

THIRTEENTH KERALA LEGISLATIVE ASSEMBLY

**COMMITTEE
ON
PUBLIC ACCOUNTS
(2011-2014)**

FORTY THIRD REPORT
(Presented on 28th January, 2014)



SECRETARIAT OF THE KERALA LEGISLATURE
THIRUVANANTHAPURAM
2014

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On

**Paragraphs relating to Higher Education, Transport and Social Justice
Departments contained in the Reports of the Comptroller and Auditor
General of India for the years ended 31st March, 2008 (Civil),
31st March, 2009 (Civil), 31st March, 2010 (Civil) and
31st March, 2011 (Civil)**

388/2014.

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Shri G. P. Unnikrishnan, 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 Forty Third Report on paragraphs related to Higher Education, Transport and Social Justice Departments contained in the Reports of the Comptroller and Auditor General of India for the years ended 31st March, 2008, 31st March, 2009, 31st March, 2010 and 31st March, 2011.

The Reports of the Comptroller and Auditor General of India for the years ended 31st March, 2008 (Civil), 31st March, 2009 (Civil), 31st March, 2010 (Civil) and 31st March, 2011 (Civil) were laid on the Table of the House on 23rd June, 2009, 25th March, 2010, 28th June, 2011 and 22nd March, 2012 respectively.

The Report was considered and finalised by the Committee at the meeting held on 22nd January, 2014.

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

Thiruvananthapuram,
28th January, 2014.

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

REPORT

HIGHER EDUCATION, TRANSPORT AND SOCIAL JUSTICE DEPARTMENT

HIGHER EDUCATION DEPARTMENT

AUDIT PARAGRAPH

Avoidable interest payment due to delayed remittance of Provident Fund contribution

Delay in remittance of the Provident Fund deductions made from the salary of employees into the Treasury Public Account resulted in avoidable interest payment of ₹ 10.63 crore

The Calicut University has been maintaining Treasury* Public (TP) Account in the Sub treasury, Tirurangadi from July 2000 (Prior to this in District Treasury, Kozhikode) exclusively for transactions relating to the 'Calicut University Employees Provident Fund'. The General Provident Fund (Kerala) Rules are applicable to this Provident Fund (PF) also. According to sub rule 3 of Rule 15 of GPF rules the amount of PF contribution remitted to the Treasury would earn interest for the month, only if the remittance is made before the fifth day of the month. If the remittance is made on or after the fifth day of the month, interest would accrue only from the first day of the next month.

The University deducted the amount towards PF from the salary of the employees and delayed its remittance to the TP Account. This delay in remittance created a difference in the amounts of interest earned from the TP Account and that allowed to the subscribers for their PF contributions. This resulted in a loss which needed to be compensated by the University by paying ₹ 10.63 crore to PF subscribers up to May 2008.

In response to audit query, the University replied (August 2004) that the deductions towards PF was utilized for revenue expenditure due to paucity of funds consequent upon insufficient Government grant to meet the salary of the employees. When the matter was referred to Government, Government informed (February 2008) that the PF remittance had been streamlined to an extent and now the employees contribution to PF was being remitted into the treasury before the fifth of every month.

* Treasury Public Accounts are in the nature of savings bank accounts. According to Section (i) of Appendix 3 to Kerala Treasury Code—Volume II, Heads of Aided Educational Institutions and Quasi Government Institutions are permitted to open Public Accounts for crediting the subscriptions and contributions collected by them towards Provident Fund Accounts opened for the benefit of the employees.

Thus, the University failed to mobilise and manage its funds optimally and was forced to utilize the PF contributions of the employees for its revenue expenditure which resulted in an avoidable interest payment of ₹ 10.63 crore.

The matter was referred to Government in August 2008; reply has not been received (October 2008).

Audit Paragraph 4.3.2 contained in the Report of the Comptroller and Auditor General of India for the year ended 31st March, 2008.

Notes furnished by the Government on the above audit paragraph is included as Appendix II.

The Committee inquired about the reason behind the delay in remittance of the Provident Fund deduction made from the salary of the employees into the Treasury Public (TP) Accounts which resulted in the loss of ₹ 10.63 crore up to May 2008.

