

**FOURTEENTH KERALA LEGISLATIVE ASSEMBLY**

**COMMITTEE  
ON  
PUBLIC ACCOUNTS  
(2019-2021)**

**SIXTY FIRST REPORT**  
(Presented on 4th July, 2019)



**SECRETARIAT OF THE KERALA LEGISLATURE  
THIRUVANANTHAPURAM  
2019**

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PUBLIC ACCOUNTS  
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**On**

**Action Taken by Government on the Recommendations  
contained in the 131<sup>st</sup> Report of the Committee  
on Public Accounts (2008-2011)**

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## COMMITTEE ON PUBLIC ACCOUNTS (2019-2021)

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Shri R.Venugopal, Deputy Secretary

Smt. Chitra K.I., Under Secretary.

## INTRODUCTION

I, the Chairman, Committee on Public Accounts, having been authorised by the Committee to present this Report, on their behalf present the Sixty First Report on Action Taken by Government on the Recommendations contained in the 131st Report of the Committee on Public Accounts (2008-2011).

The Committee considered and finalised this Report at the meeting held on 1st July 2019.

Thiruvananthapuram,  
1st July, 2019.

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

## **REPORT**

This report deals with the Action Taken by Government on the recommendations contained in the 131st Report of the Committee on Public Accounts (2008-2011).

The 131st Report of the Committee on Public Accounts (2008-2011) was presented to the House on 28th December 2010 and it contained seventeen recommendations relating to Public Works, Water Resources, Fisheries and Ports (Harbour Engineering) and Finance Departments. Government was addressed to furnish the Statements of Action Taken on the recommendations contained in the Report on 30th December 2010 and final reply was received on 25th February 2015.

The Committee examined the statements of Action Taken at its meeting held on 1-8-2012, 27-8-2013, 26-11-2014, 17-6-2015 & 23-5-2018. The Committee approved the statements of Action Taken on the recommendations and decided not to pursue further in the light of the replies furnished by Government. These recommendations and Government replies are included in this Report.

### **PUBLIC WORKS DEPARTMENT**

#### **Recommendation**

*(Sl. No. 1, Para No. 2)*

The Committee assumes that the Department had failed either to supply or to make available the materials for the works arranged by the Superintending Engineer, NH, North Circle, Kozhikode. The Committee points out that there were lapses on the part of the Department in specifying the rates of materials in the tender documents. The Committee also deprecates the irresponsible approach of the department in handling such cases in a transparent way.

#### **Action Taken**

The Audit objection is that while admitting the final claims of the Contractor, tender rebate was not applied over the cost of materials and hire charges of Tools & Plant supplied/arranged by contractor, leading to lower rebate

and there by excess payment of Rs.52 lakhs. From the estimate PAC after deducting cost of cement, bitumens and hire charges of Tools & Plants, the rebate had to be applied to the balance amount. The net probable amount of contract was worked out by deducting the tender rebate. This was the agreement condition and the Superintending Engineer has signed the agreement in this way.

As the materials were not supplied by the department, the Contractor had to buy the same by himself and the amount reimbursed as per schedule of rate. As such it is treated as departmental supply for the settlement of claims. Moreover, if the quoted rate is above the estimate rate, the same principle was applied and no excess amount paid on material cost.

The payment was made to the contractor based on the agreement schedule and the bills finally settled. The above two bills were paid under direct payment system i.e, the bills submitted to the Pay and Accounts Office, Bangalore through the Regional Officer, National Highways, Thiruvananthapuram with copy of agreements. The Pay and Accounts Officer passed the bills without any objection and payments made.

### **Recommendation**

*(Sl. No. 2, Para No. 6)*

The Committee observes that exemption of Central excise duty to the tune of Rs. 3.28 crore granted to the Contractor without mentioning the same in the tender agreement is highly irregular. The Committee accuses that the Department had a hidden idea to grant this benefit to the contractors. There was no need for the Department to give its ear to the demand of the contractors. This is definitely a grave fault on the part of the Department.

