

FIFTEENTH KERALA LEGISLATIVE ASSEMBLY

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

SIXTY FOURTH REPORT
(Presented on 8th October, 2024)



SECRETARIAT OF THE KERALA LEGISLATURE
THIRUVANANTHAPURAM

2024

FIFTEENTH KERALA LEGISLATIVE ASSEMBLY

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SIXTY FOURTH REPORT

on

**Paragraphs relating to Fisheries and Ports Department
contained in the Report of the Comptroller and
Auditor General of India for the year ended
31st March 2016
(Economic Sector)**

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COMMITTEE ON PUBLIC ACCOUNTS

(2023-2026)

COMPOSITION

Chairperson:

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Members:

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Shri P. S. Supal

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Shri K. N. Unnikrishnan

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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 Chairperson, Committee on Public Accounts, having been authorised by the Committee to present this Report, on their behalf present the Sixty Fourth Report on paragraphs relating to Fisheries and Ports Department contained in the Report of the Comptroller and Auditor General of India for the year ended 31st March 2016 (Economic Sector).

The Report of the Comptroller and Auditor General of India for the year ended 31st March 2016 (Economic Sector) was laid on the Table of the House on 8th August 2017.

The Committee considered and finalised this Report at the meeting held on 4th September 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.

SUNNY JOSEPH,

Thiruvananthapuram,
8th October, 2024.

*Chairperson,
Committee on Public Accounts.*

REPORT

FISHERIES AND PORTS DEPARTMENT

4.3 Irregularities in the construction of buildings, installation of solar power systems and other purchases made by the Directorate of Ports

4.3.1 Construction of Directorate building and allied works at Valiyathura

The Fisheries and Ports (D) Department (Department) accorded (August 2010) Administrative Sanction (AS) for construction of an office building for the Directorate of Ports (Directorate) in the departmental land at Valiyathura at a cost of ₹75 lakh, in order to provide better facilities and modern working environment to the staff and to save money on monthly rent. The Department entrusted the work to Kerala Police Housing and Construction Corporation Ltd. (KPHCC) in terms of the guidelines issued (September 2007) by Finance (IND & PW-B) Department for regulating execution of civil works of Government through agencies other than Public Works Department (PWD). The Department revised the AS (February 2011) to ₹1.05 crore and further an amount of ₹84 lakh was also sanctioned (March 2012) for carrying out additional civil and electrical works. KPHCC completed (August 2012) the work at a cost of ₹1.93 crore and the Directorate paid ₹1.89 crore. The excess expenditure of ₹4.26 lakh was adjusted by KPHCC from an advance given by the Directorate for another work.

Audit scrutiny revealed the following:

- ◆ Rule 4 (2) of Kerala Municipality Building Rules, 1999 (KMBR), among other things, stipulates that for construction of a new building or altering an existing one prior permit should be obtained from the Secretary of the Local Self Government Institution.

We observed that before constructing the building the Director did not obtain the mandatory building permit from the Secretary, Thiruvananthapuram Corporation. Consequently, the Department became liable (November 2015) to pay an annual tax of ₹2.4 lakh which was three times the normal rate. The Department had not remitted the amount (March 2017).

- ◆ According to the Kerala PWD Manual¹, the site selected for a building should be most advantageous for the intended purpose and have a suitable neighborhood for the purpose for which the building is to be constructed. Kerala PWD Manual² also states that, while selecting a site it should be ensured that the building is not exposed to heavy winds without protection.

We found that the building was constructed within 30 metres of the High Tide Line (HTL) on the sea shore and subjected to heavy winds and saline atmosphere. Consequently, the roof of the building (constructed with powder-coated sheets over iron truss work), furniture and fixtures, etc. became severely corroded and damaged and parts of roof blown away. The above facts were confirmed in a joint physical verification (June 2016) of the site by Audit with the Deputy Director of Ports. The staff of the directorate complained of inadequate public conveyance facilities and remoteness of the directorate from the Government Secretariat and other connected offices. They had also raised issues like the presence of anti-social elements in the area, the proneness of the area to contagious diseases and the constant sea breeze which caused health problems. The above issues had prompted the Director to seek (November 2014) Government permission to shift the Directorate from Valiyathura.

Thus, the selection of site for constructing the Directorate building was done without conducting proper feasibility study. As a result, the Directorate building constructed at a cost of ₹1.93 crore was in a deteriorating condition and its continued use was doubtful. During the exit meeting (November 2016) the Department accepted the audit observations.



Part of roof blown away
as of 2-6-2016



False ceiling blown away
as of 2-6-2016

1 Clauses 6.1.1 and 6.1.3 (a).

2 Clause 6.1.3 (h).

- ◆ The Director awarded (August 2012) the work of Landscaping and Gardening (*Nakshatra vanam*) in front of the new building to KPHCC at a cost of ₹8.30 lakh and paid (December 2012) the full amount in advance. KPHCC executed (September 2013) the work at a cost of ₹6.73 lakh.

We observed that, the Director did not make any arrangement for the maintenance and nurturing of the plants even though the KPHCC had advised (August 2012) the Director to make such arrangement. Consequently, the *Nakshatra vanam* had perished.

Thus, ₹6.73 lakh spent on the construction of *Nakshatra vanam* became infructuous. Further, the Director did not recover (October 2016) the balance amount of ₹1.57 lakh from KPHCC.

- ◆ The Department issued (June 2012) AS for constructing ramps on either side of the pier at Valiyathura at a cost of ₹32 lakh with the intention of providing road connectivity over the pier to the public who were using the port compound for road connectivity. The Director awarded the work to Harbour Engineering Department (HED) and paid the full amount (June 2012) to HED in advance.

We observed that, HED did not execute the work due to protest of local fishermen who demanded to construct Valiyathura Fishing Harbour first. Hence, a closure agreement was executed (February 2014) with the contractor. But the advance was yet to be recovered (January 2017) from HED.

During the exit meeting the Department accepted the audit observations and agreed to look into the refunds due from KPHCC and HED.

[Audit Paragraph 4.3, 4.3.1 contained in the Report of the Comptroller and Auditor General of India for the year ended 31st March 2016 (Economic Sector)]

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

(Excerpts from the discussion of Committee with officials concerned on 23-11-2021)

(1) While considering the audit para the Committee noticed that the Department accorded Administrative Sanction for the construction of an office building for the Directorate of Ports and entrusted the work to Kerala Police Housing and Construction Corporation Ltd. (KPHCC). The Committee noted that after awarding the work to KPHCC, the Department revised the Administrative Sanction several times, and the Committee enquired whether those revisions were admissible as per the PWD Manual. The Additional Secretary, Port Department informed the Committee that only the construction work of the building was initially awarded and later revision occurred due to the incorporation of additional Civil and Electrical Works of the building.