2. The Finance Officer, University of Calicut informed that the amount of ₹ 10.63 crore was actually the difference between the balance amount remained in the individual accounts of the subscribers towards PF and that remained in the Treasury as on 31-3-2008 and it might be either interest or the principal amount remitted lately.

3. The Principal Secretary, Higher Education Department admitted that the loss of money had occurred as the money deducted from the salary of employees towards Provident Fund subscription was diverted to meet Non Plan expenditure and remitted to Provident Fund Accounts subsequently. The amount remitted to Provident Fund Accounts later than fifth of any month would not accrue interest. But the University itself is liable to pay the amount due to each subscriber. The Finance Officer, University of Calicut apprised that now all the back arrears had been cleared by raising ₹ 8 crore from the own fund of the University. The Principal Secretary, Higher Education Department added that the diversion of fund became inevitable as the Non Plan fund was not sufficient enough to meet the requirements. Even though there had been increase in the allotment of Non Plan fund in recent years, it also remained insufficient as new posts were being created and new recruitments were being made in the University every year.

4. The Committee suggested that Government should provide adequate funds to meet the committed revenue expenditures like salary, pension and other office expenditure for sanctioned posts in the Universities. It also decided to recommend that the General Provident Fund subscription deducted from the salary of employees should not be diverted for any other purposes under any circumstance.

Conclusion/Recommendation

5. Regarding the delayed remittance of Provident Fund contribution deducted from the salary of employees of Calicut University into Treasury Public Account, the Committee strongly recommends for the timely remittance of amount of Provident Fund contribution of the employees of the Universities on or before the fifth day of every month at Treasury.

6. The Committee recommends that steps should be taken to ensure that the Provident Fund subscription deducted from the salary of employees should not be diverted for any other purpose under any circumstance.

7. The Committee remarks that the utilisation of Provident Fund subscription of the employees of the University for the revenue expenditure should not be entertained and recommends the Government for the allotment of adequate funds to meet the committed expenditure like salary, pension and other unavoidable office expenses for the sanctioned post in the university every year.

AUDIT PARAGRAPH

Loss of financial assistance due to failure to adhere to guidelines

The failure of Kannur University to adhere to the norms prescribed for the release of grants by the University Grants Commission and the Indira Gandhi National Open University resulted in loss of assistance amounting to ₹ 55.75 lakh

Kannur University had been receiving grants towards development assistance from agencies like the University Grants Commission, the Indira Gandhi National Open University, etc. Scrutiny (December 2008) of the records of the University revealed the failure of the University to adhere to the guidelines for the release of grants, which resulted in loss of assistance of ₹ 55.75 lakh as shown below:

Case A: University Grants Commission (UGC) approved (September 2004) allocation of ₹ 4.61 crore towards General Development Assistance to Kannur University during the Tenth Plan Period (2002-07). UGC released ₹ 4.15 crore, out of which ₹ 91.20 lakh had been earmarked towards expenditure on staff. According to the guidelines, sanction from UGC was to be obtained for creation of posts and concurrence of the State Government or an undertaking from the university for continuance of the posts after the Tenth Plan Period was to be furnished. The University, however, operated 16 posts of Readers/Lecturers during the period from January 2006 to March 2007 without getting prior sanction from UGC and incurred an expenditure of ₹ 25.75 lakh on their salaries. On furnishing the Utilization Certificate (UC) (January 2008) for ₹ 4.61 crore by the

University, UGC intimated (March 2008) that the salary paid for 16 posts of Readers/Lecturers without prior approval would not be admitted. Though the university requested (May 2008) UGC to admit the expenditure on staff, UGC reiterated (June and October 2008) its inability to admit the expenditure. Thus, the University lost ₹ 25.75 lakh spent on salary of staff appointed without prior approval of UGC.

The University stated (May 2009) that appointment of staff was delayed due to litigation by the parties concerned. The UGC had been requested to grant permission to appoint guest lecturers against the vacancies, which was not given by them. The University also stated that a request for concurrence of the Government for creation of posts was still pending with the Government and hence the University could not approach UGC for approval of expenditure on staff. The reply does not explain why the university had operated 16 posts without obtaining sanction of the said posts from UGC.

