

FIFTEENTH KERALA LEGISLATIVE ASSEMBLY

**COMMITTEE
ON
PUBLIC ACCOUNTS
(2023-2026)**

FIFTIETH REPORT

(Presented on 26th June, 2024)



**SECRETARIAT OF THE KERALA LEGISLATURE
THIRUVANANTHAPURAM
2024**

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**COMMITTEE
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FIFTIETH REPORT

On

**Paragraphs relating to Revenue Department contained in the
Report of the Comptroller and Auditor General of India for the
year ended 31st March 2015 (General and Social Sector)**

CONTENTS

	Page
Composition of the Committee	: V
Introduction	: VII
Report	: 1
Appendices :	
(I) Summary of main Conclusions/Recommendations	: 37
(II) Notes furnished by the Government	: 40
(III) Appendices from AG's Report	: 45

COMMITTEE ON PUBLIC ACCOUNTS

(2023-2026)

COMPOSITION

Chairman :

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Members :

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Shri. M. Vincent

Legislature Secretariat :

Dr. N. Krishna Kumar, Secretary.

Shri. Selvarajan P. S., Joint Secretary.

Shri. Jomy K. Joseph, Deputy Secretary

Smt. Beena O. M., Under Secretary.

INTRODUCTION

I, the Chairman, Committee on Public Accounts, having been authorised by the Committee to present this Report, on their behalf present the Fiftieth Report on paragraphs relating to Revenue Department contained in the Report of the Comptroller and Auditor General of India for the year ended 31st March 2015 (General and Social Sector).

The Report of the Comptroller and Auditor General of India for the year ended 31st March 2015 (General and Social Sector) was laid on the Table of the House on 24th February 2016.

The Committee considered and finalised this Report at the meeting held on 08th May 2024.

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

Thiruvananthapuram,
26th June, 2024.

SUNNY JOSEPH,
Chairman,
Committee on Public Accounts.

REPORT

REVENUE DEPARTMENT

4.3 Receipts and Utilisation of River Management Fund

4.3.1 Introduction

Government of Kerala (GOK) enacted 'The Kerala Protection of River Banks and Regulation of Removal of Sand Act, 2001' (Sand Act) and 'The Kerala Protection of River Banks and Regulation of Removal of Sand Rules, 2002' (Sand Rules), to protect river banks and river beds from large scale indiscriminate dredging of river sand, protect their bio-physical environment system and regulate the removal of river sand. The Principal Secretary, Revenue Department was responsible for implementing the Sand Act at Government level. The Land Revenue Commissioner (LRC) and the District Collectors (DC) were responsible for implementing the provisions of the Sand Act at the State and district levels respectively.

The Sand Act provided for maintenance of 'River Management Fund' (RMF) by District Collectors to meet all expenses towards management of river banks where removal of sand was carried out (Kadavu¹). It was envisaged that 50 per cent of the sale proceeds of river sand would be the share of local bodies and the RMF would comprise of the remaining 50 per cent of the amount. In addition to this, RMF would include the grants by the Government to implement the River Development Plan

1 'Kadavu' means river bank or water body where removal of sand is carried out. The District Expert Committee shall identify the kadavu or river bank in a district in which sand removal may be permitted, to fix the total quantity of sand that can be removed from the kadavu or river bank, to close a kadavu or river bank opened for sand removal, etc. For the purpose of regulating the removal of sand in every kadavu or river bank situated in a district, the District Collector shall constitute for each kadavu or river bank a 'Kadavu Committee' called by the name of that place where the kadavu or river bank is situated.

(RDP) framed under the provisions of the Sand Act, money obtained by donations or contributions from public or from non-governmental agencies, all penalties imposed under the provisions of the Sand Act or Sand Rules, etc. The RMF was to be maintained in Treasury Savings Bank accounts.

4.3.2 Scope and Coverage of Audit

Audit was conducted covering the period 2010-15 to assess whether the action about collection of receipts and utilization of the RMF was in compliance with the Sand Act/Sand Rules. Audit scrutinised the records of the Revenue Department, Office of the Land Revenue Commissioner and four Collectorates in Ernakulam, Kollam, Malappuram and Thrissur districts selected by simple random sampling method. The status of various works like protection and maintenance of Kadavus, construction of check dams, protection walls, etc., undertaken in the test checked districts using RMF was also assessed during the course of the audit.

4.3.3 Fund Status

The RMF was constituted in all the districts of the State as stipulated under the Sand Act. Against total receipts of ₹ 299.75 crore, under RMF during 2010-15, the expenditure was only ₹ 92.24 crore (31 per cent). However, in the test checked four districts, against the receipts of ₹180.59 crore², expenditure from RMF was ₹ 43.67 crore viz. 24.18 per cent resulting in a closing balance of ₹ 136.92 crore as shown in Table

4.4.

2 Including opening balance of ₹75.99 crore

Table 4.4: Details of funds received, expended and unutilised under RMF in test checked districts during 2010-15
(₹ in crore)

Name of District	Opening Balance	Collection	Total	Expenditure	Closing Balance	Percentage unutilised	Committed expenditure
Ernakulam	16.74	27.78	44.52	21.82	22.70	51	Not Available
Kollam	10.98	25.15	36.13	5.21	30.92	86	Nil
Thrissur	13.35	17.13	30.49	5.35	25.14	82	18.00
Malappuram	34.92	34.53	69.45	11.29	58.16	84	29.21
Total	75.99	104.59	180.59	43.67	136.92	76	

(Source: Information obtained from District Collectors and LRC)

Lowest expenditure was recorded by Kollam which could utilise only 14 per cent of available funds.

GOK, while accepting the fact (November 2015) that funds under RMF remained unutilised in various districts, stated that worthy proposals from districts would be placed before the State High Level Committee (SHLC) for the upkeep of the bio-physical environment of river banks. It was further stated that participation of non-governmental agencies would also be explored for implementing riverbank protection measures.

The reply of the Government must be viewed against the fact that the provisions of Sand Act which stipulated preparation of River Development Plans (RDP) for the purposes of comprehensive development of river banks and its catchment areas were not complied with as confirmed by the LRC (June 2015). Audit observed that in the absence of the RDPs, inviting proposals from Districts for the upkeep of the bio-physical environment of river banks would only be ad-hoc in nature and not in compliance with the Sand Act/Sand Rules. The failure of District Expert Committees (DEC) to prepare RDPs had also contributed to lesser utilization of resources available under the RMF.

[Audit paragraphs 4.3 to 4.3.3. contained in the Report of the Comptroller and Auditor General of India for the year ended 31st March 2015 (General and Social Sector)]

[Note submitted by the Government on the above audit paragraphs is included as Appendix II]

Excerpts from the discussion of Committee with officials concerned

1. While considering the audit para 4.3, the Committee observed that the audit raised an objection that there were receipts of ₹299.75 Crore, as River Management Fund, but only ₹92.24 Crore were expended. When the funds were demanded for the places where River Bank Protection was most needed, the response was negative and the committee wanted to know why the funds collected for the purpose were not expended. The highest amount had been collected in Malappuram district. The Committee enquired about the non-spending of the fund received and also commented that a meeting of the officials who were handling the River Management Fund(RMF) should be convened for seeking explanation regarding the non-spending of the fund. The Committee also observed that the Audit Department had conducted test checking only in four districts and the situation in other districts also needed to be examined.

2. The Assistant Commissioner, Revenue Department informed the Committee that the available corpus fund of ₹140 crore had been recovered by the Finance Department three years ago. The Additional Chief Secretary also added that the amount was not spent due to lack of proposals.

3. The Committee opined that in 2010-15, the fund was withdrawn, because the amount was not spent. A lot of projects could have been done for rivers, so the reply was not tenable and inquired about the reasons attributed to the non expending of the amount. The Additional Secretary informed that there were lack of proposals and the amount could not be expended. The Committee disagreed, stating that there were a lot of proposals and asked about the criteria for finalizing the proposals received from the districts, as well as the present status of the balance amount kept in the River Management Fund (RMF).

