

**THIRTEENTH KERALA LEGISLATIVE ASSEMBLY**

**COMMITTEE  
ON  
PUBLIC ACCOUNTS  
(2014-2016)**

**ONE HUNDRED AND THIRTEENTH REPORT**

(Presented on 18th February, 2016)



**SECRETARIAT OF THE KERALA LEGISLATURE  
THIRUVANANTHAPURAM**

2016

THIRTEENTH KERALA LEGISLATIVE ASSEMBLY

**COMMITTEE  
ON  
PUBLIC ACCOUNTS  
(2014-2016)**

**ONE HUNDRED AND THIRTEENTH REPORT**

**on**

**Paragraphs relating to Public Works and Social Justice Departments  
contained in the Report of the Comptroller and Auditor General of India  
for the year ended 31 March, 2012 (Economic Sector)  
and 31 March, 2012 (General and Social Sector)**

COMMITTEE ON PUBLIC ACCOUNTS (2014-2016)

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## REPORT

### PUBLIC WORKS AND SOCIAL JUSTICE DEPARTMENTS

#### AUDIT PARAGRAPH

#### EXECUTION OF GOVERNMENT WORKS THROUGH PUBLIC SECTOR UNDERTAKINGS

##### Introduction

The Engineering Departments, viz., Public Works (PWD), Water Resources (WRD) and Harbour Engineering (HED) are the prime agencies for executing works on behalf of Government\* and are responsible for the planning, designing, estimation, execution and maintenance of works in the respective areas allotted to them. These Departments have design wings like Design Research Investigation and Quality Control Board (DRIQ), Irrigation Design and Research Board (IDRB) etc. and are manned by technical hands for execution and supervision. The departments execute the works through contractors on the basis of competitive bidding. In order to overcome the difficulties of delay and high rates, the Government decided to entrust the works to Public Sector Undertakings (PSUs) as a contractor (since 1975) and later as a consultant. Government also granted various concessions, price preferences, interest-free mobilisation advances and exemptions from pre-qualification etc. to these PSUs. But these PSUs got the works executed by contractors. As a result, the concessions extended to PSUs became a source of benefit to contractors.

##### Major Government Departments that entrusted works to PSUs

Home Department, Tourism Department, PWD, WRD, Health and Family Welfare Department, Education Department, Scheduled Castes/Scheduled Tribes Development Departments (SC/STDD), etc. are the major departments that entrusted Government works to PSUs.

The major PSUs to which works were entrusted during the period covered in audit were Kerala State Construction Corporation Ltd. (KSCC), Kerala State Industrial and Technical Consultancy Organisation Ltd. (KITCO), Small Industries Development Corporation Ltd. (SIDCO), Kerala State Warehousing Corporation, Kerala State Police Housing Construction Corporation Ltd. (KSPHCC), Roads and Bridges Development Corporation Kerala Ltd. (RBDCK), Kerala Shipping and Inland Navigation Corporation Ltd. (KSINC), Kerala State Maritime Development Corporation Ltd. (KSMDC), Travancore Cements Ltd. (TCL), etc.

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\* Mandated by Art. 165 of Kerala Financial Code, Vol. I

## Scope of Audit

A thematic audit was conducted to ascertain the relative merits of entrusting works to PSUs overlooking these Engineering Departments during the period 2009-2012. The selection of PSUs was made on the basis of volume and cost of work awarded. During the period 2009-2012, Government entrusted/awarded 128 works costing ₹ 888.50 crore to five PSUs, which were included in the budget for execution by PWD/WRD. Of this, 29 works costing ₹ 123.05 crore (Appendix 3) were entrusted as consultants\* and 99 works costing ₹ 765.45 crore were awarded as contractors† as shown in table 1. Test check of records relating to the 128 works were conducted between April and May 2012 covering the period between April 2009 and May 2012 with emphasis on the works allotted to PWD. Audit also examined 20 works entrusted to three PSUs as contractors under the Twelfth Finance Commission (FC) award.

TABLE 2.1: PROFILE OF WORKS ENTRUSTED/AWARDED TO PSUs

Sl. No.	Name of PSU	Name of Department	No. of works entrusted/awarded as			Amount (₹ in crore)		
			Contractor	Consultant	Total	Contractor	Consultant	Total
1	KSCC	PWD	79	19	98	629.00	35.01	664.01
2	KITCO	SC/STDD	Nil	10	10	Nil	88.04	88.04
3	KSINC	WRD	19	Nil	19	119.45	Nil	119.45
4	KSMDC & TCL	WRD	1	Nil	1	17.00	Nil	17.00
Total			99	29	128	765.45	123.05	888.50

1 Source: Department files 2. Sl. No. 3 and 4 represented 20 works under Twelfth FC

### Audit objectives

The objectives of audit were to examine whether:

- the entrustment of works to PSUs was justified;
- the works awarded and executed by the PSUs were carried out efficiently and effectively without any time/cost over-run; and
- concessions/privileges extended to PSUs were justified and in the best interest of works.

\* The person/firm providing advice for construction works

† The person/firm through which the Engineering Departments carry-out works.

### **Audit criteria**

The Audit findings are bench marked against the following:

- Kerala Financial Code;
- Kerala Budget Manual;
- Budget Documents;
- Public Works Department Manual;
- Orders issued by Government

### **Audit findings**

Audit found that by entrusting the works to five PSUs, Government had to incur loss/excess liability of ₹ 104.81 crore on the 128 works costing ₹ 888.50 crore. The findings are discussed in the succeeding paragraphs.

### **Avoidable expenditure on consultancy charges**

PWD is the statutory authority for designing, planning, monitoring, constructing and undertaking maintenance of public works of State Government. The PWD is having a separate wing for construction and maintenance of Government buildings which is headed by Chief Engineer (Buildings) with man power at circle, division, section levels.

The funds are kept at the disposal of PWD by the Legislature to specifically execute each item of work. Disregarding the system, Government had been entrusting works to PSUs as consultants. The scope of their services included preparation of design, estimate, issue of technical sanction, arrangement and supervision of works and passing of bills. The PSUs were entitled for consultancy charges ranging from five to eight per cent of the cost of works.

It was observed that during the period 2009-2012, Government entrusted 29 building construction works costing ₹ 123.05 crore (Appendix 3) for consultancy to two PSUs, viz., KSCC and KITCO.

On assigning the works, the PSUs charged consultancy fee at the rate of five to eight per cent depending on the cost of works, from SC/STDDs. In addition, SC/STDDs had to bear service tax at the rate of 10.3 per cent. The total liability created on this account was ₹ 7.49 crore, (Appendix 3) out of which ₹ 2.93 crore was already released to the PSUs as on March 2012. This was an avoidable expenditure had these works not been transferred from PWD to PSUs.

## PSUs as Contractors

In the case of works entrusted to PSUs as contractors, Engineering Departments do all preliminary works such as planning, designing, estimation etc. The PSUs execute works either through competitive bidding or negotiations as discussed below:

- The KSCC, a PSU was constituted in February, 1975 to take up the construction works like bridges, major NH projects, dams, canals, road works etc.
- Government declared the PSU as 'pre-qualified' for any civil works put to tender by Government Department. The PSU is also allowed Mobilisation Advance (MA) though the Kerala Public Works Account Code (KPWAC) prohibits advances to the contractors and requires to ensure that no payments are made except for work actually done. The PSU was also exempted from supervision and measurement by PWD Engineers in respect of works undertaken.
- During the period 1975 to 1998-99 KSCC participated in the PWD tender process and were executing the works directly. From 1998-99 onwards, KSCC stopped direct execution of works, and switched over to system of subcontracting the works as a whole.
- KSCC had failed to execute 12 works entrusted to it during the period from 1997-2008. In the case of seven out of twelve works terminated between October 1997 and June 2008, PWD fixed the risk and cost liability at ₹ 5.70 crore being the extra expenditure incurred on award of the works. Of this, ₹ 5.68 crore (Appendix 3.1) is yet to be remitted to Government by KSCC. The past failures of the PSU raises concern over the 79 works costing ₹ 629 crore awarded during the period under audit.

## Execution of works through subcontracting-post award

Audit found that KSCC subcontracted<sup>†</sup> three<sup>†</sup> works costing ₹ 50.97 crore to contractors during the period of audit at much lesser rates than the rates at which they were awarded by PWD. Thus KSCC made a profit of ₹ 3.68 crore as an intermediary agency, which in turn was a loss to Government.

\* Screening of contractor with reference to their past experience, expertise and equipment available for execution of work.

<sup>†</sup> Subcontract refers to the contract awarded by the PSU to other contractors.

‡ (1) construction of MBA Block of Engineering College, Thiruvananthapuram costing ₹ 5.42 crore,  
 (2) construction of Thuruthoor-Poyya Bridge in Ernakulam costing ₹ 2.85 crore and  
 (3) construction of second annexe building for Government Secretariat, Thiruvananthapuram costing ₹ 42.70 crore.

## **Impact of subcontracting and execution of work by PSU**

The condition in the agreements executed between awardee (PWD) and contractor (KSCC) restricts subcontracting the work. However, from September 2009 onwards, KSCC started subcontracting the works through pretender tie-up with registered contractors. Under this system, on publication of tenders by PWD, contractors submit their expression of interest (EoI) to KSCC in respect of the works they were interested in. Based on the EoI of contractors, KSCC entered into pretender tie-up with contractors in the form of a Memorandum of Understanding (MoU). After executing the MoU with the selected contractor at the agreed rate, KSCC participated in the tender floated by PWD at that rate. Thus, KSCC realised upfront fee\* of ₹ 9.03 crore at the rate of five per cent from each work bill related to 106 works during the period 2009-10 to 2011-12.

Audit found that apart from creation of the extra liability, the entrusting of works to PSUs, resulted in time overrun and cost overrun as discussed below:

### **Time overrun in the works executed by KSCC**

The objective of Government in entrusting works to the PSUs was to avoid the delay in arranging and execution of works. But KSCC did not adhere to the time schedules in the works awarded to it as contractor as discussed below:

Out of the 79 works awarded to KSCC during 2009-2012, details of only 58 works were made available to Audit, as per which, 35 works (Appendix 3.2) were to be completed as of March 2012. Of the 35† works, three works only were completed in time and 32 were delayed, the details of which are given below:

- As of March 2012, 26 works (Appendix 3.3) were yet to be completed, the delays of which ranged from one month to one year. In eight out of the 26 works, even 50 per cent progress had not been achieved.
- Six works were completed after delays varying from four to 17 months.

KSCC stated (July 2012) that paucity of funds delayed the completion of works.

### **Loss on account of cost overrun**

There was cost overrun due to various reasons like revision of rates in Schedule of Rates (SoR), revision of estimates etc. As per details given by KSCC, six works were delayed badly which necessitated the revision of original estimates of ₹ 52.73 crore to ₹ 97.51 crore resulting in an increase of ₹ 44.78 crore which was 85 per cent of the original estimate (Appendix 3.4). The cost overrun in respect of other works could be assessed only on their completion.

\* The fee deducted by KSCC at the rate of five per cent on the basis of MoU from the Contractor's bill.

† 23 works were not analysed as the due date of completion was after March 2012.



### **Entrustment of work violating Central Vigilance Commission guidelines**

In February 2010, Coastal Shipping and Inland Navigation Department (CSIND) entrusted 20 works costing ₹ 136.45 crore under the Twelfth FC Award to three PSUs viz. KSINC, KSMDC and TCL through negotiation. The awarding of works through negotiation violated the Central Vigilance Commission(CVC) guidelines.

CVC issued (October 2005) guidelines on the award on tender stipulating that there should not be any negotiations. In one of the reiterations, CVC based its directions on the observation of the Supreme Court regarding the entrustment of works without tendering. It was observed that the award of public works through tender was to ensure the elimination of corrupt practices by the authorities. Disregarding the CVC guidelines, CSIND entrusted works costing ₹ 136.45 crore to the PSUs after negotiations.

The three PSUs, viz, KSINC, KSMDC and TCL whose activities are different from civil works, subcontracted the works to private contractors for ₹ 31.92 crore after inviting tenders. These PSUs had obtained the works at ₹ 46.72 crore, making a profit of ₹ 14.80 crore, (Appendix 3.5) which was 46.36 per cent of the cost at which the works were subcontracted. This was an indication that the works were awarded to the PSUs at prohibitive rates and the rates arrived at by the department on negotiation lacked justification. Thus, the department executed the works incurring an extra expenditure of ₹ 14.80 crore.

### **Splitting of work and lack of co-ordination between PSUs led to stoppage of works**

The work "Deepening and Side Protection of Veli-Akkulam Lake" in the Twelfth FC award works was at a standstill since June 2011. Audit conducted a detailed study of the causes of stoppage of the work and found that the work involved "dredging" and "side protection" of the lake. Accordingly, the work was split into two and awarded to two PSUs. The dredging part was awarded jointly to TCL and KSMDC at a cost of ₹ 17 crore which was subcontracted to a contractor at ₹ 11.59 crore and the side protection work was awarded to KSINC at a cost of ₹ 13 crore and the work was subcontracted to a contractor at ₹ 9.82 crore. This resulted in following lapses:

- KSINC, entrusted with the work of side protection, took a decision that backfilling of the side protection wall be done with the dredged spoil obtained from the lake which was under the custody of TCL and KSMDC. But the PSUs stopped dredging as they were not ready to dump the spoil for backfilling.

- The work, "Deepening and Side protection of Veli-Akkulam Lake" which was to be completed by January 2011 was extended up to September 2011. As the progress of the work was very poor and the contractor discontinued after completing 500 metres out of 4000 metres of protection works, the department terminated the agreement with KSINC (August 2011) and KSINC in turn terminated the work of the subcontractor without risk and cost. The expenditure incurred on the work was ₹ 64.26 lakh.
- Government handed over the remaining work of side protection to TCL and KSMDC which was doing the dredging work also. The PSUs jointly arranged the balance work costing ₹ 6.99 crore at a higher rate through the same contractor who had delayed the work of side protection under KSINC. The tender on re-award was 60.50 per cent above Estimated Probable Amount of Contract(EPAC) as against tender excess of 33.50 per cent of original cost under KSINC.
- As of January 2013, only 1300 m. of side protection work was completed out of the target of 4000 m. for which ₹ 3.02 crore spent by KSINC out of ₹ 12.35 crore advanced by CSIND. In the case of dredging work, expenditure incurred as of May 2012 was ₹ 7.20 crore out of the agreed PAC of ₹ 17 crore. The work was idling as of January 2013.
- The achievement of PSUs in respect of dredging was only 243896 cum. (38.58 per cent of target) against the targeted quantity of 632250 cum. TCL, to which the work of side protection was re-awarded, decided to carry-out the side protection work along with dredging work but was able to achieve only 32.50 per cent.

Thus the splitting up of the work and lack of co-ordination among the PSUs led to the termination of the work without risk and cost by KSINC and entrustment of the work to the same contractor on re-award resulted in additional expenditure of ₹ 1.88 crore.

#### **Lack of assurance on quality of works executed**

Paragraph 16.7 of the KPWD Manual describes the method and the areas of supervision of departmental officers during execution of works.

However, while entrusting the works to KSCC, Government, in contravention to the PWD Manual provisions, relieved (August 1983) the departmental site engineers of their duty to supervise and measure the work.

Later, in September 2010, exemption of departmental supervision was extended to works under Twelfth FC award executed by three PSUs. Thus, all the 99 works of the four PSUs were exempted from supervision by PWD/WRD.

Even though Government had dispensed with the supervision by Engineering Departments, these departments made random checks (September 2010 and September 2011) of the quality of works by the PSUs to ascertain the position of works executed in the context of termination of contracts and reportedly found of poor quality due to flaws in the execution of two works of CSIND. Thus the dispensation of supervision by departmental officers encouraged the PSUs to carry-out the works compromising quality.

#### **Excess liability due to excess over SoR**

The EPAC of the work, 'Side Protection and Beautification of Veli—Akkulam Lake' was ₹ 7.35 crore and was awarded to KSINC at an Agreed Probable Amount of Contract (APAC) of ₹ 13 crore with a tender premium of 76.87 per cent. The estimate was prepared in the year 2009 based on 2009 SoR, but with an additional element of 20 per cent over the rates of 12 out of 22 items which were labour intensive. This was stated to be made in anticipation of revision of SoR. But, there was no system of enhancing the rates in the estimates anticipating rate revision. The total amount thus added in the estimate was ₹ 0.91 crore and the excess liability when added with the tender premium worked out to ₹ 1.61 crore. Lack of diligence on the part of the department (CSIND) rendered the preparation of estimates unrealistic.

#### **Concessions to PSUs**

Government extended to KSCC concessions like price preference, interest-free mobilisation advance and exemption from pre-qualification etc. during tendering, awarding and execution of works. These concessions were granted by Government to KSCC at a time when they were executing the works by themselves. As KSCC dispensed with the system of direct execution and

started subcontracting works, such concessions were not required. Ultimately, the benefit of concessions granted to PSUs were actually enjoyed by the subcontractors and this had created additional liability as explained below:

#### **Excess liability due to price preference**

Government allowed (April 1988) KSCC a price preference of 10 per cent over the lowest bidder on works bagged by it through competitive tenders. Price preference is a privilege enjoyed by the PSU over the other contractors in which the PSU gets the work even though the rates quoted by it was up to 10 per cent above the lowest tender. KSCC obtained 29 works through price preference during the period 2009-2012. The difference in price of lowest tenderers and that of KSCC in these works came to ₹ 14.14 crore (Appendix 3.6) which was an excess liability on Government. Since the works were executed on the basis of MoU and KSCC was entitled for an upfront fee of five per cent only, the price preference extended to KSCC in excess of five per cent was passed on to the subcontractors. The undue benefit received by the subcontractors amounted to ₹ 2.69 crore in 15 works (Appendix 3.7). The collection of upfront fee not only benefited the PSU, but also benefited contractors under pretender tie-up.

#### **Mobilisation Advance**

Government ordered (April 1997) to allow Mobilisation Advance (MA) at the rate of 20 per cent of the contract amount to KSCC for the works bagged by it through competitive tenders whereas the PWD contractors are not allowed any advances. The granting of MA to PSU was relevant at the time when PSU was executing the works directly (which was dispensed with from 1998-99 onwards) and advance lost relevance when the PSU became an intermediary. During the period 2009-2012, PWD released ₹ 80.33 crore (Appendix 3.8) as MA to KSCC in respect of 49 works, out of which KSCC disbursed ₹ 69.74 crore to the contractors under pretender tie-up at an interest rate of nine per cent. The sanctioning of MA resulted in the following irregularities:

- KSCC earned a sum of ₹ 4.73 crore (Appendix 3.8) by giving the interest free MA received from Government to contractors under pretender tie-up at nine per cent per annum which was utilised for meeting their administrative expenditure. The action of KSCC in utilizing the interest earned on Government money for meeting administrative expenditure was irregular. KSCC stated (June 2012) that, as it was not being given any budgetary assistance, it had to find other sources of income for meeting administrative expenditure other than the profit share obtained from the subcontracting of works.

- Government dispensed with (October 2010) the grant of MA for works awarded to KSCC. A total amount of ₹ 11.29 crore was paid as MA to KSCC in respect of seven works in disregard of the dispensation of the advance.

The MA had been a source of income for KSCC since the advance was used for lending at the rate of nine per cent. The subcontractors also benefitted in the form of loan at lower rates.

#### **Failure to recover Mobilisation Advance from Contractors**

Agreement provisions between KSINC and subcontractors did not provide for payment of advances prior to execution of work. However, audit scrutiny revealed that ₹ 1.74 crore was paid as MA to the subcontractors. Further, it was observed that no recovery of the MA was done from part bills. In response to audit query on the non-recovery of advances, KSINC replied that MAs were treated as part payments and hence no recoveries were made. The reply was not tenable as the MA to subcontractors was against the provisions of the contract agreement and it amounts to providing undue benefit to the subcontractors.

#### **Exemption from pre-qualification**

In view of the experience in construction works, expertise and equipments available for direct execution of works, Government declared (February 1992) KSCC as pre-qualified for submitting financial bids for any works. However, the exemption of pre-qualification was allowed also in respect of other contractors with whom the PSU entrust the works obtained from PWD. Thus the exemption allowed to KSCC being a PSU was passed on to the non pre-qualified contractors helping them to procure major contracts indirectly. Also, it was discriminatory in nature, as the other contractors who had not entered into tie-up with KSCC, had to qualify in the technical bids.

#### **Advances given to PSUs deposited in commercial banks**

The Finance Department issued letter of credit for ₹ 40 crore in March 2010 to be drawn by Executive Engineer, Inland Navigation Division, Kollam under the head of account 5075-60-800-89 (P) for incurring expenditure before 31st March, 2010. The Department drew ₹ 40 crore (Appendix 3.9) and advanced it to PSUs. The amounts advanced to the PSUs were exhibited in Government accounts as utilised even though the works were not commenced and expenditure incurred. There was, therefore, overstatement of capital

expenditure in Government accounts as of March 2010. The action of the department was irregular and against financial propriety. The agreement conditions with the PSUs did not provide for such advances either.

Amounts of ₹ 25 crore and ₹ 15 crore received by KSINC and TCL respectively from Government were kept in fixed deposits of commercial banks. The deposits remained unutilised due to slow progress of works. The PSUs earned ₹ 4.55 crore towards interest (March 2012). It was observed that retaining Government money in commercial banks was against the instructions issued by Government in January 1996, wherein it was directed that PSUs should not keep Government funds in commercial banks.

#### CONCLUSION

The PSUs were also not able to complete the works without time and cost overrun. There was no mechanism available with the Department to ensure that quality was maintained in respect of works executed by PSUs. The Department did not exercise control over the concessions and privileges extended to PSUs and was not able to ensure that the benefits were not enjoyed by ineligible contractors.

#### RECOMMENDATIONS

Government should conduct a detailed study to:

- Ascertain the real problems in execution of works by engineering departments so as to take corrective measures;
- Government may study the privileges and concessions extended to PSUs to ensure level playing and that the system does not result in additional cost to projects/schemes.

Audit Paragraph 2.1 contained in the Report of the C&AG of India (Economic Sector) for the year ended 31st March, 2012.

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

The Committee enquired the sanctity in entrusting works to Construction Corporation or KITCO even when the department had its own employees and engineers. The Secretary, Public Works Department apprised that PWD Engineers were expected to do the design, investigation and quality control of each and every work carrying out using the budget allocation and necessary training to

upgrade their skills had been imparted to the Engineers to make them competent enough to meet with the requirement. He admitted that even though circumstances demanded to outsource designing and efforts were being taken to make them also in-house and to a query of the Committee, he informed that Quality Control Labs were initiated in all districts. The Committee could not hide its concern that whether the designs of PWD were up to the mark and scientific.

2. To a query of the Committee, the Secretary, Public Works Department informed that there were 26 engineers for supervision in the Construction Corporation and more than 500 employees in Public Works Department. He continued that the Construction Corporation was established in 1975 with the objective of getting lower rates for the public works by participating in tender process and were competent enough to undertake even overseas contract at that time. Later SIDCO prefer subcontracting rather than carrying out construction works directly. Now measures were taken to make the corporation capable of executing works by itself. The Committee doubted whether intended target could be achieved by executing works by KSCC, since the work was awarded to the Corporation without resorting for tender procedures, they could use their influence to jack up the estimate. The Secretary, Public Works Department intervened to inform that KSCC would take part in tender and when they were assigned with work, they carry-out work without contractor's profit or tender excess. In this regard, the Additional Secretary, Finance Department informed that the guidelines, effective from April 2015, issued by the department stipulated that eligibility of agencies functioning in the construction field should be ascertained by the Committee constituted in this regard with Secretary, Finance Department as Chairman and some technical officers as members.

3. To a query of the Committee, Secretary, Public Works Department detailed that engineers of KSCC would supervise the works carrying out by its empanelled contractors. The Committee contemplated that whether supervision was conducted actually as there were only 26 engineers in KSCC. The Committee remarked that agencies like Roads and Bridges Corporation, KSCC, etc. could implement projects through commercial borrowing. But recently the tendency for implementing projects by direct assignment by passing all tender rules was increasing. The Committee remarked that as there was no transparent procedure for price determination, the estimate would get increased artificially. The Secretary, Public Works Department apprised that the work would be assigned as per the estimate prepared by departmental engineers and its scrutiny was being done by TS/AS Committees. For each item in the schedule,

specific rate was fixed by CPWD which was available in website and it was being updated quarterly in accordance with the price index. The Chief Engineer, Public Works Department (Buildings) supplemented that variance in rate fixed by CPWD and the workable rate of our State was only 10-20%. He also submitted that nowadays major works were executed through governmental agencies and PWD was engaged with maintenance works, making sheds for official functions etc. In that way Government would incur double expenditure i.e., towards the salary of employees of PWD and towards the cost of implementation of works. The main function of PWD was to evaluate the estimate of major projects implemented by other agencies. The Committee decided to recommend that major works should not be executed by external agencies by-passing PWD.

