

Refund of contribution pending settlement

Paragraph 49 of the CW Scheme stipulates that, in the cases of voluntary retirement or death of a member, refund of total contribution (both the share of employee and employer) shall be paid to the member or nominee as the case may be. In case of death of pensioner, the employees contribution standing at his credit shall be paid to his nominee.

There were 874 applications, pending from 2004 onwards, for refund of contribution with the CW Board as on 31 March 2012. The CEO stated (April 2012) that atleast 10 lakh would be required to settle the claims.

increased other Welfare measures viz. Cash award (50% increased), Maternity Benefit(increased from 1000 to 3000), Funeral Benefit(500 to 1000 for pensioners and 1000 to 2000 for workers). These all resulted in the increasing expenditure on welfare measures.

Most of the members who have applied for refund of contribution is now working in other Cashew Factories for a short period of 3 to 4 years. After that they applied for pension. This is against Cashew Workers Act and Scheme and also results financial lose. Hence clarity is not found in most of the applications. As a result the said applications are kept pending for verification.

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Action Taken Report on the audit para 2.3.5 pertaining to Kerala Agricultural Workers Welfare Fund Board in the Audit Report of Comptroller Auditor General of India for the year ended 31/3/2012.

Para 2.3.5 - The Kerala Agricultural Workers Welfare Fund Board

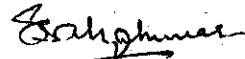
Sl. No.	Paragraph No.	Gist of Audit Para	Action Taken
1	2.3.5.1 Registration of workers in Agricultural Workers Welfare Fund Board	<p>For a remittance of ₹ 60 per year, the AW Scheme assures a return of ₹ 625 for each year of remittance as superannuation benefit in addition to other welfare benefits to the registered workers. Given the attractiveness of benefits available, there is high risk of enrolment of non-bonafide persons.</p> <p>Application form for registration requires to furnish information regarding the area/locality where the applicants usually work and date of commencement as agricultural worker. Audit observed that the required documentary evidences in support of the particulars filled in the application form were not being insisted by the AW Board. There was no assurance that the persons enrolled were genuine agricultural workers.</p>	<p>There is no specific method for enrolment of members prescribed in this scheme. As per Rule 26(1) of Kerala Agricultural Workers Welfare Fund Board, 1990 every agricultural workers who have completed 18 years of age and below 55 years are eligible to get membership in the scheme. There is no other instruction in the scheme related to the registration of members.</p> <p>To get employment certificate from a land owner is not practical because each worker works under various land owners. Now a days majority of land owners have owned small portion of land with them. So workers are compelled to work with several agriculturalists to live. The first meeting of Board prescribed a method of registering a worker by accepting certificate issued by district and taluk level trade unions engaged in agricultural activities.</p> <p>Now, some ways are implemented to avoid non bonafied persons entering to the Board such as providing provisions to identify the dual membership, members who registered in other Board etc. and also the membership is</p>

			<p>issued only after thorough scrutiny of their application by Welfare Fund Officer while registration. The Board have taken steps to prevent the registration of ineligible persons.</p> <p>Government has issued directions to the Board to scrutinize the membership list of Agricultural labourers with reference to 'Aadhar' to prevent the registration of ineligible persons.</p>
2	2.3.5.2 Remittance of contribution	Paragraph 26 of AW Scheme stipulates that the remittance can be made in the nearest co-operative banks or directly through the authorized offices of the AW Board. Even though there were complaints relating to non-remittance of contributions and irregular collection from the agricultural workers, arrangements were not made by the AW Board for remittance of contribution directly by the workers through banks.	The Scheme 26(B) stipulates that the contribution remittance can be made in the District Co-operative Banks or any other branches in which he/she resides. The annual contribution of workers is only ₹ 60/- So the banks are not willing to accept such meagre amount individually from huge number of members. Not only banks the members also not willing to remit through banks because of losing their one day wage. Hence the Board decided to collect the contribution of workers by conducting camp sitting at each Village Office after giving prior notices. The workers might be given responsibility to remit their contribution with their trade union representatives. No complaints came to the notice regarding this yet.
3	2.3.5.3 Undue benefit to defaulters	According to Paragraph 26B(3) of AW Scheme, membership of a worker will be terminated, if the member defaults in payment of contributions for more than 24 months. During 2009-11, the CEO issued two orders (which were ratified by	The collection of additional amount as penalty over the defaulters has increased from ₹ 3/- to ₹ 5/- As per audit observation, some proposals will be submitted before the Board meeting about the necessity of restriction over the renewal of membership of defaulters