4. The Assistant Commissioner, Revenue Department replied that the proposals had been submitted after approval by the district expert committee chaired by District Collector. The expert committee consists of two elected LSGD representatives from the district, a district Panchayat representative, officials from Irrigation and LSG departments and two environmental activists. The project approved by the district expert committee would be reviewed and approved by the expert committee at the State level chaired by the Minister for Revenue, and implemented through the Irrigation Department. Often, the awarded projects would not be taken up by the contractors. So after tendering three or four times the work would be abandoned and that led to the non implementation of the projects and non utilisation of funds. He also added that an amount of ₹ 54 Crore was remaining as an outstanding balance for the entire districts.

5. The Committee inquired whether any appraisal had been done on why the contractors did not take up river deepening and other related works and whether the fund was allocated according to

the need of river bed protection in each district and added that it was informed in the DCC level meeting that the amount was allocated for the collection of soil deposited by landslides then the river bank protection would be possible only if the amount was paid not only for the soil collection area but also for the landslide area. The Committee also wanted to know whether the criteria would be limited to soil collection works only.

6. The Additional Secretary, Revenue Department informed the Committee that the amount would be sanctioned as soon as the proposals were received from the districts. It had been decided to focus on more problem affected areas for the protection of river banks and a river development plan was being prepared and a meeting would be conducted on 8th of that month to discuss the survey and other measures. A River Development Plan had been prepared and steps were taken to utilize the RMF in a better way.

7. To a query of the Committee about whether the plan was prepared after visiting the river banks, the Additional Secretary, Revenue Department replied that the river banks were visited, but the survey activities needed to be conducted in connection with the river development plan.

8. The committee expressed concern that funds were not allotted even though officials were approached with complaints including letters from the MLAs.

9. The Committee pointed out that a 200 year old temple located on the banks of a river at Koottilangadi Panchayath is in collapsing stage due to landslides and requested the District Collector for RMF several times, but it was not granted. The Committee directed that

immediate steps should be taken to implement such things, as soon as the funds were made available.

10. The Additional Secretary, Revenue Department assured that such proposals were scrutinized and approved by the expert Committee. The above matter would be discussed with the District Collector, who would look into it with special care.

11. The Committee also pointed out that protection work was not being done on both sides of Mavelipuzha at Kottiyoor Panchayath and on the sides of the Kallada river in Punalur Municipality, where around 40 houses were in danger due to the last flood at Bharanikavu. In such matters action should be taken without wasting funds.

12. The Additional Secretary, Revenue Department assured the Committee that the LSGD and Irrigation departments were included in the expert Committee and the proposal should be submitted after examination by them also. The expert committee would check the matter pointed out by the Committee and take necessary action.

13. The Senior Deputy Accountant General informed the Committee that according to the district wise collected data, there were currently ₹ 21.79 Crore left in the River Management Fund and during the last 5 years, the Government had resumed ₹ 135 Crore rupees and had given an undertaking that the fund would be returned if there was a proper plan. Out of the ₹ 135 Crore resumed, ₹ 44 Crore had been returned to the districts by the Finance Department and after spending there were ₹ 21 Crore left in the RMF.

14. To a query of the Committee about the balance amount kept in RMF, the Additional Secretary, Revenue Department informed the Committee that according to the report received from the Collectorate,

there was a balance of ₹54 Crore. After reconciling with the audit report, checking would be done to ascertain how the difference came out. Viable proposals submitted by the districts were accepted, very few proposals were rejected, he added.

15. The Committee viewed with serious concern of the situation in which no scheme could be implemented. Then the Additional Secretary, Revenue department, responded that strict direction would be given for the implementation at district level.

16. In response to the query about the RMF management and the selected works in the RMF and the completed works that were recommended by the MLA's at district level.

17. The Additional Secretary, Revenue Department informed the Committee that the RMF Section was managed by the Additional Secretary and district Collectors at the district level and all the proposals received were included in the meeting on 8th of that month. The date of the meeting of the Higher level Committee was decided in each meeting and all the proposals received were included in the agenda and got vetted and approved. If the proposal could not be agreed upon, the Committee would conduct a site visit and check again, and no proposals would be rejected at present and strict instructions would be given for the implementation of the proposals. The proposals should be submitted after the approval of the District Expert Committee chaired by the District Collector. The Additional Secretary assured the Committee that the details of the unfinished works at the district level would be collected and submitted and added that the works related to river management would be selected on the basis of specific criteria.

18. The Committee commented that the reply given on the non-expenditure of funds was not satisfactory and that the funds were not being utilised in areas prone to natural calamities such as landslides and the works once started were not being completed on time. On the basis of the assessment, the Committee instructed the department to spend the amount in time, complete the projects according to the need, take steps to utilize the remaining amount in the River Management Fund, submit suitable proposal to get the amount back from the Finance Department and utilise the amount in time. The Additional Secretary, Revenue Department assured the Committee that strict instructions would be given in that regard.

19. To a query of the Committee whether it is not possible to include the MLAs in the district level committees, the Assistant Commissioner, Revenue Department informed the Committee that MLAs could be included in the Committees only if the statutory status is amended, as the district Committee is a statutory body.

20. The Committee decided to recommend that an amendment should be made in the statute to include MLAs or their representatives in the District level Committees.

Conclusions/Recommendations

21. The Committee observes that despite having enough RMF, the funds are not expended, even though there are many proposals. The Committee also notes that the funds are not being spent in areas prone to natural calamities and the works that have been started are not being completed on time. So the Committee directs the Revenue Department to spend the River Management

Fund in a judicious and timely manner and complete the projects assessing the real need.

22. The Committee directs the department to submit a report regarding the current status of the funds received, expended and unutilised under RMF.

23. The Committee recommends that the Revenue Department should take steps to make an amendment in the statute to include MLAs or their representatives in the District Level Committees.

4.3.4 Receipts

4.3.4.1 Fixation of price of sand by 'Kadavu' Committees

Section 14 (1) of the Sand Act empowers Kadavu Committees³ to fix the price of sand for each Kadavu after taking into account the availability and accessibility of sand in any area. Section 14 (2) of the Sand Act empowers the Kadavu committees to fix the price of sand by public auction. Thus, the Act envisaged conducting public auction for fixation of price of sand.

Audit, however, noticed that 'Kadavu' committees in the four test checked districts of Kollam, Thrissur, Ernakulam and Malappuram did not resort to public auction to determine the sale price of sand. Instead, the sale price of sand was determined by DEC's and Kadavu Committees. The failure to fix the price of sand through public auction resulted in adopting different methods for fixing the sale price of sand in these districts as shown in Table 4.5.