(2) To the Committee's query regarding the sanction of an additional amount, the Additional Secretary, Port Department added that since the building was located in the coastal area, additional expenditure was incurred due to the strengthening of the structure while executing the work.

(3) The Committee observed that the Department accorded Administrative Sanction for the construction of an office building for the Port Directorate at an estimated cost of ₹75 lakh and later revised the Administrative Sanction to ₹1.05 crore. Thereafter, an amount of ₹84 lakh was also sanctioned for carrying out additional electrical and civil works. Hence, the Committee enquired about the reasons for the revision and the variations in the work executed. The Additional Secretary, Port Department answered that excess expenditure was incurred due to the restrengthening of the structure of the building during the progress of work and assured that those types of irregularities would not be repeated in the future.

(4) The Committee observed that Kerala Police Housing and Construction Corporation Ltd. (KPHCC) vide letter dated 1-8-2016 stated that the excess expenditure was met from the fund received for the renovation of old signal station which was not carried out. But with reference to Remedial Measures Taken Statement given before the Committee, the Department acknowledged that KPHCC had already refunded an amount of ₹4.25 lakh. Hence, the Committee sought a clarification regarding those contradictory statements put forth by the Department. The Additional Secretary, Port Department confirmed that the amount of ₹4.25 lakh had been refunded. The Committee expressed its dissatisfaction over

the explanation furnished by the Department and suggested to take strict measures not to repeat such flaws in future. The Additional Secretary, Port Department assured the Committee that such flaws would not be repeated in future.

(5) The Committee enquired whether the mandatory building permit was obtained for the construction of the building. The Additional Secretary, Port Department informed the Committee that permission had not been obtained and steps were being taken for obtaining the mandatory building permit from Thiruvananthapuram Corporation, and the process was in the final stage.

(6) To a query of the Committee regarding the completion of work, the Additional Secretary, Port Department replied that the construction work of the office building for the Directorate of Ports had been completed. The Committee noticed that in the reply submitted before the Committee, the Department stated that, KPHCC had been entrusted vide contract agreement, to obtain building permit from the Corporation. However, during witness examination, the Additional Secretary, Port Department informed the Committee that even though there was such a condition in the agreement, it was the responsibility of the Department concerned to obtain the mandatory building permit from Thiruvananthapuram Corporation. The Committee expressed its displeasure on the inconsistent replies furnished by the Department.

(7) The Additional Secretary, Port Department admitted the administrative failure on the part of the Department and assured that strict measures would be taken by the Department to obtain building permit from Thiruvananthapuram Corporation and effective steps would be taken by the Department to avoid such faults in future.

(8) The Committee pointed out that even though KPHCC was envisaged for construction purposes, it had failed to obtain the mandatory building permit from the Thiruvananthapuram Corporation as per Building Rules as agreed in the contract. The Additional Secretary, Port Department informed the Committee that the role of KPHCC as a contract agency was to execute the work as per the approved plan and complete it within the time frame. He further affirmed the responsibility of the Department in the matter and assured the Committee that steps would be taken to obtain the permit as early as possible.

(9) The Committee pointed out that the responsibility was vested with the Department itself to obtain a building permit from the Secretary, Thiruvananthapuram Corporation, prior to starting the construction of the building. The Committee also observed that the building was proposed to be constructed in a coastal zone and the Port Department commenced the work without getting prior approval from the Local Self Government Body concerned.

(10) The Senior Deputy Accountant General informed the Committee that Kerala Coastal Zone Management Authority (KCZMA) is primarily designed to monitor the coastal area and to regulate the work in that zone. He added that Thiruvananthapuram Corporation had informed the Department that prior approval from KCZMA was required for construction of the building as the site lies in a coastal zone but the Port Department had taken no action.

(11) The Additional Secretary, Port Department informed the Committee that the project was done by the Directorate of Port and the CEO had communicated with the Corporation Secretary regarding the building number and the imposition of a Penal Tax. The Secretary, Thiruvananthapuram Corporation agreed that building number would be allotted at the earliest and the Penalty would be waived.

(12) The Committee had directed the Department to take necessary steps to obtain a No Objection Certificate from KCZMA and the building number from Thiruvananthapuram Corporation and should be reported to the Committee within one month. The Additional Secretary, Port department agreed to do so. The Committee noted that it was stipulated in the Kerala PWD manual that the site selected for a building should be suitable for the intended purpose and not exposed to heavy winds without protection. The Committee enquired about the criteria of site selection in coastal area. The CEO, Maritime Board replied that the department had no other option as it was the only land available under the Port Department.

(13) The Committee pointed out that Government stated that the Customs Quarters, churches, residential area, fisheries school, Government PHC, Post offices etc. are situated within the area, and hence the site is suitable for the Directorate building. However, later the Directorate sent a letter to the Port Department requesting permission for shifting the Port Directorate from the building at Valiyathura. The Committee required a clarification on those

contradictory statements put forth by the Department and enquired about the reason for shifting the Port Directorate Office from Valiyathura. The Committee observed that the site selection for constructing the Port Directorate building was done without conducting a proper feasibility study.

(14) The CEO, Maritime Board replied that eventhough there were many Government offices functioning in and around it, it was a High Tide Line on the seashore and was not suitable for the functioning of an office and it was adjacent to a residential area. When the Committee expressed its concern about the wasteful expenditure, the CEO, Maritime Board replied that the building could be handed over for the functioning of another Government office. He added that the roof of the building became severely corroded and damaged due to heavy winds and saline atmosphere.

(15) The Committee observed that the Directorate had also raised the issues such as remoteness of the Directorate from the other Government offices, issues like the presence of anti-social elements in the area, proneness of the area to contagious diseases and the health issues caused by the sea breeze as the reasons for shifting the Directorate. The Committee recalled AG's comments that the site was unsuitable for an office building. An officer from the Accountant General pointed out that structural damages were noticed during the period of audit inspection itself. In addition to this, the roof of the building, furniture etc. were corroded due to the saline atmosphere, and the AG was also doubtful about the usefulness of the building in future.

(16) In response to a query regarding the advance payment, the CEO, Maritime Board acknowledged that 50% of advance payment had been released to the Kerala Police Housing and Construction Corporation. The Committee suggested that if there were any defects in the building constructed by the Directorate using the Public fund, they need to be rectified, and the Department should take necessary steps to maintain the building with proper care and maintenance as required and directed to occupy the office within the building itself. The Committee directed that revised RMT in that regard be furnished before the end of December 2021.

(17) While considering the audit observation about the Nakshatra Vanam, the Committee enquired about the present status of the Nakshatra Vanam project. The CEO, Maritime Board answered that the project was completed but now it had perished. The Committee observed Accountant Generals findings and opined that the Port Director did not make any arrangements for the proper maintenance of Nakshatra Vanam project and the protection of plants, even though the KPHCC had informed the Director to make such arrangements.