### **Action Taken**

The procurement and execution of the works under KSTP are based on World Bank procurement procedure and FIDIC conditions of contract. This is as per the Loan Agreement entered into by Government of Kerala and Government of India with the World Bank and these works are arranged following National Competitive Bidding (NCB) and International Competitive Bidding (ICB) procedure respectively and are based on item rate contract. No negotiation is permitted under World Bank procurement rules.

Clause 13.3 of Information to Bidders in the bid documents for NCB contract states that all duties, taxes and other levies payable by the contractor under the contract or for any other cause shall be included in the rates, prices, and total Bid price submitted by the bidder. Clause 14.7 of the ICB contracts also states the same. In the bid data sheet it is given that "Bidders may like to ascertain availabilities of excise/custom duty exemption benefits available in India to the contracts financed under World Bank Loan/Credits. They are solely responsible for obtaining such benefits which they have considered in their bid and in case of failure to receive such benefits for reasons whatsoever, the employer will not compensate the bidder (Contractor). The bidder shall furnish along with his bid a declaration to this effect in the Declaration Format provided in Section IV of the bidding documents. Where the bidder has quoted taking into account such benefits, he must give all information required for issue of certificates in terms of the Government of India Central Excise Notification and Customs Notification as per form stipulated in Section IV.

As per Notification No. 108/95-C-E dated 28-8-1995 as amended by notification No.7/98-C-E dated 2-6-1998, No.33/98-C-E dated 13-10-1998, No.4/99-C-E dated 11-2-1999, No.40/99-C-E dated 2-11-1999, No.36/2001-C-E dated 6-7-2001 and No.50/2001-C-E dated 12-10-2001, the Central Government being satisfied that it is necessary in the public interest to do so have exempted all goods falling under the Schedule of Central Excise Tariff Act 1985, when supplied to the projects financed by International organizations which include externally aided projects financed by the World Bank from the excise duty. The need for such a notification was necessitated since the objective of the Government of India was to get competitive bidding for World Bank aided projects and to attract better performers.

The matter of issuing Central Excise Duty Exemption Certificates to the Contractors was discussed in a meeting attended by the Additional Chief Secretary, Secretary, PWD, Finance Controller and Finance Manager of KSTP on 5-12-2002. In the meeting it was decided that the Contractors are eligible for Excise Duty Exemption for World Bank aided projects in the light of the notification No.108/95-C-E, General Exemption No.73 dated 28-8-1995 issued by



the Customs and Central Excise Department. In order to avoid delay in implementation of the work, it was decided to issue certificates to the contractors. The matter was again placed in the Steering Committee held on 13-1-2003 and the action was ratified. The Steering Committee consists of Additional Chief Secretary to Government, Secretary, PWD and Secretary, Finance Department.

### **Recommendation**

*(Sl. No. 3, Para No. 29)*

The Committee suggests that the amount provided in the Appropriation bill should be spent completely. Regarding the increase in quantum of pending bills, the Committee recommends that departments should take special steps to liquidate the arrears in contractors bills in a phased manner by providing specific funds in the annual budget to be used exclusively for clearance of arrears.

### **Action Taken**

The Public Works Department while submitting plan proposal for each year for the requirement of funds for ongoing works that are to be completed in the subsequent years. As such budget proposals submitted to Finance Department is inclusive of the funds required for ongoing project. But while allocating funds the overall sector allocation to Roads and Bridges is fixed to around 6% of the total plan size and the funds allocated is far below the actual requirement.

Despite these drawbacks the pending bills of the contractor were brought down to nil by the year 2010-11. The funds required to clear the pending bills over and above the budget allocation was provided by the Finance Department by way of additional authorization and subsequent regularization in S.D.Gs during the years 2007-08 to 2010-11.