³ Kadavu committees are constituted by District Collectors to regulate the removal of sand in every Kadavu or river bank situated in a district. The President/Chairperson of the Grama Panchayat/Municipality, Secretary of the Grama Panchayat/Municipality, representatives from the Irrigation, Public Works Departments, Environmentalists, etc constitute the Kadavu Committee

Table 4.5: Comparison of prices fixed by Kadavu committees and PWD

(in ₹)

Year	Kollam		Ernakulam		Thrissur		Malappuram	
	PWD	Kadavu Committee	PWD	Kadavu Committee [@]	PWD	Kadavu Committee	PWD	Kadavu Committee
Mode of fixing of price of sand		Price fixed by DEC ⁴ on the basis of GO of June 2009		The respective Kadavu Committees themselves fixed the price of sand		DEC notified a unified price for all the 'Kadavus' in the district based on recommendations made by the various 'Kadavu' committees in the district		DEC notified a unified price for all the 'Kadavus' in the district based on recommendations made by the various 'Kadavu' committees in the district
2010-11	951	634	951	709.12	951	292.63	951	330.00
2011-12	951	634	951	768.35	951	593.75	951	330.00
2012-13	1509	634	1509	828.50	1509	588.75	1509	330.00
2013-14	822	634	828	886.92	767	593.75	767	656.50
2014-15	925	634	907	1360.20	857	618.75	851	845.25

[@] Since the price fixed by Kadavu Committees in Ernakulam district varied from Kadavu to Kadavu, Audit reckoned the average of prices fixed by Kadavu Committees for quantifying revenue loss

(Source: Replies from District Collectorates and PWD/CPWD SOR)

Audit attempted to assess whether RMF/Local Bodies suffered any loss of revenue due to the sale of sand at 'Kadavus' at prices fixed other than through public auction. A scrutiny of the costing methodology followed by the Kadavu committees during 2010-15 in Ernakulam, Thrissur and Malappuram districts revealed that the sale price of sand as fixed by the DEC's included cost of labour also. In Kollam district, the DEC fixed the price of sand based on Government order (June 2009). As the labour cost (63.74 per cent) is an inevitable expenditure to be incurred, Audit observed that 36.26 per cent would constitute the income due to the RMF and local bodies from the sale proceeds of

4 District Level Expert Committees are Expert Committees constituted by the Government for each district of the State with the District Collector as the Chairman and the Executive Engineer of the Irrigation department as the Convener.

sand. To quantify loss due to sale of sand other than through rates fixed by public auction, Audit compared the difference in price of sand as fixed by the Kadavu committees and the rate of sand as per the State Public Works Department Schedule of Rates (PWD SOR) up to 2012-13 and Central Public Works Department Schedule of Rates (CPWD SOR) from 2013-14 onwards⁵ (Appendix III(1)&III(2)). The PWD/CPWD rates were reckoned by Audit to quantify the loss since these rates undergo periodical revision in line with market sentiments and were also accepted by Government for fixing the price of confiscated sand.

Audit noticed that LRC had failed to enforce public auction to fix the price of sand which had resulted in loss of at least ₹ 115.02 crore on sale of 60 lakh tonnes of river sand in four districts during 2010-15, of which ₹ 57.51 crore should have accrued to the RMF and a similar amount to the local bodies in the four test checked districts.

GOK accepted their failure to resort to public auction as stipulated in the Act.

[Audit paragraphs 4.3.4 and 4.3.4.1 contained in the Report of the Comptroller and Auditor General of India for the year ended 31st March 2015 (General and Social Sector)]

[Note submitted by the Government on the above audit paragraph is included as Appendix II]

Excerpts from the discussion of Committee with officials concerned

24. Considering the audit para 4.3.4.1, Fixation of price of sand by 'Kadavu' Committees, the Committee inquired whether the prices of sand were fixed by the Kadavu Committees on the basis of common

⁵ Upto 2012-13, the State was following the State PWD SOR for works undertaken in all State Government departments. However, from 2013-14 onwards, the State followed the CPWD SOR and National Building Code guidelines. These rates were reckoned as they undergo periodical revision in line with market sentiments and were also accepted by Government for fixing the price of confiscated sand.

criteria and also enquired the criteria for determining the price of sand.

25. The Assistant Commissioner, Revenue Department, informed the Committee that though the Sand Act states that the sand should be sold through auction, the price was set by consensus in many places, and the District Expert Committee is consolidating the price fixed by the Kadavu Committees in each Panchayath. The Kadavu Committees sold 10 percent sand to the Panchayaths, 15% to PWD and 75% to the people. The sand was given to the public on the basis of the approved plan and permit for house construction and the Panchayaths did not conduct auction because it was for house construction.

26. The Assistant Commissioner also added that according to the Sand Act, sand audit must be conducted for performing sand mining. The sand audit of 32 rivers had been completed and that of 4 rivers are in progress. The National Green Tribunal took the case when the respective District Collectors prepared and approved the mining plan in 12 rivers where sand was found. Thereafter, separate norms were brought and framed as Central Rules in 2021. According to the new rules of the National Green Tribunal, the work for the preparation of district sand report was awarded to the National Institute for Interdisciplinary Science and Technology (NIIST) of CSIR, an accreditation agency of NAAC and funds had been allowed. The said work was to be completed within four to five months and after the completion of the project, sand mining could be started only after preparing a specific mining plan at each Kadavu and obtaining the permission of the State Environment Committee.

27. The Committee noticed that there was a difference in the price of sand as fixed by the Kadavu Committee and the PWD. If the difference in price had been resolved from time to time through conducting scrutiny by the District Collectors, there would have been no loss to the Government exchequer. The Committee enquired how could the Kadavu Committee took such a stand while there was standing Act and Rules. The Committee also enquired who was empowered to fix and scrutinize the sale price of sand as stipulated in 14th Section and Sub-sections of the Sand Act.

28. The Assistant Commissioner informed the Committee that as per the said sections of the Act, the Kadavu Committees should hold a public auction and determine the price of the sand, but the audit department had found that no public auction had been conducted.

29. The Assistant Commissioner, Revenue Department also added that as per the Government Order issued in 2009 for the sale of confiscated sand, the price of sand was fixed as ₹634/- for Best quality sand, ₹530/- for Medium quality sand and ₹426/- for Low quality sand. It was understood that the amount fixed for selling sand at various places was being followed by the Kadavu Committees.

30. The Committee observed that according to the Government Order, the lowest price was ₹426, but the sand had been given by Kadavu Committees at a price lower than the stipulated price. Section 14(2) states that "The price to be fixed under sub-section (1) shall be by public auction". Section 9(b) states that "to fix the total quantity of sand that can be removed from a Kadavu or river bank giving due regard to the guidelines of expert agencies like the Centre for Earth

Science Studies and Centre for Water Resources Department and Management [or other agencies in the sector as may be specified by the Government from time to time];” But none of them had been followed. The Committee inquired how the Kadavu Committees were selected.

31. The Assistant Commissioner, Revenue Department convinced the Committee that the Kadavu Committee is chaired by the President/ Chairperson of the Panchayat/ Municipality and the Secretary of the Panchayat/ Municipality as Convenor, Village Officer, PWD Engineer, two representatives from the sand workers as members. The prices should be fixed by the Kadavu Committees after checking the availability and desirability of sand in each area.

32. The Committee reiterated that the Kadavu Committees had been working illegally. If a loss of ₹125 Crore had occurred in four districts, it could easily be imagined how big the loss would be when remaining districts are audited. Apart from giving low priced sand to the people, some malpractice had been occurred. The Committee urged that responsibility should be fixed against those who violate the provisions of the law. The committee also commented that the sand was given at a rate which was one third of the PWD rate was a clear violation of the law and the loss incurred to the State could not be ignored.

33. The Assistant Commissioner informed the Committee that low priced sand was given for building houses to keep the price of sand under control. 10 per cent sand was provided for houses by Panchayats and 15 per cent for PWD works. The cost of sand was rationalized so that the price of sand does not vary at each pier and the sand from other states was relatively less.

34. The department informed the Committee that the present status had been given to the AG, the Senior Deputy Accountant General refused to vouch for the point and explained to the Committee that the said report had not been received.

35. The Committee opined that, it should take decisions in such a manner that convinces the administrative departments that the decisions taken by them are being scrutinised, otherwise, malpractices like this would be repeated and the explanation provided by the department was not satisfactory and there had been a clear violation of the law. The Committee instructed the department to investigate and find out who was responsible for it and take stringent action to prevent the recurrence of such instances in future.

Conclusions/Recommendations

36. The Committee notices that there is difference in price of sand as fixed by the Kadavu Committees and the PWD Schedule of Rates. The Committee adds that the department failed to ensure periodical execution of public auction of sand, which has resulted in a huge loss to the exchequer.