4. To a query of the Committee, the witness, Chief Engineer, Public Works Department (Buildings) informed that there were 8 Executive Engineers, 2 Assistant Executive Engineers, one Executive Engineer and one Superintending Engineer in the design wing of PWD. He also detailed that there was discrepancies in distribution of manpower in the department pointing out that while diploma holders were dealt with design works, structural engineers were entrusted with some other sort of works. If persons were distributed in accordance with their competency, efficiency of the design wing would be enhanced. He stated that even though the design wing could not complete all works in time due to abundance of works, the authenticity of works carrying out by PWD could not be neglected.

5. The Committee was of the opinion that design of buildings should be done by someone else and then estimate and determine a transparent procedure for the construction of building. The Committee was against the practice of nominating an agency, rather it would prefer to award works through transparent bidding.

6. The Committee decided to recommend that necessary measures should be taken for the improvement and modernisation of the Public Works Department so that it could perform more professionally.

7. The Committee urged the Public Works Department to furnish the details of manpower in the department and in the parallel agencies. It also directed to furnish the break-up details of number of nominated works and number of works tendered with price preference out of the ongoing schemes to it at the earliest.



8. The Committee evaluated that capital expenditure for PWD works was increasing and if all the works could not be executed in-house due to the enhancement in the expenditure and suggested that, it should monitor the execution of works. It also suggested that if execution of works in-house demanded creation of additional posts, then PWD should concentrate on the examination of measurement, check measurement, site inspection etc. of works implemented by other agencies. The Committee exhorted that the monitoring mechanism of PWD should be strengthened.

#### **Conclusion/Recommendation**

9. The Committee observes that though the engineering crew of the Public Works Department is expected to do the design, investigation and quality control of the works, the department outsource the design preparation. The Committee directs the Public Works Department to revamp its design wing to make it competent enough with the requirements.

10. When noticed that currently Public Works Department is undertaking maintenance work only and all major works are being executed by external agencies, the Committee exhorts to check the feasibility of executing major works by the Department itself. It warns that execution of major works by external agencies by-passing the Public Works Department should be curtailed.

11. The Committee opines that it would be better if design and estimate of works are prepared by separate units. It proposes that design of building is done by one wing and then estimate by another. It advocates to adopt a more transparent procedure for the construction of buildings.

12. The Committee disapproves the present practice of nominating an agency to entrust a work, it wants that the Public Works Department should resort to more transparent tendering procedures for awarding any work.

13. The Committee emphasizes that Public Works Department should have more professional approach so that it could compete with other agencies in the field. It underscores that necessary steps should be taken to improve and modernise the Public Works Department at the earliest.

14. The Committee urges to furnish the details of manpower in the Public Works Department and also in parallel agencies. It desires to have break-up details of number of works that are nominated and those tendered with prior preferences out of the ongoing schemes to it at the earliest.

15. The Committee opines that even if Public Works Department could not execute all the works in-house, due to the enhancement in the expenditure, it should monitor the execution of works.

16. It directs that the Public Works Department should concentrate on the examination of measurement, check measurement and site inspection of works carried out by other agencies.

17. The Committee directs that the monitoring mechanism of Public Works Department should be strengthened and opines that financial constraints should not be a barrier in this regard.

## SOCIAL JUSTICE DEPARTMENT

### AUDIT PARAGRAPH

#### INTEGRATED CHILD DEVELOPMENT SERVICES

#### Highlights

*The Integrated Child Development Services launched in 1975 aims at holistic development of children up to six years of age, adolescent girls, pregnant and lactating mothers by providing a package of services like supplementary nutrition, immunisation, health check-up, nutrition and health education, etc. The review revealed deficiencies in the implementation of the scheme such as delay in release of funds for scheme implementation, failure to cover the entire targeted population, etc., thereby defeating the basic objectives of the Scheme. Contrary to Government of India guidelines, Take Home Food delivered to children between six months and three years in the State was not fortified with micro-nutrients.*

**The Department was not preparing any long-term perspective plan. In the absence of the plan, there were deficiencies in creation of new AWCs and insufficiencies in the delivery of services to beneficiaries in various components in ICDS.**

**There was a shortage of 8619 Anganwadi Centres (21 per cent) in the State. Fourteen additional Anganwadi Centres (AWCs), sanctioned in 2005 by GOI, were yet to be operationalized.**

Many functional AWCs in the test checked ICDS projects were functioning in rented premises and lacked basic infrastructure facilities like safe drinking water, toilets, etc.

The percentage of child population who were not immunized against Polio and DPT in Palakkad and Malappuram districts were respectively 36 and 31.

The objective of universalization of Supplementary Nutrition Programme was not achieved as 56 to 66 per cent of the identified beneficiaries were not covered under the Scheme.

The percentage of malnourished children below the age of six years in the State ranged between 27 and 39. Test check of records in Idukki, Malappuram, Palakkad and Thiruvananthapuram districts indicated that 110 out of 1180 children who died during 2011-12, were severely malnourished.

GOI guidelines stipulating periodical weighing of child beneficiaries under Supplementary Nutrition Programme to assess their nutritional status was not adhered to during 2007-2012.

Take Home Ration (THR) valued at ₹ 257.38 crore was purchased from an agency which did not possess the mandatory BIS certification. It was also noticed that an amount of ₹ 22.44 crore was overcharged by the supplier. In a number of cases, test results of the samples of the product were stated to be not satisfactory.

### Introduction

The Integrated Child Development Services (ICDS) is a Centrally Sponsored Scheme (CSS) launched in 1975, designed to promote the holistic development of all children below six years, expectant and lactating mothers and adolescent girls of 11-18 years.

The objectives of the ICDS are:

- (i) to improve the nutritional and health status of children in the age group of six months to six years;

- (ii) to lay the foundation for proper psychological, physical and social development of the child;
- (iii) to reduce the incidence of mortality, morbidity, malnutrition and school dropouts;
- (iv) to enhance the capability of the mother to look after the normal health and nutritional needs of the child through proper nutrition and health education; and
- (v) to achieve effective co-ordination and implementation among the various departments to promote child development.

These objectives are to be achieved through a package of services comprising Supplementary Nutrition, Immunisation, Health Check-up, Nutrition and Health Education and Non-formal Pre-school Education of children between three and six years.

### **Organisational Set-up**

The Principal Secretary, Social Welfare Department is the administrative head for overall implementation of the programme in the State. The Director, Social Welfare is the implementing and co-ordinating officer who is assisted by an Additional Director, one Joint Director and an Assistant Director. The programme is implemented in the districts by the District Programme Officer (DPO), who is assisted by Child Development Project Officers (CDPOs) and Supervisors. The ICDS services are delivered through Anganwadi Centres (AWCs) by engaging trained female workers designated as Anganwadi Workers (AWWs) and Anganwadi Helpers (AWHs) on honorarium basis.

### **Audit Objectives**

The objectives of the performance audit were to assess and evaluate whether the:—

- planning was effective and adequate;
- entire eligible population was covered under the scheme;
- allotment of funds were adequate and its utilization was economic, effective and efficient for achieving the scheme objectives;
- required infrastructure facilities were adequate for delivery of quality services;
- delivery of services under various packages under ICDS were provided effectively and economically;

- staff was adequate and their deployment was as per requirement;
- system of monitoring and evaluation was in place and effective; and
- recommendations of the Public Accounts Committee were complied with in respect of PAC Report No. 157 for the period 2008-2011.

### **Audit Criteria**

Appropriate criteria from the following were adopted for the Performance Audit:

- Census Report of GOI and circulars issued by GOI and orders of the Supreme Court on universalisation of ICDS services;
- Government of India Orders releasing funds, monthly progress reports of expenditure, etc.;
- Guidelines and instructions issued by GOI for delivering different services under ICDS;
- Recommendations of Public Accounts Committee Reports in respect of Social Welfare Department;
- Prescribed norms for staffing; and
- Monitoring mechanism instituted by the State Government.

### **Scope and Methodology of Audit**

A performance audit covering the period 2007-2012 was conducted between April-July 2012 to assess the efficiency, economy and effectiveness in implementation of the various components of ICDS. Audit involved the examination of records of Government in the State Secretariat, Directorate of Social Welfare, District Programme Offices, Child Development Projects and AWCs. Photographic evidence and physical verification were also taken into consideration to substantiate audit evidences. Selection of districts and the projects was done on Simple Random Sampling method using a random number generator. Four districts, 12 Child Development Project Offices, four\* Local Self Government Institutions, 60 AWCs and four† Amrithum Nutrimix units were selected for detailed scrutiny of records and documents. Incidentally,

\* LSGIs at Nedumangad, Attappadi, Vengara and Thadiyampad.

† Nutrimix unit at Thekkumkad, Vanitha Vyavasaya Nutrimix, Pooriyad, Nutrimix unit at Thodupuzha, Nutrimix unit at Attappady.

two selected districts (Malappuram and Palakkad) happened to be the members of the 51 most backward districts in the country selected by GOI for the implementation of Nutritional Programme for Adolescent Girls. The methodology of the performance audit was explained to the Officers of the State Government in the Entry Conference held in April 2012. The Audit findings and conclusions were discussed at an exit meeting held in August 2012 and response of the Government incorporated suitably.

### **Planning**

Proper planning and survey of beneficiaries are imperative for achieving the objectives of programmes/schemes. It was observed that regular surveys of children within the age group of three months to six years and lactating and pregnant mothers were being carried out by AWWs. There are no schemes to cater to the physical and psychological needs of girls in the age group of six to 10 years. Kishori Sakthi Yojana, a scheme to impart non-nutritional education and psychological development of girls in the age group is in operation since 2000 and Rajiv Gandhi Scheme for Empowerment of Adolescent Girls (SABLA) was introduced by GOI (September 2010) for covering the nutritional and non-nutritional needs of girls aged between 11 and 18 years and has been in operation only in four\* districts of Kerala. Surveys to identify the women in the age group of 19-45 years for education about the importance of nutrition and health care, as envisaged in the scheme were not conducted by the department.

The services under the ICDS package are delivered through AWCs. Infrastructure like buildings for AWCs along with facilities of drinking water, toilets, tables and chairs, toys, etc., were to be created for efficient and smooth delivery of quality services.

A long-term Perspective Plan was essential to provide the envisaged facilities within a specific time frame. It was, however, noticed that though the scheme was being implemented in the State since 1975, the department had neither prepared any Perspective Plan nor any Annual Plan for providing these facilities in the centres. In the absence of these two plans, the department was not in a position to assess the requirements of new AWCs, enhancement of the facilities in AWCs, shifting of AWCs from rented buildings to own building, improve the delivery of services and coverage of population.

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\* Idukki, Kollam, Malappuram and Palakkad districts.

## Financial Management

The Integrated Child Development Services was a hundred per cent GOI funded Scheme up to the year 2008-09 and thereafter in the ratio of 90:10 (GOI: State Government). The expenditure on Supplementary Nutrition Programme (SNP) was borne by Government of India and the State Government on 50:50 basis (from 2006-07 onwards).

During the five year period 2007-2012, an amount of ₹ 1446.38 crore was spent against a sum of ₹ 1465.07 crore provided in the State Budget, including the GOI releases of ₹ 1186.02 crore for implementing the programme. Details of financial assistance received from GOI and State Government and expenditure incurred on the scheme during the years 2007-2012 are given in Appendix 4.

The State Government initially allocates funds in the State budget every year for scheme implementation. The State Government submits quarterly claims along with statement of expenditure and utilization certificate to GOI for assistance and it is received as reimbursement of expenditure.

Expenditure on Supplementary Nutrition Programme in the State was initially met by the Local Self Government Institutions (LSGIs). In rural areas, the expenditure on SNP was borne by Grama Panchayats and Block Panchayats in the ratio of 2:1, while in urban areas, the entire expenditure was initially met by the Municipalities/Corporations. Each CDPO quarterly submits the statement of accounts to the Director of Social Welfare Department. The Department after verification of the accounts releases allotments to CDPOs and the CDPOs pass on the share to LSGIs.

During the period under review, GOI also provided funds for the following programmes, benefiting ICDS beneficiaries:

- Nutrition Programme for Adolescent Girls (NPAG)—GOI assistance released as 100 per cent grant (Special Additional Central Assistance) to the State Government to enable lifting of rice allotted by GOI from Food Corporation of India and its distribution to the targeted beneficiaries, free of cost, through the Public Distribution System.
- Rajiv Gandhi Scheme for Empowerment of Adolescent Girls (SABLA)—The Scheme comprised non-nutritional (100 per cent GOI assistance) and nutritional components (shared equally by GOI and the State Government).

- Kishori Shakti Yojana (KSY)—GOI assistance of ₹ 1.10 lakh per ICDS project released as 100 per cent grant-in-aid to the State Government to enhance the nutritional and health status of adolescent girls.
- Indira Gandhi Matritva Sahayog Yojana (IGMSY)—A CSS launched in 2010-11 with full grant-in-aid to State Government. Identified pregnant women and lactating mothers of Palakkad district in Kerala were to be given cash incentive of ₹ 4,000 in three instalments, subject to fulfilment of specific conditions.
- Project 'UDISHA'—A 100 per cent GOI assisted training programme for ICDS personnel till the year 2008-09. From 2009-10 onwards, GOI assistance was to the extent of 90 per cent and the balance 10 per cent to be met by the State Government.

#### **Parking of funds in TSB Account**

- ICDS guidelines provided financial assistance for the purchase and supply of pre-school kits to all AWCs every year. Audit noticed that an amount of ₹ 3.29 crore allotted in the budget as assistance from GOI for the purchase and supply of pre-school kits during 2010-11 was drawn and deposited in the TSB account of the Director of Social Welfare in March 2011 to avoid the lapse of funds. During the year, the purchase was not made as the tender process was challenged in the court by the tenderers. The Director of Social Welfare also presented false statement of expenditure and Utilization Certificate for ₹ 2.97 crore out of ₹ 3.29 crore to GOI and an amount of ₹ 2.32 crore was expended for the purchase of kits for the year 2011-12. The amount remained in the account since March 2011. The procedure adopted by the Director was totally irregular and a clear violation of the ICDS guidelines.

While accepting the audit observation, the department assured (August 2012) that care would be taken to avoid such instances in future.

- In 2011-12, it was seen that ₹ 54.52 crore meant for Supplementary Nutrition Programme was withdrawn (February 2011) from Government Accounts and deposited in TSB Account of the Director of Social Welfare for construction of Anganwadi buildings. The amount was shown as spent on SNP in the Quarterly Progress Report submitted to GOI, but the fact remains that the amount is still lying in the TSB Account.



Department stated (August 2012) that GOI had permitted (February 2010) to use the savings from SNP for construction of Anganwadi buildings.

At the exit meeting (August 2012), the State Government admitted that the letter of February 2010 was only an opinion and not an explicit approval of GOI to divert SNP funds for construction of AWCs.

### **Infrastructure**

The Department had not made fully operational Anganwadi centres and the shortage in number of ICDS projects was commented in the Audit Report for the year ended 31st March, 2007. Shortage in the number of ICDS Projects/ AWCs to be operated as per 2011 census is as discussed below:

### **ICDS Projects**

According to the prescribed norms, the Community Development Block in a State should be the unit for sanction of an ICDS Project in rural/tribal areas, irrespective of the number of villages/population in it, whereas in the urban areas, there should be a project for every one lakh population. As per the 2011 census, Kerala had a population of 333.87 lakh (urban: 159.32 lakh and rural: 174.55 lakh). There are 152 Community Development Blocks in the State. Based on the norms, there should be at least 311 ICDS Projects against 258 currently operational in the State.

Department stated (August 2012) that it was not practicable to strictly adhere to the population norms for operationalising Anganwadi Centres as the population of children up to six years was declining and that pregnant women, lactating mothers and adolescent girls did not avail of services provided by AWCs due to lack of awareness among the targeted beneficiaries and creation of awareness among them would result in enhanced attendance in AWCs.

However, the State being the overall administrator of the scheme, it was responsible for creation of awareness among the targeted population.

### **Anganwadi Centres**

- According to the prescribed norms\*, 41734 AWCs was required as on March 2012 against the 32986 AWCs and 129 mini AWCs sanctioned resulting in a shortfall of 8619 AWCs in the State.
- Fourteen AWCs sanctioned by GOI in 2005 in Munnar Grama Panchayat in Idukki district, were yet to be operationalised.

\* The scheme envisaged establishment of one AWC for 400-800 population in a rural/urban project and one AWC for 300-800 population in a tribal project. It also provides for one mini AWC for a population between 150-400.

Department stated (August 2012) that the AWCs were not operationalised due to non-appointment of Anganwadi workers and helpers and action had been initiated to obtain consent from Munnar Grama Panchayat to shift these AWCs to needy places.

- In April 2007, for the third phase of expansion of ICDS, GOI directed State Government to furnish specific requirement of additional projects, Anganwadi Centres (AWCs) and mini AWCs in predominantly SC/ST/minority habitations. The CDPOs after consultation with the Panchayati Raj Institutions, projected a requirement of 5079 AWCs and 129 mini AWCs. However, State Government sought only 871 AWCs and 129 mini AWCs, which were sanctioned by GOI in December 2008.

Department stated (August 2012) that a need based assessment of requirement of AWCs was made before seeking approval of GOI for new AWCs as opening of new AWCs involved commitment of expenditure from local bodies for providing building and other facilities.

- Honourable Supreme Court directed (December 2006) that settlements of rural communities and slum dwellers which had no Anganwadi in spite of having at least 40 children under six years of age are entitled to an 'Anganwadi on Demand' within three months from the date of demand. In May 2009, GOI directed the State Government to ensure that stipulated formalities be completed on priority basis and forward proposals to GOI within a period of 45 days from the date of receipt of such demand. Proposals for 194 AWCs were received by Director of Social Welfare between July 2010 and July 2011. At least in 75 proposals, the conditions stipulated by the Supreme Court Order for sanction of Anganwadi Centres on demand were satisfied. However, the Director of Social Welfare did not forward even a single proposal to the State Government for onward transmission to GOI. Thus, the vulnerable groups who had articulated the demands for an Anganwadi centre were deprived of the benefits arising from the various services provided under the programme.

The Director, Social Welfare stated (April 2012) that they were ascertaining the genuineness of each and every demand.

It was difficult to comprehend as to why the Director of Social Welfare was not able to assess the bonafides of even a single proposal, in the light of the Hon'ble Supreme Court's direction.

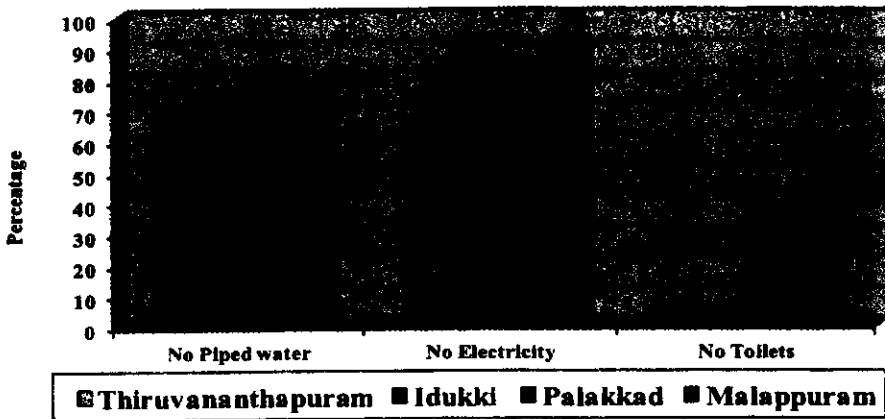
### Rented accommodation

- Adequate space for play way learning and separate space for storage and cooking were essential for the effective functioning of AWCs. Out of 33084 operational AWCs and mini AWCs in the State, 13100 (40 per cent) were functioning in rented accommodation as of March 2012. In the four test checked districts, 3751 (33 per cent) out of 11245 AWCs, were functioning in rented accommodation. It was seen that in many instances, AWCs were functioning from make shift accommodation and there was danger of the structure collapsing and posing risk to the lives of the beneficiaries/staff of these AWCs.

### Electricity, piped water and toilets

The deficiencies in basic facilities such as lack of piped water, electricity and toilets were noticed in the test checked districts and the results were compiled and the percentage of deficiencies are as illustrated in the chart below:

**AWCs without basic facilities**



*Source:* Annual Survey Report of 2011 in respect of Thiruvananthapuram, Palakkad, Malappuram and information received from DPO, Idukki.

- Only four per cent of the AWCs in Idukki and Thiruvananthapuram districts were without toilets. However, the facility of drinking water and electricity was not available in majority of AWCs in all the four districts. Audit noticed that parents were unwilling to send their children to AWCs functioning without basic facilities and this was one of the reasons attributed for the low attendance in AWCs. The parents preferred sending their children to well-equipped pre-school institutions rather than to ill-equipped ones.

Department, while accepting (August 2012) the fact of non-availability of basic facilities in those AWCs which did not have own building, stated that since AWCs were transferred institutions, the responsibility of providing these facilities rested with the LSGIs concerned.

While Audit acknowledges that the AWCs are the transferred institutions to LSGIs, the fact remains that the Government, being responsible for overall implementation of the scheme in the State, needs to ensure that the basic facilities under the programme are made available to the targeted beneficiaries.

### **Health Care**

Immunisation, health check-up, referral services and treatment of common ailments were the health related services of ICDS. ICDS guidelines stipulate that during health check-up and growth monitoring, sick or malnourished children in need of prompt medical attention be referred to PHCs or their sub-centres. Health check-up service includes ante-natal care of expectant mothers, post-natal care of nursing mothers and care of newborn babies and children below six years of age. The health check-up and medical care are to be rendered by the Anxilliary Nurse Midwives under the guidance of the Medical Officers of the PHC. The following observations are made in this regard:—

- No records were seen maintained in the test checked AWCs in respect of identified malnourished children referred to PHCs for further check-up.
- In Malappuram district, only less than five per cent of the population of children between zero and six years of age underwent health check-up, while the percentage of population of pregnant women, lactating mothers and adolescent girls who had undergone health check-up was less than 12 per cent. The details of health check-up were as detailed in Appendix 4.1.
- Medical Officer (MO) was to visit each sub-centre under his supervision at least once in a week including the AWCs located at subcentre/village area. It was seen that only one out of 60 AWCs test checked was visited by a MO during the period 2007-2012.

The District Programme Officer (DPO), Malappuram stated that even though the Medical Officers were participating in immunization camps at selected AWCs, they were not conducting health check-up.

The reply of the DPO is not convincing as the supervision and health check-up by the Medical Officers is an important component of the services under ICDS and hence there is an urgent need for effective convergence between the Social Welfare and the Health Departments for establishing greater accountability of Medical Officers in discharge of vital health services under ICDS.

- Thiruvananthapuram and Idukki districts achieved almost 100 per cent immunization during 2007-2012.
- Thirty six per cent of the child population in Palakkad district and 31 per cent in Malappuram district were not immunized against Polio and DPT (Appendix 4.2). Failure to immunize all children exposed the children to the risk of being afflicted with Diphtheria and the re-emergence of Polio in these districts.

While accepting the observations, the department stated (August 2012) that a combined effort with the Health Department would be taken up for effective immunization, health check-up and referral services.

### Pre-school education

The ICDS guidelines stipulate that the objective of pre-schools is not to impart formal learning, but develop desirable attitudes and provide intellectual stimulation through non-formal play activities. Government of India allocation for ICDS included funds for pre-school kits also. Table 2.19 gives details about the children enrolled in AWCs for pre-primary education in the State.

TABLE 2.19: CHILDREN ATTENDING AWCs

Year	No. of children attending Pre-school classes
2007-08	566415
2008-09	544979
2009-10	531096
2010-11	514040
2011-12	451171

Source: Progress Report of March of every year.

- The number of children attending AWCs show a declining trend. Fifty nine out of 60 AWCs visited by audit showed poor attendance of children. The poor attendance was mainly due to the lack of infrastructural facilities mentioned in the previous paragraphs.

Accepting the poor attendance in AWCs, the department stated (August 2012) that it was due to the introduction of pre-primary schools by private English Medium Schools, presence of more equipped pre-school institutions etc.

### Supplementary Nutrition

The Supplementary Nutrition Programme is a major component of the ICDS intended to bridge the gap between the Recommended Dietary Allowance (RDA) and Average Dietary Intake (ADI) to combat malnutrition. GOI decided (2005-06 onwards) to support states up to 50 per cent of financial norms or 50 per cent of expenditure incurred by States on supplementary nutrition, whichever is less.