## **WATER RESOURCES DEPARTMENT**

### **Recommendation**

*(Sl. No. 3, Para No. 29)*

The Committee suggests that the amount provided in the Appropriation bill should be spent completely. Regarding the increase in quantum of pending bills,

the Committee recommends that Department should take special steps to liquidate the arrears in contractors' bills in a phased manner by providing specific funds in the annual budget to be used exclusively for clearance of arrears.

### **Action Taken**

#### **Chief Engineer, Irrigation and Administration:-**

The bills of contractors are now settled in time without falling in to arrears by providing sufficient fund through the budget and supplying demand for grants.

#### **Chief Engineer, Project II, Thiruvananthapuram:-**

The recommendation of the Committee is noted for future guidance. Regarding the arrears, it may be stated that the details of pending bill are being submitted in time and arrears at present are being cleared in a phased manner. Pending bills up to 6/2011 have been cleared.

### **Recommendation**

*(Sl. No. 4, Para No. 30)*

The Committee suggests that while preparing the budget, the department should take utmost care to propose excess amount to all works estimated for the financial year enabling the government to undertake the work without loss. The Committee urges the department to provide sufficient funds from succeeding years onwards so as to complete 2 or 3 projects within the stipulated time by utilising the amount.

### **Action Taken**

#### **Chief Engineer, Irrigation and Administration:-**

While preparing budget this Department always proposed more amount for these works estimated to be taken up during the financial year. The recommendation of the Committee in this regard will be followed.

#### **Chief Engineer, Project I:-**

Most of the projects coming under the office are completed, eg. Walayar, Gayathri, Chitturpuzha, Malampuzha, Mangalam, Pothundi, Kanjhirapuzha, Pazhassi, Kuttiady, RCB, Thrithala. However, maintenance to the projects are to be carried out.

Chamravattom, Palakapandi, KRP and BSP are yet to be fully completed. In Irrigation Department works are proposed only according to the budget provisions available. Work estimates are prepared by the execution wing of the Department within the budget provision only; Non-completion of project works are not merely due to lack of funds/budget provision, but the same is due to some other reasons also such as unpredicted climate changes i.e., early arrival of monsoon in recent years, scarcity of technical staff, delay in land acquisition procedure due to social and economical factors, prolonged litigation, environmental clearance, delay etc. Final budget allocations are made by Government. The recommendations of the Committee are accepted.

Chief Engineer, Project II:-

The budget estimates at department are prepared as per the actual requirement. In certain cases only variations are occurred. This is normally due to variation in estimate/site conditions, request from public for extra work etc. Sufficient amounts are being proposed at the time of preparation of plan and budget. Steps may be taken to provide sufficient funds for all projects, so as to complete the same within targeted dates. Steps are taken to ensure adequate budget provision for establishment expenses and to ensure that no idling staffs are retained for claiming salaries.

As staff deployed to LSGD were also paid from funds of Water Resources Department which will also affect the ratio between expenditure on establishment and works.

**PUBLIC WORKS DEPARTMENT**

**Recommendation**

*(Sl. No. 5, Para No. 31)*

The Committee is very much dissatisfied over the fact that though sufficient fund is allotted by the Government of India for maintenance of roads, usually those work remain unexecuted even at the onset of Sabarimala season. As a result of this, the Government of India deducts the unspent balance from the succeeding years allotment. The Committee sees this as a glaring lapse and suggests that all

works must be executed within the cut off date. In this connection it is to be noted that though the Committee wanted to be submitted with the report on the present position of the fund (₹ 160.58 crore) allotted for maintenance works and the details of the receipts and expenditure of amounts allotted during 2006-07, 2007-08 and 2008-2009 as part of Twelfth Finance Commission Award, it was not complied with by the Department. The Committee views this as a serious lapse and wants severe action to be taken against the departmental officers concerned for this unconcern towards the Committee.