(18) The Committee wanted to know about the refund regarding the excess amount paid to KPHCC for the construction of Nakshatra Vanam. The CEO of Maritime Board answered that the balance amount of ₹1,57,318 was refunded by KPHCC vide DD No. 248391 dated: 16-2-2017. The Committee enquired whether there was any provision for releasing the full amount in advance before the project started. The Additional Secretary, Port Department answered that if the projects were awarded to accredited agencies, there was a provision for releasing Mobilisation Advance.

(19) The Committee noticed that the Directorate had given direction to the staff that everyone should take care of the tree/Plant related to their birth star and commented that such a practice would be inappropriate. The Committee on analysing the reply furnished by the Department observed that the amount spent for the construction of “Nakshatra Vanam” in front of the Port Directorate became infructuous and resulted in a loss of ₹6.73 lakh to the State exchequer.

(20) The Committee was not satisfied with the reply furnished by the Department and opined that it was a wasteful expenditure. The Committee expressed its concern on the non-functioning of the “ Nakshatra Vanam project” and directed the department to fix responsibility and recover the amount from the officials concerned.

(21) The Committee observed that the Government accorded Administrative Sanction for the construction of ramps on either side of the pier at Valiyathura at an estimated cost of ₹32 lakh and the work order was awarded to Harbour Engineering Department, and had paid the full amount to HED in advance. When asked about the present status of the work, the CEO, Maritime Board answered that Harbour Engineering Department could not execute the work due to protest

from the local fishing folks. So, no expenditure was incurred and the unspent amount was refunded to the department and surrendered at the end of the fiscal year.

(22) The Committee suggested that the mobilisation advance should not exceed 20% of the project cost even though the work was entrusted to an accredited agency. The Joint Secretary, Finance Department confirmed that Government had already issued an order directing that the advance amount should not exceed 20% of the project cost. The Committee directed the Department to strictly follow guidelines contained in the Government Order in the future.

(Excerpts from the discussion of Committee with officials concerned on 7-1-2022)

(23) While going through the reply furnished by the Department, the Committee pointed out that in the reply furnished to Audit on 12-1-2017, the Department stated that it had asked KPHCC to refund the balance amount vide letter dated 27-12-2016 and now it was informed that KPHCC refunded the amount on 29-5-2015. The Committee found that the reply furnished by the Department was not in conformity with the reply furnished before the audit on 12-1-2017 and sought a clarification regarding those contradictory statements put forth by the Department.

(24) The witness, Additional Secretary, Port Department informed that the Government accorded Administrative Sanction for the construction of office building for the Directorate of Port at Valiyathura at an estimated cost of ₹1.89 crore. He added that after the completion of the project, the total cost of project was ₹1.93 crore, including supervisory charges admissible to the Kerala Police Housing and Construction Corporation Ltd [KPHCC].

(25) The Additional Secretary, Port Department further added that an amount of ₹14 lakh was allotted to KPHCC for the renovation of old signal station at Valiyathura. Since the work was not executed, an amount of ₹10,27,649 was refunded vide cheque no. 785145 dated: 31-8-2015 and later ₹4,44,366 was refunded vide cheque no. 785128 dated: 29-5-2015. The Additional Secretary, Port Department clarified that excess expenditure of ₹4.26 lakh incurred for

the construction of Port Directorate was adjusted by KPHCC from the advance amount for the renovation of old signal station was not true since the full amount had already been refunded by KPHCC vide two cheques.

(26) The Committee pointed out that KPHCC vide letter dated 1-8-2016 stated that excess amount was met from the funds received for the renovation of old signal station and sought clarification regarding this. The Port Department clarified that out of the total amount allotted for renovation of old signal station, initially KPHCC held an amount of ₹4,44,366 but later the same was refunded on 29-5-2015. To a query of the Committee, the Additional Secretary, Port Department submitted that though the amount was refunded by KPHCC vide two cheques on 29-5-2015. and 31-8-2015, the letter was forwarded to KPHCC for refunding the amount by mistake. The Committee expressed their deep concern over the functioning of the Department in not maintaining the accounts properly.

(27) The Committee learned that the Department accorded Administrative Sanction for an amount of ₹75 lakh and then revised the Administrative Sanction many times resulting in an unjustifiable hike and enquired about the reason for that. The Additional Secretary, Port Department answered that initially the work was allotted only for the construction of building and later the revision was due to the incorporation of additional Civil and Electrical Works of the building. To the query of the Committee, the Secretary, Port Department informed that due to non-availability of technical people in Port Department for preparing the estimate, KPHCC itself had prepared the estimate and did the construction work also.

(28) The Committee was astounded to note that the amount incurred for Civil and Electrical Works were more than the amount required for main work. The Secretary, Port Department admitted the fact that actually it was not justifiable but for long back, they couldn't even go ahead. The witness, Secretary, Port Department informed that the Department had already admitted many of the audit objections. To a query of the Committee, the witness further added that they could only take action against the officers concerned and assured that the Department would take measures to avoid such occurrences of flaws in future.

(29) The Committee acknowledged the fact that estimates were revised in most of the works and it was not unusual that the sanctioned amount was likely to

increase. The Committee pointed out that Finance Department entrusted powers to accredited agencies for estimate preparation, revision, execution and supervision of projects. The Committee would like to stress upon the Finance Department, whether such authorisations are to be provided to accredited agencies.

(30) On conclusion the Committee expressed its strong displeasure towards the erroneous attitude of the Department in forwarding wrong replies to the Committee and also commented that the responsibility was vested with the Department itself to check the veracity of the details submitted by the Directorate of Port before furnishing it to the Committee.

(31) The Secretary, Port Department admitted that a fault occurred on the part of the Department in giving replies to the Committee and assured that now Additional Secretary to Port Department had verified all the files and vouchers before submitting the revised RMT.

(32) The Committee realised that lack of monitoring and flaws in account maintenance were evident. The Committee issued a stern warning to the Department to make sure that such flaws are not repeated in future. The Committee learned that, from the audit scrutiny it was revealed that before constructing the building, the Director did not obtain mandatory building permit from the Secretary, Thiruvananthapuram Corporation. Consequently, the Department became liable to pay an annual tax of ₹2.4 lakh, which was three times of the normal rate. The Committee enquired whether the above mentioned amount had been remitted and the present status of the building permit. The Additional Secretary, Port Department answered that the amount was yet to be remitted and the building permit has not yet been received.