37. On the basis of the above, the Committee directs the department to fix the responsibility against those who fail to execute the provisions of law and to take corrective measures to prevent the occurrence of such instances in future.

4.3.4.2 Sale of confiscated sand

A mention was made in Para 3.4.4.2 of the Audit Report of the Comptroller and Auditor General on General and Social Sector for the year ended March 2013 on loss of revenue of ₹1.63 crore due to

disposal of confiscated sand lower than stipulated prices during the period June 2010 to July 2011 and November 2012 to March 2013. Despite such observation demanding action to sell confiscated sand at stipulated prices, the Kollam and Malappuram districts continued to sell the sand at lower rates, as brought out below.

As per an amendment made to the Sand Act in 2013, the confiscated sand was to be sold through Kalavaras⁶ at the rates fixed by Public Works Department (PWD) in their Schedule of Rates (SOR). Audit noticed that while confiscated sand was sold in Ernakulam district at rates comparable to PWD rates, in Kollam district, the confiscated sand was sold through Kalavaras at the rates fixed by Government in June 2009 (₹634 per tonne) instead of selling it at PWD rates (₹822 and ₹925 per tonne). In Malappuram district, the confiscated sand was sold at even lesser rate of ₹535 (March 2015) fixed by the District Nirmithi Kendra headed by the District Collector. The sale of 23826.88 tonnes of confiscated sand at a lower rates resulted in revenue loss of ₹0.67 crore during 2013-15 to RMF as shown below:

Table 4.6: Details of sale proceeds of river sand sold through Nirmithi Kendra, Kollam and Malappuram during 2013-15

District	Year	Quantity of sand sold (in tonne)	Price of sand sold/tonne (in ₹)	Total (in ₹)	Rate of sand as per CPWD SOR/tonne including index cost of respective districts (in ₹)	Total (in ₹)	Loss incurred (in ₹)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8) [(7)-(5)]
Kollam	2013-14	73.62	634	46675	822	60516	13841
	2014-15	113.6988	634	72085	925	105171	33086

⁶ Kalavaras are fair price markets run by District Nirmithi Kendras which are autonomous agencies registered under the Travancore Cochin Literary, Scientific and Charitable Societies Registration Act, 1955 for disseminating cost effective and environment friendly building technology.

Malappuram	2013-14	9866.745	535	5278709	767	7567793	2289084
	2014-15	13772.82	535	7368459	851	11720670	4352211
Total		23826.8838					6688222

(Source: Details received from District Collectorates)

Audit observed that uniformity was lacking, both in the rates fixed by different district collectors and in the methodology for determining the sale price of confiscated sand.

GOK stated (November 2015) that revised proposals for enhancement of rate at par with market rate of sand will be obtained from all district collectors and urgent steps would be taken to revise the same.

[Audit paragraphs 4.3.4.2 contained in the Report of the Comptroller and Auditor General of India for the year ended 31st March 2015 (General and Social Sector)]

[Note submitted by the Government on the above audit paragraph is included as Appendix II]

Excerpts from the discussion of Committee with officials concerned

38. To a query of the Committee whether the upset price was fixed only for the confiscated sand, the Assistant Commissioner, Revenue Department informed the Committee that according to the reports received, confiscated sand was being sold through the Kalavara at the rate fixed in the Government Order of 2009. Although the upset price for the sand collected from the river had not been fixed, some had sold sand at the said rate and at a price lower than that.

39. The Committee directed the Department to make periodic revisions to the Government Order issued in 2009 as it was being interpreted in a way that causes loss to the Government.

40. The Assistant Commissioner, Revenue Department assured the Committee that the department would do so.

Conclusion/Recommendation

41. The Committee directs that the revised proposals to fix the sale price of confiscated sand at par with the market rate of sand to be obtained from all District Collectors and to take urgent measures to make periodic revisions to the Government Order issued in 2009.

4.3.4.3 Non-remittance of Sale Proceeds in the RMF

As per Section 17(2) of the Sand Act, every local authority having a Kadavu or river bank shall contribute 50 per cent of the amount collected by the sale of sand towards the RMF maintained by the District Collector. Section 17(5) of the Sand Act also requires that the account shall be settled before the 10th day of succeeding month by remitting the balance amount due for payment. Audit found that in Ernakulam district, the proceeds from sale of sand of ₹ 10.07 crore during the period 2002-03 to 2014-15 was irregularly retained by 16 Panchayats. Out of this, an amount of ₹ 4.55 crore was recovered as of March 2015 and balance amount of ₹ 5.52 crore was yet to be recovered.

GOK stated (November 2015) that strict directions would be issued to all District Collectors to realise the entire dues without any further delay, even by resorting to coercive measures, wherever found necessary.

[Audit paragraphs 4.3.4.3 contained in the Report of the Comptroller and Auditor General of India for the year ended 31st March 2015 (General and Social Sector)]

[Note submitted by the Government on the above audit paragraph is included as Appendix II]

Excerpts from the discussion of Committee with officials concerned

42. To a query of the Committee, the Additional Secretary, Revenue Department replied that the prescribed share due to the Government had not been paid from the amount collected by Panchayats from the sale of sand and the Audit Department had found that 16 Panchayats in Ernakulam district had irregularly retained the said amount and RR action was initiated against the Panchayats for payment, but it was not completed. The status was for the year 2012-13, he added.

43. The Special Secretary, Local Self Government Department informed the Committee that a communication in that regard, was received from the Revenue Department on the previous day and instructions were given to the Directors of Panchayat and Urban Affairs to take action in that regard.

44. The Committee opined that there should be a system where payment could be made directly to the RMF and the Panchayath could receive its share from it.

45. The Assistant Commissioner, Revenue Department informed the Committee that in future, when switching over to the online system, the money payable to RMF could be collected at one point and the fixed share of the Panchayat and the Government would be made available to them.

46. The Committee assessed that it was clear from the reply that measures had been initiated.

Conclusion/Recommendation

47. The Committee directs the department to expedite action against the panchayats which fail to pay the prescribed share due to the Government from the sale of sand and also urges to realise the amount due in the remaining cases at the earliest.

4.3.4.4 Maintenance of records

Income and Expenditure Account

As per Rule 9(g) of the Sand Rules, the District Collectors are required to prepare an annual Income & Expenditure Account of RMF. Rule 23 of the Sand Rules also stipulated that the Income and Expenditure of RMF was to be audited by a Chartered Accountant every year. Audit noticed that the audit of RMF by Chartered Accountants was in arrears in two of the four test checked districts. While in Thrissur district, the audit was due from 2005-06 onwards, audit was pending in Kollam district since 2012-13. The District Collector, Thrissur stated that a firm of Chartered Accountants had since been engaged to initially prepare accounts for 2014-15 for enabling backward reconstruction of accounts of earlier years up to 2005-06.

Audit observed that the process as proposed to be followed by the District Collector, Thrissur was not sound and was indicative of lack of financial control with respect to RMF. District Collector, Kollam replied that efforts were being made to appoint a firm of Chartered Accountants to audit the RMF accounts.

GOK stated (November 2015) that earnest efforts would be made for completion of audit by Chartered Accountants, as envisaged in the Act.

[Audit paragraph 4.3.4.4 contained in the Report of the Comptroller and Auditor General of India for the year ended 31st March 2015 (General and Social Sector)]

[Note submitted by the Government on the above audit paragraph is included as Appendix II]

Excerpts from the discussion of Committee with officials concerned

48. While considering the above audit para the Committee enquired as to who provided the panel of Chartered Accountants and what was the reason for the pending of the audit when it was supposed to be audited every year and what is the current status of audit in each district.

49. The Assistant Commissioner, Revenue Department responded that the audit in the districts are in progress. All the audit related works had been dealt by the District Expert Committee and it had been completed up to 2015 in Thrissur District and upto 2012 in Kollam district. He added that the District Collectors had been directed to complete the audit by the end of 2022.