### Action Taken

The Twelfth Finance Commission had awarded ₹ 642.00 Crores to the State of Kerala for carrying out maintenance of Roads and Bridges. This award was given as yearly grant of ₹ 160.58 Crores from the year 2006-07 to 2009-10. The allocation granted for the year 2006-07 and 2007-08 were not separately shown in the budget by the Finance Department. The allocation was included in the routine head of accounts earmarked for carrying out maintenance of Roads and Bridges viz (1) 3054-80-800-99 Ordinary Repairs, (2) 3054-80-800-98 Renewals of Communication, (3) 3054-80-800-97 Special Repairs to communication, (4) 3054-80-800-96 Flood Damage Repairs, (5) 3054-80-800-94 VVIP Visit Works, (6) 3054-80-800-94 maintenance of Roads in the city units, (7) 3054-80-800-93 Sabarimala Works. For the years 2008-09 and 2009-10 the 12th Finance Commission grant was shown separately in the Budget under the head of accounts 3054-03-103-99 Maintenance and Repairs of State Highways. (XII FC Recommendation) and 3054-04-105-99 Maintenance and Repairs (XII FC Recommendation).

The details of allocation for the maintenance of Roads and Bridges for the years 2006-07 and 2007-08 during which there was no specific earmarking of funds for 12th FC grant is as follows:

Sl. No.	Year	Amount provided in Budget	Expenditure incurred (in Crores)
1	2006-07	₹ 315.38	₹ 252.64
2	2007-08	₹ 318.68	₹ 431.43

The details of specific budget provision for 12th Finance Commission grant and the expenditure incurred for the remaining years viz 2008-09 and 2009-10 are enclosed as Annexure (Annexure).

Following facts are also brought to notice in this matter:

The Public Works Department had issued Administrative Sanctions for works utilizing the whole budget allocations for the Maintenance and Repairs of Roads and Bridges for years 2006-07 to 2009-10. During the years 2008-09 and 2009-10 also Administrative Sanction was issued for works utilizing the full budget provision including the specific allocation for 12th FC grant.

The Utilization Certificate of 12th FC grant and report on the yearly expenditure were prepared in Finance Department directly and forwarded to Government of India.

The details of yearly grant received from the 12th Finance Commission is not available in Public Department since it is not intimated to this Department by the Finance Department.

## WATER RESOURCES DEPARTMENT

### Recommendation

*(Sl. No. 6 Para No. 32)*

The Committee notes that in Water Resources Department some projects incurred a huge expenditure for meeting establishment expenses without any budget provision for this purpose. The staffs in the Project Offices are kept idle for claiming salaries.

### Action Taken

#### Chief Engineer, Project I:-

All the Executive Engineers coming under the office have reported that the establishment expenditure incurred are within the budget provision and final grant. The staffs of division offices and other officers are not kept idle. Meanwhile, volume of work has been enlarged consequent on the introduction of certain Act such as R.I. Act etc. All staff members are engaged in their respective/connected duties. The excess staffs found were deployed to other offices. The details are enclosed as Annexure.

### Recommendation

(Sl. No. 7, Para No. 33)

The Committee recommends to re-deploy the excess staff of various offices after retaining the minimum number to carry out routine work. Regarding projects where no investigation works were carried out, the Committee strongly recommends to re-deploy complete staff retained in such project offices and to conduct a study on the unwanted retention of staff in those offices by the Water Resources Department.

### Action Taken

#### Chief Engineer, Project I:-

Certain posts and division coming under their office were deployed as per G.O(Ms)10/2010/WRD dated 1-2-2010. The existing divisions of KKIP, Kozhinjampara with posts, were deployed to form new Irrigation Division at Thanéermukkam. The Sub Division, KKIP No.II, Kozhinjampara and its three sections were also deployed. KKIP Sub Division No.I, Kozhinjampara was attached to the Executive Engineer, CPP Sub Division, Chittur by naming as RBC Sub Division and RBC Section.

As per G.O.(Ms) 54/2008/WRD, dated 28-11-2008, the excess staffs of the following officers were deployed to other offices and the details are enclosed as Annexure-II.