		<p>Government) permitting revival of membership of members who had defaulted payments for more than 24 months. More than one lakh workers who had defaulted in payments revived their memberships by remitting arrears of contribution. The additional amount collected was a meagre amount calculated at the rate of ₹ 3 per year. This amount could not be considered as a penalty to act as deterrent against default in payments. In Divisional Office, Kozhikode, 11 members revived their membership at the age of 59 years after defaulting payment for 10 to 15 years. These workers would get benefit of ₹ 6,250 to ₹ 9,375 for this period in the very next year (superannuation age 60 years). This would indicate that the defaulters have an advantage over the regular contributor in terms of money value of returns.</p>	
4	2.3.5.4 (i) Welfare activities	<p>During 2008-09 to 2010-11, the expenditure on welfare measures had increased from ₹ 12.50 crore to ₹ 70.54 crore. But in 2011-12, the expenditure decreased to ₹ 7.63 crore due to shortfall in release of funds by the State Government.</p>	<p>During the period 2010-11, ₹ 114.9 crores allotted as Government grant to the Board. Utilizing this grant the Board had cleared huge pendency of superannuation benefit from the year 2002 to 2009. During the year 2011-12, the Board received ₹ 61.00 lakhs only as grant from Government. The proposal from the Board requesting fund to disburse the benefits is being examined by the Government.</p>

	2.3.5.4 (ii)	<p>Delay in settlement of claims:</p> <p>In AW Board, as on 31 March 2012, superannuation benefit claims of 1,07,806 workers were pending, out of which 5,630 claims related to the period prior to the year 2002-03. Similarly, marriage assistance of 58,978 members was pending payment for the period from 2006-07. The delay in settlement of claims shows the deficient system of maintenance of records in the Board and negligent attitude on the part of officials in settling the claims.</p>	<p>The welfare benefits except superannuation and marriage benefits are disbursing as up to date. Some applications are pending due to non furnishing of required document. Though the intimation letter sent, some applicants did not receive their benefit yet. Such applications are included still in the pendency list. Superannuation benefit from the year 2010-11 and marriage benefit from 2008-09 is pending due to lack of fund. The proposal from the Board, requesting fund to disburse the benefits is being examining by the Government.</p>
5	2.3.6 Conclusion	<p>Given the attractiveness of AW Scheme, there is a high risk of non-bonafide persons being registered. The present arrangements to verify the bonafides of persons registered under AW Scheme are far from satisfactory.</p>	<p>Government has issued directions to the board to scrutinize the membership list of Agricultural labourers with reference to Aadhar to prevent the registration of ineligible persons.</p>
6	2.3.7 Recommendations	<p>* Efforts should be made to augment the resources of the Boards so as to reduce the dependency on the State exchequer.</p> <p>* Steps should be taken to update the list of members in the AW Scheme by including only the genuine agricultural workers.</p> <p>* Steps should be taken to clear the outstanding superannuation claims in the AW Board in the time bound manner.</p>	<p>* In agricultural workers board, the members subscription is ₹ 60/- per year. While the scheme assures them a return of 625/- for each year of remittance as superannuation benefit in addition to other welfare benefits. The revenue of the Board is the income from workers contribution, land owners contribution and matching grant from the Government. All the expenditures are met from this Board's Fund.</p>