50. Then the Committee directed to complete the audit in the said districts at the earliest.

Conclusion/Recommendation

51. The Committee observes that the audit of RMF by Chartered Accountants is pending in many districts. So, the Committee directs the department to complete the audit of RMF in the said districts as early as possible.

4.3.5 Utilisation of RMF

4.3.5.1 River Mapping and Sand Audit

River sand performs the critical function of maintenance of quality of water in the river. Excessive sand mining results in lowering of the water table and erosion of riverbanks. When the river channel is devoid of sand, the natural filtering process done by the sand would not be possible.

Section 29 of the Sand Act provides that with a view to ensure protection of every river, Government may ensure periodical measurement of the quantity of sand available for removal by such method and in such manner as may be prescribed. River mapping and sand auditing play crucial role in planning of RDP. Rule 30 of the Sand Rules made it mandatory for the Government to conduct sand audit every three years through expert agencies like Centre for Earth Science Studies and Centre for Water Resources Development and Management in order to ensure protection of rivers in each district and to assess periodically, the availability of sand in each river for mining. Moreover, Rule 30 (2) of the Sand Rules provided for meeting the expense for sand audit from RMF.

There are nine⁷ rivers flowing through the test checked districts. As rules required sand audit to be conducted every three years, these nine rivers should have been audited four times during 2002-15. Audit noticed that GOK had only in 2012, ordered for the first time sand auditing to be conducted in these nine rivers. Sand audit reports in respect of seven⁸ of these rivers conducted at a cost of ₹ 62.45 lakh,

7 Kollam district (2 rivers), Ernakulam district (2 rivers), Thrissur district (4 rivers) and Malappuram district (3 rivers) – Bharatapuzha river flows through Thrissur and Malappuram and Periyar river flows through Ernakulam and Thrissur

8 Ithikkara, Periyar, Kallada, Chaliyar, Kadalundi, Karuvannur and Muvattupuzha rivers

were submitted to GOK by the LRC during May to September 2015, while work on the other two⁹ rivers was in progress.

Based on the sand audit reports of the rivers, GOK issued orders prohibiting sand mining in two rivers and phased mining in five rivers.

The sand audit reports led to prohibition of sand mining in two rivers¹⁰ and allowed phased mining in other five rivers¹¹ in the test checked districts. Thus, it is evident that the delay/ failure in conducting sand audit has led to indiscriminate sand mining. Audit observed that periodical conduct of sand audit as stipulated in the Act would help in arranging and taking steps for the upkeep of bio-physical environment.

The LRC stated (September 2015) that sand audit of 20 rivers had been taken up in the first phase and that in respect of the remaining 24 rivers, decision would be taken after the first phase audit was completed. As there was unutilised accumulated balance in the RMF of the districts as of March 2015, there was no reason for the LRC to delay commencement of sand audit of all the rivers which resulted in indiscriminate mining and resultant depletion of the mineral.

GOK assured (November 2015) that sand auditing in respect of the remaining rivers would be completed in a time bound manner. It was also stated that the respective agencies entrusted with the work would be reminded and strict directions would be issued to District Collectors to ensure that the process was completed without further delay.

4.3.6 Conclusion

The sale of scarce natural mineral like sand at very low rates, without resorting to auction as stipulated in the Act resulted in the Fund and

⁹ Chalakudy and Bharatapuzha rivers

¹⁰ Kallada and Karuvannur rivers

¹¹ Chaliyar, Ithikkara, Kadalundi, Muvattupuzha and Periyar

the local bodies of four test checked districts suffering a loss of revenue of at least ₹ 115.02 crore. Confiscated sand was sold at lesser than stipulated PWD prices resulting in loss to the Fund (₹ 0.67 crore). GOK also failed to initiate sand audit in 24 of the 44 rivers of the State despite availability of adequate funds in RMF indicating failure to protect river banks and river beds from large scale indiscriminate dredging of river sand, protect their bio-physical environment system and regulate the removal of river sand. There was also laxity on the part of the LRC to enforce compliance to the provisions of the Sand Act.

[Audit paragraphs 4.3.5, 4.3.5.1 and 4.3.6 contained in the Report of the Comptroller and Auditor General of India for the year ended 31st March 2015 (General and Social Sector)]

[Note submitted by the Government on the above audit paragraph is included as Appendix II]

Excerpts from the discussion of Committee with officials concerned

52. While considering the above audit paragraphs the Committee inquired about the criteria of Sand Auditing and the period at which Sand Audit was being conducted.

53. The Assistant commissioner, Revenue Department informed the Committee that Sand Audit is the study of the availability of the quantity of sand in the river bed by ascertaining the mining limits. The audit was organized by ILDM, an institution of the Revenue Department, by deploying independent scientific agencies and other similar organizations. As per the Act, auditing is mandatory. After the river sand audit, mining would be done only in the stretch where minable sand was found. According to the new criteria in the National Green Tribunal order issued by the Central Government in 2021, a

survey report should be prepared at the district level and the stretches with minable sand should be identified and a detailed mining plan should be prepared. According to that, the work was being done in parallel and the CSIR was doing it, and it was expected to be completed by next March, and the mining plan would be submitted to the Environment Committee by April after which mining could be possible to be carried out. He also added that sand audit was to be conducted for 3 years and would have to be done after 3 years as there would be variations in sand deposit due to soil erosion in rainy season.

54. To a query of the Committee about whether the sand audit could not be expedited and the audit not be remunerated, the Assistant Commissioner, Revenue Department, informed that the CSIR at Pappanamcode was the only approved agency in Kerala and they also had limitation of staff to supervise the work and were not able to provide staff as per requirements. Even though they were remunerated, they were unable to get people even after tendering.

55. The Committee directed the department concerned to take necessary action to complete the sand audit at the earliest.

Conclusion/Recommendation

56. The Committee observes that the delay/ failure in conducting sand audit and necessary follow up measures has led to indiscriminate sand mining on the river basins across the State. It is also to be noted that the periodical conduct of sand audit will help in the upkeep of bio-physical environment. So, the Committee directs the Revenue Department to take necessary action to complete the sand audit at the earliest.

4.9 Unfruitful expenditure on construction of a Regulator-cum-Bridge

Unfruitful expenditure of ₹ 87.52 lakh incurred on construction of a Regulator-cum-bridge.

In order to prevent flooding in the adjoining areas of Cherpu Panchayat at Ettumana, Thrissur, Government issued Administrative Sanction (February 2006) for constructing a Regulator-cum-Bridge (RCB) on the right bank of Karuvannur river at a total cost of ₹90 lakh which also stipulated that any cost overrun was to be met by the District Panchayat or Block Panchayat as no more funds would be provided from River Management Fund (RMF). The RCB was intended to serve the purposes of distribution of water to Kole¹² lands in summer, preventing floods in monsoon and allow traffic through bund road in all seasons. The Chief Engineer, Irrigation & Administration issued Technical Sanction (October 2007), and the work was awarded to a contractor at an agreed Probable Amount of Contract (PAC) of ₹ 94.41 lakh. The work commenced in May 2008 and after completion of 92 per cent of civil works, the work was stopped. An amount of ₹ 87.52 lakh has been spent on the work. The mechanical work was yet to be taken up (March 2015). Additional funds were sought for by the Irrigation department which was not sanctioned by the State Level Committee. The Local Bodies were also not in a position to provide additional fund assistance.