Mention was made in the Audit Report (Paragraph 3.1.9.1 to 3.1.9.4) for the year ended 31st March, 2007 regarding the lacunae in implementation of Supplementary Nutrition Programme such as shortfall in coverage of beneficiaries, shortage in number of feeding days, food items distributed not having the stipulated nutritional value, etc. In the Action Taken Note submitted to PAC in November 2011, Government assured that necessary steps would be taken to rectify the situation. However, the shortfalls continued to exist, as discussed below:

### Coverage of beneficiaries

The ICDS guidelines prescribed that all children in the age group six months to six years, pregnant women and lactating mothers are required to be provided with Supplementary Nutrition. The coverage of beneficiaries in the State under SNP during 2007-2012 is given in Table 2.20:

TABLE 2.20: SHORTFALL IN COVERAGE OF SNP BENEFICIARIES

(Population in lakh)

Year	Total number of eligible beneficiaries (Children between six months to six years + Pregnant & lactating women)	Number of beneficiaries covered under SNP	Shortfall in coverage of eligible beneficiaries under the SNP (per cent)
2007-08	31.93	14.10	17.83 (56)
2008-09	33.62	13.84	19.78 (59)
2009-10	32.24	13.52	18.72 (58)
2010-11	32.48	12.57	19.91 (61)
2011-12	32.04	10.82	21.22 (66)

Source: Data obtained from Monthly Progress Reports of the Department.

In the test checked districts, 5.88 lakh to 7.13 lakh (ranged from 54 to 62 per cent) beneficiaries were not covered under SNP during the five year period 2007-2012. The coverage of beneficiaries in these districts was very poor during 2011-2012 as only 4.38 lakh out of 11.51 lakh (38 per cent) identified beneficiaries were covered. Thus, the objective of universalization of the scheme remains largely unachieved.

Department accepted (August 2012) the shortfall in coverage of eligible beneficiaries under SNP and stated that they plan to launch more awareness programmes among general public.

### **Interruption in feeding**

In Kerala, the Supplementary Nutrition component of the ICDS was implemented by the LSGIs. The Supplementary Nutrition Programme is a continuous programme to provide free nutrition for at least 300 days in a year. To ensure uninterrupted feeding, timely and sufficient funds were required by the LSGIs. Audit of implementation of the programme along with test check of 60 AWCs revealed the following:

- The assistance received from Government of India for implementation of Supplementary Nutrition Programme was released by State Government only partially and belatedly to the LSGIs. The percentage of non-utilisation of GOI assistance ranged between 17 and 83 every year.
- Only 20 out of 60 test checked AWCs met the GOI stipulated 300 feeding days. While 37 AWCs reported feeding days between 200 to 290 days, the remaining three centres reported 100, 115 and 159 feeding days respectively.
- Due to belated and partial release of funds, feeding interruptions were observed in all the test checked AWCs.

Government stated (August 2012) that belated release of GOI assistance would be avoided in future to ensure uninterrupted feeding to SNP beneficiaries.

### **Delivery of stipulated Nutritional values**

The requirement of Calories and Protein per day for children, pregnant women and lactating mothers as stipulated in GOI norms is given in the Table 2.21:

TABLE 2.21: GOI STIPULATED NORMS FOR SNP

Type of beneficiary	Up to January 2009		From February 2009	
	Calories (K.cal.)/day	Protein (gms.)/day	Calories (K.cal.)/day	Protein (gms.)/day
Children (six to 72 months)	300	8-10	500	12-15
Severely malnourished children (six to 72 months)	600	20	800	20-25
Pregnant women and lactating mothers	500	20-25	600	18-20

Source: GOI guidelines.

Children in the age group of six months to three years were required to be supplied with Take Home Ration (THR) in the form of a ready-mix product called 'NUTRIMIX' at the rate of 100 grams per day up to December 2009. This was enhanced to 135 grams per day from January 2010 onwards. Pre-school children attending AWCs were provided with morning feeding, noon feeding and general feeding (at 3 PM). Pregnant women and lactating mothers were also offered general feeding. The LSGIs were authorized to plan and procure various ingredients for preparation of hot cooked meals under SNP, based on local needs without affecting the nutritive value. The following observations were made during the course of audit:

- Nutrient values delivered to the beneficiaries depend on the type and quantity of food items delivered to them. In respect of pregnant women, lactating mothers and adolescent girls, eight CDPOs\* under Thiruvananthapuram, Idukki and Malappuram districts failed to deliver the requisite nutrition during 2009-2012. CDPOs of Tirur and Nilambur in Malappuram district could deliver only 438 Kcal of energy per day as against the stipulated 500/600 Kcal during 2007-2012. Government stated (August 2012) that directions would be issued to LSGIs to deliver the required calorific and protein values to the beneficiaries.
- Audit noticed that many AWCs in the test checked districts had no adult/baby weighing scales or the scales available were non-functional as shown in Table 2.22:

\* Thodupuzha, Devikulam and Idukki in Idukki, Vengara, Tirur and Nilambur in Malappuram and Parassala and Nedumangad in Thiruvananthapuram districts.



TABLE 2.22: AVAILABILITY AND STATUS OF WEIGHING SCALES IN AWCs TEST CHECKED

Name of District	Number of AWCs as on March 2012	Number of functional adult scales	Number of AWCs with no/non-functional adult scales	Number of functional baby scales	Number of AWCs with no/non-functional baby scales
Thiruvananthapuram	3061	1830	1231	1039	2022
Malappuram	3805	2478	1327	2758	1047
Idukki	1547	1284	263	1245	302
Palakkad	2832	619	2213	2832	Nil

Source: Data furnished by the Department.

- Audit noticed that 33 to 42 per cent of identified children in the State were not weighed during the years 2007-2012. Out of the remaining (58 to 67 per cent) children weighed, 27 to 39 per cent were in various stages of malnourishment (Appendix 4.3).
- The number of severely malnourished children in Palakkad and Malappuram districts at the end of March 2012 were 4633 (three per cent of 1.37 lakh children weighed) and 2760 (one per cent of 2.14 lakh children weighed) respectively.
- Government of India directed (November 2008) the State Government to use World Health Organization (WHO) recommended Growth Charts which were gender specific wherein separate growth charts were prescribed for boys and girls. Growth charts (33000 copies) printed by the State Government at a cost of ₹ 0.62 crore and delivered to AWCs to plot the weight of the child taken monthly against the age on a graph to assess the nutritional status were not gender specific and could not be used for plotting the data for boys. State Government sanctioned (August 2011) printing of 36000 copies of rectified growth chart for boys at a cost of ₹ 0.32 crore. These charts were not yet printed and supplied to AWCs (August 2012).

- Records indicated that during 2007-2012, Supplementary Nutrition norms in respect of pre-school children were achieved in all the test checked districts and all 12 CDPOs in test checked districts delivered more than double the requirement of energy and protein during 2007-2009. But growth monitoring and nutrition surveillance for assessing nutritional status and growth faltering were not done as stipulated in the guidelines by monthly weighment and close monitoring through the maintenance of growth charts for all children below five years.
- Audit noticed that the entire 60 test checked AWCs stopped recording the weight of boys from October 2010, as there was no merit in recording the weight of boys in the growth chart meant for girls. This resulted in inability to assess their nutritional status.
- Records maintained by District Project Officers in Idukki, Malappuram, Palakkad and Thiruvananthapuram districts showed that 110 out of 1180 children, who died during 2011-12, were shown as severely malnourished.

While accepting the audit observations, the Department (August 2012) assured that efforts would be taken to provide weighing machines at all AWCs. However, no time frame was furnished for equipping all AWCs with weighing machines and for the maintenance of growth charts.

However, the fact remains that the growth monitoring and nutrition surveillance for assessing nutritional status and growth faltering were not done as stipulated in the guidelines by monthly weighment and close monitoring through the maintenance of growth charts for all children below five years.

#### **Procurement of Take Home Ration for children between six months and three years**

Expenditure on Take Home Ration (THR) constitutes the single largest component of expenditure (75 per cent) in the Supplementary Nutrition Programme. During 2007-2012, ₹ 257.38 crore was expended on procurement of 'NUTRIMIX'\* which was issued as THR.

The State Government without following any tender procedures, engaged (September 2006) Kudumbasree<sup>†</sup> as the sole agency for supply of Nutrimix at ₹ 35 per kilogram to all the blocks in the State. The price was revised to ₹ 40 per kg. in September 2007 and further revised to ₹ 56 per kg. in May 2011.

\* Take Home food supplied by Kudumbasree to children between six and 36 months under ICDS in Kerala.

† 'Kudumbasree'—A Mission registered under the Literary, Scientific and Charitable Societies Act, 1955. The management and administration is vested in a Governing Body with Minister (LSG) as Chairman and Principal Secretary (LSG) as the Vice Chairman. The Secretaries, Social Welfare Department, Finance, Health and Family Welfare Departments and others form part of the Governing Council.

A quantity of 60464.96 MT of Nutrimix was procured during 2007-2012 at a cost of ₹ 257.38 crore. A review of the procurement of Nutrimix revealed the following:

- The revision of rate of Nutrimix from ₹ 40 to ₹ 56 per kg., audit observed, was based on a proposal (February 2011) of Kudumbasree, which reckoned the proportionate cost of wheat and milk powder per kilogram of Nutrimix\* as ₹ 8.10 and ₹ 13.42 respectively. It was however, noticed that the product did not contain milk powder and wheat was made available to Kudumbasree at subsidized rate of ₹ 4.15 per kg. The price of Nutrimix was thus in excess by ₹ 19.65 per kg. The overcharging on 11419.958 MT of Nutrimix procured during the period May 2011 to March 2012 resulted in Kudumbasree obtaining undue benefits of ₹ 22.44 crore.

Government stated (August 2012) that a proposal to engage a private party for supply of required food stuff in addition to Kudumbasree was under consideration so that the price paid to Kudumbasree could be benchmarked to the price quoted by the private party, in order to obtain the product economically. It was also stated that the loss pointed out by Audit would be looked into.

- As per Rule 49(19) of Prevention of Food Adulteration Rules 1955, 'No person was to manufacture, sell, store or exhibit for sale of processed cereal based weaning food except under Bureau of Indian Standards (BIS) certification mark' but there was no standardization across Kudumbasree units. The ingredients and quantity used into the making of Nutrimix were not of same quality and varied from unit to unit. As even mild deficiencies of micronutrients (vitamins and minerals) adversely affect development, immunity and growth of children, GOI recommended (January 2006) to fortify the Take Home Ration (THR) with micro nutrients. It was noticed that Nutrimix delivered to children between six months and three years in Kerala was not being fortified with micro nutrients (August 2012).

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\* Price of Nutrimix was enhanced from ₹ 40 to ₹ 56 per kg. on the basis of a proposal from Kudumbasree which reckoned price of wheat as ₹ 18 per kilogram and milk powder as ₹ 268.42 per kg. Since one kilogram of Nutrimix comprised 450 gms. wheat and 50 gms. of milk, it was reckoned that cost of wheat and milk powder in one kilogram of Nutrimix would be ₹ 8.10 and ₹ 13.42 respectively. Since wheat was procured at subsidized price of ₹ 4.15 per kg. from GOI, proportionate cost of wheat in one kg. of Nutrimix would be only ₹ 1.87. Thus, excess charged per kg. of Nutrimix was (₹ 8.10—₹ 1.87)+₹ 13.42 on account of milk powder not used=₹ 19.65.

- Samples of Nutrimix manufactured by various Kudumbasree units were sent for testing to Government Public Analysts, Regional Analytical Laboratory, Kozhikode and the test results in many cases were not satisfactory.
- The Executive Director, Kudumbasree requested (February 2009) the State Government to address GOI to obtain exemption to Amrutham Nutrimix (a food product of Kudumbasree) from BIS certification. The Government without obtaining the exemption, allowed the Kudumbasree to supply the Nutrimix and thus failed to ensure the quality.
- The Government failed to ensure economy and quality in supply of Nutrimix to children between the ages six months to six years served as Supplementary Nutrition as envisaged by GOI. Government stated (August 2012) that the question of Kudumbasree units not possessing BIS certification, poor quality of Nutrimix, absence of micro nutrients in the product would also be looked into.
- Feeding of children can be a challenge if the food given is not palatable and tasty. Audit observed that this vital aspect was ignored as the AWCs under two CDPOs\* in Malappuram and Idukki districts reported poor consumption of Nutrimix. In an AWC in Idukki district, children were reportedly reluctant to consume the Nutrimix due to lack of taste and the product was being used by the parents as cattle feed. Further, in 15 out of 30 AWCs test checked in Malappuram and Idukki, the quantity of Nutrimix distributed to the children ranged from 1.875 kgs. to three Kgs. against the stipulated quantity of 3.375 kgs. per month. In Thiruvananthapuram district, under CDPO, Nedumangad, the quantity of Nutrimix distributed ranged from 1.2 kgs. to 3.5 kgs. per month.
- Continuity in feeding without interruption is also an important requirement. Audit noticed that children in the test checked districts were not supplied with Nutrimix on a number of occasions. Feeding gaps ranged from one month to 15 months in 12 out of 60 AWCs test checked. Nutrimix was not issued to children in one AWC† for 15 months from February 2008 to April 2009. Reasons for inability to issue Nutrimix for 15 months was stated (June 2012) by Child Development Project Officer, Nedumangad to be shortage of funds with the local bodies and delay in supply of Nutrimix by Kudumbasree Units.

\* Devikulam in Idukki district and Vengara in Malappuram district.

† AWC No. 13, Vettampalli in Thiruvananthapuram district under CDPO, Nedumangad.

However, an important concern remains that the nutrients supplied were largely unpalatable and that led to reluctance of children to partake them. This needs to be addressed by the department urgently.

#### **OTHER SCHEMES IMPLEMENTED THROUGH ICDS**

##### **Nutrition Programme for Adolescent Girls**

The GOI scheme of Nutrition Programme for Adolescent Girls (NPAG) was launched in 2002-03 and implemented in the State till 2009-10. The scheme envisaged weighing of all adolescent girls (11-19 years) in the community four times in a year so as to identify adolescent girls with body weight less than 30 kgs. in the age group 11-15 years and 35 kgs. in the age group 15 to 19 years. These identified girls were to be given six kgs. of food grains per month free of cost for three months through Public Distribution System. At the end of third month, the under weighed girls were to be weighed again. Those girls who remained underweight were to be examined by AWW/ANM\* and if necessary referred to Medical Officer, PHC for investigation and treatment.

Audit scrutiny of implementation of the scheme revealed:

- Delays in implementation of the scheme every year because of delayed receipt of permission for continuation of the scheme, resulted in the scheme being implemented only in some months of the year. State Government focused only on distribution of food grains to the adolescent girls without adhering to the stipulation of GOI to weigh the girls every three months.
- In Malappuram district, during 2008-09, only 65 per cent (1.94 lakh) of the identified adolescent girls (three lakh) were weighed of whom 42 per cent (0.82 lakh) were found to be underweight. However, only 52 per cent (0.43 lakh) of the identified underweight girls obtained free food grains under the Scheme. During 2009-10 also, only 62 per cent (1.73 lakh) of the identified girls (2.81 lakh) were weighed of whom 36 per cent (0.63 lakh) were found to be underweight. However, only 79 per cent (0.50 lakh) of identified underweight girls obtained free food grains under the scheme. The reason for poor coverage was stated to be shortage of allotment of rice under the scheme. Department's failure to lift 38.11 MT of rice from FCI godowns in Malappuram and Palakkad districts during 2009-10 also contributed to poor coverage.

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\* Anganwadi Worker/Auxilliary Nurse Midwife.

- The rice required for distribution to NPAG beneficiaries received by the Authorised Ration Dealers (ARDs), were stacked in their godowns. On the basis of the request of the department, the State Government permitted to distribute the rice in two instalments (six kgs. and 36 kgs.) instead of distributing six kgs. per month as envisaged in the guidelines.

Department stated (August 2012) that the rice had to be distributed in bulk to clear the stock of grains from ARDs and also to prevent the grains from being damaged.

The reply is not acceptable as the food grains were not distributed as per guidelines and weighing and monitoring of the beneficiaries were not done as stipulated.

#### **Rajiv Gandhi Scheme for Empowerment of Adolescent Girls (SABLA)**

GOI introduced (September 2010) the Rajiv Gandhi Scheme for Empowerment of Adolescent Girls or SABLA in Malappuram, Palakkad, Idukki and Kollam districts. It aimed at covering adolescent girls in the age group of 11 to 18 years in the districts by way of providing for both nutritional and non-nutritional components. The nutritional component provided for Take Home Ration or Hot Cooked Meals to Out of School girls aged 11 to 14 years. Girls aged between 14 and 18 (both Out of School and School going girls) were also to be provided with supplementary feeding. The non-nutritional component was aimed at self development of adolescent girls, mainstreaming. Out of School girls into formal education, etc. The scheme envisaged provision of 600 calories for 300 days in a year at ₹ five per beneficiary per day.

Audit noticed the following:

- The THR/Hot cooked meal supplied to the adolescent girls failed to deliver the stipulated nutrient values. Shortfall noticed was up to 359 calories and 14 grams protein per day in Idukki district, while there was shortfall of up to 430 calories and 15 grams of protein per day in Malappuram district. Shortfall in delivery of nutrients to the extent of 353 calories and 11 grams of protein per day was also noticed in Palakkad district. Department stated (August 2012) that instructions would be issued to CDPOs to deliver THR/Hot cooked meal as per stipulated nutrient values.

- Feeding breaks ranging from one to five months were noticed in 25 out of 45 AWCs under nine CDPOs in the three\* test checked districts. Out of the remaining 20 AWCs, no feeding break was noticed in 10 AWCs, and details were not available in the other 10 AWCs. Department stated (August 2012) that as the responsibility of delivering THR was vested with LSGIs, instructions would be issued to ensure continuous feeding.
- Iron Folic Acid (IFA) tablets were not seen supplied by any of the AWCs test checked. Department stated (August 2012) that instructions had been issued to Health Department to provide necessary quantities of IFA tablets to the SABLA beneficiaries.
- Life Skill Education was not being imparted by majority of the AWCs.
- Health cards of Adolescent Girls to record height, weight, Body Mass Index, immunization particulars, etc., were not maintained in any of the AWCs test checked. Apart from allocating funds for arranging training sessions in AWCs for imparting Life Skill Education, Department stated (August 2012) that health cards would be printed and distributed among the SABLA beneficiaries at the earliest.

### **Manpower & Training**

Mention was made in Paragraph 3.1.11.4 of the Audit Report for the year ended 31st March, 2007 that the incumbent to the post of Director of Social Welfare Department changed 11 times during 2002-2007. The situation continued to persist during the current audit period also. It was observed that frequent changes to the position of Director of Social Welfare (17 times) during the period 2007-2012 resulted in an incumbent getting an average tenure of only less than four months, thereby adversely impacting the implementation of the programme as detailed in preceding paragraphs.

Audit noticed shortfall in deployment of staff and on-the-job training of personnel in key areas of programme implementation.

As against the sanctioned strength of 295 CDPOs/ACDPOs and 1302 Supervisors, only 214 CDPOs/ACDPOs and 1150 Supervisors were in place leaving a shortage of 81 CDPOs/ACDPOs (27 per cent) and 152 Supervisors (12 per cent) as of March 2012.

Department stated (August 2012) that action had been initiated to fill-up all the vacancies.

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\* Malappuram, Idukki and Palakkad.

The aim of ICDS training is to develop the field functionaries into agents of social change. Adequate training is essential for the effective delivery of services under ICDS. The Scheme envisaged providing 'Job Training' (Training given for the first time) to Anganwadi Workers and to Anganwadi Helpers on their appointment. Refresher training courses were also to be conducted after every two years.

During 2007-2012, on-the-job training was given only to 9661 AWWs (78 per cent) against a target of 12348. In respect of AWHs, 11997 (73 per cent) were trained against the target of 16408. Target fixed for training Supervisors was also not achieved. Against a target of 379, only 334 Supervisors (88 per cent) were trained during 2007-2012. Thus, 2687 AWWs, 4411 AWHs and 45 Supervisors discharged their functions without any training during 2007-2012 (Appendix 4.4). There was also shortfall in respect of refresher training across all categories.

## **MONITORING**

### **Shortfall in maintenance of registers**

As per GOI guidelines, the State Government was responsible for the implementation of different packages under ICDS. Basic data for the scheme was required to be maintained at AWCs in various registers like Family Survey Register, Immunization Register, Register for Pregnant Women and Lactating Mothers, Mortality Register, etc. Defective maintenance of these Registers was commented in the Audit Report (Civil) for the year ended 31st March, 2007. Audit noticed that these omissions continued to persist in all the AWCs test checked. As the information in the Registers were incomplete, the very purpose of the maintenance of registers is defeated.

### **Shortfall in supervision by CDPOs**

For effective implementation of the scheme and for its physical monitoring, each CDPO was required to visit at least 20 AWCs per month on a rotational basis to ensure 100 per cent coverage of AWCs in an year. Supervisors were also required to visit 50 per cent of the AWCs under their jurisdiction every month.

Shortfall in visits by Programme Officers/CDPOs and Supervisors commented in the Audit Report for the year ended 31st March, 2007 (Paragraph 3.1.11.2) was discussed by Public Accounts Committee and the Department stated that poor supervision was consequent to the supervisors



being entrusted with various programmes of LSGIs and that directions had been issued to LSGIs by the State Government to relieve those officers from other programmes of LSGIs. These deficiencies were being continued and during 2007-2012, visits by CDPOs to AWCs in test checked districts ranged from nine to 77 per cent. The visits by supervisors to AWCs in the test checked districts during 2011-12 were short by 51 per cent in Malappuram, 48 per cent in Palakkad, 42 per cent in Idukki and 27 per cent in Thiruvananthapuram.

Department stated (August 2012) that, supervisors being implementing officers of local bodies find little time for inspection of Anganwadis and that they were being directed to attend to the works of local bodies contrary to instructions of GOI and State Government. It was also stated that surprise inspections would be undertaken by senior officers to ensure adequate monitoring.

#### CONCLUSION

The Department did not prepare any perspective plan and hence they were not in a position to plan in advance the requirement of new AWCs, enhancement of facilities in the existing AWCs and improvement in delivery of services. The implementation of the scheme suffered as the State failed to cover the entire targeted population under the scheme, despite availability of GOI assistance. Instances of parking of GOI funds in Treasury Savings Bank Account were noticed. The Kudumbasree overcharged the State Government an amount of ₹ 22.44 crore on supply of Nutrimix. Many of the AWCs were functioning in rented buildings, which lacked basic facilities such as safe drinking water, electricity, toilets, etc. Take home ration was procured from Kudumbasree which did not possess mandatory BIS certification. The objective of ensuring micro nutrients in diet as per Recommended Dietary Allowance remains unachieved. Shortfalls in deployment of staff and in training of personnel in key areas of programme implementation were noticed. The deficiencies pointed out in the Audit Report for the year ended 31st March, 2007 on the implementation of ICDS were continued to persist during the five year period 2007-2012.

#### RECOMMENDATIONS

- Government should prepare a perspective plan for effective implementation of the various components of ICDS.
- State Government should take steps to cover the entire targeted population and ensure quality and uninterrupted delivery of services to ICDS beneficiaries.

- Department should co-ordinate with the Local Self Government Institutions to ensure construction of buildings to accommodate those AWCs functioning in rented premises. Basic facilities like safe drinking water, electricity and toilets should be ensured in all AWCs.
- Monitoring of ICDS programme should be strengthened to make its implementation more effective.

Audit Paragraph 2.2 contained in the Report of C&AG of India for the year ended 31 March, 2012 (General & Social Sector).

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

18. The Committee enquired the reason for depositing the money allotted for pre-school kit into TSB account, the witness, Director, Social Justice Department apprised that the procurement of pre-school kit was stayed in March on a writ petition filed by the lowest quote and on the assumption that the stay would be vacated in March itself, fund was deposited in TSB account to make it as an expenditure and the issue was still pending. He continued that the procurement of pre-school kit was decentralized and from 2011-12 onwards its procurement and disbursement was carrying out by panchayaths. The Secretary, Social Justice Department was optimistic that such unhealthy practices could be curtailed with the introduction of electronic ledger account.

19. With regard to the audit paragraph GOI assistance of ₹ 54.52 crore for supplementary Nutrition was withdrawn for construction of AWCs, the witness, Director, Social Justice Department informed that the entire cost for supplementary nutrition was met by the Local Self Government Department and 50% of the total cost thus incurred would be reimbursed by GOI as an untied grant. He argued that utilization of that fund thus refunded would be the discretion of Government and there is no diversion since the money had already expended for SNP.