Case B: The Chairman, Distance Education Council, Indira Gandhi National Open University (IGNOU) sanctioned (July 2006) a Development Grant of ₹ 20 lakh to Kannur University for 2006-07 and released 50 per cent (₹ 10 lakh) as first instalment in November 2006. According to the conditions for the release of grants, the second instalment of the grant would be released on receipt of the status of expenditure incurred/committed by 1st December, 2006 or earlier and the entire grant was to be utilized within the current financial year. The University, however, did not furnish the details in time and submitted the UC only in December 2007. Hence, the second instalment of the grant of ₹ 10 lakh for 2006-07 was not released. During 2007-08 also, IGNOU sanctioned (July 2007) ₹ 40 lakh for the scheme. However, due to delay in furnishing the UC for the previous year, the first instalment ₹ 20 lakh for 2007-08 was released in February 2008 while the second instalment of ₹ 20 lakh was not released. Thus, delay on the part of the University in furnishing the expenditure incurred as stipulated in the guidelines resulted in lapse of ₹ 30 lakh for the years 2006-07 and 2007-08.

The University stated (May 2009) that as the first instalment for 2006-07 was released only in November 2006, it was not possible for them to comply with the time limit prescribed in the guidelines regarding forwarding of the status of expenditure by December 2006. The University was not able to avail the second instalments for the two years 2006-07 and 2007-08. As the sanction of funds for the years 2006-07 and 2007-08 was received in July of the respective years, the University could have taken action to furnish the status of expenditure incurred in time to avail the second instalments of assistance for these years.

Thus the failure of Kannur University to adhere to the norms prescribed for the release of grants by UGC/IGNOU resulted in loss of assistance amounting to ₹ 55.75 lakh.

Government endorsed (July 2009) the remarks of the University.

Audit Paragraph 2.5.3 contained in the Report of the C and AG of India for the year ended 31st March, 2009 (Civil).

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

8. The Committee enquired the circumstances under which certain posts were created in Kannur University without prior approval of the UGC. The Joint Registrar, Kannur University explained that those posts were created as part of General Development Assistance from University Grants Commission. The UGC guidelines stipulated that the details regarding appointments should be forwarded to the UGC with proper recommendation of the Appointment Committee and the Syndicate of the University for approval. Without understanding the guidelines properly, Kannur University created 16 posts and there by incurred a loss of ₹ 25.75 lakh, towards the salary of the incumbents appointed against those posts. The UGC hesitated to release funds for the expenditure made in this regard. Then, the Principal Secretary, Higher Education Department intervened to say that the UGC had agreed in principle to take up the matter favourably.

9. The Principal Secretary, Higher Education Department also informed the Committee that Indira Gandhi National Open University (IGNOU) had sanctioned Development Grant of ₹ 20 lakh for the financial year 2006-07 and ₹ 40 lakh for the financial year 2007-08 to Kannur University. As per the conditions, the second instalment of the grant would be released by IGNOU on receipt of Utilisation Certificate of the entire grant within the financial year. An amount of ₹ 10 lakh towards the first instalment for the year 2006-2007 was released in November 2006 and that for 2007-08 in February 2008. The University could furnish the Utilization Certificate only in December 2007, and hence the second instalment for the year 2006-07 was not released. Due to the non submission of Utilisation Certificate for the previous year in time, an amount of ₹ 20 lakh being the first instalment of Development Grant for the year 2007-08 was sanctioned only in February 2008 and the second instalment was not released.

10. At this juncture, the Accountant General (Audit) pointed out that Kannur University did not make any correspondence with IGNOU requesting extension of time for submitting the Utilisation Certificate.

11. The Committee was totally dissatisfied with the overall performance of the University and sarcastically remarked that Universities themselves failed to comply with the guidelines. The Kannur University lost assistance from different agencies to the extent of ₹ 55.75 lakh due to procedural error.