			<p>* Steps would be taken to update the list of members as per audit instructions.</p> <p>* To clear the outstanding superannuation claims, the revenue of Board will have to be increased. For this purpose Government is considering increasing of land owners' contribution and labourers' contributions. A proposal received from the Board for sanctioning matching grant is also being examined by the Government.</p>
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APPENDIX III

APPENDICES FROM AUDIT REPORT

Details of implementation of Horticulture Mission Programme during 2005-12
(Reference : Paragraph 2.1.10.2; Page 36)

Sl.No	Item/component	Unit	Physical		Shortfall (per cent)
			Target	Achievement	
1.	Production of planting materials				
(i)	Establishment of nurseries				
	Model nursery - Public Sector	Number	3	1	67
	- Private Sector		3	Nil	100
	Small nursery - Public Sector		5	Nil	100
	- Private Sector		20	10	50
(ii)	Rehabilitation of existing tissue culture unit - Public Sector	Number	6	Nil	100
	- Private Sector		4	Nil	100
(iii)	Setting up of new TC Lab - Public Sector	Number	1	Nil	100
(iv)	Vegetable Seed production - Public Sector	Number	7.4	2.2	70
	- Private Sector		7.2	1.2	83
2.	Establishment of new garden (Area Expansion)				
(i)	Fruits - Mango	Hectare	20	20	0
	- Pineapple (Sucker)		188	190	0
	Banana (Sucker)		6592	5402	18
(ii)	Vegetable	Hectare	869	85.1	2
(iii)	Minor Horticulture Crops	Hectare	88	79.3	10
(iv)	Flowers - Cut flowers	Hectare	173	146.8	15
	- Loose flowers		58	32.6	44
(v)	Spices - Pepper	Hectare	653	334	49
	- Ginger		220	156.4	29
(vi)	Plantation Crops - Cocoa	Hectare	12	4.7	61
(vii)	Medicinal Plants	Hectare	52	29.3	44
(viii)	Mushroom Production units	Number	350	241.5	31
3.	Rejuvenation of senile plantation				
	- Pepper	Hectare	575	438.2	24
4.	Creation of water resources	Number	35	18.3	48
5.	Protected cultivation				
	- Green House	Number	5	2.8	44
6.	Integrated Nutrient Management/Pest Management				
	- Promotion of IPM(Ginger, vegetables, banana)	Hectare	2203	1684.2	24
	- Plant Health Clinic	Number	5	Nil	100
	- Disease forecasting unit	Number	1	Nil	100
	- Leaf/Tissue analysis	Number	3	Nil	100
	- Bio-control lab	Number	2	Nil	100
7.	Organic farming				
	- Adoption of organic farming	Number	895	556.3	38
	- Vermi-compost	Number	287	192.3	33

Sl.No	Item/component	Unit	Physical		Shortfall (per cent)
			Target	Achievement	
8.	Pollination support	Number	5240	Nil	100
9.	Integrated post harvest management				
-	Cold storage unit	Number	1	Nil	100
-	Pack House/Storage Unit	Number	4	Nil	100
-	Mobile Processing Unit	Number	1	Nil	100
10.	Establishment of marketing infrastructure				
-	Rural Market	Number	8	Nil	100
-	Whole sale market	Number	2	Nil	100
-	Functional infrastructure	Number	4	Nil	100

Source: Figures compiled by Audit from progress reports supplied by the DHM

Deficiencies in Blood Bank in Government hospitals

(Reference : Paragraph 3.1.5.3; Page 84)

Medical College Hospital, Kozhikode

1. The Air Conditioners in component room, refreshment room and blood Collection room and Deep Freezer (-40 degree Celsius), were not in working condition
2. Both untested and tested blood samples were stored in one refrigerator
3. The blood bank premises was not hygienic and the rooms were without proper ventilation
4. Equipments were not calibrated
5. Blood donor card was not maintained, records and registers were not maintained as per Para L of the Rules.
6. Medical Officer and Registered Nurse were not attending the blood bank
7. Non-availability of manufacturer's test report for CPDA solution