20. To a query of the Committee, the witness, Director, Social Justice Department submitted that there was a scheme under which Anganwadis would be sanctioned on demand for 40 children below 6 years of age by GOI and as per the scheme. Thiruvananthapuram Corporation required 1200 Anganwadis. He detailed that currently there were 683 Anganwadis in the locality and interesting fact in this regard was that many Anganwadis had only 5-6 children. He continued that in Kerala Anganwadis were allotted within 2 km. i.e., in walkable distance from the residence of each child.

21. The Committee remarked that lower middle class people prefer nursery schools to Anganwadis and Anganwadis having 5-6 children were drawn the fund for 40 children after making false entry and diverted the fund. It reminded that many Anganwadis lack minimum infrastructural facilities like drinking water, toilets, own building and sheets to lay children. Moreover the Anganwadi workers were not paid well. The witness, Director, Social Justice Department submitted that if Anganwadis are converted into education centres, the dropout of children could be avoided to a certain extent. At present a massive drive had been initiated to recognize children from Anganwadis as equivalent to those of nursery students for school admission. In order to make Anganwadis more attractive, 36 theme charts had been developed to learn children and fairly well nutrition was also provided to the children.

22. Regarding the infrastructure facilities of the Anganwadis, the witness, Director, Social Justice Department explained that infrastructure facilities for about 700 Anganwadis could be developed with the assistance of NABARD every year. He added that the concept of model anganwadis was formulated which envisaged developing the anganwadis as a community centre where infants, youth and senior citizens would be nurtured and cared for under a single roof. He then detailed the difficulties in implementing the scheme. The requisite area for the establishment of a model anganwadi was 10 cents of land, but affording that much area was not practical especially in places where land value was high. The Committee evaluated that the stipulation of 10 cents of land was not practical and hence decided to recommend that there should be some sort of concession regarding the area of land for model anganwadis subject to the availability of land. It emphasized that Social Justice Department should take concerted effort to provide each anganwadi with 3 cents land for the construction of building.

23. To a query of the Committee, the witness, Director, Social Justice Department submitted the details as follows: 19717 out of the 33115 Anganwadis were functioning in own building, 11540 were functioning in rented buildings, 9618 anganwadis had power supply and 12319 had facilitated with compound wall. In this regard the Committee suggested that department should take earnest effort to provide either puramboke or land purchased from private parties for constructing own building for Anganwadi Centre. It exhorts that the department should check the feasibility of utilizing MLA/MP fund for the purpose.

The Additional Chief Secretary, Social Justice Department informed that combined services like nutrition, education and care were provided in the Anganwadis. But the efforts taken to utilize the land attached with schools for the construction of buildings for anganwadis were futile. The Committee discerned that the very idea of linking Anganwadis with schools by saying that anganwadis did not meant exclusively for children whereas mothers also had great deal there.

24. The witness, Director, Social Justice Department supplemented that last year the strength of Anganwadis could be enhanced to 10000 as a result of a special drive initiated to enroll at least two new children in each Anganwadi. Now the department took endeavour to put into practice the policy of early childhood care and education and to formulate a theme chart in this regard. The Additional Chief Secretary, Social Justice Department, invited the attention of the Committee over the fact that the nutrition status showing a decreasing trend and the fund allotted for the purpose was not sufficient for making over the standard of the children from severe malnutrition to moderate malnutrition. The Committee upheld the opinion of the Additional Chief Secretary, that anganwadis could provide educational, nutritional and health services combinedly and suggested that the Social Justice Department should evolve an early childhood and education curriculum. The Committee was also of the opinion that Kudumbasree units could function as a support base for the Anganwadis. So it urged the department to take effective measures to link the Anganwadis with Kudumbasree units in the catchment area.

25. Regarding the status of malnourished children, the Committee was informed that 30% of children were moderately nourished and 5-6% were severely malnourished. The witness, Director, Social Justice Department informed that the data was collected by entering the age and weight of the child in a particular growth chart designed by the department. But its authenticity was doubtful since data was compiled by untrained anganwadi workers. New software viz. 'Jathak' developed with the help of UNICEF was introduced in Attappady, which enabled calculation of growth status by feeding weight and height of child through mobile phone. That method envisaged to implement would be extended in Mananthavady in the forthcoming year. The Committee suggested that Social Justice Department should take necessary steps to ensure that data collection was carrying out by personnel specially trained in this regard.

26. With regard to the poor pupil strength in anganwadis, the Director, Social Justice Department informed that from the year 1975 onwards, anganwadis were occupied only with 40% of the total strength. He then explained the measures taken to attract more children to anganwadis citing the 'pravesanotsavam' and quality improvement of preschool education. The Committee accepted the explanation of the department.

27. The Additional Chief Secretary, Social Justice Department proudly stated that anganwadis are only resource centre through which proper care mechanism could be imparted to babies in our State, quoting a survey conducted by Child Development Centre attached to the Medical College Hospital.

28. To a query of the Committee regarding the poor coverage of beneficiaries under the Supplementary Nutrition Programme (SNP), the witness, Social Justice Department disclosed that attaining universal coverage would not be practical under the prevailing conditions of Kerala.

29. The Committee was informed that Local Self Government Institutions, which in turn got the amount reimbursed as and when assistance from GOI was released met the expenditure for SNP. The Committee doubted that lack of awareness as the reason for the shortfall in beneficiaries and enquired whether the department had conducted any survey in this regard. The witness, Director, Social Justice Department replied that Annual Family Survey was being conducted since 1975 and nowadays it is being taken as an opportunity to campaign children also. The Committee evaluated that even when most Anganwadis were occupied only with one-fourth of its total strength and drawing maximum fund in this regard, better nutritional food was not supplied to the children. So it suggested that the Social Justice Department should permit local bodies to supply better nutrition taking into account of the total strength of each Anganwadis.

30. The Director, Social Justice Department submitted that ICDS stipulates to provide children with food having 500 Kg. Calory and minimum protein and decision on what type of food be supplied was up to the local bodies. He continued that in some Anganwadis nutritional food like banana, egg, milk, etc. were supplied with. Even though Government of India stipulated 300 feeding days, it could not be attained in Kerala, since feeding was not done here on Sundays, second Saturday and other public holidays. The Additional Chief Secretary supplemented that unless 300 feeding days could be attained, our State could obtain proportionate amount of assistance.

31. The Committee suggested the department to plan differently so that the concept of Anganwadi system was revamped. It advocated that the Social Justice Department should choose one panchayath willing to devote its time, energy and money for creating a model on how an ideal Anganwadi system should function and departmental support should provide in that direction. The Committee emphasized that local bodies should be given freedom to formulate an action plan in this regard.

32. The Committee was informed that children in the age group of six months to three years were supplied with NUTRIMIX and Anganwadis have a well defined administrative system under the supervision of ICDS supervisor. The Committee doubted that whether the department had any monitoring mechanism to check whether the benefits of various Government schemes were reached up to the beneficiaries. The Committee remarked that rather than conducting individual quality assessment, the department should conduct survey and random checking. It is of the opinion that had test checking was conducted promptly, the department could derive a correction factor and with this correction factor, the number of beneficiaries could be estimated more realistically. It suggested that once such a system was introduced, it would be more advantageous to evaluate the performance of Anganwadis and urged the Social Justice Department to take steps in this regard.

33. Regarding the failure in the distribution of requisite nutrition in eight CDPOs, the Additional Chief Secretary, Social Justice Department while admitting the lapse on their part, detailed the measures taken by the department to ensure the nutritional value of food and the protocol fixed for the system.

34. The Committee implied that with the betterment of infrastructure facility and quality of education, systematic improvement of ICDS centres could be achieved. The Director, Social Justice Department explained that as a part of the Early Children Care and Education, ICDS was formulated a preparedness for children which includes the factors like creative and critical thinking, physical motor development, cognitive development, social development, emotional development, etc. He could not hide his apprehension that evenwhen ICDS followed a scientific and children oriented curriculum, that concept was not much impressive to parents as alphabets were not learnt there.

35. To a query of the Committee the Director, Social Justice Department submitted that ICDS was envisaged to provide as an integration of various services like preschool, health check-up, immunisation, referral services, etc. It could not perform in that direction since medical officer was not visiting the centre. Earlier medical officer and JPHN were visited these centres every month.

He added that if convergence of services were available at Anganwadis, more people would rely upon these centres. The Additional Chief Secretary, Social Justice Department supplemented that in many areas JPHN and ASHA workers were worked in collaboration and emphasized the need for integration of services for the better outcome. The Committee remarked that PHCs were functioning more independently and had a monitoring mechanism also whereas ICDS could not attract more people towards it by providing adequate services. It opined that had ICDS have a monitoring surveillance system it could improve the weak spot. So the Committee decided to recommend that Social Justice Department should take necessary steps to formulate a plan under which Anganwadis are integrated with PHCs and could provide all the services through these centres as envisaged.

36. With regard to the procurement of Take Home Ration for children between six months and three years, the Committee was informed that Government decided to issue the AMRUTHAM NUTRIMIX, a product of Kudumbasree as Take Home Ration. It was taken in good faith to avoid multinational companies and accordingly acquired Kudumbasree product without resorting for tender procedures. The Additional Chief Secretary, Social Justice Department also added that AMRUTHAM NUTRIMIX was tested OK by a Laboratory authorized by GOI and the mixture prepared in accordance with the norms of GOI. To a query of the Committee regarding BIS certification, the witness, Director, Social Justice Department admitted the omission on the part of the department in not obtaining exemption and justified their stance with the argument that none of the companies had BIS certification in India for such products. He apprised that NUTRIMIX was packed in three-layer packets with the ingredients and its calorific value imprinted on the package. When the Committee enquired about the steps taken to ensure the standard of the AMRUTHAM, the Additional Chief Secretary, Social Justice Department detailed that a meeting of Officers of Food Safety and Kudumbasree was held two weeks before to discuss the matter and protocol for testing. He requested not to belittle the efforts taken by the department to maintain the standard of the food supplement and it would interfere as and when required. He cited an incidence that when railway raised objection regarding stock clearance, he himself was conducted discussion with General Manager, Railway to obtain an undertaking that wheat would be taken from the sack suggested by the department in the presence of Director of Social Justice Department. He added that checking was done on sampling basis and since it being a continuous process it could be only said that steps were being taken and a few samples from among the 358 Kudumbasree units could be checked.

37. The Director, Social Justice Department supplemented that the taste of the Soya bean Chunk, one of the ingredients was not acceptable for children. Though it was a fibrous food and has adequate nutrient value, it had not have taste of other healthy drinks like Horlicks. Now steps are being taken to improve the taste. The Additional Chief Secretary complemented the objection regarding micro nutrient was a complex issue and when attempted to acquire the products like formula 100, formula 70, etc. through tender procedures, even Health Experts of UNICEF were refused to certify that the micronutrients included in those products would not have adverse health impact. In that condition it was decided to procure a food with required quality from more reliable Kudumbasree units. Regarding the audit observation that test results of nutrimix samples manufactured by Kudumbasree units were not satisfactory, the Additional Chief Secretary, Social Justice Department while admitting the lapse, informed that in order to make the system fool proof, a protocol to be followed from the moment of taking provisions from the store till the distribution of final products had been fixed and he added that continuous and prolonged effort is required to reach up to the expected quality. He also informed that Soya bean Chunk is the best alternative for protein supplement and efforts were taken to make it tastier for Malayalee palate.

38. The Director, Social Justice Department explained that a demonstration unit for the fortification of micronutrients of Kudumbasree in alignment with World Food Programme was envisaged to commence this year itself. The Additional Chief Secretary, Social Justice Department added that it is a gradual process and assured to furnish a report on the various steps taken by the department for the improvement of quality of nutrimix at the earliest as insisted by the Committee.

39. When the Committee enquired whether this scheme could be extended to schools for the benefit of the school going girls, the Director, Social Justice Department replied in the negative. He added that SABLA scheme focussed out of school children only and the scheme would not be much beneficial for a State like Kerala.

40. Regarding the audit paragraph the Director, Social Justice Department informed that the discrepancy had been rectified. At present number of CDPOs had increased to 258 and each and every anganwadi was provided with anganwadi worker.



**Conclusion/Recommendation**

41. The Committee evaluates that even when most Anganwadis are occupied with only one-fourth of its permitted strength, better nutritional food is not provided to the children.

42. The Committee directs the Social Justice Department to be vigilant in avoiding the practice of depositing money in TSB Account.

43. The Committee observes that the stipulation of 10 cents of land is necessary for the establishment of a Model Anganwadi is not always practical. It recommends that there should be some sort of concession regarding the area of land for Model Anganwadis, if not that much suitable land is not available. It moots that Social Justice Department should take earnest effort to make available atleast 3 cents of land for each Anganwadi for construction of building. The Committee suggests that the Department should take efforts to obtain puramboke land or to purchase land from private parties for the purpose. The Committee directs the department to check the feasibility of utilizing the MLA/MP fund for purchasing land.

44. The Committee suggests that Anganwadis should be developed as centres where educational, nutritional and health services could be provided under one-roof. It exhorts the Social Justice Department to evolve an early childhood education curriculum.

45. The Committee advocates that Social Justice Department should develop a strategy to link the Anganwadis with Kudumbasree units in the catchment area for gaining a support base.

46. The Committee expresses its apprehension over the fact that the data regarding malnourished children were collected by untrained Anganwadi workers and directs the Social Justice Department to take effective measures to ensure that data collection was carried out by trained personnel.

47. The Committee recommends that Social Justice Department should permit local bodies to supply better nutrients with available food to the children taking into account of the strength of each centres.

48. The Committee suggests that the department should formulate a strategy to revamp the concept of Anganwadis. It advocates that Social Justice Department should choose one panchayath willing to devote its time, energy and money for creating a model on how an ideal Anganwadi system should function and it directs that departmental support should be extended for it.

49. The Committee was at a dismay to note that the department had no monitoring mechanism to check whether the benefits of various schemes were reached the beneficiaries. The Committee moots that the Social Justice Department should conduct sample survey and random check rather than sticking on individual quality assessment, so that the department could derive a corrective factor and with that factor number of beneficiaries could be derived more realistically. It suggests that if such a system could be introduced, it would be more advantageous to evaluate the performance of Anganwadis and urges the department to take useful steps in this regard.

50. The Committee opines that if Integrated Child Development Scheme has a monitoring surveillance system it could identify and improve the weak spots. So it recommends that Social Justice Department should take necessary steps to formulate a plan under which Anganwadis are integrated with PHCs so that it could provide all services to those deserved.

51. The Committee directs the Social Justice Department to furnish a report on the steps taken to improve the quality of Nutrimix.

52. The Committee further remarks that the overall performance of Social Justice Department needs to be improved and directs the department to take effective measures in this regard.

Thiruvananthapuram,  
18th February, 2016.

DR. T. M. THOMAS ISAAC,  
*Chairman,*  
*Committee on Public Accounts.*

## APPENDIX I

## SUMMARY OF MAIN CONCLUSION/RECOMMENDATION

Sl. No.	Para No.	Department concerned	Conclusion/Recommendation
1	2	3	4
1	9	Public Works Department	The Committee observes that though the engineering crew of the Public Works Department is expected to do the design, investigation and quality control of the works, the department outsource the design preparation. The Committee directs the Public Works Department to revamp its design wing to make it competent enough with the requirements.
2	10	„	When noticed that currently Public Works Department is undertaking maintenance work only and all major works are being executed by external agencies, the Committee exhorts to check the feasibility of executing major works by the Department itself. It warns that execution of major works by external agencies by-passing the Public Works Department should be curtailed.
3	11	„	The Committee opines that it would be better if design and estimate of works are prepared by separate units. It proposes that design of building is done by one wing and then estimate by another. It advocates to adopt a more transparent procedure for the construction of buildings.
4	12	„	The Committee disapproves the present practice of nominating an agency to entrust a work, it wants that the Public Works Department should resort to more transparent tendering procedures for awarding any work.

1	2	3	4
5	13	Public Works Department	The Committee emphasizes that Public Works Department should have more professional approach so that it could compete with other agencies in the field. It underscores that necessary steps should be taken to improve and modernise the Public Works Department at the earliest.
6	14	"	The Committee urges to furnish the details of manpower in the Public Works Department and also in parallel agencies. It desires to have break-up details of number of works that are nominated and those tendered with prior preferences out of the ongoing schemes to it at the earliest.
7	15	"	The Committee opines that even if Public Works Department could not execute all the works in-house, due to the enhancement in the expenditure, it should monitor the execution of works.
8	16	"	It directs that the Public Works Department should concentrate on the examination of measurement, check measurement and site inspection of works carried out by other agencies.
9	17	"	The Committee directs that the monitoring mechanism of Public Works Department should be strengthened and opines that financial constraints should not be a barrier in this regard.
10	41	Social Justice Department	The Committee evaluates that even when most Anganwadis are occupied with only one-fourth of its permitted strength, better nutritional food is not provided to the children.
11	42	"	The Committee directs the Social Justice Department to be vigilant in avoiding the practice of depositing money in TSB Account.

1	2	3	4
12	43	Social Justice Department	The Committee observes that the stipulation of 10 cents of land is necessary for the establishment of a Model Anganwadi is not always practical. It recommends that there should be some sort of concession regarding the area of land for Model Anganwadis, if not that much suitable land is not available. It moots that Social Justice Department should take earnest effort to make available atleast 3 cents of land for each Anganwadi for construction of building. The Committee suggests that the Department should take efforts to obtain puramboke land or to purchase land from private parties for the purpose. The Committee directs the department to check the feasibility of utilizing the MLA/MP fund for purchasing land.
13	44	„	The Committee suggests that Anganwadis should be developed as centres where educational, nutritional and health services could be provided under one-roof. It exhorts the Social Justice Department to evolve an early childhood education curriculum.
14	45	„	The Committee advocates that Social Justice Department should develop a strategy to link the Anganwadis with Kudumbasree units in the catchment area for gaining a support base.
15	46	„	The Committee expresses its apprehension over the fact that the data regarding malnourished children were collected by untrained Anganwadi workers and directs the Social Justice Department to take effective measures to ensure that data collection was carried out by trained personnel.
16	47	„	The Committee recommends that Social Justice Department should permit local bodies to supply better nutrients with available food to the children taking into account of the strength of each centres.

1	2	3	4
17	48	Social Justice Department	The Committee suggests that the department should formulate a strategy to revamp the concept of Anganwadis. It advocates that Social Justice Department should choose one panchayath willing to devote its time, energy and money for creating a model on how an ideal Anganwadi system should function and it directs that departmental support should be extended for it.
18	49	"	The Committee was at a dismay to note that the department had no monitoring mechanism to check whether the benefits of various schemes were reached the beneficiaries. The Committee moots that the Social Justice Department should conduct sample survey and random check rather than sticking on individual quality assessment, so that the department could derive a corrective factor and with that factor number of beneficiaries could be derived more realistically. It suggests that if such a system could be introduced, it would be more advantageous to evaluate the performance of Anganwadis and urges the department to take useful steps in this regard.
19	50	"	The Committee opines that if Integrated Child Development Scheme has a monitoring surveillance system it could identify and improve the weak spots. So it recommends that Social Justice Department should take necessary steps to formulate a plan under which Anganwadis are integrated with PHCs so that it could provide all services to those deserved.
20	51	"	The Committee directs the Social Justice Department to furnish a report on the steps taken to improve the quality of Nutrimix.
21	52	"	The Committee further remarks that the overall performance of Social Justice Department needs to be improved and directs the department to take effective measures in this regard.

**REPORT OF C&AG OF INDIA FOR THE YEAR ENDED 31.03.2012 ON ECONOMIC SECTOR**

Sl. No	Para No.	RECOMMENDATIONS	REPLY /ATR
1	<u>2.1.6.1</u>	<p><b>Avoidable expenditure on consultancy charges</b></p> <p>PWD is the statutory authority for designing, planning, monitoring, constructing and undertaking maintenance of public works of State Government. The PWD is having a separate wing for construction and maintenance of Government buildings which is headed by Chief Engineer (Buildings) with man power at circle, division, section levels. The funds are kept at/the disposal of PWD by the Legislature to specifically execute each item of work. Disregarding the system, Government had been entrusting works to PSUs as consultants. The scope of their services included preparation of design, estimate, issue of technical sanction, arrangement and supervision of works and passing of bills. The PSUs were entitled for consultancy charges ranging from five to eight per cent of the cost of works. It was observed that during the period 2009-12, Government entrusted 29 building construction works costing Rs.123.05 crore (Appendix 2.1) for consultancy to two PSUs, viz, KSCC and KITCO. On assigning the works, the PSUs charged consultancy fee at the rate of five to eight per cent depending on the cost of works, from SC/STDDs. In addition, SC/STDDs had to bear service tax at the rate of 10.3 per cent. The total liability created on this account was Rs. 7.49 crore, (Appendix 2.1) out of which Rs. 2.93 crore was already released to the PSUs as on March 2012. This was an avoidable expenditure had these works not been transferred from PWD to PSUs.</p>	<p>PWD is the statutory authority for designing, planning, monitoring constructing and undertaking maintenance of Public Works of the State Government. It is seen that most of the work mentioned in the list was awarded to KSCC by SC/ST department, and that department have entrusted the work to KSCC for the speedy formulation and implementation of project. They have informed PWD that there was some delay in implementing the prestigious project in time. That department has reported that all most all the work mentioned in the list was either completed or nearing completion.</p> <p>Among the 29 work mentioned in the Appendix 19 work were entrusted to KSCC during 2009-12. Out of these 19 work construction of 13 work were already completed and remaining is nearing completion. SC/ST department had entrusted the work to KSCC for execution as per the guideline issued in G.O.(P)-408/2007/Fin dated 07/09/2007. KSCC is a Government Company created for executing construction activity on high quality. This is a policy decision of the SC/ST department aimed for the timely completion of project beneficial to the weaker sections.</p>

2	<p><b>2.1.7</b></p> <p><b>PSUs as Contractors</b></p> <p>In the case of works entrusted to PSUs as contractors, Engineering Departments do all preliminary works such as planning, designing, estimation etc. The PSUs execute works either through competitive bidding or negotiations as discussed below:- The KSCC, PSU was constituted in February, 1975 to take up the construction works like bridges, major NH projects, dams, canals, roadworks etc.</p> <p>Government declared the PSU as 'pre-qualified' for any civil works put to tender by Government Department. The PSU is also allowed Mobilisation Advance (MA) through the Kerala Public Works Account Code (KPWAC) prohibits advances to the contractors and requires to ensure that no payments are made except for work actually done. The PSU was also exempted from supervision and measurement by PWD Engineers in respect of works undertaken. During the period 1975 to 1998-99 KSCC participated in the PWD tender process and were executing the works directly. From 1998-99 onwards, KSCC stopped direct execution of works, and switched over to system of subcontracting the works as a whole. KSCC had failed to execute 12 works entrusted to it during the period from 1997-2008. In the case of seven out of twelve works terminated between October 1997 and June 2008, PWD fixed the risk and cost liability at Rs. 5.70 crore being the extra expenditure incurred on award of the works. Of this, Rs. 5.68 crore (Appendix 2.2) is yet to be remitted to Government by KSCC. The past failures of the PSU raises concern over the 79 works costing Rs.629 crore awarded during the period under audit.</p>	<p>PWD had fixed risk and cost being the extra expenditure incurred on award of work, to other agency, when KSCC failed to complete the work. Government have convened a meeting all concerned to discuss way to realise the amount. The Chief Engineer was directed to issue notice to KSCC for realising the amount immediately. KSCC had agreed to settle the issue without further delay.</p>
3	<p><b>2.1.7.1</b></p> <p><b>Execution of works through subcontracting - postaward</b></p>	<p>Since 1998 KSCC is executing the work through sub contracting. Government have entrusted the works to KSCC,</p>