(33) The Additional Secretary, Port Department informed the Committee that as per the provisions of the Building Rules, the Director of Ports had submitted application for obtaining building permit in 2011 itself. Since the Corporation did not reject the application, the construction was started. Thereafter in 15-7-2011, the Director of Ports sent a demi-official letter to the Corporation Secretary and later, on 18-9-2012, the Corporation pointed out some defects and the Town Planer requested certain clarifications in that regard.

(34) To a query of the Committee, the Additional Secretary, Port Department replied that the construction work of office of the Port Directorate had been completed in 2012, and a temporary number had been received from Corporation.

(35) To a query of the Committee regarding NOC from Kerala Coastal Zone Management Authority, the Additional Secretary, Port Department replied that it had not yet been received. He added that if the site was under the CRZ limit, the application for obtaining NOC from KCZMA was to be submitted through the respective local bodies. But the Secretary, Port Department interfered and cleared that, it was the responsibility of the concerned Department and not of the respective local bodies.

(36) The Committee understood that it was the responsibility of the Port Department to obtain the CRZ approval from KCZMA for obtaining building permit from the Corporation. The witness, CEO, Maritime Board, informed that the application for NOC from KCZMA was to be submitted through the respective local body itself and also added that Secretary, Corporation had informed that once CRZ approval was obtained, the building permit would be issued accordingly.

(37) The witness, Additional Secretary, Port Department once again brought into the notice of the Committee that, as per the procedure of Coastal Zone Management Authority, the applicant could not directly submit an application for NOC and could be submitted only through respective local bodies.

(38) The Committee concluded that the selection of site without conducting proper feasibility study, construction of building without obtaining building permit, and the Non-receipt of NOC from KCZMA were serious lapses from the part of the Department.

(39) The Committee directed the Department that necessary steps should be taken to obtain the building permit from Corporation. The Committee also instructed the Panchayath Director to involve in the matter to obtain the building permit. The CEO Maritime Board agreed to do so.

(40) During the discussion about the Nakshatra Vanam, the Committee found that a work of Landscaping and Gardening in front of the new building was approved for ₹8.30 lakh, and the full amount was paid in advance. The Committee

enquired whether there was any provision for releasing the full amount in advance. The Additional Secretary, Port Department replied that there was a provision of releasing Mobilisation advance, if the projects were being implemented through accredited agencies. The Additional Secretary added that since the total amount was less than 15 lakh, the Administrative Sanction could be approved by the Director of Port itself.

(41) The Committee wanted to know the current status of the Nakshatra Vanam project. The Additional Secretary, Port Department answered that during site inspection it was noticed that currently there was only one tree and that was also not a part of the Nakshatra Vanam. To the Committee's query about the balance amount, the Additional Secretary, Port Department acknowledged that the balance amount of ₹1,57,318 was refunded by KPHCC in 2017.

(42) The Committee realised that after the construction of Nakshathra Vanam, the Directorate didn't make any arrangement for the maintenance and nurturing of the plants, consequently that led to the devastation of Nakshatra Vanam and the Committee observed that it was clearly a wasteful expenditure of public money that resulted in the loss of ₹6.73 lakh to the state exchequer.

(43) The Committee concluded that even though audit observations were admitted by the Department, the mismanagement of public money would not get nullified. Hence the Committee directed that responsibility should be fixed for the lapse and the delinquent should be penalised. The Committee recommended to take necessary steps against those responsible officials and directed to conduct a vigilance enquiry in that matter.

(44) The Committee observed that Government accorded Administrative Sanction for the construction of ramps on either side of the pier at Valiyathura at an estimated cost of ₹32 lakh. Work order was awarded to Harbour Engineering Department and the full amount was paid in advance. Then the Committee enquired about the present status of the work.

(45) The Additional Secretary, Port Department answered that Harbour Engineering Department could not execute the work due to protest from local fishermen. Later the Director of Ports cancelled the work. He further added that

from scrutiny of the records at the Treasury and Finance Department, it had been found that there were no transactions made with the Harbour Engineering Department. Hence there was no expenditure incurred and the unspent amount was surrendered at the end of the fiscal year. The Committee accepted the reply furnished by the Department.

Conclusion/Recommendation

(46) The Committee observes that the selection of site for constructing the Port Directorate building was done without conducting any feasibility study so much so that later the Director of Ports had to seek Government permission to shift the Directorate from that location. Further, the construction of building without obtaining building permit from the Local Self Government Institution and respective NOC from KCZMA are serious lapses on the part of the Department. So the Committee directs the Department to strictly adhere to relevant rules in such cases and to follow the guidelines contained in the Government Order for the release of mobilisation advance in future.

(47) The Committee also expresses its displeasure on the inconsistent replies furnished by the Department, mismanagement of public money and non-maintenance of proper accounts. Hence, the Committee directs that the Department should take adequate measures to avoid such occurrences in future.

(48) The Committee observes that the amount spent for the construction of “Nakshatra Vanam” in front of the Port Directorate became infructuous and resulted in a loss of ₹6.73 lakh to the State exchequer. So the Committee directs that responsibility should be fixed for the lapse and action must be taken against the delinquent Officers.

4.3.2 Renovation of Signal Station at Kodungallur Port

Kerala PWD Manual³ states that any development or extension work found necessary during progress of work but not covered by earlier sanction, must be covered by a supplementary estimate. This supplementary estimate is to be treated

³ Clause 10.1.7.1.

as an original estimate and AS should be obtained for it from the same authority which sanctioned the original estimate, even if the cost can be met from savings in the original estimate.

The Government accorded (October 2011) AS for ₹56.21 lakh for renovating the Signal Station of Kodungallur in which the Port Office functioned, with a view to address space constraints and to solve the problem of flooding of the premises during high tides. The work was entrusted to KITCO⁴ and the Director executed agreement (February 2012) with them.

We observed that after receiving the sanction, on the instructions of the Director the scope of the work was changed from 'Renovation of Signal Station' to 'Construction of Conference Hall'. Further, instead of renovating the Signal Station, KITCO constructed a Conference Hall in the same premises. The Director did not obtain Government sanction for the new work; instead, obtained a revised AS (June 2014) for ₹57.97 lakh from Government presenting the work as 'Renovation of Signal Station'. Thus, the Director misled the Government through misrepresentation of facts and executed an unauthorised work diverting the fund sanctioned for another work.

A joint site verification conducted (May 2016) by Audit with departmental officials found that the roof of the conference hall was in a deteriorated condition with damaged false ceiling and other fixtures. During the exit meeting the Department accepted the audit observation.