1. KKIP Division, Kozhinjampara & KKIP Sub Division No. I & II, Kozhinjampara
2. RCB (LB) Sub Division, Thrithala
3. Siruvani Project Circle, Palakkad
4. Kanhirapuzha Project division No. I, Kanhirapuzha & Kanhirapuzha Project Division No. II, Ottappalam KPIP Sub division I, Vallapuzha KPIP sub division IV, Sreekrishnapuram II, IV Ottappalam
5. PyIP Sub Division No.2, Kannur, Kannapuram, Thalassery

6. AVIP Division Agali, AVIP Section Agali No. I, II, III
7. BSP Division, Padinjarathata & Division No. II, Vellamunda
8. Office of the Chief Engineer, Project I, Kozhikode.

Chief Engineer, Project II:-

The recommendation of the Committee is noted for future guidance. Taking into account the proposed completion of works, offices are abolished/deployed to ensure that there is no unwanted retention of staff.

**Recommendation**

*(Sl. No. 8, Para No. 34)*

The Committee observes that the prime reason for non-completion of the ongoing works is the paucity of funds. It is not wise to enter into new works without finishing ongoing works. In these circumstances the Committee recommends to prepare a priority list of works that could be completed within a period of one year using the fund allotted for that particular year. Thus the Department would be able to conclude the works at an early date and to expend a part of amount reserved for such projects to other major projects. The Committee recommends that arrangement of work without adequate budget provision to meet the anticipated annual expenditure should require specific concurrence/sanction of Finance Department to ensure availability of funds.

**Action Taken**

Chief Engineer, Project I:-

Division Offices reported that at present works are taken up limiting to Budget Provision and on priority basis. The action plan for each project are approved at Chief Engineer/Government level limiting the works to the budget provision allocated for each head of account and emergent works are taken up with the approval of higher office viz. Chief Engineer/Government.

Chief Engineer, Project II:-

At present individual works in each project are being taken up on priority basis from approved Action plan for each year. While giving financial sanction, for small works the funds are allotted and the work will be completed in that year itself. Certain works are prolonged due to adverse climatic condition, urgent rectification/maintenance etc. Also works due to natural calamity, disaster etc. are to be taken up urgently even without adequate funds. Otherwise it will effect the water distribution and also the structural safety of the canal system.

**Recommendation**

*(Sl. No. 9, Para No. 35)*

The Committee suggests that in cases of sanction issued by Government or departments for waiving of tender calls, specific reasons for such waiver should be recorded in the order of the sanction itself.

**Action Taken**Chief Engineer, Irrigation & Administration:-

Directions have been issued to the Chief Engineers and Superintending Engineers for strict compliance of the suggestion of the Public Accounts Committee.

Chief Engineer, Project I:-

In Irrigation Department under Project I, tender waiving are proposed only on genuine emergent reasons and on the application proposed by the competent authority with sustaining reasons. Committee's suggestions to record specific reason for waiving of tender calls in sanction order are strictly followed by Government.

Chief Engineer, Project II:-

Specific reason will be recorded in the order of the sanction itself while waiving tender calls in future.



**PUBLIC WORKS DEPARTMENT****Recommendation**

*(Sl. No. 10, Para No. 36)*

Referring to the case of arrangement of works costing ₹ 5.91 crore by the Executive Engineers and Assistant Executive Engineers in Idukki and Kollam Road Divisions beyond their delegated powers and without obtaining sanction from competent authority, the Committee views it as a misuse of official capacity. Not only that, the works were arranged without the permission of the Finance Department though as per the Rules of Business, concurrence of the Finance Department is essential for issuing special sanction. Noting that the Department had already sought explanation from the concerned officers and a detailed report in this regard is awaited, the Committee suggests that if the reply has not been furnished within the stipulated time, further action should be taken against the delinquents.