Taluk Headquarters Hospital, Sulthanbathery

1. Test for irregular antibodies was not carried out on blood units.
2. Medical Officer and Registered Nurse were not attending to the blood bank activities.
3. Donor records were not maintained properly
4. Air conditioners were not operated.
5. Thermograph was not working in refrigerator meant for stocking screened blood units

District Hospital, Mananthawady

1. No air conditioner was working
2. Thermograph of the refrigerator was not working
3. Donor card was not authenticated by Medical Officer and not updated
4. Calibration of equipments was not done

Government General Hospital, Beach, Kozhikode

1. Stock register not maintained up-to-date
2. Donor card was not authenticated by Medical Officer
3. Compound microscope was not working properly
4. Most of the area of the blood bank was not air conditioned
5. Domestic refrigerator being used for storing reagents and kits

Taluk Headquarters Hospital, Kasargod

1. Medical officer in charge rarely visited the blood bank.
2. Elisa reader and washer were not in working condition.
3. Only one out of two ACs was working
4. Premises of blood bank were in unhygienic condition.

General Hospital, Thalasseri

1. Refreshment room was not air-conditioned.
2. Donor records were not certified by the Medical Officer.
3. Time recording graph in both refrigerators was not working properly.
4. General neatness was not maintained.
5. Haemoglobin Estimation was done by gravity method as Calorimeter was not working

**Details of samples returned
(Reference: Paragraph 3.1.7.1; Page 86)**

Equipment/Facility/Lacking	Year			
	2009	2010	2011	2012
Reference Standard and Method of Analysis	4	6	13	17
Gas Chromatograph	1	-	3	3
Facility	-	3	6	5
HPLC Detector/Column	2	3	-	9
Bio Assay Medium	-	-	1	1
Spectro Flouri Meter	-	-	-	1
Refractive Index Detector	-	-	1	1
Trimethyl Silica Column	-	-	-	1
Turbidimeter	-	-	3	-
Total	7	12	27	38

Heads of accounts in which expenditure incurred was more than original budget provision

(Reference : Paragraph 4.1.7.2; Page 120)

(₹ in crore)

Sl. No.	Year	Head of account	Plan/ Non-Plan	Original budget provision	Final budget provision	Total Expenditure	Excess Expenditure over original provision in Percentage
1	2010-2011	2202-01-102-99	NP	1441.02	1440.01	1542.15	7.02
2	2010-2011	2202-01-101-99	NP	451.73	450.57	484.82	7.33
3	2011-2012	2202-01-101-98	NP	505.34	504.89	543.03	7.46
4	2011-2012	2202-01-104-99	NP	47.74	47.67	51.64	8.17
5	2008-2009	2202-01-102-99	NP	1189.33	1188.73	1290.82	8.53
6	2009-2010	2202-02-001-98	NP	21.20	20.85	23.02	8.58
7	2011-2012	2202-01-107-97	P	16.07	12.47	17.77	10.58
8	2011-2012	2202-02-105-96	P	1.16	1.16	1.29	11.21
9	2011-2012	2049-03-104-99	NP	181.12	181.12	207.00	14.29
10	2011-2012	2202-02-001-98	NP	31.95	31.86	36.64	14.68
11	2007-2008	2202-02-001-99	NP	7.52	7.67	8.66	15.16
12	2010-2011	2202-80-003-99	NP	5.88	5.84	6.78	15.31
13	2011-2012	2202-01-101-99	NP	610.85	609.31	706.92	15.73
14	2007-2008	2202-02-108-99	NP	1.95	1.97	2.26	15.90
15	2011-2012	2202-02-001-99	NP	12.54	12.26	14.58	16.27
16	2011-2012	2202-01-191-50	NP	6.87	6.91	7.99	16.30
17	2009-2010	2202-02-108-99	NP	2.34	2.33	2.77	18.38
18	2011-2012	2202-80-003-99	NP	8.29	8.25	10.05	21.23
19	2008-2009	2202-02-001-99	NP	7.54	7.37	9.25	22.68
20	2009-2010	2202-01-101-97	NP	2.43	2.42	3.09	27.16
21	2007-2008	2202-80-003-99	NP	3.84	3.79	4.89	27.34
22	2009-2010	2202-02-001-99	NP	8.74	8.48	11.23	28.49
23	2009-2010	2202-80-003-99	NP	4.50	4.46	5.88	30.67
24	2008-2009	2202-80-003-99	NP	4.04	4.00	5.58	38.12
25	2008-2009	2202-01-101-97	NP	2.16	2.15	3.00	38.89
26	2007-2008	2202-01-107-97	P	6.50	6.48	9.05	39.23
27	2010-2011	2202-02-001-99	NP	9.78	9.43	13.66	39.67
28	2011-2012	2202-01-101-97	NP	2.59	2.56	3.68	42.08
29	2011-2012	2202-80-800-52	NP	22.30	22.14	33.47	50.09
30	2010-2011	2202-01-101-97	NP	1.90	1.88	3.10	63.16
31	2011-2012	2202-01-101-94	NP	1.77	1.76	3.39	91.53
32	2009-2010	2202-02-109-82	P	25.00	36.05	49.07	96.28