[Audit Paragraph 4.3.2 contained in the Report of the Comptroller and Auditor General of India for the year ended 31st March 2016 (Economic Sector)]

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

(Excerpts from the discussion of Committee with officials concerned on 23.11.2021)

(49) While considering the audit observation, the Committee noticed that after receiving Administrative Sanction for the renovation of the signal station at

4 Kerala Industrial and Technical Consultancy Organisation Ltd.

Kodungallor Port, the scope of the work was deviated, and constructed a conference hall instead of the signal station. The Committee expressed its strong displeasure towards the procedural violation and enquired about the reasons for the deviation of the work. The Additional Secretary, Port Department answered that construction of the conference hall was done as a part of the renovation of the signal station.

(50) To the Committee's query about the revision of Administrative Sanction, the Additional Secretary, Port Department explained that all the works, including the renovation of signal station at Kodungallor Port, construction of a conference hall and so on, were part of the development activities of Kodungallor Port and had been funded from a single budget provision.

(51) An Officer from AG informed that expenditure for the construction of conference hall was ₹57 lakh but the Government had accorded Administrative Sanction for an amount of ₹56 lakh for the renovation of signal station.

(52) The Committee observed that the Director obtained a revised Administrative Sanction for ₹57 lakh from Government presenting the work as Renovation of signal station and thereby misled the Government; viewing the reply as unsatisfactory, the Committee expressed its displeasure over the misleading and arrogant reply furnished by the Department to the audit para. The Committee criticized the Directorate for executing an unauthorised work by diverting the sanctioned fund and commented that serious lapses occurred on the part of the then Port Director.

(53) The Committee observed that after receiving the Administrative Sanction for Renovation of signal station at Kodungalloor Port, the original work was changed from "Renovation of signal station" to "Construction of Conference Hall". The implementing agency KITCO constructed a Conference Hall instead of Renovation of signal station. The Committee opined that the Port Director did not obtain Government Sanction for the new work, instead, obtained a revised Administrative Sanction for ₹57.97 lakh and presented the work as "Renovation of signal station."

(54) The Committee strongly criticised the Director for misleading the authority through misrepresentation of facts and execution of an unauthorised work by diverting the fund sanctioned for another work. The Committee expressed its dissatisfaction over the reply furnished by the Department regarding the revised Administrative Sanction and the contradictory statements put forth by the Additional Secretary, Port Department.

(55) The Additional Secretary, Port Department admitted that there occurred some factual errors on the part of the Department in giving replies to the Committee.

(56) The Committee pointed out that even though the details were submitted by the Port Directorate, the Port Department itself had a responsibility to check the authenticity of the statements before furnishing it to the Committee and the Department did not give a convincing reply to the Committee's query.

(57) To a query regarding the completion certificate of conference hall, the Additional Secretary, Port Department answered that the completion certificate had not been received and that the Conference Hall is at present not in a working condition. He also added that the roofing sheets above truss work had blown away due to heavy wind. The Committee opined that it was the responsibility of the Department to observe that the implementing agency was functioning properly and had failed to review the progress of the project, whether it was functioning according to the extant rules and regulations.

(58) The Committee expressed its dissatisfaction on the unfair practises followed by the Department and directed to furnish a detailed report regarding the audit query within a month.

(Excerpts from the discussion of Committee with officials concerned on 7-1-2022)

(59) The witness, Additional Secretary, Port Department admitted the audit observation and informed that the Government accorded Administrative Sanction for an amount of ₹56 lakh for the renovation of old signal station at Kodungallur Port. But instead of renovating signal station, the Department constructed a conference hall by utilising the same amount.

(60) While considering the audit observation, the Committee found that the Department admitted the objection raised by the Accountant General. Then the Committee enquired about the details regarding Administrative Sanction of the project. The Additional Secretary, Port Department answered that initially Government accorded Administrative Sanction for the renovation of old signal station, thereafter, a revised Administrative Sanction was also issued by the Department describing the work as 'Renovation of Signal Station'. He also added that the construction of conference hall was not cited anywhere in the minutes of the working group.

(61) To a query of the Committee regarding the execution of project, the Additional Secretary, Port Department informed that the work was entrusted to KITCO.

(62) The Committee observed that the fund allotted for the renovation of signal station was utilized for the construction of Conference Hall. The Committee opined that the responsible officers misled others and executed an unauthorised work by diverting the fund sanctioned for another work, and it was the responsibility of the then Port Director, as the sanctioned amount was diverted to another requirement without prior approval.

(63) To the query of the Committee, the Additional Secretary, Port Department answered that work had not been completed. He added that the roofing sheets above the truss work had blown away due to heavy winds. When the Committee enquired about the progress of renovation of signal station, the witness informed that the work of signal station had been executed.

(64) The Committee concluded that the audit observation was admitted by the Department but certain financial discrepancies had cropped up in this subject. Hence, the Committee recommended that responsibility should be fixed and the delinquent should be penalised. The Committee also directed the Department to take necessary action to conduct a Vigilance enquiry in this regard.

Conclusion/Recommendation

(65) The Committee observes that after receiving the Administrative Sanction for Renovation of signal station at Kodungalloor Port, Ports Department changed the work to construction of Conference Hall.

The Committee strongly criticises the then Director for misleading the authority through misrepresentation of facts and executing an unauthorised work by diverting the fund sanctioned for another work. The Committee recommends that an enquiry should be conducted to fix the responsibility for the serious lapse and strong action should be initiated against the delinquent Officers.

4.3.3 Procurement of furnishings/equipment violating financial principles

Financial principles in the Kerala Financial Code require every government servant to be watchful constantly to see that the best possible value is obtained for all public funds spent by him or under his control and to guard scrupulously against every kind of wasteful expenditure from public funds.

We observed that, disregarding the saline atmosphere of the locality, the Director had procured steel furniture instead of wooden furniture which was most suited to the atmosphere. Consequently the furniture became corroded due to salinity. Further, the computers and other electronic equipment purchased were also not functioning or functioning partially as detailed in Appendix III(1).

During the exit meeting, the Department accepted the audit observation.

[Audit Paragraph 4.3.3 contained in the Report of the Comptroller and Auditor General of India for the year ended 31st March 2016 (Economic Sector)]

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

(Excerpts from the discussion of Committee with officials concerned on 23-11-2021)

(66) While considering the audit paragraph, the Committee enquired about the Department's comments on the audit observation and the CEO, Maritime Board replied that the entire furniture procured during that period were currently being used.

(67) The Committee noticed that during the exit meeting the Department accepted the audit observation and withheld the final payment of the furnishing agency and enquired about the reason for withholding of the final payment to M/s FIT. The CEO, Maritime Board replied that the final payment of ₹19 lakh was withheld due to audit objection of C & AG.

(68) The Committee observed that a letter from Port Director to Principal Secretary dated: 5-11-2014 stated that computer, printer, photostat machine, air conditioner, fan, Electronic devices like visual units, furniture were frequently maintained/repared, which led to heavy financial loss and computer parts were not functioning or partially functioning due to saline atmosphere. The Committee pointed out that the RMT furnished by the Department did not match with the reply given before the Committee during witness examination. When the Committee enquired about the procurement of furniture, the CEO, Maritime Board informed that it was procured through direct purchase.