	<p>Audit found that KSCC subcontracted 3 three 6 works costing Rs.50.97 crore to contractors during the period of audit at much lesser rates than the rates at which they were awarded by PWD. Thus KSCC made a profit of Rs.3.68 crore as an intermediary agency, which in turn was a loss to Government.</p>	<p>based on the decision of Tender Committee Meeting, some of the works were awarded to KSCC by various department for timely completion. KSCC had entrusted the work through sub contracting. Profit made out of these activity is the main source of company.</p>										
4	<p><b>2.1.7.2.</b> <b>Impact of subcontracting and execution of work by PSU</b> The condition in the agreements executed between awarder (PWD) an contractor (KSCC) restricts subcontracting the work. However, from September 2009 onwards, KSCC started subcontracting the works through pre-tender tie up with registered contractors. Under this system, on publication of tenders by PWD, contractors submit their expression of interest (Eoi) to KSCC in respect of the works they were interested in. Based on the Eoi of contractors, KSCC entered into pre-tender tie up with contractors in the form of a Memorandum of Understanding (MoU). After executing the MoU with the selected contractor at the agreed rate, KSCC participated in the tender floated by PWD at that rate. Thus, KSCC realised upfront fee7 of Rs. 9.03 crore at the rate of five per cent from each work bill related to 106 works during the period 2009-10 to 2011-12. Audit found that apart from creation of the extra liability, the entrusting of works to PSUs, resulted in time over-run and cost over-run as discussed below:</p>	<p>It is stated that out of the total works awarded to KSCC, over 50% were without price preference (PP). In such cases where the KSCC has not availed of price preference but still been awarded the contract for being L-1, had KSCC not participated, such works would have been awarded to the second lower bidder for execution. In such an event, on comparing the agreed PAC of KSCC and that of L-2 contractor, it can be seen that the Government would have incurred additional expenditure for various years such as Rs.25.29 lakhs for year 2009-10, Rs.1095.27 lakhs for the year 2010-11 etc. Further it is also stated that even in respect of works awarded to KSCC on the basis of price preference, after realising the upfront fee at the rate of 5% as well as deduction of statutory recoveries like IT, KCWWF, VAT etc the benefit of PP that will be passed on to the sub contractor will be a negative figure. It has been concluded that as against financial loss observed by CAG, there has been a net financial benefit of Rs.103.30 crores to the Government of Kerala from 2009-10 to 2013-14 as worked out below.</p> <p><b>"Financial gain " to the Government from 2009-2010 to 2013-14</b></p>										
<table border="1"> <tr> <td>Excess Financial Cost incurred to the Government by allowing 10% price preference to KSCC</td> <td>3442.16 lakhs</td> </tr> <tr> <td>Financial gain to the government by awarding contracts to KSCC without price preference</td> <td>2890.10 lakhs</td> </tr> <tr> <td>Total upfront fee of KSCC for the period 2009-10</td> <td>713.52 lakhs</td> </tr> <tr> <td>Total upfront fee of KSCC for the period 2010-11</td> <td>1884.99 lakhs</td> </tr> <tr> <td>Total upfront fee of KSCC for the period 2011-12</td> <td>499.71 lakhs</td> </tr> </table>			Excess Financial Cost incurred to the Government by allowing 10% price preference to KSCC	3442.16 lakhs	Financial gain to the government by awarding contracts to KSCC without price preference	2890.10 lakhs	Total upfront fee of KSCC for the period 2009-10	713.52 lakhs	Total upfront fee of KSCC for the period 2010-11	1884.99 lakhs	Total upfront fee of KSCC for the period 2011-12	499.71 lakhs
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<p>5</p> <p><u>2.1.7.3</u></p>	<p><b>Time over-run in the works executed by KSCC</b>                  The objective of Government in entrusting works to the PSUs was to avoid the delay in arranging and execution of works. But KSCC did not adhere to the time schedule in the works awarded to it as contractor as discussed below:                  Out of the 79 works awarded to KSCC during 2009-2012, details of only 58 works were made available to Audit as per which, 35 works (Appendix 2.3) were to be completed as of March 2012. Of the 35 works, three works only were completed in time and 32 were delayed, the details of which are given below:                  ♦ As of March 2012, 26 works (Appendix 2.4) were yet to be completed, the delays of which ranged from one month to one year. In eight out of the 26 works, even 50 percent progress had not been achieved.                  ♦ Six works were completed after delays varying from four to 17 months.                  KSCC stated (July 2012) that paucity of funds delayed the completion of works.</p>	<table border="1"> <tr> <td>Total upfront fee of KSCC for the period 2012-13</td> <td>1511.35 lakhs</td> </tr> <tr> <td>Total upfront fee of KSCC for the period 2013-14</td> <td>1853.22 lakhs</td> </tr> <tr> <td>Total upfront fee of KSCC for the period 2009-2014</td> <td>6464.79 lakhs</td> </tr> <tr> <td>Total Statutory deductions made from the period 2009-10 to 2013-14</td> <td>4417.35 lakhs</td> </tr> <tr> <td>Total financial gain to the Government for the period of 2009-10 to 2013-14 including the KSCC upfront fee</td> <td>6464.79+2890.10 +4417.35</td> </tr> <tr> <td>Net financial benefits to the Government by awarding works to KSCC</td> <td>13772.24. 3442.16= 10330.08 lakhs</td> </tr> </table>	Total upfront fee of KSCC for the period 2012-13	1511.35 lakhs	Total upfront fee of KSCC for the period 2013-14	1853.22 lakhs	Total upfront fee of KSCC for the period 2009-2014	6464.79 lakhs	Total Statutory deductions made from the period 2009-10 to 2013-14	4417.35 lakhs	Total financial gain to the Government for the period of 2009-10 to 2013-14 including the KSCC upfront fee	6464.79+2890.10 +4417.35	Net financial benefits to the Government by awarding works to KSCC	13772.24. 3442.16= 10330.08 lakhs
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<p>6</p> <p><u>2.1.7.4</u></p>	<p>Change of design, availability adequate land, availability fund etc have caused impediments in completing the project in time. Government is now monitoring the project implementation in a time bound manner and strict instruction was issued to complete the project in time.</p>	<p>The sanction of revision of rates estimate necessitated due to the changes in design and scope of works, which is beyond control of corporation.</p>												

	<p>of estimates etc. As per details given by KSCC, six works were delayed badly which necessitated the revision of original estimates of Rs.52.73 crore to Rs.97.51 crore resulting in an increase of Rs.44.78 crore which was 85 percent of the original estimate (Appendix 2.5). The cost over-run in respect of other works could be assessed only on their completion.</p>	
7	<p><b>2.1.10 Concessions to PSUs</b> Government extended to KSCC concessions like price-preference, interest-free mobilisation advance and exemption from pre-qualification etc. during tendering, awarding and execution of works. These concessions were granted by Government to KSCC at a time when they were executing the works by themselves. As KSCC dispensed with the system of direct execution and started subcontracting works, such concessions were not required. Ultimately, the benefit of concessions granted to PSUs were actually enjoyed by the subcontractors and this had created additional liability as explained below.</p>	
8	<p><b>2.1.10.1 Excess liability due to price preference</b> Government allowed (April 1988) KSCC a price preference of 10 percent over the lowest bidder on works bagged by it through competitive tenders. Price preference is a privilege enjoyed by the PSU over the other contractors in which the PSU gets the work even though the rates quoted by it was up to 10 per cent above the lowest tender. KSCC obtained 29 works through price preference during the period 2009-2012. The difference in price of lowest tenderers and that of KSCC in these works came to Rs. 14.14 crore (Appendix 2.7) which was an excess liability on Government. Since the works were executed on the basis of MoU and KSCC was entitled for an upfront fee of five per cent only, the price</p>	<p>Generally, though the KSCC is entitled for 10% price preference over the lowest bidder, the KSCC is not quoting rates with the profit motive alone but a workable competitive rate with due workmanship and quality which ought to have maintained and upheld in public works on account of the social responsibilities involved. So the misuse of the price preference is not made by KSCC, but only wisely applied within the permissible limits. Actually on due evaluation and assessment of the ongoing works for the last two years, state that KSCC have not misused the price preference and the price preference actually availed, is to the tune of 0 to 5% average. Further, a detailed statement indicating the name of works, estimate amount, rate of lowest bid, KSCC's bid, and actual impact of price preference to the KSCC for the year 2010 - 11 and 2011 - 12 attached herewith as Annexure I &amp; II. From the</p>

preference extended to KSCC in excess of five percent was passed on to the sub contractors. The undue benefit received by the sub contractors amounted to Rs.2.69 crore in 15 works (Appendix 2.8). The collection of upfront fee not only benefited the PSU, but also benefited contractors under pre-tender tie up.

statement it can be seen that in respect of the total 53 works awarded during 2010 - 11 there was no effect of price preference for 37 works as the KSCC was the lowest bidder. Similarly in 12 cases, (ie., Sl.No. 2, 4, 6, 7, 8, 10, 17, 22, 23, 28, 41 & 44) the average gain of the price preference is 4.14% only. Likewise, in respect of 4 works, i.e., under serial No.33, 49, 51 & 52 the result of the price preference is negative i.e., (-)1.21% to (-)5%. Moreover, the statement as above vide Annexure II for the year 2011 - 12 indicate that among the total 7 works got awarded to KSCC during 2011 -12, the effect of average price preference is 4.17% only. Moreover, the KSCC is entitled for a 10% price preference over the lowest bidder, the sub contractors of the KSCC have to bear the entire burden of statutory deductions like IT, VAT, KCWWF etc., as per the contract agreement with KSCC and sub contractor. Therefore the total amount payable to the sub contractor after deducting the statutory recoveries and upfront fee profit margin of KSCC, will be lesser than what will be actually payable to the lowest bidder in most of the cases.

The list of works which are awarded to the KSCC without price preference being the lowest bidder for the 2009 -10 to 2013 -14 is attached herewith as Annexure IV (A to E). If the KSCC have not participated in the tender for the above works, such work would have been awarded to the second lowest bidder for execution. In such event on comparing the agreed PAC of the KSCC and the agreed PAC of the second lowest (if awarded) it can be seen that the Government would have incurred an additional expenditure of Rs.25.29 lakhs for 5 works for the year 2009 - 10 and an amount of Rs.1095.27 lakhs for the year 2010 -11 for 32 works Rs.284.92 lakhs for the year 2011 -12 for 5 works, Rs.457.73 lakhs for the year 2012 -13 for 22 works and Rs.212.89 lakhs for the year 2013 - 14 for Rs.212.89 lakhs. In short Government have saved Rs.2076.11 lakhs, by awarding the works to KSCC. This aspect has not been considered by the C & AG while conducting the audit. The KSCC have not misused the benefit of price preference for getting undue gain as is alleged. In the absence

		<p>of price preference the KSCC will be conveniently cornered and deprived of their right for getting a work among the stiff competition of PWD contractors. Now Government have issued orders limiting the 10% price preference to KSCC, only when the work is being executed by them directly. (Copy enclosed)</p>
9	<p><u>2.1.10.2</u></p> <p><u>Mobilisation Advance</u>          Government ordered (April 1997) to allow Mobilisation Advance (MA) at the rate of 20 percent of the contract amount of KSCC for the works bagged by it through competitive tenders whereas the PWD contractors are not allowed any advances. The granting of MA to PSU was relevant at the time when PSU was executing the works directly (which was dispensed with from 1998-99 onwards) and advance lost relevance when the PSU became an intermediary. During the period 2009-12, PWD released Rs.80.33 crore (Appendix 2.9) as MA to KSCC in respect of 49 works, out of which KSCC disbursed Rs.69.74 crore to the contractors under pre-tender tie up at an interest rate of nine percent. The sanctioning of MA resulted in the following irregularities.</p> <ul style="list-style-type: none"> <li>◆ KSCC earned a sum of Rs.4.73 crore (Appendix 2.9) by giving the interest free MA received from Government to contractors under pre tender tie up at nine percent per annum which was utilised for meeting their administrative expenditure. The action of KSCC in utilising the interest earned on Government money for meeting administrative expenditure was irregular. KSCC stated (June 2012) that, as it was not being given any budgetary assistance, it had to find other sources of income for meeting administrative</li> </ul>	<p>The mobilisation advance is granted to KSCC on the basis of G.O.(Ms)No.54/97/PWD dated 24.04.97 for the speedy execution of work. From 2010 onwards the Government is not sanctioning the mobilisation advances for the work other than RIDF and NABARD. The entire amount of mobilization advance to contractor will be recovered from the final bill of the respective works. The realization of interest on mobilization advance is based on the contract agreement entered into between the KSCC and the subcontractors by which the Government interest are not affected.</p> <p>Government will issue necessary direction that in future no mobilisation advance amount should be deposited in bank and it should be utilised for the purpose for which it was sanctioned.</p>

10	<p>expenditure other than the profit share obtained from the sub contracting of works.</p> <ul style="list-style-type: none"> <li>Government dispensed with (October 2010) the grant of MA for works awarded to KSCC. A total amount of Rs.11.29 crore was paid as MA to KSCC in respect of seven works in disregard of the dispensation of the advance. The MA had been a source of income for KSCC since the advance was used for lending at the rate of nine percent. The sub contractors also benefited in the form of loan at lower rates.</li> </ul>	
2.1.10.4	<p><b>Exemption from pre-qualification</b></p> <p>In view of the experience in construction works, expertise and equipments available for direct execution of works, Government declared (February 1992) KSCC as pre-qualified for submitting financial bids for any works. However, the exemption of pre-qualification was allowed also in respect of other contractors with whom the PSU entrust the works obtained from PWD. Thus the exemption allowed to KSCC being a PSU was passed on to the non pre-qualified contractors helping them to procure major contracts indirectly. Also, it was discriminatory in nature, as the other contractors, who had not entered into tie-up with KSCC, had to qualify in the technical bids.</p>	<p>The approved panel of contractors in the KSCC is finalized based on the eligibility norms approved by the Board of Directors consist of the Chief Engineer, PWD (R&amp;B), Chief Engineer, PWD (Buildings), Chief Engineer, Irrigation etc. under the Chairmanship of the Secretary, PWD. Since the sub contractors are from among the approved panel the non pre-qualified contractors are not being entertained. Government will step to put in place a transparent system for empaneling the contractor for the work, in future.</p>

*Reehab*

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# ANNEXURE I

## KERALA STATE CONSTRUCTION CORPORATION LTD.

Details of State PWD works awarded to KSCC during the years 2010-11 through competitive tenders

Sl No.	Name of work	Agreement with PWD Agreement No.	EPAC in Lakhs	Lowest Tender	Agreed PAC in Lakhs	Bid KSCC %	TP%	% rate approved by GTC	% of PP to KSCC
1	College of Nursing, Thrissur - Construction of building for L.H.P. (E Block)	20/2010-2011/SE B&LWCC TCR dt. 28.5.2010	283.81	KSCC	367.26	25% above	25% above	25% above	NIL
2	Kolthappuram Bridge across Thejaswini River, Neelawaram	SE(K)74/2010-11 dt. 1.07.2010	2004	9.8% above	2274	14.9% above	13.5% above	13.5% above	(+13.7)
3	Panniarikutty Bridge, Vellathoval	S/SECCA/2010-11 dt. 20.4.10	287	30% above	367.95	30% above	25% above	25% above	NIL
4	Mannarkodavu Bridge at Kannur	SE(K)126/2010-2011 dt. 27.10.2010	883	12.75% above	1041.25	18% above	18% above	10% above	(+15.25)
5	NABARD RIDF 15-Chellangi Bridge across Vamanapuram River	144/SESC/2010-11/dt. 8.07.10	946.032	18% above	1175.3	18% above	18% above	18% above	NIL
6	Improvements to Kunnoth - Kelan peedikka-Mattim - Vallithodu road K.M 7/000 to 11/020	SE(K)98/2010-2011 dt. 28.07.2010	715	14.8% above	840.82	18.9% above	18.9% above	18.9% above	(+14.1)

7	Construction of Mini Civil Station Undumbancholia Taluk at Nedumkandam	29/2010-11/SE B&L/WCC/TCR dt 13.07.10	476	30% above	656.97	33% above	33% above	(+)3
8	Improvement to Chennedu-Maika- Rakshabhavan-Thidnedu Road from Ch.0/00 to 8/00 KM	No.77/SECC/2009-1 dated 26.5.2010	272	24% above	330.47	25% above	25% above	(+)1
9	Budget work 09-10 Constn. Of Edamula Bridge connecting choornikkara to Kutikkattukara across Periyar river.	55/SECCA/2010-11 dt 9.7.10	555.88	30.1% above	716.91	31.09% above	30% above	NIL
10	Budget work 09-10 Construction of Meltanam Bridge across Periyar River	52/SECCA/2009-10 dt. 25.6.10	1300.2	24.1% above	1684.46	29.7% above	29.7% above	(+)5.6
11	DEPOSIT work GIDA FUND Reconstruction of 8 weak bridges in Vyppin	110/SECCA/2010-11 dt. 14.01.2011	996.19	54.9% above	1490.86	54.9% above	50% above	NIL
12	Vyppin Bridges Package 2 (Reconstruction of 8 weak bridges)	No.59/SECCA/2010-11 dt. 17.8.10	1137	55.2% above	1697.57	55.2% above	50% above	NIL
13	Mini Civil Station, Perumbavoor - Balance work	24/2010-11/SE.B&LW CC.TCR dt. 04.06.10	260.04	25% above	325	25% above	25% above	NIL



14	Patilkeed Peechi Road	42/SECCA/2010-11/dt 25.5.2010	626.43	36.5% above	796.3	36.5% above	35% above	35% above	NIL
15	Neechookadavu bridge-Balance work	41/SECCA/2010-11 dt. 25.5.10	356.46	42% above	484.63	42% above	37% above	37% above	NIL
16	Kallarkutty Bridge	67/SECCA/2010-11/26.8.10	809.83	46% above	1133.23	46% above	40% above	40% above	NIL
17	Vettukadavu Bridge, Chalakkudy	5/SECCA/2010-11 dt 25.6.2010	840.94	27% above	1091.56	30% above	30% above	30% above	(+3)
18	Budget work - 2009-10 Construction of Malayattoor - Kodanadu Bridge across Periyar river	125/SECCA/2010-11 dt 18.2.2011	831.94	48% above	1187.6	48% above	44% above	44% above	NIL
19	Patthuruthu Bridge across Chalakkudy river in Ekm. District	91/SECCA/11.10	397.55	37.62% above	527.47	37.62% above	33% above	33% above	NIL
20	Construction of Labour Complex, Tvm	30/SEBSC/2010-11 dt 8.07.10	182.66	Single	255.72	46% above	40% above	40% above	NIL

21	New Science block for K N Govt. Arts & Science College, Karijramkulam, Attingal, Tvm	145/SEBSC/2010-11 19.03.11	262.47	33% above	354.34	35% above	35% above	35% above	2
22	Imple Paripattly Madethara Road	147/SEBSC/10-11/13.7.10	857.74	22.5% above	1345.44	28.2% above	22.50% above	22.50% above	NIL
23	Mullistoried Buidg. Ophthalmology Block	46/SE BSC/ 2010-11 dt. 04.09.2010.	255.98	26.8% above	331.47	35% above	30% above	30% above	(+1)2
24	Payward Ayurveda College Hospital	23/SEBSC/10-11/dt. 17.06.10	330.72	37% above	453.1	37% above	37% above	37% above	Nil
25	Science block to govt. College Attingal	49/SEBSC/10-11 dt.17.9.2010	439.28	35% above	588.63	37.9% above	34% above	34% above	NIL
26	Implis to Madhuravelli Ayankudi road	No.206/SE SC/2010-11 dated 25.08.10	439.77	27% above	668.36	39.70% above	39.70% above	39.70% above	Lowest bidder withdraw at the
27	Higher education Department. Technical-Construction of Buildings for Govt. Engineering College. Idukki - RIDF Scheme	71/10-11/SE(B&LW) CC TSR dt 21.12.2010	570.22	35.1% above	741.28	35.1% above	30% above	30% above	NIL

28	Constn. Of Mini Civil Station, Wadakkanchery	38/2010-2011/SE B&LW CC/TSR dt. 27.08.2010	390.11	18.72% above	484.56	24.21% above	24.21% above	24.21% above	(+)5.49
29	Construction of Court Complex at Muvattupuzha Part 1 civil work	4/SE/JEKM/2010-11 dt.27.12.2010	558.24	38.61% above(civil) Fire F. (LII),98.91% above	725.71	38.61% above(civil) Fire F. (LII),98.91% above	30% above-Civil	30% above-Civil	NIL-Civil
30	Malabar Package Impts. Begur Thirunelli Road	SE(K)/08/2010-11 dt. 31.09.2010	559.7	1.62% above	566.27	1.62% above	1.62% above	1.62% above	NIL
31	Impts to Erumely Karimkailumoozhy mukkoottunara kanamula road	294/SESC/2101-11 Dt.8.02.2011	448.84	47.7% above	820.7	47.7% above	35% above	35% above	NIL
32	Stimulus Package-Chekkadi Bridge in Wayanad	SE(K)/52/2010-11 dt. 2.06.2010	669	1.61% above	658	1.61% above	1.61% below	1.61% below	NIL
33	Construction of staff Quarters for Govt. Employees at district head quarters, Palnattu	No.65/10-11/SE.B&LW.CC/TSR dated 16.11.2010	461.04	39.9% above	622.41	43.11% above	35% above	35% above	(-)4.9
34	Mini Civil Station; Palmanur	72/SEBSC/10-11/28-10-10	400.66	Single	520	42% above	30% above	30% above	NIL

35	Staff quarters for Govt. Employees Doornakery, Pannaru, Idakkil	64/10-11/SE&LWCC/TSR dt 16.11.10	255.57	43.11% above	345.02	43.11% above	35% above	35% above	NIL
36	Mannar Town Bridge and approaches(Closure Agreement Executed)	97/SECCA/2010-11 dt. 18.11.2010	430.53	41.4% above	530.27	41.4% above	30% above	30% above	NIL
37	Beautification and land scaping OP Block M.C.	38/SE BSC / 2010- 11 dt. 20.08.2010.	211.53	28% above	262.28	28% above	24% above	24% above	NIL
38	Constn. of Academic Block, Dental College, Kottayam	No.50/SE BSE/2010-11 dated 17.9.2010	871.96	34.8% above	1142.26	34.8% above	31% above	31% above	NIL
39	Budget work 09-10-Constn of Bridge at Pannalhoode in Ekm Dist.	102/SECCA/2010-11 dt. 10.12.2010	457.2	44.1% above	637	44.1% above	35% above	35% above	NIL
40	Canal Bridge Connecting Kuttanthal Island, Pallipuram, Cherthala	239/SE/SE/2010 - 11 DL 23.11.10.	537.64	44.9% above	700.87	44.9% above	30% above	30% above	NIL
41	Regional Drug testing Lab at Kakkaniad	63/10-11/SE&LWCC/TSR dt 16.11.10.	387.94	8.75% above	445.9	14.94% above	14.94% above	14.94% above	(+)6.19

42	Constn. New Block for Women and Children at Taluk Head quarters Hospital, Moovattupuzha	92/2010 - 1/SE,BALW CC,TCR dt.14.02.11.	341.47	37.8% above	460.99	37.8% above	35% above	35% above	NIL
43	Mini civil station Ranni	No.80/SE BSC/20-10-11 dated 09.11.2010	633.06	44% above	822.96	44% above	30% above	30% above	NIL
44	ITI Checkak, Tvpm.	104/SEBSC/10-11 dt. 19.01.2011.	263.51	15.9% above	330.66	26.6% above	25% above	25% above	(+)+9.1
45	Ulfloor Akudam - Kuzhalaik road, TVM.	272/SESC/10-11 dt. 17-1-2011.	1675.34	1.98% below	1545.5	1.98% below	7.75% below	7.75% below	NIL
46	Ambhakar Bhavan Mannanthala	114/SEBSE/2010-11 dt.17.02.11.	228.36	Single	333.41	47.8% above	46% above	46% above	NIL
47	PG Classes for Electronic Engineering Department including Electrical work	103/SEBSE/10-11 dt. 14.01.2011	196.06	25% above	244.56	25% above	25% Above	25% above	NIL
48	Building for OP Block and Surgical Block at Taluk Hospital Ranni	107/SE BALW CC, TCR dt.28.01.2011	378.35	30% above	491.86	30% above	30% above	30% above	NIL

49	Kodakara-Kodungallur road including Mala town improvements	127/SECCA/2010-2011 dt. 18.02.2011	616.64	39% above	722.48	45% above	35% above	35% above	(-)-4
50	Malabar package-Impls. Needawanam-Vaihyaramba road	SE(K)11/2010-11 dt. 20.10.2010	622.28	20% above	718.94	20% above	20% above	20% above	NIL
51	Main Bldg for Govt.Poly technic, Meppadi/Wayanad	SE/ (K) 58 /2010 -2011 dt. 28.02.2011.	824.85	36.21% above-civil, 56% above	1248.28	45% above-civil, 65% above	35% above	35% above	(-)-1,21-Civil, (-)-21% - Etc.
52	Class room in Govt.Sree Rama Poly Technic, College, Thrissur	113/10-11/SEB&LW, CC.TSR. Dated 25.03.2011.	308.81	37% above	407.62	42.21 % above	32 % above	32 % above	(-)-5
53	Government Technical High School, Adimshy(Closure Agreement executed)	95/2010 - 11/SE,B&LW CC.TSR Dt. 16.02.2011.	242	46.8% above	315.52	46.8% above	30% above	30% above	NIL