Heads of accounts in which entire expenditure was incurred during March
(Reference: Paragraph 4.1.7.3.; Page 120)

(*₹ in crore*)

Sl. No.	Year	Head of account	Plan/ Non-Plan	Original allotment	Expenditure upto 31 March	Expenditure in March
1	2007-2008	2202-01-101-98	NP	0.12	0.06	0.06
2	2007-2008	2202-02-001-98	NP	0.02	0.01	0.01
3	2007-2008	2202-02-001-98	NP	0.03	0.01	0.01
4	2007-2008	2202-02-001-99	NP	0.45	0.36	0.36
5	2007-2008	2202-02-112-99	P	10.00	4.69	4.69
6	2007-2008	2202-02-192-50	NP	0.76	0.31	0.31
7	2007-2008	2202-02-800-94	NP	0.16	0.13	0.13
8	2007-2008	2202-03-800-68	P	0.10	0.09	0.09
9	2007-2008	2202-03-800-70	P	0.15	0.15	0.15
10	2007-2008	2202-03-800-72	P	4.00	4.00	4.00
11	2007-2008	2202-05-200-99	NP	0.25	0.10	0.10
12	2007-2008	2202-05-800-99	NP	0.01	0.01	0.01
13	2007-2008	2202-80-003-96	P	0.25	0.20	0.20
14	2007-2008	2202-80-003-97	P	0.15	0.14	0.14
15	2007-2008	2202-80-800-89	NP	0.02	0.02	0.02
16	2008-2009	2202-01-111-99	P	2.50	2.50	2.50
17	2008-2009	2202-02-001-99	NP	0.01	0.01	0.01
18	2008-2009	2202-02-191-50	NP	0.2	0.24	0.24
19	2008-2009	2202-02-192-50	NP	0.52	0.43	0.43
20	2008-2009	2202-02-800-67	P	1.00	0.98	0.98
21	2008-2009	2202-02-800-70	P	0.25	0.25	0.25
22	2008-2009	2202-02-800-91	NP	0.30	0.29	0.29
23	2008-2009	2202-02-800-94	NP	0.16	0.14	0.14
24	2008-2009	2202-03-800-72	P	4.00	4.00	4.00
25	2008-2009	2202-80-800-89	NP	0.02	0.02	0.02
26	2008-2009	2202-80-800-90	NP	0.68	0.68	0.68
27	2009-2010	2202-01-111-99	P	2.50	2.50	2.50
28	2009-2010	2202-02-001-89	P	0.15	0.20	0.20
29	2009-2010	2202-05-800-97	NP	0.22	0.09	0.09
30	2009-2010	2202-80-004-88	P	4.00	4.00	4.00
31	2009-2010	2202-80-800-79	P	0.40	0.20	0.20
32	2009-2010	2202-80-800-89	NP	0.02	0.02	0.02
33	2010-2011	2202-01-104-99	NP	0.02	0.01	0.01
34	2010-2011	2202-01-800-83	P	1.00	4.64	4.64