(Excerpts from the discussion of Committee with officials concerned on 7-1-2022)

(69) While going through the reply furnished by the Government, the Committee learned that the Department admitted the audit observation and also found that the implementing officer was responsible for proper implementation based on site conditions. The Committee also observed that based on the audit observation, steel furniture were procured instead of wooden furniture. This resulted in the corrosion of furniture due to salinity, and the computers and other electronic equipments were also not functioning or partially functioning. To a query of the Committee, the witness, Additional Secretary, Port Department informed that Administrative Sanction was issued for an amount of ₹53,94,056.

(70) The Committee concluded that even though the audit observations were admitted by the Department, the financial discrepancies would not get nullified. Hence the Committee directed that responsibility for the loss should be fixed against the officers and it should be recovered from the officers concerned.

Conclusion/Recommendation

(71) The Committee observes that mere admittance of the audit observations regarding the procurement of furnishings / equipment violating the financial principles and without considering the saline atmosphere of the location by the Department does not protect its Officers from the

consequences of the financial discrepancies. Therefore, the Committee directs that responsibility for the loss should be fixed and the delinquent Officers should suitably be penalised.

4.3.4 Installation of solar power system at the Directorate and Port Offices

4.3.4.1 Diversion of fund

The department accorded AS (March 2013) for ₹35 lakh for installation of solar power systems at four port offices viz., Valiyathura, Vizhinjam, Azhikkal and Beypore.

We observed that, instead of executing the work as specified in the AS, the Director of Ports utilised the fund for installing an off-grid solar power system of 20 Kilo Watt (KW) capacity at the Directorate through Kerala Small Industries Development Corporation Ltd. (SIDCO) for which no sanction was obtained from the Department. This amounted to unauthorised expenditure and diversion of fund. In addition to this, a 10 KW off-grid solar power system was also installed at the Directorate at a cost of ₹12.12 lakh.

It was also observed that condition No.12 of the terms and conditions contained in the work order issued to SIDCO (March 2013) stipulated that the final payment was to be effected only after submitting a certificate from ANERT⁵. But the Directorate made payment to SIDCO without obtaining the requisite certification from ANERT whereby the quality of the equipment supplied could not be ensured.

During the exit meeting the Department accepted the audit observations.

[Audit Paragraph 4.3.4 & 4.3.4.1 contained in the Report of the Comptroller and Auditor General of India for the year ended 31st March 2016 (Economic Sector)]

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

(Excerpts from the discussion of Committee with officials concerned on 23-11-2021)

5 Agency for Non-conventional Energy and Rural Technology.

(72) The Committee observed that the fund allotted for the installation of solar power systems at four port offices were diverted and the fund was utilized for the installation of off-grid solar power system at the Port Directorate without obtaining Administrative Sanction. The Committee analysed the reply furnished by the Department and expressed its dissatisfaction over the inertia on the part of the officials in not furnishing replies correctly and also for misleading the Committee. The Committee stressed the need for constituting an Internal Audit wing. The Joint Secretary, Finance Department informed the Committee that directions had already been given to all departments to take essential steps in that regard.

(73) The Committee enquired about the present status of the off-grid solar power system installed at Port Directorate and the viability of the system in coastal areas. The Additional Secretary, Port Department replied that the solar power system was not functioning and he added that such solar power systems were not viable in coastal areas. Then the Committee enquired about the necessity of installing a project costing ₹35 lakh if it was not viable in coastal zone. The Additional Secretary, Port department answered that the then Director of Ports executed many such projects at that time.

(74) An officer from the office of the Accountant General informed that the Department failed to ensure the terms & conditions stipulated in the work order regarding the final payment ie. the final payment was to be effected only after submitting a certificate from ANERT.

(75) The Committee observed that the Directorate failed to execute the work as specified in the Administrative Sanction and did so without obtaining prior sanction from the Port Department. The implementing agency, SIDCO, installed an off-grid Solar Power system of 20 KW at the Port Directorate which led to unauthorised expenditure and diversion of fund. In addition to that the final payment was to be effected only after submitting a certificate from ANERT. Hence, the Port Directorate violated the rule and made payments to SIDCO without obtaining the requisite certificate from ANERT and hence the quality of the equipment supplied could not be ensured.

(76) The Committee found that the reply furnished by the Department was not satisfactory and the officer representing the Department was not capable of answering the queries. The Committee expressed its dissatisfaction on the unfair practices followed in the Department and opined that the Department itself knew that the explanations were not convincing.

(77) On admitting the administrative apathy in this regard, the witness, Additional Secretary, Port Department requested some more time to furnish the revised RMT statement. Considering the importance of the issue the Committee decided to accept the request of the witness and decided to postpone further consideration of the audit para.

(Excerpts from the discussion of Committee with officials concerned on 7-1-2022)

(78) The Committee observed that the fund allotted for installation of solar power system in four port offices were diverted and the fund was utilized for the installation of off-grid solar power system at the Directorate without obtaining Administrative Sanction and the fund allotted for a project had been utilised for another purpose.

(79) The Committee observed that the Port Directorate made final payment to the concerned agency, SIDCO, without obtaining the certificate from ANERT, and the quality of the equipment supplied could not be ensured. The Committee strongly recommends to take disciplinary action against the responsible officers who were at the helm of affairs at that time.

Conclusion/Recommendation

(80) The Committee observes that the fund allotted for the installation of solar power systems at four port offices was diverted and utilized for the installation of off - grid solar power system at the Port directorate without obtaining Administrative Sanction. The Committee also observes that the final payment was effected to SIDCO without obtaining the requisite certificate ensuring the quality of the equipment, from ANERT. Therefore

the Committee strongly recommends to take disciplinary action against all the officers involved in the matter including those who were at the helm of affairs at that time.

(81) The Committee recommends that the Finance Department should ensure that Internal Audit Wing is constituted and is functioning effectively in all departments.

4.3.4.2 Non-achievement of projected benefits of solar power systems

The solar power systems were installed at the Directorate on the recommendation of the Chief Mechanical Engineer (CME) who informed the Director that the average cost of power consumed by the Directorate per month amounting to ₹30,000 could be saved by installing them and that it did not involve recurring expenses. The CME also stated that power connection from KSEB⁶ required installation of a transformer at a cost of ₹30 lakh.

We observed that, as per the estimate prepared (February 2014) by KSEB, the actual expenditure for supplying 78 KW power to the Directorate of Ports, including installation of a 100 KVA transformer worked out to ₹11.63 lakh only. Further, the highest saving of monthly electricity charges achieved during the period in which the solar power systems were functional was ₹11,368⁷ only as against ₹30,000 projected by the CME.