**Action Taken**

During the last week of June and first week of August 2005, there was continuous unprecedented heavy rain causing severe damages to the various roads in Idukki and Kollam District. A detailed report in this regard was submitted to the respective District Collectors in time. Moreover, the Central team had also inspected the damage affected areas. The cost of works due to natural calamity was estimated. The list of works in various roads was submitted to the higher authorities through proper channel for the restoration of the flood damages that occurred during this period. Due to heavy wind and cloud bursts large number of earth slips and land slides occurred on the road and several number of uprooted trees created blockage of traffic which had to be removed on a warfoot programme to restore traffic after which rectification works were to be arranged.

Works of emergency nature cannot be arranged through tender calls which is time consuming and it would only lead to criticism not only from the public but also from the press. So, the works were arranged after intimating the facts to the higher authorities of PWD as well as the Revenue authorities.

The Superintending Engineer, Chief Engineer and Revenue authorities visited and inspected the sites and also directed to arrange the work urgently for avoiding the traffic hindrance, for the welfare and best interest of the people of the high range. Many works costing upto ₹ 3 lakh each were arranged for the speedy execution on waiving of tender calls for emergent works.

The list of works arranged under tender calls and waiving of tenders was submitted to the Superintending Engineer and Chief Engineer for getting approval by them before issuing selection notice and executing agreement and that no work was arranged without the approval of the competent authority.

Works of emergent nature like the work for the restoration of vehicular traffic, pedestrians traffic and VVIP visit were arranged under waiving of tender call; after submitting documents for the same to the competent authorities for obtaining prior sanction and works like removal of road blockage and restoration due to land slides etc. were completed before getting formal sanction. After getting proper sanction from the higher authorities the piece work arrangements were executed before payment. All the works were arranged and executed as they were urgent in nature and for the very best of public interest only.

#### **Further Recommendation**

The Committee directed to obtain the details of action taken on the explanation of the concerned officer.

#### **Action Taken**

These works carried out were of emergent nature and were arranged by waiving tender call since it was time consuming. The proposals for ratification was sent to the concerned Superintending Engineer (R&B) & Chief Engineer (R&B) for approval in time before issuing selection notice. As all the works in both divisions, were of a very emergent in nature and purely in the public interest no delinquency could be noticed and as such no action was taken against any officers. Moreover, majority of the officers have retired from service and some have passed away. Out of the officers 20 have retired and the remaining 3 officers are in service now. However action is being taken to initiate appropriate action as deemed fit against the officers if found delinquent. In the light of the above facts it is requested to drop further proceeding in this matter.

**WATER RESOURCES DEPARTMENT****Recommendation**

*(Sl. No. 11, Para No. 37)*

Regarding the splitting up of estimates of works by the officers at various levels in water resources Department, the Committee notes that the tender premium quoted by the contractor was very high where the estimates were split up to limit the cost within the powers of Executive Engineer when compared to the amount quoted for the same work took up and executed by the Superintending Engineer. The Committee concludes that estimate for major works attracts leading contractors having sophisticated machinery and modern equipments, whereas minor contractors who are not provided with modern machinery could carry out the work at a higher cost only. The Committee suggests that this practice is not fair since the works are under taken not for the benefit of contractors/labourers but for the cause of the Government.

**Action Taken****Chief Engineer, Irrigation & Administration:-**

Directions have been issued to the Chief Engineers and Superintending Engineers for strict compliance of the suggestions of the Public Accounts Committee.

**Chief Engineer, Project I:-**

In Irrigation Department most of the works pertain to canal formation of projects under various geographical conditions which passes through the jurisdiction of various sub divisions and sections under the department structure. The works under the jurisdiction of sections, Sub divisions are executing by the Assistant Engineers and Assistant Executive Engineers respectively. Splitting up of works are done strictly on merit after assessing all aspects including geographical and social factors during the period concerned.

Certain works are split up for the speedy execution as per the stipulated conditions issued by the Government/funding agencies such as NABARD etc. to complete the work within the time frame. All the Executive Engineers are directed to adhere strictly, the recommendation of the Committee in future.