In a meeting (January 2008) chaired by the District Collector in the presence of local MLA, it was decided to complete the civil works with the sanctioned amount and to complete the mechanical work by

¹² The Kole wetlands are low lying tracks located 0.5 to 1 metre below mean sea level and remain submerged for about six months from June to November. This area is used for particular cultivation method (Kole cultivation) adopted in wastelands in Thrissur district from December to May.

including it under some other schemes, which is yet to materialise. Thus, the work was commenced without ensuring adequate funds resulting in the expenditure of ₹ 87.52 lakh incurred on the project remaining unfruitful. The balance work including mechanical portion of the work costing ₹ 51 lakh as per 2010 SOR remained incomplete as of March 2015. The objective of the RCB to prevent flooding has thus not been achieved. Audit noticed that GOK expended ₹26.04 lakh during 2008-14 on construction of a bund and its maintenance to prevent flood waters from inundating the Kole lands.

GOK replied (November 2015) that it would analyse the problem meticulously and explore ways to complete the project without further delay.

[Audit paragraph 4.9 contained in the Report of the Comptroller and Auditor General of India for the year ended 31st March 2015 (General and Social Sector)]

[Note submitted by the Government on the above audit paragraph is included as Appendix II]

Excerpts from the discussion of Committee with officials concerned

57. While considering the above audit para, the Assistant Commissioner, Revenue Department informed that only civil work could be completed with ₹87.52 lakh and the mechanical work remained to be completed. The regulator-cum-bridge shutter work was awarded using the amount allocated from the plan fund of Irrigation Department in 2017 and this work was completed and handed over to the department on 16th January 2019, which is now functional. The total cost of the project was ₹184.52 lakh (₹87.52 lakh + ₹97 lakh)

58. The Committee observed that the expenditure had doubled over the original estimate and asked whether all the items were verified in advance while preparing the estimate. The Committee pointed out that according to audit scrutiny, the work was commenced in May 2008, and after completing 92 percent of the civil works, the work had been stopped. An amount of ₹87.52 lakh had been spent on the work and the mechanical work was yet to be taken up. The Committee enquired the reason for the termination of work.

59. The Deputy Chief Engineer (Administration), Irrigation Department replied to the Committee that a decision to complete only civil works with the sanctioned amount was taken on 07.01.2008 in a meeting chaired by the District Collector in the presence of the then MLA and the Executive Engineer. In the district level meeting in 2012 it was decided to complete the civil work and find an alternative source of fund for the mechanical work. Thus, in 2017, the amount was allocated for mechanical work from the plan fund of the Irrigation Department and the said work had been completed in the month of December 2018. The RCB is now functional.

60. The Committee reiterated that when the project was planned in 2006, it was for ₹90 lakh, but the amount was doubled when it was implemented and it took more than 10 years to complete the work. The Committee enquired as to why it was not mentioned in the reply that the mechanical work was not included in the first estimate of ₹90 lakh. The Deputy Chief Engineer (Administration), Irrigation Department replied that, on the initial stage ₹70 lakh was allocated for civil work, ₹18 lakh for mechanical work and ₹2 lakh for unexpected work. The

Committee enquired whether estimates were prepared after checking all the facts and figures and whether the delay in the implementation of the project or fault on the part of Engineering Wing which prepared the estimate was the reason for such lapses. The Committee further inquired about whether the contract was awarded at a rate higher than the estimate, who executed the work, why was the work stopped when 92% civil work was completed. To this The Deputy Chief Engineer (Administration), Irrigation Department replied that the work was awarded at 66% above the estimate rate and it was negotiated and finally the work was awarded at 35% above the estimate rate.

61. The Committee enquired whether there was a provision to pay 35% above the estimate rate and if the rate was above a certain percentage, the approval of the Government is required. The Committee suggested that it should be shown in the reply that the work was awarded at a higher rate than the estimate and the Tender Committee had given approval for the same.

62. On the Deputy Chief Engineer's reply that the said action had been approved by the Government, the Committee directed the department that a copy of the Government approval should be forwarded to the Committee.

63. To a query of the Committee, the Deputy Chief Engineer (Administration), Irrigation Department informed that the mechanical work was completed in 2018 and the Assistant Commissioner, Revenue Department informed that the RCB was handed over to the Irrigation Department on 16.01.2019.

64. By noticing the audit paragraph that "in a meeting (January 2008) chaired by the District Collector in the presence of local MLA, it

was decided to complete the civil works with the sanctioned amount and to complete the mechanical work by including it under some other schemes", the Committee asked how the District Collector could change the works after awarding it. The Committee remarked that the department was liable to pay the amount for which the contract was awarded. It might be construed that the amount paid in excess of the contract amount was to help the contractor.

65. The Deputy Chief Engineer (Administration), Irrigation Department informed the Committee that the civil work and mechanical work was executed by different contractors and after the tendering process the schedule of rate had been changed and the rate revision came into existence.

66. None of those matters had been mentioned in the reply given by the department and the Committee viewed it as a very serious issue. The audit objection could have been avoided if an explanation had been given including those matters. The Committee pointed out that even if the rate revision had not come, the contractor should be liable to complete the works on time and emphasized that the agreement was not only to be interpreted in favour of the contractor but also to be interpreted by the government to complete the work on time.

67. As the reply received from the department was not satisfactory, the Committee directed the department to give a detailed reply about the audit para including as to why so much extra money had to be spent.

Conclusions/Recommendations

68. The Committee observes that the administrative sanction for the construction of the Regulator-cum-Bridge (RCB) on the

right bank of Karuvannur River is issued at a total cost of ₹90 lakh in 2006 and the cost has doubled when it is implemented after 10 years. The Committee also notices that the contract is awarded at a rate higher than the estimated rate and also opines that if a contract is awarded a certain percentage above the estimated rate, the approval of the government is required. So, the Committee directs the department to submit a copy of the government approval in this regard.

69. The Committee directs the department to submit a detailed reply regarding the audit paragraph including the reason for incurring the extra expenditure along with the facts and figures associated with this.

4.10 Unproductive expenditure on construction of a check dam

Failure of GOK to accord revised sanction for the work has resulted in inability to complete the scheme despite incurring expenditure of ₹ 2.80 crore.

Government accorded (December 2007) Administrative Sanction (AS) for the construction of a check dam across the Bharathapuzha in Vallathole Nagar Panchayat in Thrissur district at an estimated cost of Rupees five crore meeting the expenditure from River Management Fund (RMF). The proposed date of completion was 19 May 2010 (18 months from the date of handing over of site). The objective of the scheme was to address the scarcity of drinking water in nearby areas along the riverbanks of the Bharathapuzha and for conservation of surface and sub-surface water in the river even during acute summer season. The work was awarded at 41.29 per cent (₹ 7.01 crore) above

the Estimate Rate. The changes in design subsequently, necessitated revised estimate and the Government accorded fresh AS (February, 2011) revising the estimate cost as ₹9.24 crore including tender excess, to be met from the RMF.

Audit found that though the contractor started the work in 2008, only 30 per cent of the work was completed as of May 2009 and the contractor was paid ₹ 2.80 crore (December 2013) against the up to date value of work done of Rupees three crore. Due to the death of the contractor, the work was foreclosed (April 2012) without risk and cost with reference to the revised estimate. Though revised estimate for the completion of the balance work for ₹ 14.50 crore (DSOR 2013) was submitted (December 2014) to Government, no sanction was obtained as of March 2015. The check dam originally scheduled for completion (May 2010) has not been completed even at the end of November 2015. The objective of the Scheme to address the scarcity of drinking water in nearby areas along the riverbanks of the Bharathapuzha has remained unachieved despite incurring expenditure of ₹ 2.80 crore.

The District Collector admitted (June 2015) that the practical difficulties faced during initial period of construction including changes in estimate due to variances in site conditions, resultant cost overrun and failure of GOK to accord revised sanction for the work had resulted in the scheme remaining incomplete.

Principal Secretary to Government, Revenue Department stated (November 2015) that the Finance Department had been requested for providing funds.