Thus, the CME projected inflated benefits of the solar power systems and suppressed the fact on the cost of installing the KSEB transformer. This resulted in avoidable expenditure of ₹47.12⁸ lakh on the installation of two solar power systems which ultimately became unfruitful due to damage as detailed in Table 4.1.

6 Kerala State Electricity Board.

7 Difference between the highest electricity charges after solar power system stopped functioning and during the period when it was fully functional .. ₹11,511 (March 2015) - ₹143 (October 2014).

8 ₹35 lakh + ₹12.12 lakh.

Table 4.1

Electricity charges before installation of solar power systems, after their installation and after they stopped functioning

Month and Year	Electricity charges in ₹	Month and Year	Electricity charges in ₹
December 2013	26821	March 2015	11511
March 2014	14935 ⁹	April 2015	10670
May 2014	347 ¹⁰	May 2015	10274
June 2014	1774	June 2015	5175
July 2014	2087	July 2015	3824
August 2014	1722	August 2015	8452
September 2014	1317	September 2015	6403
October 2014	143	October 2015	7076
November 2014	1006	November 2015	7225
December 2014	2029	December 2015	7522
January 2015	10135 ¹¹	January 2016	8235
February 2015	8047	February 2016	8027

During the exit meeting the Department accepted the audit observations.

[Audit Paragraph 4.3.4.2 contained in the Report of the Comptroller and Auditor General of India for the year ended 31st March 2016 (Economic Sector)]

9 10KW off-grid solar power system installed in February 2014 stopped functioning in March 2014.

10 20KW solar power system installed in April 2014.

11 20KW solar power system stopped functioning in November 2014.

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

(Excerpts from the discussion of Committee with officials concerned on 23-11-2021)

(82) While considering the audit para, the Committee noticed that the Chief Mechanical Engineer recommended for the installation of solar power system at the Directorate for saving the expense of electricity bill. The Committee urged the Department to furnish a detailed report regarding the present status of the solar power system installed at the Directorate. The Additional Secretary, Port Department agreed to do so.

(Excerpts from the discussion of Committee with officials concerned on 7-1-2022)

(83) The Committee noticed that the Chief Mechanical Engineer recommended the installation of solar power system at Directorate for saving the expense of electricity consumption. The Committee wanted to know the current status of the solar power systems installed at Directorate.

(84) The Additional Secretary, Port Department answered that the system was not in working condition as the solar panels had blown away due to strong winds.

(85) The Committee was at a loss to note that the solar power system installed at the Directorate of Port could not be utilized for the purpose for which it was installed and the Committee evaluated the whole deed as infructuous and directed that the Department must be more vigilant in avoiding such wastage of public money.

Conclusion/Recommendation

(86) The Committee notes with concern that the solar power system installed at the Directorate of Port could not achieve the projected benefits of solar power systems and evaluates the whole project as infructuous. Therefore the Committee directs that the Department should take special care in avoiding such flaws in future.

4.3.4.3 Installation of solar power panels in Port Offices

The Department gave (November 2013) AS for ₹1.64 crore to install solar power panels in 14 Port Offices¹². The work was awarded to KELTRON without tender and the Directorate paid (March 2014) an advance of ₹68 lakh to KELTRON, being 50 per cent of the cost relating to 12 ports. In addition to the above, battery backup essential for online activities was also provided to three ports at a cost of ₹14 lakh. Details of the 14 solar power systems are given in Appendix III(2).

We observed that, even after two years of awarding the work and spending of ₹82 lakh, nine out of the 11 systems installed at the 11 Port Offices were not functioning for want of net meters, inspection by Electrical Inspectorate, etc.

During the exit meeting the Department accepted the audit observation.

[Audit Paragraph 4.3.4.3 contained in the Report of the Comptroller and Auditor General of India for the year ended 31st March 2016 (Economic Sector)]

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

(Excerpts from the discussion of Committee with officials concerned on 23-11-2021)

(87) The Committee directed the Department to furnish a report regarding the reason for the cancellation of installation works of solar power panels at Kollam, Vadakara and Thalassery Ports. The Additional Secretary, Port Department agreed to do so.

(Excerpts from the discussion of Committee with officials concerned on 7-1-2022)

(88) While considering the audit para, the Committee enquired the present status of installation of Solar Power panels in 14 port offices. The Additional Secretary, Port Department replied that even though Administrative Sanction was accorded for the installation of solar power panels in 14 port offices, only 11 were installed.

12 Installed only in 11 port offices.

(89) The Committee asked the reason for the cancellation of works at Kollam, Vadakara and Thalassery Port offices. The Additional Secretary, Port Department answered that no reason could be found out from the files.

(90) The Committee regrets to note that the officials who represented the Department for witness examination did not have knowledge about the details regarding audit objections and reminded that such ignorance would not be tolerated in future.

Conclusion/Recommendation

(91) No comments

4.3.5 Non-recovery of liquidated damages

The Department sanctioned (June 2012) purchase of a 40 feet Container Handling Crane for use at Kollam Port from M/s. Liebherr (Supplier) at a cost of ₹12.08 crore. The crane was to be delivered and commissioned at Kollam port. The amended supply order required the Supplier to commission the crane within five months from the date of opening of Letter of Credit (LC). Since the LC was opened on 11 June 2013, the supplier should have commissioned the crane by November 2013. But, it was commissioned only on 29 April 2014.

We observed that, the reasons for delay in commissioning the crane were two amendments made in the LC by the Director on the request of the Supplier. There was one amendment (January 2014) made by the Director on the request of the supplier on account of non-availability of vessel for shipment of the crane until 28 March 2014. Hence on that amendment the supplier was liable to pay liquidated damages in terms of clause 5b of the agreement. However, the Director did not levy liquidated damages of ₹47 lakh ($₹11,69,64,135^{13} \times 0.5 \text{ per cent} \times 8 \text{ weeks}^{14}$) which amounted to extension of undue benefit to the Supplier.

During the exit meeting the Department accepted the audit observation and agreed to look into the matter.

[Audit Paragraph 4.3.5 contained in the Report of the Comptroller and Auditor General of India for the year ended 31st March 2016 (Economic Sector)]

13 Cost of crane = ₹12,07,89,754 - ₹38,25,619 (AMC charges).

14 Out of total 16 weeks (01.01.2014 to 29.04.2014) delay attributable to the Supplier, less eight weeks for transportation, erection and commission.

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

(Excerpts from the discussion of Committee with officials concerned on 23-11-2021)

(92) While considering the audit para, the Additional Secretary, Port Department informed that the delay occurred due to the communication gap between beneficiary bank and the Department bank regarding the letter of credit; later it was resolved and crane was delivered within 4 months.