Chief Engineer, Project II:-

The recommendation of the committee is noted for future guidance. If the work is split up into reaches and distributed to various sections, the same can be simultaneously executed without idling manpower.

**PUBLIC WORKS DEPARTMENT****Recommendation**

*(Sl. No. 12, Para No. 38)*

Noting that works were taken up without obtaining approval and changes made in the approved design without obtaining sanction from the Chief Engineer, the Committee observes that frequent revision of design is a clear indication of lapse in planning and investigation which paved way for an extra liability of Rs. 13.68 crore. The Committee strongly criticizes the department for changing design without the consent of the concerned Chief Engineer and comments that it is not justifiable and is a clear case of misappropriation. The Committee recommends the department to take stringent action against the responsible officers for the loss to the public exchequer.

**Action Taken**

The direction that change of Engineering structure costing more than ₹ 30 lakh should be approved by the Chief Engineer DRIQ was issued way back over 25 years. Since then the cost of works has increased manifold and even a substructure of a bridge would cost more than the 30 lakh in the case of major bridges. Obtaining sanction for change in design from Chief Engineer, DRIQ for each item of work costing ₹ 30 lakhs is not practical; In light of these facts Government have issued delegation powers to Chief Engineers to approve design of work without limit vide GO(P) 667/2000/Fin. dated, 22-3-2000 (Item 8-Miscellaneous powers-XXIV). In all case where there is major charge carrying change in scope of work the advise of Chief Engineer DRIQ is been sought.

**Recommendation**

*(Sl. No. 13, Para No. 39)*

The Committee finds that lack of proper foresight and planning besides shortage of funds are the main reasons for poor investigation at the initial stages of the projects which cause frequent changes in design. In order to give importance to proper investigation, the Committee recommends that investigation works of projects undertaken by the department should be entrusted with institution like Lal Bahadur Shastri Institute or Government Engineering Colleges. The Committee also recommends to provide sufficient funds in the Budget for investigation purpose in order to avoid huge loss to Government in terms of extra expenditure during project implementation due to improper investigation conducted at the initial stages.

**Action Taken**

Government had noticed there was noticeable delay in the preparation of Architectural design, project reports, surveying soil investigation and structural design of buildings and bridges. Therefore considering the recommendation of PAC Government issued orders to outsource these works through approved consulting firms including L.B.S. Institute and Government Engineering Colleges vide G.O(Rt) No. 1511/2009/PWD dated, 9-10-2009. Thus the recommendation of the Public Accounts Committee has been complied by the Government.

**FISHERIES & PORTS DEPARTMENT****Recommendation**

*(Sl. No. 14, Para No. 40)*

The Committee highlights the serious disorders in the procedure followed in preparing budget by the continuous Government mechanism. The budgeting prevailed in the State proved to be very unscientific through the passage of time. The actual income and expenditure would not be incorporated in the budget. Most probably, while framing a budget the receipts would be shown as higher than the actuals and the expenditure would be reduced in order to curtail the deficit. That practice would cause many difficulties in future. The Committee points out that

the actual accumulation and distribution of funds would not be reflected in the poor budgetary procedure prevailing in the State. The Committee criticizes that the system would lead to improper utilization of funds allocated and there would not be connection between the Budget Estimates and Revised Estimates.

### **Action Taken**

Budgets are prepared and submitted as per the directions from the Budget Wing of Finance Department. Careful attention was always taken to see that the estimates are neither inflated nor under pitched. Preparation of budget estimate/revised estimate usually takes into account what is expected to be actually received or paid during the year including arrears of past years. Hence revised estimate in most cases do not vary in large.

### **Recommendation**

(Sl. No. 15, Para No. 41)

As far as the loss of Rs. 18.89 crore in respect of Fishing Harbour Projects is concerned, the Committee conforms to the audit observation and suggests that in such cases where excess Central Assistance due to cost escalation would not be available, the extra expenditure should be borne by the State and only the balance amount need be requested to Government of India.