Sl. No.	Year	Head of account	Plan/ Non-Plan	Original allotment	Expenditure upto 31 March	Expenditure in March
35	2010-2011	2202-01-800-84	P	18.00	5.65	5.65
36	2010-2011	2202-02-001-98	NP	0.02	0.01	0.01
37	2010-2011	2202-02-800-61	P	8.00	8.00	8.00
38	2010-2011	2202-02-800-67	P	1.10	1.10	1.10
39	2010-2011	2202-02-800-70	P	0.30	0.30	0.30
40	2010-2011	2202-80-800-53	P	0.20	0.20	0.20
41	2010-2011	2202-80-800-89	NP	0.03	0.03	0.03
42	2011-2012	2202-01-111-99	P	4.00	4.00	4.00
43	2011-2012	2202-02-001-98	NP	0.03	0.01	0.01
44	2011-2012	2202-02-001-99	NP	0.01	0.01	0.01
45	2011-2012	2202-02-001-99	NP	0.02	0.01	0.01
46	2011-2012	2202-02-108-98	P	1.00	1.00	1.00
47	2011-2012	2202-02-800-60	P	16.75	0.01	0.01
48	2011-2012	2202-02-800-62	P	15.00	6.37	6.37
49	2011-2012	2202-02-800-63	P	10.00	10.00	10.00
50	2011-2012	2202-02-800-96	NP	0.10	0.10	0.10
51	2011-2012	2202-04-103-98	P	8.00	3.00	3.00
52	2011-2012	2202-05-102-94	NP	0.01	0.01	0.01
53	2011-2012	2202-80-800-89	NP	0.04	0.04	0.04
54	2011-2012	2202-80-800-90	NP	0.75	1.00	1.00
Total				117.78	72.33	72.33

Heads of accounts in which more than 50 per cent of the total expenditure was incurred during March

(Reference: Paragraph 4.1.7.3.; Page 120)

(₹ in crore)

Sl. No.	Year	Head of account	Plan/ Non-Plan	Original Allotment	Expenditure upto February	Expenditure upto March	Expenditure In March	Percentage of Expenditure in March
1.	2007-2008	2202-01-101-99	NP	0.47	0.01	0.33	0.32	96.97
2.	2007-2008	2202-01-102-98	NP	1.35	0.01	0.5	0.49	98.00
3.	2007-2008	2202-01-102-99	NP	1.15	0.48	0.99	0.51	51.52
4.	2007-2008	2202-01-104-99	NP	0.42	0.07	0.21	0.14	66.67
5.	2007-2008	2202-01-192-50	NP	4.13	1.37	2.92	1.55	53.08
6.	2007-2008	2202-02-001-98	NP	0.48	0.12	0.29	0.17	58.62
7.	2007-2008	2202-02-001-99	NP	0.01	0.01	0.03	0.02	66.67
8.	2007-2008	2202-02-001-99	NP	0.08	0.03	0.09	0.06	66.67
9.	2007-2008	2202-02-101-99	NP	0.05	0.03	0.11	0.08	72.73
10.	2007-2008	2202-02-101-99	NP	0.37	0.09	0.24	0.15	62.50
11.	2007-2008	2202-02-109-82	P	25.00	0.96	8.37	7.41	88.53
12.	2007-2008	2202-02-800-83	NP	0.18	0.01	0.03	0.02	66.67
13.	2007-2008	2202-02-800-91	NP	0.30	0.02	0.26	0.24	92.31
14.	2007-2008	2202-02-800-98	P	0.75	0.23	0.65	0.42	64.62
15.	2007-2008	2202-03-800-71	P	0.05	0.01	0.05	0.04	80.00
16.	2007-2008	2202-05-103-96	P	0.10	0.04	0.10	0.06	60.00
17.	2007-2008	2202-80-800-80	P	0.30	0.06	0.19	0.13	68.42
18.	2008-2009	2202-01-101-98	NP	0.12	0.04	0.11	0.07	63.64
19.	2008-2009	2202-01-101-99	NP	0.42	0.15	0.36	0.21	58.33
20.	2008-2009	2202-01-102-98	NP	1.35	0.01	0.43	0.42	97.67
21.	2008-2009	2202-01-102-99	NP	1.15	0.45	1.07	0.62	57.94
22.	2008-2009	2202-01-104-99	NP	0.45	0.08	0.21	0.13	61.90
23.	2008-2009	2202-01-191-50	NP	1.57	0.82	1.81	0.99	54.70
24.	2008-2009	2202-01-192-50	NP	4.19	1.35	3.06	1.71	55.88
25.	2008-2009	2202-01-196-50	NP	13.29	4.60	11.03	6.43	58.30
26.	2008-2009	2202-02-109-82	P	25.00	7.73	25.99	18.26	70.26
27.	2008-2009	2202-02-800-69	P	0.50	0.13	0.48	0.35	72.92
28.	2008-2009	2202-02-800-71	P	3.00	0.77	2.35	1.58	67.23
29.	2008-2009	2202-02-800-73	P	13.55	13.54	33.54	20.00	59.63
30.	2008-2009	2202-02-800-80	P	1.00	0.02	0.66	0.64	96.97
31.	2008-2009	2202-02-800-81	P	0.15	0.02	0.15	0.13	86.67
32.	2008-2009	2202-02-800-84	P	1.00	0.46	0.94	0.48	51.06
33.	2008-2009	2202-05-800-97	NP	0.22	0.10	0.22	0.12	54.55
34.	2008-2009	2202-80-003-96	P	0.35	0.01	0.35	0.34	97.14
35.	2008-2009	2202-80-800-79	P	0.3	0.06	0.21	0.15	71.43