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ANNEXURE II

Details of State PWD works awarded to KSCC during the years 2011-12 through competitive tenders

Sl No.	Name of work	Agreement with PWD	3766.1	4271.14	13.41% above	13.41% above	13.41% above	(+16.42)
					Estimate rate	Estimate rate	Estimate rate	Nil
1	Constn. of 2nd Annex Building for Govt. Secretariat TVM	CC/GM/TVM/12/2011 dt.18/5/2011	3766.1	4271.14	13.41% above	13.41% above	13.41% above	(+16.42)
2	Budget work - 2010-11, Construction of Thiruvur - Poyya Bridge in Ernakulam	90SECCA/2011-12 dt.4.06.2011.	285.1	285.1	285.1	285.1	285.1	Nil
3	Construction of Mini Civil Station, Harappaad	7/SEBSE/2011 DT 19.5.2011.	333.14	432.75	432.75	432.75	432.75	Work cancelled
4	Construction of Staff Hostel of Government Engineering College, Panavu, Idukki Dist.	17/2011-12/SE.SALW, CC,TSR Dt.17.06.2011	176.61	238.42	35.1% above	35% above	35% above	(+38%)
5	Construction of Newblock for PH Centre Korni Phase 1	20/SECCA/2011-12 dt.30.6.2011	782.72	940.5	23.99% above	16.5% Above	16.5% Above	Nil
6	Budget work - 2009-10 Improvements - West Tippasutham Road 1st Phase from Chammakala to Thaikulam Nambakadavu km 0/000 to 13/000	CC/GM/CA/188/2011-12 dt. 27-7-2011	782.71	840.49	7%	27% above	27% above	Nil
7	Stimulus Package- New Formation of Kams Bye Pass road from Km 0/000 to 05/700 in Ponnani Municipality in Malappuram Dist.	SE(K) 33/2011-12 Dated 4/8/2011	1304.80	1670.85	33.3% above	31.6% above	31.6% above	(+10)
8	Reconstruction of Maranveedu Bridge in Vaikom - Vechoor Road in Kottayam District.	No 63/SESC/2011-12 dated 08.12.2011	286.83	287.41	7.85% above	7.65% above	7.65% above	(+7.85)
9	Construction of Mattathankadavu Bridge across Konathuzha connecting Ambalath and Udayampoor Panchayath in Ernakulam District	No. 84/SECCA/2011-12 DATED 17-01-2012.	491.69	482.13	2.05% below	2.05% below	2.05% below	(+14.95)
10	IIP-Construction of Flush Escape and Leading Channel at ch.16360m of Main Canal	No.07/SEPCP/2011 - 12 dated 20/03/2012	208.62	276.208	44.1% above	32.4% above	32.4% above	(+32.6%)

EPAC - Estimate Probable Amount of Contract  
 APAC - Agreed Probable Amount of Contract  
 Bid KSCC % - Percentage Rate Quoted by KSCC  
 TP - Tender Percentage  
 GTC - Govt. Tender Committee  
 % of PP - Percentage of Price Preference

## ANNEXTURE III

Comparative statement showing the Lowest Bidder amount (L1) between KSSC Subcontractor after deducting all recoveries for 2009-10 to 2011-12

Name of work	As AG report					Deductions by Department					Deductions by KSSC			Statutory deductions		Received to the Sub contractor through			
	EPAC (in lakhs)	APAC (in lakhs)	Lowest Bid percent	Lowest bid amount (L1)	Agreed rate of KSSC percent	Bid by KSSC	Deduct 17.2% VAT	Deduct 3% VAT	Deduct 5% F1%	Net payable to lowest bidder	IT 2% amount	4% for KCCWV share	5% for KSSC share	amount received to the contractor	VAT 3%		IT 2%		
2009-10	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
TDM College	1497.40	1779.05	(+)13	(+)18.81	(+)18.81	1692.06	33.84	50.76	16.92	1590.54	35.38	17.79	5.59	86.28	145.24	1633.81	49.01	34.68	1552.26
TDM College	1495.57	1776.00	(+)13	(+)18.81	(+)18.81	1689.994	33.80	50.70	16.90	1588.59	35.32	17.76	5.58	86.14	144.99	1631.01	48.93	31.62	1615.82
Building for Govt. employees	263.51	330.66	(+)15.95	(+)26.6	(+)25	305.5398	6.11	9.17	3.06	287.21	6.61	3.31	1.04	16.04	27.00	309.66	9.11	6.07	288.48
Bridge for Enimukoncha - Kothalantele	3766.11	4271.14	(+)6.5	(+)13.41	(+)13.41	4010.907	80.22	120.33	40.11	3770.25	83.42	42.71	13.41	207.15	348.70	3922.44	117.67	78.45	3726.32
Construction of bridge in Veechoor, Kettayam	1570.73	1473.00	(-)14.5	(-)6.4	(-)6.4	1327.267	26.55	39.82	13.27	1247.63	29.46	14.73	4.63	71.44	120.26	1352.74	40.58	27.05	1285.11
Construction of bridge across the river.	288.20	287.41	(-)0.2	(-)7.65	(-)7.65	282.436	5.65	8.47	2.82	265.49	5.75	2.87	0.96	13.94	23.46	263.95	7.92	5.28	256.75
Construction of bridge at Enimukoncha	465.99	482.79	(-)4.5	(+)3	(+)3	445.0205	8.90	13.35	4.45	418.32	9.66	4.83	1.57	23.42	39.41	448.38	13.30	8.87	421.21
Construction of bridge at Kudi - Venmani road	1812.42	1985.34	(+)3.587	(+)9.54	(+)9.54	2058.674	41.17	61.76	20.59	1938.15	39.71	19.85	6.23	96.29	162.08	1823.26	54.70	36.47	1732.09
Construction of bridge at	629.05	446.50	(-)35.53	(-)30.0	(-)30.0	405.5485	8.11	12.17	4.06	381.22	8.93	4.47	1.40	21.66	36.45	410.05	12.30	8.20	389.55
Construction of bridge at	491.69	482.13	(-)7.0	(-)2.05	(-)2.05	457.2717	9.15	13.72	4.57	429.84	9.64	4.82	1.51	23.38	39.36	442.77	13.28	8.86	430.63
Construction of bridge at	302.18	341.46	(+)7.0	(+)12.5	(+)12.5	323.3326	6.47	9.70	3.23	303.93	6.83	3.41	1.07	16.56	27.88	313.58	9.41	6.27	297.90
Construction of bridge at	390.11	484.56	(+)18.72	(+)24.21	(+)24.21	463.1386	9.26	13.89	4.63	435.36	9.69	4.85	1.52	23.50	39.56	445.00	13.35	8.90	422.75
Construction of bridge at	387.94	445.90	(+)8.75	(+)14.94	(+)14.94	421.8848	8.44	12.66	4.22	396.57	8.92	4.46	1.40	21.63	36.40	409.50	12.28	8.19	389.02
Construction of bridge at	883.00	1040.25	(+)12.75	(+)18.0	(+)18.0	993.5825	19.91	29.87	9.96	935.85	20.81	10.40	3.27	50.45	84.93	955.37	28.66	19.11	907.56
Construction of bridge at	1304.80	1670.85	(+)21.6	(-)33.3	(-)31.6	1586.637	31.73	47.60	15.87	1491.44	33.42	16.71	5.25	81.04	136.41	1534.44	46.03	30.69	1457.72
Total	15408.70	17297.94				16247.3	359.49	494.23	164.74	15090.38	345.94	172.97	54.31	838.91	1412.13	15884.91	476.55	317.70	15137.17

NET DIFFERENCE OF LOWEST BIDDED AMOUNT(L1) AND KSSC SUB CONTRACTOR WITH PRICE PREFERENCE =15496.4-15157.7=338.2



## KERALA STATE CONSTRUCTION CORPORATION LTD.

## Details of State PWD works awarded to KSCC during the years 2009 -10 through competitive tenders

Sl No	Name of work	Agreement with PWD	EPAC in Lakhs	Lowest Tender	Second Lowest amount	Second Lowest amount	Approved PAC in Lakhs	Bid KSCC %	Percentage approved by GTC	Percentage of pp amount to KSCC	Gain in Amount for Government (Rs. in Lakhs)	Nos of Participants
1			3					9	11	12	13	14
1	Constn BSC Nursing Hostel MC, Vandanaam	11/3/BBSC/2009-10/16.3.10	266	KSCC	37% above	331.12	332.45	30% above	30% above	NH	18.67	3
2	Priyee Bridge Chelichuvadi-Perar Road - Alappuzha-Madhura S.H	No.12/5/SE CCA/2009-10 dt 9.03.2010	485	26.5% above	613.53	606.91	606.91	32% above	25% above	(- ) 1.5	6.62	3
3	Construction of a Bridge at Puzhambontilloodevu Bridge across Mannimala River in Kottayam	No.22/6/SE SC/2009-10 dated 13.01.2010	469	KSCC			482.79	3% above	3% above	NH		2
4	Improvement to Elamkudi Vailiyathil Kottalamada-Vagamon road	No.34/2/SE SC/2009-10 dated 29.3.2010	1570.73	KSCC			1473	6.4% below	6.4% below	NH		4
5	NABARD RIDF XV-Improvements to Thattikode Bhilikkavala Road km 13/500 to 19/500	14/SECCA09-10 dt. 26.3.10	526.28	KSCC	25.2% below		395.24	25.9% below	25.9% below	NH		10
							3299.29				25.29	

TOTAL APAC 3390.39 Lakhs  
 TOTAL GAIN AMOUNT FOR GOVERNMENT 25.29 Lakhs

## ANNEXURE V.B

## KERALA STATE CONSTRUCTION CORPORATION LTD.

Sl No.	Name of work	Agreement with PWD	EPAC in Lakhs	Lowest Tenderer	Second Lowest	Second Lowest amount	Agreed PAC in Lakhs	Bid/ESC %	Percentage of rise approved by GTC	Percentage of Pr to K.SCC	Gain in Amount for the Government (Rs. in Lakhs)	No of Participants
1	2	3	4	5	6	7	8	9	11	12	13	14
1	College of Nursing, Thrissur - Construction of building for LH P.IE Block)	20/2010-2011/SE,B&L,WCC TCR dt. 28.5.2010	293.81	K.SCC	33%	390.77	367.26	25% above	25% above	NIL	23.51	3Nos
2	Pannamatturi Bridge, Vellathoval	5/SECCA/2010-11 dt. 20.4.10	297	K.SCC	30.50%	387.585	367.95	30% above	25% above	NIL	19.64	4Nos.
3	INABARD RIDF IS-Chellargi Bridge across Vimanapuram River	14/ISESC/2010-11 dt. 8.07.10	946.072	K.SCC	20.7% ABOVE	1141.861	1125.3	18% above	18% above	NIL	16.561	3Nos
4	DEPOSIT work QUDA FUND Reconstruction of 8 weak bridges in Vypin*	11/05SECCA/2010-11 dt 14.01.2011	996.19	54.9% above	38.60%	1579.9573	1490.86	54.9% above	50 % above	NIL	89.10	3Nos
5	Vypin Bridges Package 2 (Reconstruction of 8 weak bridges)	No.59/SECCA/2010-11 dt. 17.8.10	1137	K.SCC	55.9% above	1772.583	1692.57	55.2% above	50% above	NIL	80.01	4Nos
6	M/M Civil Station, Perumbavoor - Balance work dt. 04.06.10	24/2010-11/SE,B&L,W CC TCR dt. 04.06.10	260.04	K.SCC	32% above	343.25	325	25% above	25% above	NIL	18.25	3Nos
7	Perikad Peeth Road	42/SECCA/2010-11 dt. 25.5.2010	626.43	K.SCC	40% above	877	796.3	36.5% above	35% above	NIL	80.7	4Nos

8	Nechoradasari bridge-Balanga work	41/SECCA/2010-11 dt. 25.5.10	356.46	KSCC	43.5% above	511.52	484.63	42% above	37% above	NIL	26.89	5Nos
9	Kallarkudy Bridge	62/SECCA/2010-11/26.8.10	809.83	KSCC	55% above	1255.23	1133.23	46% above	40% above	NIL	122.03	3Nos
10	Budget work - 2009-10 Construction of Malayattoor - Kadamu Bridge across Periyar river	125/SECCA/2010-11 dt 18.2.2011	831.94	KSCC	49% above	1239.59	1187.6	48% above	44% above	NIL	51.99	3Nos
11	Puthanadu Bridge across Chakkalady river in Eram, District	91/SECCA/11.1.10	397.55	KSCC	43%	568.50	527.47	37.62% above	35% above	NIL	41.03	5Nos
12	Impta Paripally Madhuran Road	147/SEBSC/10-11/13.7.10	857.74	22.5% above		1345.44		28.2% above	22.50% above	NIL		4 Nos
13	Payward Ayaymeda College Hospital	23/SEBSC/10-11/66.17.06.10	330.72	KSCC			453.1	37% above	37% above	NIL		2 Nos
14	Science block to govt. College Aringal	49/SEBSC/10-11 dtd 17.9.2010	439.28	35% above			588.63	37.9% above	34% above	NIL		2 Nos
15	Higher education Department - Technical - Construction of Buildings for Govt. Engineering College, Kuluki - RIDF Scheme	71/10-11/SE(B&LW)CC TSR dt 21.12.2010	570.22	35.1% above	39%	792.61	741.28	35.1% above	30% above	NIL	51.33	1Nos
16	Construction of Court Complex at Muvattupuzha Part I civil work	4/SE/EK/M/2010-11 dtd 27.12.2010	538.24	38.61% above/civil Fire F. L(R)96.91 % above Electrical			725.71	38.61% above/civil Fire F. L(R)96.91 % above Electrical	30 % above- Civil	NIL-Civil		4Nos

17	Wahbar Package Impts Begur Thuvelli Road	SEKSY/08/2010-11 dt. 31.09.2010	559.7	KSCC	3.17%	578.56	566.27	1.62% above	1.62% above	NIL	12.29	6Nos
18	Stimulus Package Chettuvadi Bridge in Wayanad	SEKJ32/2010-11 dt. 2.06.2010	669	KSCC	14.9% above	768.68	638	1.61% above	1.61% below	NIL	110.68	1Nos
19	Construction of staff Quarters for Govt Employees at district head quarters, Panavu	No-65/10-11/SE&LW.CC/TSR dated 16.11.2010	461.04	39.9% above	644.99	622.41	43.11%	35% above	35% above	(-14.9	22.58	2Nos
20	Mini Civil Station, Kilimnair	72/SEBSC/10-11/28.10.10	400.66	KSCC			520	42% above	30% above	NIL		2Nos
21	Staff quarters for Govt Employees Dormitory, Panavur, Idukki	64/10-11/SE&LW.CC/TSR dt. 16/11/10	255.57	KSCC	48%	378.24	345.02	43.11% above	35% above	NIL	33.22	3Nos
22	Munnar Town Bridge and approaches	97/SECCA/2010-11 dt. 19.11.2010	398.98	KSCC	9% above	434.8882	418.06	5% above	5% above	NIL	16.83	6Nos
23	Constn of Academic Block, Dental College, Kottayam	No 50/SE BSE/2010-11 dated 17.9.2010	871.96	KSCC			1142.26	34.8% above	31% above	NIL		4 Nos
24	Budget work 09-10-Constn of Bridge at Panathodiye in Eran Duz	102/SECCA/2010-11 dt. 10.12.2010	457.2	KSCC	49.30%	683.31	637	44.1% above	35% above	NIL	46.51	3Nos
25	Canal Bridge Connecting Kuttimchal Island, Pallipuram Cherthala	23/SE/SE/2010 - 11 Dt. 23.11.10	537.64	KSCC			700.87	44.9% above	30% above	NIL		4Nos
26	Constn New Block for Women and Children at Taluk Head quarters Hospital, Neeruttipuzha	92/2010 - 11/SE,0&LW CC.TCR dt 14.02.11	341.47	KSCC	40.80% above	479.77	460.99	37.8% above	35% above	NIL	18.78	5Nos

27	Mfir civil station Ramp	No RD/SE BSC/2010-11 dated 09.11.2010	633.06	KSCC			822.98	44% above	30% above	NIL		7 Nos.
28	11 floor Akulam - Kuzhivak road, TVM	272/SESC/10-11 dt. 17-1-2011	1,075.34	KSCC			1545.5	1.98% below	7.75% below	NIL		3 Nos
29	Kodakara-Kodingallur road including Mala town improvements	127/SECCA/2010-2011 dt. 18.02.2011	616.64	39% above KSCC	39% above	857.13	722.48	45% above	35% above	(-)	134.65	4Nos
30	Mather package-Impt. Neelewarim-Vallyaramba road	SE(K)11/2010-11 Dt. 20.10.2010	622.28	KSCC	23.9% above	771.005	718.94	20% above	20% above	NIL	52.065	4Nos





**GOVERNMENT OF KERALA**

**Abstract**

Finance Department- Preferential Concession allowed to Kerala State Construction Corporation Limited - Modified- Orders Issued.

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**FINANCE (INDUSTRIES & PUBLIC WORKS - B) DEPARTMENT**

**G.O. (P) NO. 14/2015/Fin Thiruvananthapuram Dated, 13/01/2015**

- Read: - 1) G.O. (Ms)No.23/PW&T/88 dated, 28/04/1988.  
 2) The report of the Comptroller and Auditor General of India on Economic Sector for the year ended March 2012.

**ORDER**

As per Government Order read above, Kerala State Construction Corporation has been given 10% price preference over the lowest quoted rate for tendering public works. The Comptroller and Auditor General of India vide report read as 2<sup>nd</sup> paper observed that the Corporation is misusing this privilege by subcontracting works and thereby causing great loss to state exchequer.

The price preference system for Kerala State Construction Corporation was allowed when they were executing the works directly. Now the Corporation has substituted this with a system of subcontracting works wherein the price advantage allowed for the Public Sector Undertaking is actually enjoyed by the sub contractors. Genuine bidders who remit the prescribed fee and quoting comparatively lower rates are not getting the contract whereas empanelled sub contractors of the Corporation get the contract even if they quote higher amount.

In this circumstances Government have examined the matter in detail and pleased to order that, hereafter preferential concession enjoyed by the Kerala State Construction Corporation Limited for execution of public works will be allowed only to works directly executing by the Corporation without any involvement of subcontractors.

**By Order of the Governor  
Dr.K.M.ABRAHAM  
Additional Chief Secretary (Finance)**

To

The Accountant General (A&E) Kerala, Thiruvananthapuram  
The Accountant General (G&SSA) Kerala, Thiruvananthapuram  
The Accountant General (E&RSA) Kerala, Thiruvananthapuram  
The General Admn(SC) Dept(Vide Item No. 6221 dated 07.01.2015)  
All Heads of Departments and Offices  
All Departments of Secretariat  
All Private Secretaries to Ministers  
Private Secretary to Chief Minister  
Private Secretary to the Leader of Opposition  
All Secretaries to Government  
The Secretary, Kerala Public Service Commission, TVPM  
The Registrar, University of Kerala/Cochin/Kozhikode/Kottayam  
(with C/L)  
The Secretary to Governor  
The Nodal Officer, [www.finance.kerala.gov.in](http://www.finance.kerala.gov.in)  
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Section Officer



**SOCIAL JUSTICE DEPARTMENT**

**Statement on Remedial Measures Taken on audit paragraph 2.2 contained in the Report of the Comptroller and Auditor General of India on General and Social Sector for the year ended March 2012**

Sl. No.	Para No.	Recommendation/Observation	Action Taken
1	2.2.6	The department was not preparing any long term perspective plan. In the absence of the plan, there were deficiencies in creation of new AWCs and insufficiencies in the delivery of services to beneficiaries in various components in ICDS	The Director, Social Justice, has been requested to take urgent action in this regard.
2	2.2.7.1	Parking of funds in TSB Account	As per Government of India direction there was a provision for procuring pre-school kits @ Rs.1000/- per Anganwadi Centre. A state level tender for procuring pre-school kits for the Anganwadi Centres was invited during the year 2010-11. Some firms who were given tenders for the supply of pre-school kits have filed writ petition before the Hon'ble High Court. Therefore, an amount of Rs. 3.29 crore allotted in the budget as assistance from GOJ for the purchase and supply of pre-school kits during 2010-11 was drawn and deposited in the TSB account of the Director, Social Justice in March 2011 to avoid the lapse of funds since the tender process was challenged in the court by the tenderers. The statement of expenditure and Utilization certificate was submitted to Government of India on the presumption that court decision might have come soon and the tender formalities could be completed in the financial year 2010-11 itself. The procurement of pre-school kits for 2010-11 has not been done so far since the court decision in this regard is still pending. In the year 2011-12 and 2012-13 the procurement procedure of pre-school kits was decentralised and the same was procured and distributed to the Anganwadi Centres at ICDS Project level.

2	<p>2.2.7.1</p> <p>GOI assistance of Rs. 54.52 crore for Supplementary Nutrition was withdrawn for construction of AWCs</p>	<p>In Kerala, the responsibility for implementing Supplementary Nutrition Programme through ICDS Anganwadi Centres has been fully transferred to the Local Self Government Institutions concerned and the LSGIs are incurring the expense from their own funds. In the year 2011-12, the total expenditure incurred by the LSGIs for implementation of Supplementary Nutrition Programme was Rs. 20602.43 lakh. Government of India reimburses only a part of this expenditure as 50% re-organisation Imbursement and for 2011-12 the total amount released by GOI towards 50% expenses was only Rs. 7499.55 lakh. The Quarterly Progress Report submitted to GOI was based on the total amount already spent by the Govt. through the LSGIs. So there is no irregularity in the submission of QPR.</p> <p>Moreover, Government of India had opined that savings on SNP could be considered for ploughing back for consideration of Anganwadi buildings. Considering the situation in Kerala, in the meeting held by the LSG Co-ordination Committee, it was decided to utilize the Government of India release for SNP (reimbursement amount) for the construction of Anganwadi buildings. Accordingly, State Government have accepted sanction to deposit Rs. 54.52 crores in the TSB Account of the Director, Social Justice and also accorded sanction to utilize the amount for the construction of a model Anganwadi Centre in each Assembly Constituency having a space of 1584 Sq. feet (two storied building on 10 cents of land). The KITCO Ltd. and the engineering wing of LSGD have been entrusted with the task of construction of Model Anganwadi Centres. Hence it may be noted that there is no irregularity in this regard.</p>
4	<p>2.2.8.2</p> <p>There was a shortage of 8,619 Anganwadi Centres (21 percent) in the State. Fourteen additional Anganwadi Centres (AWCs), sanctioned in 2005 by GOI, were yet to be operationalized.</p>	<p>As directed by Government of Kerala, all the existing ICDS projects having more than 200 anganwadi centres and ICDS Projects including Municipality and Corporation areas were splitted and separated and thus there was a need of 95 additional ICDS projects in Kerala in addition to the then existing 163 ICDS Projects. As such, at present, there are 258 ICDS Projects and all of the ICDS Projects have number of Anganwadi centres below 200. While assessing the coverage of all the 258 ICDS Projects and number of ICDS beneficiaries in the periodic review meetings it has come to notice that the State have enough ICDS Projects to cater to the needs of targeted beneficiaries.</p> <p>As regards Anganwadi Centres, Government had forwarded a proposal for 1000 Anganwadi Centres (871 full Anganwadi Centres + 129 Mini Anganwadi Centres) to Government of India pending a need assessment of the requirement. Since starting of new Anganwadi Centres involves commitment of expenditure from LSGIs for building and other</p>

facilities etc a need based assessment of the requirement vis a vis the targeted beneficiaries of each project had to be done. District Programme Officers were entrusted with this task. Accordingly, a revised proposal for sanctioning 1000 Anganwadi Centres was again submitted to Government of India, and the same was sanctioned by Government of India and operationalized in the state.

Because of the improved standard of living and socio economic conditions in Kerala all the children upto 6 years of age, pregnant and lactating mothers and adolescent girls do not turn up to Anganwadi centres for receiving varied services under the ICDS scheme. As per 2001 and 2011 census report the number of children upto 6 years is decreasing in our state. The above mentioned factors amount to the shortfall in the number of pre-school children attending Anganwadi Centres. The decrease in the number of children in the Anganwadi centre can also be attributed to the joining of a part of children to more equipped English medium pre-school institutions. Even the parents from poor families also prefer to send their children to English medium pre-school institutions. At present there are 32986 sanctioned full Anganwadi centres and 129 mini Anganwadi centres which are enough to give ICDS coverage in the State.