(93) The Committee observed the audit view that “an amendment was made in the letter of credit by the Director of Port on the request of supplier on account of non-availability of vessel for shipment of the crane until 28th March 2014” and learned that the statement put forth by the Additional Secretary, Port Department before the Committee was not correct.

(94) To a query regarding the liquidated damages, the Senior Deputy Accountant General clarified that it amounted to ₹47 lakh. The Committee noticed that as per the terms of the clause '5 b' of the agreement, the supplier was liable to pay liquidated damages when delay occurred in commissioning the crane. The Committee was surprised to note that the Department failed to follow norms and conditions stipulated in the agreement and also observed that the reply furnished before the Committee was not satisfactory.

(95) The Committee also queried whether the purchase of crane was made through advance payment. The Senior Deputy Accountant General clarified that the payment was not given, but as per the conditions stipulated in the agreement the Department had not levied the liquidated damages from the supplier for the delay in commissioning the crane.

(96) The Committee directed the Department to take necessary action against the officers responsible for furnishing inaccurate replies to the Committee and also to take action against the officers responsible for the loss incurred to the Government.

(97) While considering all the audit paras related to Port Department, the Committee was not at all satisfied with the reply furnished by the Department. The Committee also evaluated that the officers representing the Department were not able to answer the queries pointed out by the Committee. Considering the importance of the issue, the Committee decided to reconsider the audit para 4.3 to 4.3.5 contained in the report of C&AG for the year ended 31st March 2016 pertaining to Port Department at its next meeting scheduled to be held on January first week of 2022. The Committee demanded the Department to furnish the revised RMT statements before the proposed meeting.

(Excerpts from the discussion of Committee with officials concerned on 7-1-2022)

(98) While considering the audit para, the witness, Additional Secretary, Port Department informed that the crane was purchased from a German Company, M/s Liebherr, at a cost of ₹12.08 crore. The supply order for the crane was issued to the company on 4-6-2012. As per the terms and conditions of supply order, crane was to be delivered and commissioned within five months from the date of supply order. The company informed that the crane would be delivered after the approval of Letter of Credit. He added that normally due to variations in international exchange rates and non confirmation of buyer, the LC was considered negotiable. But it was an irrevocable Letter of Credit. He reiterated that as per the terms of irrevocable letter of credit, the LC cannot be amended or cancelled in any way without the explicit consent of the parties involved in the deal. The delay occurred due to the communication gap between beneficiary bank and Department bank regarding the Letter of Credit. The final confirmation on LC was made on 19-12-2013 after which the crane was delivered within 4 months. Hence Liquidated damages could not be levied.

(99) The Committee enquired whether the extension was granted on the basis of supplier's request; the witness replied in the negative. The Committee enquired whether the reason for delay in delivery of crane was brought to notice of AG. The Deputy Accountant General stated that revised reply has not been received.

(100) The Additional Secretary, Port Department informed that Letter of Credit was issued by SBI and delay occurred due to amendments made in the Letter of Credit.

(101) The Committee pointed out that during the exit meeting the Department accepted the audit observation; but now the Department took a contradictory stand.

(102) The Senior Deputy Accountant General clarified that based on preliminary local audit, the records were being examined and audit queries were sent to the Department. Even though one month was allotted for furnishing their reply, the Department did not furnish the reply on time. In this present issue, had the Department brought the matter to the notice earlier, modification would have been included, and added that they could not examine the reply made available to the Committee during its deliberations.

(103) The Committee expressed its displeasure over the contradictory replies furnished by the Department. During the exit meeting, the Department stated that the Department had accepted audit observation. But now during witness examination they stated that no delay was occurred in commissioning the crane.

(104) The Committee accepted the explanation furnished before the Committee with a remark that the officials who represent the Department for meetings should be very cautious in furnishing replies to the audit queries.

Conclusion/Recommendation

(105) No comments

Thiruvananthapuram,
8th October 2024.

SUNNY JOSEPH,
*Chairperson,
Committee on Public Accounts.*

Appendix I

SUMMARY OF MAIN CONCLUSION / RECOMMENDATION

Sl No.	Para No.	Department concerned	Conclusion / Recommendation
1	46	Ports	The Committee observes that the selection of site for constructing the Port Directorate building was done without conducting any feasibility study so much so that later the Director of Ports had to seek Government permission to shift the Directorate from that location. Further, the construction of building without obtaining building permit from the Local Self Government Institution and respective NOC from KCZMA are serious lapses on the part of the Department. So the Committee directs the Department to strictly adhere to relevant rules in such cases and to follow the guidelines contained in the Government Order for the release of mobilisation advance in future.
2	47	Ports	The Committee also expresses its displeasure on the inconsistent replies furnished by the Department, mismanagement of public money and non-maintenance of proper accounts. Hence, the Committee directs that the Department should take adequate measures to avoid such occurrences in future.

3	48	Ports	The Committee observes that the amount spent for the construction of “Nakshatra Vanam” in front of the Port Directorate became infructuous and resulted in a loss of ₹6.73 lakh to the State exchequer. So the Committee directs that responsibility should be fixed for the lapse and action must be taken against the delinquent Officers.
4	65	Ports	The Committee observes that after receiving the Administrative Sanction for Renovation of signal station at Kodungalloor Port, Ports Department changed the work to construction of Conference Hall. The Committee strongly criticises the then Director for misleading the authority through misrepresentation of facts and executing an unauthorised work by diverting the fund sanctioned for another work. The Committee recommends that an enquiry should be conducted to fix the responsibility for the serious lapse and strong action should be initiated against the delinquent Officers.
5	71	Ports	The Committee observes that mere admittance of the audit observations regarding the procurement of furnishings / equipment violating the financial principles and without considering the saline atmosphere of the location, by the Department does not protect its Officers from the consequences of the financial discrepancies. Therefore, the Committee directs that responsibility for the loss should be fixed and the delinquent Officers should suitably be penalised.

6	80	Ports	The Committee observes that the fund allotted for the installation of solar power systems at four port offices was diverted and utilized for the installation of off-grid solar power system at the Port directorate without obtaining Administrative Sanction. The Committee also observes that the final payment was effected to SIDCO without obtaining the requisite certificate ensuring the quality of the equipment, from ANERT. Therefore the Committee strongly recommends to take disciplinary action against all the officers involved in the matter including those who were at the helm of affairs at that time.
7	81	Finance	The Committee recommends that the Finance Department should ensure that Internal Audit Wing is constituted and is functioning effectively in all departments.
8	86	Ports	The Committee notes with concern that the solar power system installed at the Directorate of Port could not achieve the projected benefits of solar power systems and evaluates the whole project as infructuous. Therefore the Committee directs that the Department should take special care in avoiding such flaws in future.

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