Sl. No.	Year	Head of account	Plan/ Non-Plan	Original Allotment	Expenditure upto February	Expenditure upto March	Expenditure in March	Percentage of Expenditure in March
36.	2009-2010	2202-01-101-98	NP	0.12	0.02	0.08	0.06	75.00
37.	2009-2010	2202-01-101-99	NP	0.47	0.11	0.42	0.31	73.81
38.	2009-2010	2202-01-102-98	NP	1.35	0.08	0.39	0.31	79.49
39.	2009-2010	2202-01-102-99	NP	1.15	0.28	1.08	0.80	74.07
40.	2009-2010	2202-01-191-50	NP	5.05	0.96	3.63	2.67	73.55
41.	2009-2010	2202-01-192-50	NP	24.48	1.75	17.23	15.48	89.84
42.	2009-2010	2202-01-196-50	NP	47.07	9.11	34.21	25.10	73.37
43.	2009-2010	2202-02-101-99	NP	0.45	0.11	0.26	0.15	57.69
44.	2009-2010	2202-02-107-94	P	5.00	1.48	4.96	3.48	70.16
45.	2009-2010	2202-02-109-82	P	25.00	18.78	49.07	30.29	61.73
46.	2009-2010	2202-02-191-50	NP	0.20	0.01	0.23	0.22	95.65
47.	2009-2010	2202-02-192-50	NP	0.55	0.04	0.53	0.49	92.45
48.	2009-2010	2202-02-196-50	NP	2.10	1.27	3.57	2.30	64.43
49.	2009-2010	2202-02-800-67	P	1.00	0.01	0.71	0.70	98.59
50.	2009-2010	2202-02-800-80	P	0.75	0.10	0.40	0.30	75.00
51.	2009-2010	2202-02-800-81	P	0.20	0.20	0.59	0.39	66.10
52.	2009-2010	2202-02-800-84	P	1.00	0.38	0.95	0.57	60.00
53.	2009-2010	2202-02-800-91	NP	0.30	0.09	0.29	0.20	68.97
54.	2009-2010	2202-02-800-94	NP	0.16	0.04	0.15	0.11	73.33
55.	2009-2010	2202-05-102-92	P	0.23	0.08	0.23	0.15	65.22
56.	2009-2010	2202-05-103-96	P	0.15	0.04	0.14	0.10	71.43
57.	2009-2010	2202-05-800-96	NP	2.00	0.64	1.64	1.00	60.98
58.	2009-2010	2202-80-800-93	P	1.35	0.20	1.35	1.15	85.19
59.	2010-2011	2202-01-101-98	NP	0.14	0.04	0.10	0.06	60.00
60.	2010-2011	2202-01-101-99	NP	0.53	0.14	0.45	0.31	68.89
61.	2010-2011	2202-01-102-98	NP	1.35	0.04	0.39	0.35	89.74
62.	2010-2011	2202-01-102-99	NP	1.15	0.29	0.89	0.6	67.42
63.	2010-2011	2202-01-191-50	NP	5.29	1.73	5.32	3.59	67.48
64.	2010-2011	2202-02-001-99	NP	0.18	0.07	0.16	0.09	56.25
65.	2010-2011	2202-02-109-79	P	6.86	0.80	6.86	6.06	88.34
66.	2010-2011	2202-02-800-80	P	0.60	0.09	0.54	0.45	83.33
67.	2010-2011	2202-02-800-81	P	0.25	0.30	0.63	0.33	52.38
68.	2010-2011	2202-02-800-91	NP	0.33	0.15	0.32	0.17	53.12
69.	2010-2011	2202-02-800-94	NP	0.17	0.05	0.17	0.12	70.59
70.	2010-2011	2202-05-800-96	NP	2.00	0.96	1.93	0.97	50.26
71.	2010-2011	2202-05-800-97	NP	0.22	0.04	0.22	0.18	81.82
72.	2010-2011	2202-80-003-94	P	0.40	0.03	0.39	0.36	92.31
73.	2010-2011	2202-80-800-93	P	1.35	0.62	1.35	0.73	54.07
74.	2011-2012	2202-01-101-98	NP	0.13	0.01	0.11	0.10	90.91
75.	2011-2012	2202-01-101-99	NP	0.53	0.06	0.37	0.31	83.78
76.	2011-2012	2202-01-102-98	NP	0.75	0.01	0.34	0.33	97.06