[Audit paragraph 4.10 contained in the Report of the Comptroller and Auditor General of India for the year ended 31st March 2015 (General and Social Sector)]

[Note submitted by the Government on the above audit paragraph is included as Appendix II]

Excerpts from the discussion of Committee with officials concerned

70. While considering the above audit para “unproductive expenditure on construction of a check dam,” the Committee observed that the Government accorded administrative sanction for ₹5 Crore, and though ₹2.80 Crore was expended no work had been done. The Committee further inquired more details regarding the government reply in which it was mentioned that “Mean while the Hon'ble High Court has intervened in the case vide WP(C) 3674/10, as the project went on half way and the project benefit the majority of people for their agricultural and drinking purposes”. The Committee pointed out that the report did not specify whether the court intervened on the basis of any news reports or was approached by someone, and the details regarding the case including the stand of the government, and the present status of the case. Both the officials from the Irrigation and Revenue Department denied that such a reply was not given by them. To the Committee's query about the total cost of the project, the Additional Secretary, Revenue Department informed the Committee that total cost of the project was ₹11,36,58,527/-

71. The Deputy Secretary, Legislature Secretariat, informed the Committee that the reply was received from the Revenue Department in 2016.

72. The Committee understood that the work was started in 2008 and after completing 30% of the work in 2009, the amount was paid to the contractor but the committee expressed its displeasure that the reason for the delay after that was not clearly mentioned in the reply. The committee also observed that the reply did not clarify whether the work was retendered after the death of the contractor, when the new contractor took over the work, or what was the direction of the court in that matter.

73. The Committee directed the Irrigation Department to give a clear reply detailing the current situation regarding the said matter, including the circumstances that led to the spending of the amount, the details of the Hon'ble High Court's intervention and the follow-up steps taken as part of it.

74. The Committee inquired, whether the RMF was used in the project, the Additional Secretary, Revenue Department replied that ₹2.5 Crore was from RMF and the rest from KIIFB fund.

75. To a query of the Committee, about the Special Purpose Vehicle of KIIFB work, the Deputy Chief Engineer (Administration), Irrigation Department informed the Committee that the SPV of KIIFB work was Water Authority.

76. The Assistant Commissioner, Revenue Department informed the Committee that when the contractor died in 2012, the work was cancelled and then no work was done for 4 years. It was proposed for KIIFB in 2016. Though the estimate was prepared by the Irrigation Department, the work was done by the Water Authority. In 2017-18, the PG constructions, Thrithala was awarded the work for ₹14.29 crore

and completed the work for ₹11 Crore which was 21% below the estimate.

77. To the Committee's query about why the department did not give an up to date reply including the above information, the Additional Secretary, Revenue Department replied that an additional report was received just two days before to the Committee meeting.

Conclusion/ Recommendation

78. The Committee directs the department to submit a detailed report specifying the circumstances which led to the expending of such a huge amount in the project, the current status of the project, the details of the Hon'ble High Court's intervention and the follow up steps taken as part of it.

Thiruvananthapuram,
26th June, 2024.

SUNNY JOSEPH,
Chairman,
Committee on Public Accounts.

APPENDIX I

SUMMARY OF MAIN CONCLUSION/ RECOMMENDATION

Sl. No.	Para No.	Department Concerned	Conclusion/ Recommendation
1	21	Revenue	The Committee observes that despite having enough RMF, the funds are not expended, even though there are many proposals. The Committee also notes that the funds are not being spent in areas prone to natural calamities and the works that have been started are not being completed on time. So the Committee directs the Revenue Department to spend the River Management Fund in a judicious and timely manner and complete the projects assessing the real need.
2	22	Revenue	The Committee directs the department to submit a report regarding the current status of the funds received, expended and unutilised under RMF.
3	23	Revenue	The Committee recommends that the Revenue Department should take steps to make an amendment in the statute to include MLAs or their representatives in the District Level Committees.
4	36 & 37	Revenue	The Committee notices that there is difference in price of sand as fixed by the Kadavu Committees and the PWD Schedule of Rates. The Committee adds that the department failed to ensure periodical execution of public auction of sand, which has resulted in a huge loss to the exchequer.

			On the basis of the above, the Committee directs the department to fix the responsibility against those who fail to execute the provisions of law and to take corrective measures to prevent the occurrence of such instances in future.
6	41	Revenue	The Committee directs that the revised proposals to fix the sale price of confiscated sand at par with the market rate of sand to be obtained from all District Collectors and to take urgent measures to make periodic revisions to the Government Order issued in 2009.
7	47	Revenue	The Committee directs the department to expedite action against the panchayats which fail to pay the prescribed share due to the Government from the sale of sand and also urges to realise the amount due in the remaining cases at the earliest.
8	51	Revenue	The Committee observes that the audit of RMF by Chartered Accountants is pending in many districts. So, the Committee directs the department to complete the audit of RMF in the said districts as early as possible.
9	56	Revenue	The Committee observes that the delay/ failure in conducting sand audit and necessary follow up measures has led to indiscriminate sand mining on the river basins across the State. It is also to be noted that the periodical conduct of sand audit will help in the upkeep of bio-physical environment. So, the Committee directs the Revenue Department to take necessary action to complete the sand audit at the earliest.

10	68	Revenue	<p>The Committee observes that the administrative sanction for the construction of the Regulator-cum-Bridge (RCB) on the right bank of Karuvannur River is issued at a total cost of ₹90 lakh in 2006 and the cost has doubled when it is implemented after 10 years. The Committee also notices that the contract is awarded at a rate higher than the estimated rate and also opines that if a contract is awarded a certain percentage above the estimated rate, the approval of the government is required. So, the Committee directs the department to submit a copy of the government approval in this regard.</p>
11	69	Revenue	<p>The Committee directs the department to submit a detailed reply regarding the audit paragraph including the reason for incurring the extra expenditure along with the facts and figures associated with this.</p>
12	78	Revenue	<p>The Committee directs the department to submit a detailed report specifying the circumstances which led to the expending of such a huge amount in the project, the current status of the project, the details of the Hon'ble High Court's intervention and the follow up steps taken as part of it.</p>

**ACTION TAKEN REPORT ON PARAS 4.3 to 4.10 CONTAINED IN THE REPORT OF THE
C & A.G ON GENERAL AND SOCIAL SECTOR FOR THE YEAR ENDED MARCH 2015.**

Para 4.3 Receipts and utilisation of River Management Fund	No remarks
Para 4.3.1 Introduction	
Para 4.3.2 Scope and Coverage of Audit	
Para 4.3.3 Fund status There occurred laxity in preparing River Development plans (RDPs) by the District Expert Committees which contributed to lesser utilization of resources available under the River Management Fund	River Development plans such as "puzha muthal puzha vare" have been initiated in the state with an objective of protecting river banks. As a pilot project, preliminary works have been completed in Malappuram and Pathanamthitta districts. Apart from this, viable projects recommended by the respective District Level Committees are being scrutinized of State High Level

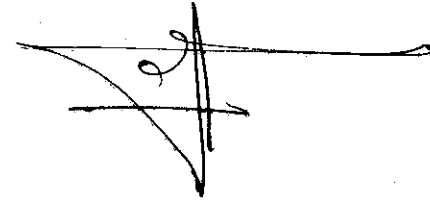
	<p>Committee and sanctioned. In future, participation of Non-Governmental agencies will also be explored for implementing river bank protection measures.</p>
<p>Para 4.3.4 Receipts</p> <p>Fixation of sand price by Kadavu Committees by not resorting to public auction as stipulated in the sand Act contributed loss to the exchequere.</p>	<p>Stringent action in order to comply with the provision of the Act will be taken. The sand extracted shall be subjected to public auction for fixing its price as stipulated in Section 14(2) of the Sand Act and also in conformity with the observation of the audit party. As per Section 9(B) of the River Bank Protection Rules, the concerned District Collectors are empowered to scrutinize the actions of Kadavu Committees. The Commissioner of Land Revenue being the authorized officer, the District Collectors can be directed by his end to exercise the power to see that sand is being auctioned as per provisions of the Act rather than resorting to other means for fixing the price. The Commissioner of Land Revenue is being directed to the above effect.</p>
<p>Para 4.3.4.2 sale of confiscated sand</p> <p>The confiscated sand was to be sold through</p>	<p>Hitherto, the confiscated sand is sold through Kalavara as per the rate fixed as per G.O(MS) 227/09/RD dated</p>