### **Action Taken**

During a meeting held on 16-8-2011, in the Chamber of the Chief Secretary, Government of Kerala the Secretary, Department of Animal Husbandry, Dairying & Fisheries, Ministry of Agriculture, Government of India, stated that, retroactive financing is not possible and hence, the proposals, completed long back, cannot be considered. Hence, the revised estimates submitted to Government of Kerala, for fishing harbours at Vizhinjam, Thankassery, Kayamkulam, Munambam, Puthiyappa and Chombal, will not be approved by Government of India. The balance central share, as per sanctioned project cost, if any, will be released shortly. Further the Secretary, Government of India, informed that the revised estimates of ongoing projects, such as fishing harbours at Muthalappozhy,

Ponnani, Thalai and Koyilandy will be considered by Government of India, once the comprehensive report received from Government of Kerala. Further it is informed by the Secretary, Government of India that proposals if any for the second stage development of completed fishing harbours, will be entertained by Government of India and will be approved considering its necessity. Based on the above observations, the comprehensive report with revised estimates for the fishing harbours at Muthalappozhy, Ponnani, Thalai and Koyilandy had also be submitted to Government of India.

### **Recommendation**

*(Sl. No. 16, Para No. 42)*

The Committee feels that the Internal Audit Wing of the department is not at all effective and recommends for the setting up of the effective Internal Audit System to watch against the misuse of Government money, directly reporting to the Head of the Department to conduct periodic inspection of Divisions and Circles. The functioning of the Internal Audit Wing should be monitored by Finance Department.

### **Action Taken**

The Department has formed an Internal Audit Wing under the control of the Finance Officer and is conducting periodical audit in the Divisions/circles. Misuse of Government money hasn't yet been noticed and if such cases occur, it will be brought to the notice of the Government and action will be taken against the responsible.

### **Action Taken from Finance Department**

Since the Internal audit Wing has already been constituted in PWD/ Irrigation/Harbour Engineering Departments is under the control of Finance Officer/Senior Finance Officer in these institutions, they are inturn controlled by Finance Department. Strict instructions have already been given to adhere the direction laid down in Circular dated, 19-12-2003.

## WATER RESOURCES DEPARTMENT

### Recommendation

(Sl. No. 17, Para No. 43)

Regarding the revision of standard data book, the Committee stresses that standard data book should be revised so that modern engineering practices and advances in technology can be adopted while preparing estimates.

### Action Taken

#### Chief Engineer, Irrigation & Administration:-

Revision of Standard Data Book is to be attended to by the PWD.

### Action Taken

#### Public Works Department

Government vide G.O(Rt) No. 277/09/PWD dated, 17-2-2009 have constituted a Committee for revising the Standard Data Book 1965. This Committee has prepared the Draft proposal for the Standard Data Book following CPWD specification for building work and MORTH specification for Road works. In this proposal modern construction equipments and materials have been included in line with the MORTH and CPWD specifications. Most modern materials which are not included even in the MORTH and CPWD items are also included in this proposal. Vide G.O (Rt.) No. 1849/10/PWD dated, 7-12-2010, Government have constituted an Expert Committee with Sri T. Baburaj, Chief Engineer, Administration as Convenor for scrutinizing the draft. The other members of the Committee are Shri K. Joseph Mathew, Chief Engineer, National Highway, Dr. Kunjeria P. Issac, Director of Technical Education, Shri T. Elangovan Scientist, NATPAC, Prof. (Dr.) Vasudevan, (Dean, ECA, Thyagarajar College of Engineering, Madurai, Shri T. K. Georgekutty, Superintending Engineer (Rtd) and Shri Jacob Mohan George, Supdg. Engineer (Rtd). First meeting of the Committee was held on 11-7-2011. Action of the Committee is in progress.

V. D. SATHEESAN,

CHAIRMAN,

COMMITTEE ON PUBLIC ACCOUNTS.

Thiruvananthapuram,  
1st July, 2019.



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