Sl. No.	Year	Head of account	Plan/ Non-Plan	Original Allotment	Expenditure upto February	Expenditure upto March	Expenditure In March	Percentage of Expenditure in March
77.	2011-2012	2202-01-102-99	NP	0.32	0.04	0.31	0.27	87.10
78.	2011-2012	2202-01-104-99	NP	0.37	0.11	0.28	0.17	60.71
79.	2011-2012	2202-01-104-99	NP	0.37	0.19	0.39	0.20	51.28
80.	2011-2012	2202-01-800-81	NP	0.71	0.59	1.37	0.78	56.93
81.	2011-2012	2202-02-001-98	NP	0.52	0.24	0.53	0.29	54.72
82.	2011-2012	2202-02-052-98	NP	0.33	0.06	0.31	0.25	80.65
83.	2011-2012	2202-02-052-99	NP	0.17	0.07	0.17	0.10	58.82
84.	2011-2012	2202-02-101-99	NP	0.42	0.13	0.33	0.20	60.61
85.	2011-2012	2202-02-105-96	P	1.16	0.13	1.29	1.16	89.92
86.	2011-2012	2202-02-107-94	P	5.45	1.87	5.33	3.46	64.92
87.	2011-2012	2202-02-109-79	P	4.42	0.67	4.39	3.72	84.74
88.	2011-2012	2202-02-800-69	P	1.50	0.45	1.17	0.72	61.54
89.	2011-2012	2202-05-800-97	NP	0.22	0.03	0.27	0.24	88.89
90.	2011-2012	2202-80-003-95	P	1.50	0.41	1.48	1.07	72.30
91.	2011-2012	2202-80-003-97	P	0.30	0.02	0.30	0.28	93.33
92.	2011-2012	2202-80-800-93	P	1.50	0.32	1.50	1.18	78.67

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