<p>'Kalavaras' at the rates fixed by PWD and by not adhering to this loss has been incurred.</p>	<p>20.06.2009. The observation of the audit party in this regard is approved in toto and revised proposals for the enhancement of rate at par with market rate of sand will be obtained from all the District Collectors and urgent steps will be taken to revise the same.</p>
<p>Para 4.3.4.3 Non-remittance of sale proceeds in the River Management Fund. There occurred laxity in the timely remittance of sale proceeds in the River Management Fund.</p>	<p>Strict directions will be issued to all District Collectors to realize the entire dues with regard to this without any further delay, even by resorting coercive measures wherever found necessary.</p>
<p>Para 4.3.4.4 Maintenance of records Income And Expenditure Account. Income and Expenditure accounts of certain districts are not got audited by Chartered Accountants as stipulated in Rule 23 of the Sand Rules.</p>	<p>Earnest efforts will be taken up for the completion of audit by Chartered Accountants. Necessary direction in this regard will be given to the Commissioner of Land Revenue.</p>
<p>4.3.5 Utilisation of River Management Fund 4.3.5.1 River Mapping and Sand Audit The periodical conduct of Sand Audit of stipulated in the Act would help in arranging and taking steps for the upkeep of bio-physical environment.</p>	<p>Sanction have already been accorded for the sand auditing of 20 major rivers of the state. Of these, audit of 16 rivers have been completed and that of the rest of rivers is nearing completion. Sand Auditing works in respect of the remaining 24 rivers will be completed in a time bound manner. The agencies for the task will be identified taking in to account of their compatibility and</p>

	<p>sanction will be accorded after placing the matter in the State High Level Committee.</p>
<p>(i) Para 4.9 Unfruitful expenditure on construction of a Regulator -cum-bridge. Despite expending Rs. 87.52 lakhs for the construction of a Regulator-cum-bridge, the same has not, so far, become fruitful.</p>	<p>In this regard, the Commissioner of Land Revenue has opined that revised proposal has been sent to Government for the completion of the project. The same will be got scrutinized and get approval from the State High Level Committee, if the project is found viable.</p>
<p>(x) Para 4.10 Unproductive expenditure on construction of a check dam. The scheme of construction of check dam across Bharathapuzha in Vallathole Nagar which has the objective to address the scarcity of drinking water in nearby areas, remained unachieved despite incurring expenditure of Rs. 2.80 crores.</p>	<p>As per G.O(Rt) 4976/07 dated 17..12..2007, Government has accorded administrative sanction to the tune of 5 crores for the construction of Check dam across 'Bharathapuzha' river in Vallathol Nagar Gramapanchayat work of the said project commenced on 16..12..2008 and has not yet been completed. As a part bill an amount of Rs. 1.75 crores was sanctioned to the contractor after completing 30% of the work during May 2009 on the basis of the report by the Superintendent Engineer, Irrigation Central Circle, Thrissur. In the meanwhile the contractor expired and his nominee expressed his unwillingness to continue the project.</p>

44. ~~23~~

Hon'ble High Court vide WP(C) 3674/10 intervened in the matter. As the project went on half way and the project will benefit majority of people for their agricultural and drinking purposes. Many meeting were held in this regard. In this regard the decision will be taken in the next State High Level Committee Meeting.

A handwritten signature in black ink, consisting of several overlapping loops and lines, positioned below the text box.

Appendix 4.3

Differences in rate of sand fixed by Kadavu Committees in Thrissur and Malappuram districts

(Reference: Paragraph 4.3.4.1; Page: 70)

District	Year	Rate fixed by KC/tonne (in ₹)	RMF & Local Body Share (in ₹)	Percentage of RMF & Local Body Share *	Rate fixed by PWD/tonne	Quantity of sand sold in tonne	Actual amount collected (in ₹)	Amount to be collected as per PWD rate (in ₹)	Difference (in ₹)
Thrissur	2010-11	292.63	126.25	43.14	951	259112	75822649	246415512	170592863
	2011-12	593.75	275.00	46.32	951	320968	189050152	305240568	116190416
	2012-13	588.75	275.00	46.71	1509	118184	69580830	178339656	108758826
	2013-14	593.75	275.00	46.32	767	17856	10512720	13695552	3182832
	2014-15	618.75	275.00	44.44	857	8200	5073750	7027400	1953650
Malappuram	2010-11	330.00	115.00	34.85	951	996058	328699140	947251158	618552018
	2011-12	330.00	115.00	34.85	951	927166	305964780	881734866	575770086
	2012-13	330.00	115.00	34.85	1509	868888	286733040	1311151992	1024418952
	2013-14	656.50	115.00	17.52	767	383882	252018533	294437494	42418961
	2014-15	845.25	115.00	13.61	851	300911	254345023	256075261	1730238
TOTAL						4201225	1777800617	4441369459	2663568842

Revenue foregone = ₹96.58 crore (36.26 per cent of ₹2663568842)

Amount due to RMF = ₹48.29 crore (being 50 per cent of the revenue foregone i.e. ₹96.58 crore)

* Average of the percentage of RMF & Local Body share = 36.26 per cent

* Percentage of Labour components etc., (100 - 36.26) = 63.74 per cent

Since Malappuram district did not furnish the actual amount collected, Audit worked out the figures based on rates fixed by DEC and quantity sold

Appendix 4.4

Differences in rate of sand fixed by Kadavu Committees in Ernakulam and Kollam districts

(Reference: Paragraph 4.3.4.1; Page: 70)

District	Year	Rate fixed by KC/ tonne (in ₹)	Rate fixed by PWD/ tonne	Quantity of sand sold (in tonne)	Actual amount collected (in ₹)	Amount to be collected as per PWD rate (in ₹)	Difference (in ₹)
Ernakulam	2010-11	709.12	951	210505.00	149273355	200190255	50916900
	2011-12	768.35	951	329120.00	252880593	312993120	60112527
	2012-13	828.50	1509	306417.50	248894506	453330008	204435502
	2013-14	886.92	828	219682.50	194840790	181897110	(-)12943680
	2014-15	1360.20	907	157727.50	214540762	143058843	(-)71481919
TOTAL (A)							231039330
Kollam	2010-11	634.00	951	132694.90	74238933	126192850	51953917
	2011-12	634.00	951	122182.50	73459758	116195558	42735800
	2012-13	634.00	1509	152557.80	92023490	230209720	138186230
	2013-14	634.00	822	73955.00	44524860	60791010	16266150
	2014-15	634.00	925	99889.40	63973633	92397695	28424062
TOTAL (B)							277566159
GRAND TOTAL				1798732.10	1408650680	1917256169	508605489

- In Ernakulam District, Kadavu rates were varied from kadavu to kadavu. In order to get a uniform rate per tonne, audit had worked out an average rate by dividing the gross amount collected with the total quantity sold in each year. This includes labour cost also. As cost of labour was not furnished to audit separately, audit presumed cost of sand as 36.26 per cent as in the case of Thrissur and Malappuram Districts (Appendix 4.3) to determine the loss to RMF. The loss thus worked out in Ernakulam and Kollam Districts during 2010-15 was ₹18,44,20,350 i.e. ₹18.44 crore (RMF share is ₹9.22 crore).
- In Kollam District, Kadavu rate was fixed based on a GO (June 2009) meant for sale of confiscated sand without considering the labour charges.