As per the record note of decisions taken in the review meeting of State Secretaries, held at New Delhi on 19<sup>th</sup> and 20<sup>th</sup> April 2012, Government of India have no plan to increase the total sanctioned ICDS Projects and Anganwadi centres during the 12<sup>th</sup> plan. States were suggested to undertake a rationalization exercise on the existing ICDS Projects/Anganwadi centres to check the actual attendance and participation by ICDS targeted beneficiaries at the Anganwadi centres and evenness in coverage. This exercise would help to identify any non-viable projects/Anganwadi centres that can be shifted to/merged with existing/new areas/centres, as required.

However, the Director, Social Justice, has received recommendations for starting around 250 anganwadi centres which are eligible under Anganwadi on Demand scheme. On receiving those applications with due recommendation from the Director, Social Justice, Government will forward the same to Government of India for approval and assistance.

Out of the 14 anganwadi centres sanctioned in 2005 in Munar Grama Panchayat in Idukki district, 11 anganwadi centres have already been started functioning. Only 3 anganwadi centres are yet to be operationalized. The Director, Social Justice, has already given directions to the concerned CDPOs to start them as early as possible or to shift these AWCs to

		5	<p>ready places.</p> <p><u>United Accommodation</u> Out of the 33107 Anganwadi Centres now functioning in the State about 19521 Anganwadi Centres only has own building. Nearly 40% have no own building. In the State consequently upon the decentralized planning providing the responsibility for providing building and other infrastructural facilities were transferred to the Local Self Government Institutions concerned. Every Panchayat are bound to allocate funds for the construction of at least 2 Anganwadi buildings in every year under various schemes such as BRGF, State plan funds, plan funds of LSGs, MFLA, LABS fund etc. State directions were issued to the CDPOs, POs etc to close down the Anganwadi Centres functioning in dilapidated buildings. State level conference of Secretaries including LSGs has been convened for looking into the matter for the convergence of LSGD, Panchayats, District Panchayats, Block Panchayats etc for the construction of Anganwadi buildings and for the purchase of land for the construction of Anganwadi buildings. There is a standing instruction to the Panchayats to bear the excess rent over and above that is provided by G.O. if any, from the funds of the Panchayats.</p> <p>During 2013-14 the State Government is also initiating to seek funds from NABARD, RIDF scheme for the construction of 700 Anganwadi Centres having own land. There is also a project for the construction of a Model Anganwadi Centre in each Assembly Constituency. Government have issued directions to the Kerala Water Authority to ensure the supply of drinking water to all Anganwadi Centres having own building.</p>
<p>2.2.9</p>	<p>The percentage of child population who were immunized against Polio and DPT in Palakkad and Malappuram Districts were respectively 36 and 31.</p>	<p>The Director, Social Justice, has issued necessary directions to the CDPOs for proper maintenance of records in the test checked AWCs in respect of identified malnourished children referred to PHCs for further check-up.</p> <p>The Health components under the basic ICDS services such as immunizations, Health services such as medical check up of children under 6 years, the vital care of expectant mothers, post natal care of nursing mothers, treatment of minor ailments, referral services etc can be properly implemented only if effective convergence and co-ordination of the Health Department is received. For obtaining this effective convergence the Director, Health Department has been requested to issue necessary detailed instructions to the Health Department Officials.</p> <p>Immunization is a joint responsibility of ICDS and the Health Department. The main role of Anganwadi functionaries is to assist health staff (such as the ANM) to maintain records.</p>	

6	2.2.10	Poor attendance in Anganwadi centres	<p>motivate the parents etc. Regarding immunization, the data available with the Anganwadi Centres may not be exhaustive. The full data is available only with the Health Department. All of the Anganwadi Children attending the Anganwadi Centres are immunized. Efforts are being taken up with the Health Department for effective immunization, health check-up and referral services.</p> <p>It is a fact that the number of children attending AWC shows a declining trend. In Kerala, there is a strong presence of private agencies in the pre-school education sector. Moreover, PTA in almost all schools are also providing the pre-school education. Due to the strong presence of private sector, the pre-school beneficiaries under ICDS has been reduced marginally. However, State Government have initiated various steps to improve the infrastructural facilities in Anganwadi Centres and providing play materials and training the functionaries in order to attract more children in pre-school.</p> <p>Moreover, Government have also decided to construct a Model Anganwadi Centre in each Assembly constituency with facilities such as Adolescent Club, Immunisation facility, Reading room for old persons, Common facility centres etc. Steps have also been taken to revise the 'Thematic approach' - a pre-school curriculum being adopted in Anganwadi centres. There is also a plan to integrate anganwadi curriculum with the formal pre-school curriculum. During 2013-14 the State Government is intending to seek funds from NABARD RIDF scheme for the construction of 700 Anganwadi Centres.</p>
6	2.2.11	The universalisation of Subsidimentary Nutrition Programme was not achieved as 58.66 percent of the identified beneficiaries were not covered under the scheme.	<p>In ICDS the Anganwadi Workers collect all the details of children of 0-6 years, pregnant and lactating women. But all the above mentioned eligible beneficiaries do not attend Anganwadi Centres because of the socio-economic conditions of the State. Many people prefer their children attending private day care centres and pre-primary schools to Anganwadi Centres and also many of the pregnant and lactating women do not like to take the supplementary Nutrition provided from the Anganwadi Centres because of their living status. This will cause a short fall in the beneficiary coverage when compared to the total beneficiaries. A meeting of the programme officers and CDPOs (those who are implementing the ICDS programme) will be convened for analyzing the reasons for the short fall.</p> <p>Moreover, Government have taken initiative for strict periodic annual survey and enlist all the beneficiaries in this scheme. Progress of the coverage is being monitored during the monthly review meeting and directions have been given to the Child Development Project Officers to place the issue before local panchayat to provide Supplementary Nutrition to cover all the beneficiaries. In tribal area government have issued a special direction for providing take</p>


7	2.2.11.2	GOI assistance for Supplementary Nutrition was released by State Government partially and belatedly to LSGIs and there was a shortfall in feeding days was noticed in AWCs	<p>home ration to all required beneficiaries in order to ensure the coverage.</p> <p>In Kerala the responsibility for implementing Supplementary Nutrition Programme through ICDS Anganwadi Centres is fully transferred to the Local Self Government Institutions concerned. The LSGIs are allocating enough funds for SNP and implementing the SNP programme. Government of India through its 50% central assistance reimburses only a part of the expenditure for SNP and that reimbursement amount is distributed to the LSGIs by the Social Justice Department based on the number of beneficiaries as and when it is received from Government of India.</p> <p>In the State the feeding interruption is very rare. However, district level and State level feeding interruption reports are being prepared and interventions are being taken.</p> <p>Social Justice Department has taken all possible steps to strictly follow the nutritional standards prescribed by Government of India. Since ICDS supervisors are the implementing officers of the concerned LSGIs they were given instructions through VDOs to submit projects for SNP to the concerned LSGIs in accordance with the revised nutritional norms stipulated by Government of India. It has also been instructed that if any Local Self Government Institution is providing food items which lack requisite nutritional value, then it should be brought to the notice of the concerned LSGI and additional projects should be submitted to LSGIs for giving supplementary nutrition with requisite nutritional value.</p> <p>LSGD has been requested to give necessary directions to the LSGIs to distribute the required calories and protein to the beneficiaries as prescribed by Government of India.</p> <p>The availability of weighing scales in the Anganwadi Centres is being assessed. Moreover, Government of India have provided an amount of Rs. 5000/- per Anganwadi Centres in a year for the purchase of weighing scales for 15% of the total Anganwadi Centres. So this amount is being utilized for replacing about 4000 weighing scales.</p>
8	2.2.11.3	SNP for pregnant women, lactating mothers and adolescent girls did not provide stipulated nutrient values	<p>Periodical weighing of pre-school children was not done</p> <p>Stipulation with regard to weighing of boys was not followed</p>

		<p>The percentage of malnourished children below the age of six years in the State ranged between 27 and 39. Test check of rations in Ichalki, Malappuram, Palakkad and Thiruvananthapuram districts indicated that 110 out of 1180 children who dies during 2011-12, were severely malnourished.</p>	<p>The Director, Social Justice, has issued strict directions to the CDPOs, Supervisors and Anganwadi Workers for observing growth monitoring of children effectively.</p>
12	2.2.12	<p>The Home Ration (THR) valued at Rs. 257.38 crore was purchased from an agency which did not possess the mandatory BIS certification. It was also noticed that an amount of Rs. 22.44 crore was overcharged by the supplier. In a number of cases, test results of the samples of the product were stated to be not satisfactory.</p>	<p>The Director, Social Justice, has been requested to take urgent action on the audit findings regarding the cost of Nutrimix and BIS certification Government have already taken steps with regard to the improvement of quality, taste etc of the Nutrimix prepared by Kudumbarco Misson.</p>
13	2.2.13	<p>Under Nutrition Program for Adolescent Girls, Government did not provide free food grains to all identified undernourished</p>	<p>The NPAG scheme was implemented in Malappuram and Palakkad Districts from 2002-03 to 2009-10. From 2009-10 onwards the scheme was not implemented by GOI since the launching of the SABA Scheme. The allocation of food grains under NPAG scheme could be made only after completing the then existed formalities.</p>

14	adolescent girls in Malappuram district and Government failed to monitor continuously the nutritional status of the adolescent girls.	2.2.13.2 Under Rajiv Gandhi Scheme for Empowerment of Adolescent Girls or SABLA, there was a shortfall in delivery of nutrients was noticed in Malappuram, Kozhikode and Palakkad districts	<p>Necessary instructions had been issued to the Child Development Project Officers of SABLA, quarters for giving Supplementary Nutrition to Adolescent Girls who are attending the Anganwadi Centres as in the case of pregnant and lactating mothers strictly adhering the nutritional norms of SABLA scheme. Monitoring has also been given to Child Development Project Officers to give Supplementary Nutrition to other Adolescent Girls in the form of TPR, Ragi powder, wheat flour and ragulya in the required quantity per day which will include 600 calories, 18-20gm protein etc. for any other form of MFR having the required nutritional norms.</p> <p>Since the responsibility of implementing Nutrition Programme was transferred to the Local Self Government Institutions the Local Self Government Department has been requested for issuing proper orders to the Local Self Government Institutions concerned for placing necessary funds in the nutrition components of SABLA.</p> <p>The departments of Health, Education &amp; Social Justice, jointly started the implementation of new 'nutra' scheme, WIPs (Weakly Iron &amp; Folic Acid Supplementation Programme). The scheme aimed Adolescent Girls in the age group of 10-19 year and who are not studying in Higher Secondary or Vocational Higher Secondary school are to be supplied with a Iron and Folic Acid tablet every Saturday after food. Apart from this one Albendazole tablet is to be supplied to them twice in a year to prevent worm infection.</p> <p>Now the activities under Life Skill Education including IEC and MHE component implemented in the SABLA districts on accessible Public Service are clubbed together and officials, Health volunteers, NRHM, Kudumbashree, CBOs and selected MNGOs. Sanction has been given to arrange 190 session in each SABLA Project including Life Skill Education, (communication, Co-operation, conflict resolution and leadership) Nutrition and Health Education, Guidance on accessing Public Service for Adolescent Girls with the help</p>
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		<p>of the Resource persons trained at the district level and the classes were arranged in the facility, available either in Anganwadi Centres or in School or any other suitable buildings. The Child Development Project Officer &amp; Supervisors conducted the programmes accordingly. As per the reports of Programme Officers &amp; Statement of Expenditure, 137340 Adolescent Girls got counselling/Guidance on Life Skill Education.</p> <p>The translation work is over and steps have already taken to print and distribute the Health card, registers, guidelines of SABLA schemes to the Anganwadi Centres through Kerala Book Publishing Society at the earliest.</p>
15	<p>2.2.14</p> <p>There was an inadequate manpower affected the programme implementation. There was a shortfall in providing on-the-job training</p>	<p>Vacancies of CPPOs and ICDS Supervisors were reported to the Public Service Commission for appointment. Owing to personal inconveniences such as pregnancy, delivery, ailments and other related issues, the Anganwadi Workers and Helpers are unable to attend certain training programmes envisaged as per the training calendar and schedule prepared yearwise. However ICDS training is a continuous process and all the untrained workers/helpers will be trained during the year 2013-14.</p>
16	<p>2.2.15.2</p> <p>Shortfall in maintenance of registers &amp; SOPs in supervision by CPPOs</p>	<p>The Director, Social Justice, has been requested to take urgent action in this regard.</p>

  
 GOVINDAN NAMBOODIRI, V.S.  
 Addl. Secretary to Govt.  
 Social Justice Department  
 Govt. Secretariat  
 Thiruvananthapuram.

Appendices from A.G.'s Report

Appendix 3

**Total cost of SC/STDD works entrusted to KSCC/KITCO including consultancy and service tax during the year 2009-10 to 2011-12**  
 (Reference: Paragraphs 2.1.3, & 2.1.6.1)

Sl. No.	Name of work	GO entrusting work	Agency to whom work entrusted	Estimate sanctioned by Govt.	Consultancy charges	Service tax at the rate of 10.3 %	Contingency charges and S.I. retained
1.	Construction of Paramedical Institute in Medical College Alappuzha	GO(R) No. 1063/2009/PWD dt. 17.07.2009	KSCC	438.75	26.32	2.71	25.00
2.	Construction of Post Matric Hostel for Boys at Mannanthala	GO (R) No. 471/09/PWD dt. 28.03.2009	KSCC	213.17	14.92	1.54	15.94
3.	Balance work of Model Residential School, Thrithala (II Phase)	GO (R) No. 471/09/PWD dt. 28.03.2009	KSCC	155.00	10.85	1.12	10.33
4.	Construction of PETC Aluva	GO (R) No. 471/09/PWD dt. 28.03.2009	KSCC	141.50	9.91	1.02	11.89
5.	Construction of Model Residential School, Kattela	GO(R) No. 471/09/PWD dt. 28.03.2009	KSCC	105.00	7.35	0.76	7.88
6.	Pre-Matric Hostel for boys Kakkavayal	GO (R) No. 471/09/PWD dt. 28.03.2009	KSCC	122.00	8.54	0.88	8.45
	Pre-Matric Hostel for boys Kakkavayal (additional work)	GO (R) No. 1271/2010/SCSTDD dt. 14.12.2010	KSCC	11.20	0.78	0.08	0.79
7.	Construction of Pre-Matric Hostel for Boys at Chathanoor, Kollam	GO(R) No. 47/2011/SCSTDD dt. 12.01.2011	KSCC	63.00	4.41	0.45	3.30
8.	SCDD-OBC Hostel for girls at MG University	GO (R) No. 990/2009/SCSTDD dt. 14.09.2009. ₹ 135.89 lakh	KSCC	127.00	8.89	0.92	9.73
9.	Construction of a semi permanent building for the new ITC at Thumeri, Kozhikode	GO (R) No. 112/2010/SCSTDD dt. 27.01.2010	KSCC	6.10	0.43	0.04	0.48

Sl. No.	Name of work.	GO self-raiding work.	Agency to whom work entrusted	Estimated sanctioned by Govt.	Consolidated charge	Total cost
10.	Construction of OBC Hostel for Boys at MG University Athirampuzha, Kottayam.	GO (R) No. 1326/2009/SCSTDD dt. 7.12.09 - ₹ 136.96 lakh	KSCC	128.00	8.96	12.35
11.	Construction of hostel for OBC Boys at Government Engineering College Thirissur	GO (R) No. 1335/2009/SCSTDD dt. 8.12.2009 - ₹ 133.75 lakh	KSCC	125.00	8.75	10.04
12.	SCDD-Development of Dr. Ambedkar Complex at Mananthala, Trivandrum District.	GO (R) No. 1300/2010/SCSTDD dt. 20.12.2010 - ₹ 270.50 lakh	KSCC	251.11	17.58	11.58
13.	SCDD-Pre-Examination Training Centre Mananthala	GO (R) No. 1191/2010/SCSTDD dt. 29.11.2010	KSCC	179.68	12.58	3.09
14.	SCDD-Construction of Post Matric Hostel for Boys Manjeswar, Kasaragod District.	GO (RT) No. 1301/2010/SCSTDD dt. 20.12.2010	KSCC	203.60	14.25	2.70
15.	Construction of class room, office room and toilet ITC Puthaikara in Malappuram District.	GO (R) No. 1305/2010/SCSTDD dt. 20.12.2010-	KSCC	108.09	7.57	1.05
16.	SCDD-Construction of a hostel and ITC Building at Varavoor, Thirissur District.	GO (M) No. 97/2010/SCSTDD dt. 31.08.2010- ₹ 315 lakh	KSCC	292.35	20.46	1.00
17.	Construction of Pre-matric Hostel for Boys at Kumily, Idukki District.	GO (R) No. 34/2011/SCSTDD dt. 12.01.2011	KSCC	140.87	9.86	0.07
18.	Construction of OBC Hostel (women) at GEC, Paimavu, Idukki	GO (R) No. 1048/2011/SCSTDD dt. 2.11.2011	KSCC	511.00	25.55	0
19.	Construction of Pre-Matric hostel for Girls in Nerianagalam in Ernakulam.	GO (R) No. 35/2011/SCSTDD dt. 12.01.2011	KSCC	178.84	12.52	0
20.	MRS Kaniyambetta	GO(M) No. 28/2009/SCSTDD dt. 28.03.2009	KITCO	997.00	49.85	46.25

21.	MRS Kalathupuzha	GO (Rt) No. 607/2009/SCSSTDD dt. 18.06.2009	KITCO	1046.00	52.3	5.39	38.34
22.	MRS Ethumanoor	GO(Ms) No. 28/2009/SCSSTDD dt. 28.03.2009	KITCO	923.00	46.15	4.75	32.11
23.	Aahramann School at Malampuzha	GO(Ms) No. 28/2009/SCSSTDD dt. 28.03.2009	KITCO	1041	52.05	5.36	40.27
24.	Working Women's Hostel at Nandavanam	GO (Rt) no. 708/2010/SCSSTDD dt. 14.07.2010 for ₹ 298.82 lakh	KITCO	277.40	19.42	2.00	0
25.	MRS Kuzhalmanam	GO (Ms) No. 10/2011/SCSSTDD dt. 21.01.2011	KITCO	997.59	49.88	5.14	0
26.	Tribal Complex at Cochin	GO (Ms) No. 9/2011/SCSSTDD dt. 21.01.2011	KITCO	787.68	39.38	4.06	0
27.	MRS Ashram School at Thirumelli	GO (Ms) No. 3/2010/SCSSTDD dt. 11.01.2011	KITCO	1456.25	72.81	7.50	0
28.	MRS Chelakkara	GO (Ms) No. 10/2011/SCSSTDD dt. 21.01.2011	KITCO	1124.67	56.23	5.79	0
29.	Construction of Industrial Shed for SC Entrepreneurs at Tvrng. District.	GO(Rt) No. 586/2010/SCSSTDD dt. 4.06.2010	KITCO	153.30	10.73	1.11	0
<b>Total</b>				<b>12365.15</b>	<b>679.28</b>	<b>69.97</b>	<b>292.64</b>

**Appendix B-1**  
**Risk and Cost Liability**  
**(Reference: Paragraph 2.1.7)**

Sl. No.	Name of Work	Agreement No	Date of termination	Risk and cost fixed	Risk and cost realized	Risk & cost liability outstanding
1	Construction of 100 bedded ward in Government Hospital, Mavelikkara	17/SEBSC/02-03/ dt.17.03.2003	02/2006	23.25 (01/08)	Nil	23.25
2	Construction of Mini Civil Station building at Maspranam	SE/B&L W/13/99-00 dt. 16.12.99	07/2002	123.00	Nil	123.00
3	Construction of Ladies Hostel Building at Government Engineering College, Thrissur	SE/B&L W/CC/ Ter/97-98/6.9.97	11/2000	3.98 (11/2000)	2.59	1.39
4	Construction of 100 bedded RYDA Hospital, Thrissur	SE/B&L W/TCR/ 09 dt. 6.10.99	7/2000	27.19	Nil	27.19
5	Construction of additional block for Civil Station, Ernakulam, Thirikkakara	16/04-05/SECC/ Ter dt 02.02.05	07/2005	78.21 (05/07)	Nil	78.21
6	Construction of Rajiv Gandhi Memorial Ashramam School and Hostel Building at Noolpuzha	SE(K) 4/01-02 dt 12.10.01	6/2008	Not fixed	Nil	
7	Hill Highway in Wayanad District providing BM & BC	19/SE BSC/04-05 dt. 12.07.04	05/2007	209.91	Nil	209.91
8	Construction of multi storied building for Administrative Block and Class room for Government Engineering College, Trivandrum.	19/SE BSC/04-05 dt. 12.07.04	06/2006	104.67 (07/2012)	Nil	104.67
9	Construction of Muriankanny Bridge across Thoothupuzha in Palakkad District	SE(K) 112/05-06 dt. 03.10.05	01/2007	Not informed by PWD	Nil	
10	Construction of bridge at Varamkadavu in Chelora Panchayat in Kannur District.	SE (K) 33/2002-03/ dt. 21.02.03		-do-	Nil	
11	Re-construction of Muttakavu bridge in Kollam		03/2004	-do-	Nil	
12	Construction of Panayilleadavu bridge		10/97	-do-	Nil	
<b>Total</b>				<b>570.21</b>	<b>2.59</b>	<b>567.62</b>

**Appendix 3-2**  
**Delay in completion of works**  
**(Reference: Paragraph 2.1.7.3)**

1.	Thiruvananthapuram	Electronics and Telecommunication Engineering. Cell	3.02.2011	31.10.2011	8 months
2.	-do-	Labour Complex	21.7.2011	30.12.2011	5 months
3.	-do-	Golden Jubilee Museum	17.11.2010	28.06.2011	7 months
4.	-do-	IRC Shangumughan	6.03.2011	Incomplete	12 months
5.	-do-	Indoor Stadium Vellayani	18.04.2011	-do-	11 months
6.	-do-	Paripally-Madathara Road	20.01.2012	-do-	2 months
7.	-do-	Payward for Government Ayurveda College Trivandrum.	27.01.2012	-do-	2 months
8.	-do-	Construction of Chellangi bridge	26.01.2012		2 months
9.	Alappuzha	TDMC Alappuzha Hosp. Complex. G1,G2	11.03.2012	-do-	20 days
10.	-do-	TDMC Alappuzha Hosp. Complex. H1,H2	11.03.2012	-do-	20 days
11.	-do-	TDMC. Vandanam- B.Sc. Nursing hostel	30.11.2011	-do-	4 months
12.	-do-	TDMC Vandanam- Landscaping and beautification	17.12.2011	-do-	3 months
13.	Kottayam	Chelachuvadu bridge	8.03.2012	-do-	23 days
14.	-do-	Panachamooli Kadvas bridge	3.03.2012	-do-	28 days
15.	-do-	Kolahalamedu-Vagamon road	22.09.2011	-do-	6 months
16.	-do-	Madhuravely-Ayanudi Road	13.03.2012	-do-	18 days
17.	-do-	Mini Civil Station, Rauni	15.02.2012	-do-	1 month
18.	-do-	Chennad-Malika-Rakshabhavan Road	13.04.2011	03.2012	11 months
19.		Mini Civil Station Thodupuzha	30.09.2011	29.08.2011	No delay
20.	Ernakulam	Improvements to Thalakode Balthikavala road	30.11.2011	-do-	4 months
21.	-do-	Improvements to Mullaringad-Pattayakudi-Veumani road	30.09.2011	-do-	6 months
22.	-do-	Vypin Bridges (Package 2)	31.08.2011	-do-	7 months
23.	-do-	Edamula bridge	18.07.2011	-do-	8 months
24.	-do-	Methanam bridge	17.02.2012	-do-	1 month
25.	-do-	Vypin bridges (Package 1)	13.01.2012	-do-	2 months
26.	-do-	Sreemoolanagaram bridge	30.07.2009	31.12.2010	17 months
27.	-do-	Bridge at Kurthode Thenglam Kozhipally	26.04.2011	23.08.2011	4 months
28.	-do-	Mini Civil Station Perumbavoor	7.4.2011	31.01.2011	No delay
29.	-do-	Nechoorkadavu bridge	1.12.2011	28.10.2011	No delay
30.	Thirissur	Improvements. to Ashirupally-Malakkappara road	28.06.2011	Incomplete	9 months
31.	-do-	Improvements to Pattikkad-Peechi Road	16.01.2012	-do-	2 months
32.	-do-	College of Nursing, Thirissur-Building for Ladies Hostel	28.01.2012	-do-	2 months
33.	Kannur	Improvements to Neelewarum-Vaiyaparamba Road	11.10.2011	-do-	5 months
34.	-do-	Improvements to road leading to Edakkal Caves	19.02.2011	-do-	13 months
35.	-do-	Improvements to Begoor-Thirunelly Road	7.08.2011	-do-	7 months

## Appendix 3.5

## Incomplete works

(Reference: Paragraph 2.1.7.3 (c))

No.	Regional Office	Project Name	Time taken for completion	Remarks
1.	Thiruvananthapuram	IRC Shangumugham	6.03.2011	80
2.	-do-	Indoor Stadium Vellayani	18.04.2011	-do-
3.	-do-	Paripally-Madathara Road	20.01.2012	Period extended
4.	-do-	Payward for Govt. Ayurveda College Tvm.	27.01.2012	-do-
5.	-do-	Construction of Chellangi bridge	26.01.2012	
6.	Alappuzha	TDMC Alappuzha Hospital Complex, G1, G2	11.03.2012	40
7.	-do-	TDMC Alappuzha Hospital Complex, H1, H2	11.03.2012	40
8.	-do-	TDMC, Vandanam- B.Sc. Nursing hostel	30.11.2011	38
9.	-do-	TDMC Vandanam- Landscaping and beautification	17.12.2011	46
10.	Kottayam	Chelachuvadu bridge	8.03.2012	55
11.	-do-	Panachamootil Kadvau bridge	3.03.2012	50
12.	-do-	Kolahalamedu-Vagamom road	22.09.2011	50
13.	-do-	Madhuravely-Ayankudi Road	13.03.2012	80
14.	-do-	MCS, Ranni	15.02.2012	30
15.	Ernakulam	Improvements to Thalakode Blathikavala road	30.11.2011	Required data not furnished by KSCC
16.	-do-	Improvements to Mullaringad-Pattayakudi-Venmani road	30.09.2011	-do-
17.	-do-	Vypin Bridges (Package 2)	31.08.2011	-do-
18.	-do-	Edamula bridge	18.07.2011	-do-
19.	-do-	Methanam bridge	17.02.2012	-do-
20.	-do-	Vypin bridges (Package 1)	13.01.2012	-do-
21.	Thrissur	Improvements to Athirappally-Malakkappara road	28.06.2011	-do-
22.	-do-	Improvements to Pattikkad-Peechi Road	16.01.2012	-do-
23.	-do-	College of Nursing, Thrissur-Building for Ladies Hostel	28.01.2012	-do-
24.	Kannur	Improvements to Neeleswaram-Valiyaparamba Road	11.10.2011	6.54
25.	-do-	Improvements to road leading to Edakkal Caves	19.02.2011	37.33
26.	-do-	Improvements to Begoor-Thirunelly Road	7.08.2011	39.73

## Appendix B-4

Cost over-run in works awarded during 2009-12

(Reference: Paragraph 2.1.7.4 (a))

Sl. No.	Name of work	LPAC	₹ in lakh)	
			Amount of Revised estimate	Cost Overrun
1.	Construction of Payward in Government Ayurveda College, Thiruvananthapuram	330.72	535.94	205.22
2.	Improvements to Athirampally-Malakappara Road	2509.86	2609.00	99.14
3.	Improvements to Pattikkad-Peechi Road	626.43	824.00	197.57
4.	Construction of High level bridge across Bharathapuzha connecting Ottappalam and Mayannur	668.57	2092.45	1423.88
5.	Construction of Building for W&C Hospital Mangattuparamba	214.88	511.14	296.26
6.	Construction of Mattool-Madakkara bridge across Mattool River	922.61	3178.09	2255.48
	<b>Total</b>	<b>5273.07</b>	<b>9750.62</b>	<b>4477.55</b>



**Appendix B-5**  
**Profit accrued to PSUs on subcontracting Twelfth Finance Commission works**

(Reference: Paragraph 2.1.7.5, ...)

Sl. No.	Name of the PSU	Type of work	Estimated WC		Agreed percentage of Pst	Name of the contractor	Agreed Pst. of sub contractor	Tender percentage in the sub contractor
			(A)	(B)				
1.	TCL and KSMDC	Deepening and side protection to Velli-Akkulam lake-I Dredging	10,52,00,000	169983356	61.59% above	M/s Ocean Sparkle Ltd., Hyderabad	115896950	10.17% above
	KSINC	II- Side protection & beautification work	7,15,00,000	129997381	76.87% above	M/s Sreenarayana Constructions Pvt. Ltd., Kollam	98173000	33.57% above
2.	KSINC	Provision for Muziris Heritage	5,00,00,000	77500000	55% above	George Mathew, Angamali	45900000	8.2% below
3.	KSINC	Pollution control work at Thiruvallam- Construction of shuttering arrangements, side protection and diversionary groyne at mouth of branch thodu of Karanana river at Thiruvallam.	29,00,000	4098042	50% above	T. Vinodkumar, Trivandrum.	3887560	38.84% above
4.	KSINC	Dredger for Irrigation Department- Manufacturing by KSINC	7,58,00,000	75800000	Estimate rate	George Mathew, Angamali	47500000	37.34% below
5.	KSINC	Construction of ROC B type Jetty, Kadavu and side protection work at S.V. Market at Karunagappally	15,00,000	2125073	43.88% above	M/s Sreenarayana Constructions Pvt. Ltd., Kollam	2815504	87.7% above
6.	KSINC	Deepening the Boat route channel connecting Panavally jetty, Mukkom Jetty in Cherthala L.A. Constituency	36,00,000	5110618	-do-	M/s Sreenarayana Constructions Pvt. Ltd., Kollam	3360000	6.66% below
7.	KSINC	Deepening the Boat Basins at Panavally jetty and Puravayal jetty of Perumbalam Island in Cherthala	18,50,000	2615997	-do-	M/s Sreenarayana Constructions Pvt. Ltd., Kollam	1719900	7.03% below
	<b>Total</b>			<b>467230467</b>			<b>319252914</b>	

Profit accrued to PSUs (5)-(8) = 467230467-319252914 = ₹ 14.79 crore.  
 14.80 x 100/31.92 = 46.36%

**Appendix 3-6**  
**Details of Price Preference to KSCC during 2009-10 to 2011-12**  
**(Reference: Paragraph 2.1.10.1, P. 6)**

Sl. No.	Name of work	Agreement No.	EMAC (₹ in lakh)	APAC (₹ in lakh)	Lowest Bid percent	Bidly BSCC percent	Bidly BSCC excess/less	Percentage of BSCC transactions	Benefit of BSCC (₹ in lakh)
1	Construction of 400 bedded ward to TDM College, Alappuzha	SE/B/SC/83/09-10 dt. 8.02.10	1497.4	1779.05	+13	+18.81	+18.81	5.81	87.00
2	Construction of 400 bedded ward for TDMC Alappuzha	SE/B/SC/84/09-10 dt. 08.02.10	1495.57	1776.00	+13	+18.81	+18.81	5.81	86.89
3	New Building and compound wall for Govt. Pally, Ezhukone	SE/B/SC/25/10-11 dt. 22.06.10	710.74	959.05	+31.1	+36	+35	3.9	27.72
4	New Science block for KNG Arts & Science College, Arinjil	SE/145/BSC/10-11 dt. 19.03.11	262.47	354.34	+33	+35.5	+35	2	5.25
5	Multistoried building for Ophthalmology block, Trivandrum	SE/B/SC/46/10-11 dt. 04.09.2010	234.97	331.47	+28.8	+35.5	+30	1.2	3.06
6	Construction of building for ITI, Chakkai, Trivandrum	SE/BSC/104/10-11 dt. 19.01.11	263.51	330.66	+15.95	+26.6	+25	9.05	23.85
7	Construction of second Annexe Building for Govt. Sect. Trivandrum	SE/BSC/5/10-11 dt. 13.05.11	3766.11	4271.14	+6.5	+13.41	+13.41	6.91	260.24
8	Improvements to Elankode-Valiyantha-Kotalamsada road	SE/SC/09-10/342 dt. 29.03.2010	1570.73	1473.00	(-) 14.5	(-) 36.4	(-) 36.4	8.1	127.23
9	Improvements to Chennad-Malila-Rakthabharva-Thidamad road	77/SE SC/09-10 dt. 26.05.10	272.00	658.37	+24	+26	+25	1	2.72
10	Reconstruction of Maraveedu bridge in Vaitom- Veehoor road in Kootayam District.	63/SE SC/11-12 dt. 8.12.11	288.20	287.41	(-) 0.2	+7.65	+7.65	7.85	22.62
11	Construction of bridge at Pasachanoottikadavu across Manimala river	229/SE/SC/10-11 dt. 13.01.11	465.99	482.79	(-) 4.5	+3	+3	7.5	34.95
12	Construction of Court Complex, Ernakulam	SE/J/09-10/1 dt. 06.01.10	1812.42	1985.34	+3.587	+9.54	+9.54	+5.747	107.90
13	Construction of Kuruthode Bridge	SE/CCA/09-10/ 25 dt. 9.10.09	215.35	215.35	(-) 32.1	ER	ER	2.13	4.48

14	Improvements to Athirappally-Mallakuppam road	SE/CCA/09-10/110 dt. 27.01.10	2509.86	2609.24	ER	+4.93	+4.93	3.96	99.37
15	Improvements to Mulleringal-Pallyaludi-Venmani road	SE/CCA/14/209-10 dt. 26.03.10	629.05	446.50	(-35.53)	(-30)	(-30)	8.15	33.64
16	Construction of Methanam bridge across Periyar	SE/CCA/09-10/52/20 dt. 25.06.10	1300.20	1684.48	+24.1	+29.7	+29.7	4.5	72.45
17	Construction of Venmadavu bridge across Chalakkudy river	SE/CCA/10-11/5 dt. 25.06.10	840.94	1091.56	+27	+30	+30	2.3	25.06
18	Improvements to Kodakam-Kodungalloor road including Mala town	SE/CCA/10-11/127 dt. 18.02.2011	616.64	722.48	+34.3	+45	+35	0.29	2.12
19	Construction of Mettanadavu bridge across Konduppuzha connecting Anthalloor and Udayampore Panchayat	SE/CCA/11-12/84 dt. 17.01.12	491.69	482.13	(-7)	(-2.05)	(-2.05)	5.03	23.08
20	Construction of Mini Civil Station, Thodupuzha	SE/B&LW/CC/Tcr/09-10/31 dt. 31.10.09	302.18	341.46	+7	+13.5	+13	6	18.13
21	Construction of Mini Civil Station Vekkrumburi	SE/B&LW/10-11/38/CC/TCR dt. 27.08.10	390.11	484.56	+18.72	+24.21	+24.21	5.49	21.42
22	Construction of building for Reg. Drug Testing Lab. Kakkad	SE/B&LW/CC/TCR /63/10-11 dt. 16.11.10	387.94	445.90	+8.75	+14.94	+14.94	6.19	24.01
23	Construction of Academic Block-I for Govt. Engg. College, Ithikki	SE/B&LW/TCR/67/11-12 dt. 8.03.12	478.33	478.33	(-1)	ER	ER	1	4.78
24	Construction of Mini Civil Station Udayampuzha	SE/B&LW/TCR/29/10-11 dt. 13.07.10	495.46	658.97	+30	+33	+33	3	14.86
25	Improvements to road leading to Edakkal caves	SE (K)214/09-10 dt. 31.03.10	584.00	549.00	(-7.2)	(-7)	(-7)	0.2	1.17
26	Construction of Kottappuram bridge across Tejaswini river, Neeleswaran	SE/(K)74/2010-11 dt. 1.07.10	2004.00	2274.00	+9.8	+14.9	+13.5	3.7	74.15
27	Construction of Mammoortadavu bridge at Kazum	SE (K)126/10-11 dt. 27.10.10	883.00	1040.25	+12.75	+18	+18	5.25	46.36
28	Improvements to Kurnoath-Kelan peedika Mattini-Vallithod road	SE/(K)10-11/88 dt. 28.07.10	715.00	840.82	+14.8	+18.9	+18.9	4.1	29.31
29	Formation of Karma Bypass road in Puzhani Municipality	SE (K)33/11-12 dt. 04.08.11	1304.80	1670.85	+21.6	+33.3	+31.6	10	130.48
	<b>Total</b>		<b>26808.66</b>	<b>39724.5</b>					<b>1414.39</b>

## Appendix 3-7

## Details of Price Preference transferred to MoU contractors during 2009-10 to 2011-12

(Reference: Paragraph 2.1.10.1, ...)

1.	Construction of 400 bedded ward to TDM College, Alappuzha	SE/BSC/83/09-10 dtd. 8.02.10	1497.40	1779.05	+13	+18.81	+18.81	+18.81	5.81	87.00	12.13
2.	Construction of 400 bedded ward for TDMC Alappuzha	SE/BSC/84/09-10 08.02.10	1495.57	1776.00	+13	+18.81	+18.81	+18.81	5.81	86.89	12.11
3.	Construction of building for ITI, Chakkai, Trivandrum.	SE/BSC/104/10-11 19.01.11	263.51	330.66	+15.95	+26.6	+25	+25	9.05	23.85	10.67
4.	Construction of second Annex Building for Govt. Sect. Tvm.	SE/BSC/5/10-11 13.05.11	3766.11	4271.14	+6.5	+13.41	+13.41	+13.41	6.91	260.24	71.93
5.	Improvements to Elamkode-Valiyantha-Kolahalamedu road	SE/SC/09-10/342 29.03.2010	1570.73	1473.00	(-) 14.5	(-)6.4	(-)6.4	(-)6.4	8.1	127.23	48.69
6.	Reconstruction of Marumveedu bridge in Valikom-Veeboor, Kottayam	63/SE SC/11-12 8.12.11	288.20	287.41	(-)0.2	+7.65	+7.65	+7.65	7.85	22.62	8.21
7.	Construction of bridge at Panachamoolikadavu across Manimela river	229/SE/SC/10-11 13.01.11	465.99	482.79	(-)4.5	+3	+3	+3	7.5	34.95	11.65
8.	Construction of Court Complex, Ernakulam	SE/09-10/1 dtd. 06.01.10	1812.42	1985.34	+3.587	+9.54	+9.54	+9.54	+5.747	107.90	13.54
9.	Improvements to Mullirringad-Pallichadi-Venmani road	SE/CCA/142 09-10 dtd. 26.03.10	629.05	446.50	(-)35.53	(-)30	(-)30	(-)30	5.53	34.78	3.33
10.	Construction of Manthambakavu bridge across	SE/CCA/11-12/ 84 17.01.12	491.69	482.13	(-)7	(-)2.05	(-)2.05	(-)2.05	5.03	23.08	0.15

Sr No	Name of work	Agreement No.	IPAC ₹ in lakh	APAC ₹ in lakh	Lowest Bid per cent	Bid by KSCC per cent	Agreed rate of KSCC per cent	percentage of price preference to KSCC	Benefit of price preference to KSCC ₹ in lakh	Benefit of price preference in excess of five per cent ₹ in lakh
	Kanachuzha connecting Amballoor and Udeysamperoor Pt									
11.	Construction of Mini Civil Station, Theodupuzha	SE/B&LW/CC/ Tcr/09-10/31 dtd. 31.10.09	302.18	341.46	+7	+13.5	+13	6	18.13	3.02
12.	Construction of Mini Civil Station Vadakkancheri	SE/B&LW/10- 11/38/CC/TCR dtd. 27.08.10	390.11	484.56	+18.72	+24.21	+24.21	5.49	21.42	1.91
13.	Construction of building for Regional Drug Laboratory, Kakkand Treming	SE/B&LW/CC/ TCR/63/10-11 dtd. 16.11.10	387.94	445.90	+8.75	+14.94	+14.94	6.19	24.01	4.62
14.	Construction of Mannoorkadavu bridge at Kanmar	SE (K) 126/10-11 dtd. 27.10.10	883.00	1040.25	+12.75	+18	+18	5.25	46.36	2.21
15.	Formation of Karma Bypass road in Ponnani Municipality	SE (K)33/11-12 dtd. 04.08.11	1304.80	1670.85	+21.6	+33.3	+31.6	10	130.48	65.24
	<b>Total</b>		<b>26000.49</b>	<b>29522.15</b>					<b>1048.94</b>	<b>269.41</b>

**Appendix 3.8**  
**Details of Mobilisation Advance received/paid by KSCC during 2009-10 to 2011-12**  
 (Reference: Paragraph 2.1.10.2.3.3.1)

						(₹ in lakh)
Thiruvananthapuram	13	1635.05	1528.67	106.38	492.13	81.46
Alappuzha	4	901.00	720.64	181.64	334.47	46.18
Kottayam	9	1257.72	1177.30	80.39	385.27	48.92
Ernakulam	13	2214.20	1812.94	401.26	884.35	185.21
Thrissur	5	921.74	833.43	88.31	144.41	66.02
Kannur	5	1103.03	900.82	202.21	266.21	45.67
<b>Total</b>	<b>49</b>	<b>8032.74</b>	<b>6973.8</b>	<b>1060.19</b>	<b>2506.84</b>	<b>473.46</b>

**Appendix B.9**  
**Twelfth Finance Commission works entrusted to FSUs**  
 (Reference: Paragraph 2.1.10.5, 2.1.10.7)

Sl. No.	Name of work	Estimated cost (in crore)	Estimated cost (in crore)	Percentage	FSU selected	Assessment	Advance to PSUs	
								Estimated cost (in crore)
1.	Deepening and side protection to Veli-Akkulam lake	10.52	17.00	+61.59	TCL	16,99,83,356	15,00,00,000	
		7.35	13.00	+76.87	KSINDC	12,99,97,381	13,00,00,000	
2.	Provision for Muziris Heritage	5.00	7.75	+55	KSINC	7,75,00,000	3,03,00,000	
3.	Pollution control work at Thiruvallam- Construction of abutting arrangements, side protection and diversionary groyne at mouth of branch thoda of Karaimans river at Thiruvallam.	0.28	0.42	+50	KSINC	40,98,042	41,00,000	
4.	Dredging and rock blasting between Puthalam lock and Kanjar in Periyar River for facilitating Seaport-Airport Connectivity	5.00	5.00	Estimate rate	KSINC	5,00,00,000	Nil	
5.	Dredger for Irrigation Department- Manufacturing by KSINDC	2 nos. at ₹ 3.79 crore each	7.58	estimate rate	KSINC	7,58,00,000	7,58,00,000	
6.	Construction of RCC B type Jetty, Kadavu and side protection work at S.V. Market at Karuvagappally	0.15	0.215	+43.88	KSINC	21,25,073	21,00,000	
		0.36	0.5180	+43.88	KSINC	51,10,618	51,00,000	
7.	Deepening the Boat route channel connecting Panavalley Jetty, Mullatom Jetty in Chertthala L.A. Constituency	0.185	0.2662	+43.88	KSINC	26,15,997	26,00,000	
8.	Deepening the Boat Basins at Panavalley jetty and Panuvayal jetty of Perumbalam island in Chertthala							
<b>Total</b>							<b>51,72,36,467</b>	<b>46,00,00,000</b>

**Appendix 4**  
**Budget Provision, GOI Assistance and Expenditure**  
**(Reference : Paragraph 2.2.7 )**

(₹ in crore)

	2007-08			2008-09			2009-10			2010-11			2011-12			TOTAL 2007-12		
	Budget Provision	GOI Assistance	Expenditure	Budget Provision	GOI Assistance	Expenditure	Budget Provision	GOI Assistance	Expenditure	Budget Provision	GOI Assistance	Expenditure	Budget Provision	GOI Assistance	Expenditure	Budget Provision	GOI Assistance	Expenditure
ICDS General	155.19	96.88	154.09	169.17	150.21	144.20	197.89	132.87	206.13	226.06	122.55	202.76	329.27	293.14	316.55	1064.18	804.05	1057.73
SNP*	46.16	39.79	45.96	66.61	55.97	66.34	81.02	75.46	80.79	59.99	80.71	59.88	92.31	74.66	92.17	346.09	326.53	345.14
NPAG	5.76	2.60	5.65	0.80	0.80	0.00	2.35	2.35	2.38	5.84	0.00	0.00	0.06	0.00	0.00	13.98	4.98	8.03
KSY	1.71	0.00	1.71	1.78	2.44	1.78	1.79	1.79	1.78	0.00	0.90	0.06	0.00	1.62	0.00	5.28	6.75	5.27
Sabbh	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5.13	8.82	5.01	15.63	12.85	15.55	20.76	21.67	20.56
IGMSY	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.38	0.00	0.00	0.00	0.00	0.00	8.56	0.00
Lichhita	0.00	2.39	0.00	1.30	0.25	1.21	2.50	2.50	2.47	3.11	1.56	3.10	2.87	1.78	2.87	9.78	8.48	9.65
Total	268.82	141.46	267.41	238.86	206.87	253.53	285.58	225.80	287.55	306.73	221.52	278.75	431.86	308.57	427.14	1465.07	1184.92	1444.38

Source: VLC figures of PAG (A&E) and Utilization Certificates of Director of Social Welfare for schemes mentioned above and Sanction orders from GOI

\*This does not include the expenditure incurred by LSGs over and above the GOI assistance and budget provision of GOK under the Head of Account 2235-02-102-69 (Plan).



**Appendix 4-1**  
**District wise consolidation of Health check-ups conducted during the years 2007-12**  
 (Reference : Paragraph 2.2.9)

District	0-3 years			3-6 years			Adolescent Girls			Lactating mothers			Pregnant women		
	Target	Achievement	Percentage	Target	Achievement	Percentage	Target	Achievement	Percentage	Target	Achievement	Percentage	Target	Achievement	Percentage
Thiruvananthapuram	586448	491516	83.81	654550	245632	37.53	956326	202700	21.20	102837	102837	100	87308	87308	100
Malappuram	125262	6926	4.86	1153436	47574	4.12	1432171	149277	10.28	196492	19738	10.05	210182	23677	11.26
Idukki	152607	123600	80.99	144687	114026	78.81	305834	190313	62.23	26607	23853	97.17	26073	26073	100
Palakkad	346331	254100	73.33	321053	202793	63.16	256703	202323	78.82	73610	46220	62.79	70375	47598	67.63

Source : Data furnished by District Programme Officers

Appendix 4.2  
 District wise consolidation of immunization particulars during the years 2007-12  
 (Reference : Paragraph 2.2.9 )

District	DPT			POLIO			BCG			MEASLES			T T		
	Target	Achievement	Percentage	Target	Achievement	Percentage	Target	Achievement	Percentage	Target	Achievement	Percentage	Target	Achievement	Percentage
Thiruvananthapuram	313162	312233	99.70	313062	312313	99.76	206508	206490	99.99	261078	260128	99.64	118774	118681	99.92
Malappuram	304879	210254	68.96	304857	240254	68.97	400221	350216	87.40	722011	72575	59.48	145674	134055	92.02
Idukki	15601	15572	99.81	15602	15572	99.81	21465	21285	99.16	15955	15829	99.21	9395	9276	98.73
Palakkad	659253	422957	64.16	659253	422957	64.16	659253	422957	64.16	659253	422957	64.16	143985	93826	65.16

Source: Data furnished by District Programme Officers

**Appendix A-3**  
**Shortfall in number of children (zero-six years) weighed and their nutritional status**  
 (Reference : Paragraph 2.2.11.3)

(figures in lakh)

Year	Population 0-6 years	Weighed 0-6 years	Percentage weighed	Percentage shortfall	Normal	Percentage normal	Percentage various degrees of malnourished	Moderately malnourished	Severely malnourished	Percentage malnourished	Percentage severely malnourished
2007-08	27.84	17.89	64.27	35.73	10.89	60.87	39.13	1.39	0.01	0.06	0.06
2008-09	29.36	18.66	63.55	36.45	11.51	61.67	38.33	6.99	0.01	0.05	0.05
2009-10	27.97	18.81	67.22	32.78	11.76	62.51	37.49	7.04	0.01	0.06	0.06
2010-11	28.12	18.61	66.20	33.80	11.74	63.08	36.92	6.86	0.02	0.08	0.08
2011-12	27.75	16.31	58.78	41.22	11.84	72.59	27.41	4.33	0.14	0.86	0.86

Source: Monthly Progress Report of end-March every year submitted by Director.

**Appendix A - A**  
**Target and achievement on job training**  
 (Reference : Paragraph 2.2.14 )

Year	Supervisors			Anganwadi workers			Anganwadi Helpers			
	Target	Achieved	Shortfall (-)	Target	Achieved	Shortfall (-)	Target	Achieved	Shortfall (-)	Percentage of Shortfall
2007-08	75	71	4	3408	2032	1376	3608	2930	678	18.79
2008-09	100	32	68	4600	2452	2148	5000	1992	3008	60.16
2009-10	25	21	4	2625	2962	(+337)	3600	1452	2148	59.66
2010-11	54	96	+42	350	301	49	2250	1421	829	36.84
2011-12	125	114	11	1365	1914	(-1549)	1950	4202	(+2252)	-

Source: Quarterly Progress Report for the 4<sup>th</sup> Quarter of each year

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