12. The Committee remarked that the Universities should be more vigilant in handling matters regarding assistance from various agencies so as to avoid financial losses in future. It urged Kannur University to continue with efforts to get refunded the amount of ₹ 25.75 lakh expended towards the salary of the incumbents from UGC. The Principal Secretary, Higher Education Department informed that a comprehensive solution for monitoring the project management should be evolved in consultation with Finance Department. The Committee opined that University Departments should be given more autonomy in the utilization of project based funds and a fixed percentage of such funds should be provided for the administrative expenditure of the University. The witness, Principal Secretary, Higher Education Department intervened to say that they have liquidity problem and at present decision has been taken that a fixed percentage from the general fund would be pooled for administrative purpose but this amount would not be released for the purpose and hence project implementation would not be carried out effectively. The Committee suggested that provision should be made to meet the total overhead charges from the project based funds and that money should be transferred to general fund.

13. The Principal Secretary, Higher Education Department admitted that the Universities do not have a treasury system which provides great advantage in terms of liquidity. In Universities, accounting and disbursing wings are centralised in a single agency which doesn't allow separation of fund, based on a 'Head of Account' system that is practiced in treasuries for Government transactions.

14. The Committee decided to recommend the formulation of guidelines to enable proper utilisation of money received in the form of Development Assistance from different agencies. The Committee also suggested that the finance wing in the Universities should be strengthened to streamline the financial management and new appointments. It urged the Higher Education Department to restructure the entire accounting pattern followed by Universities by providing separate Head of Account for each category instead of following the combined pool system.

Conclusion/Recommendation

15. Regarding the loss of financial assistance due to failure to adhere to guidelines, the Committee opines that it is not tenable that University

themselves are reluctant to follow guidelines. They simply perform in accordance with their convenience and then struggle to get it ratified. It remarks that had Kannur University complied with the guidelines, the loss of ₹ 55.75 lakh could have been avoided. The Committee urges the Higher Education Department to initiate scrupulous effort to get back the expended amount from the central agencies.

16. The Committee suggests that Higher Education Department should evolve a comprehensive monitoring mechanism in consultation with Finance Department for the effective project management in Universities.

17. The Committee recommends that University Departments should be given more autonomy in the utilisation of project based funds and a fixed percentage of such funds should be provided for the administrative purpose of the university. Necessary amendments in this regard should be made in the guidelines.

18. The Committee recommends that the Higher Education Department should formulate comprehensive guidelines enabling proper utilisation of money received in the form of developmental assistance to the Universities from various agencies and also should strengthen the finance wing in the Universities to streamline the financial management and new appointments.

19. The Committee urges the Higher Education Department to restructure the prevailing accounting system followed in the Universities and to adopt a new system of providing separate Head of Account for each category of expenditure as stipulated in the Budget Manual.

AUDIT PARAGRAPH

Functioning of the University of Kerala

Highlights

The University of Kerala, which came into being in 1957, has 40 academic departments under 16 faculties, one Engineering College, ten Teacher Education Colleges, nine Institutes of Technology and 213 affiliated Colleges besides an Institute of Distance Education. It also has an Academic Staff College to impart Training to Teachers. The Boards of Studies met every year as stipulated in the Statutes and revised the syllabus for all under-graduate courses in tune with the choice based credit and semester system introduced from 2010. The Academic Staff College of the University was ranked first among all the Universities by University Grants Commission on the basis of programmes conducted and participation during the Tenth and Eleventh Plan Periods. During the review period from 2004-2010, the University conducted examinations on scheduled

dates and results were declared on time. However certain courses offered by the University did not attract enough candidates leading to low enrolment. Deficiencies like shortage of regular teaching staff, lack of infrastructural facilities, shortfall in internal audit, etc., were noticed during the performance review.

Annual Action Plans were not being prepared by the University except in the case of conduct of examinations.

No pension fund was constituted by the University to meet increasing pensionary liabilities.

Deductions made towards provident fund from the salaries of the employees during 1990-95 were not remitted into the separate account maintained for the purpose but were used for meeting establishment expenditure which resulted in a deficit of ₹ 30.03 crore in the provident fund accumulations of the employees as at the end of 2007-08.

Out of ₹ 15.95 crore allocated by the University Grants Commission towards the General Development Grant for the Eleventh Plan Period (2007-12), the University could utilise only ₹ 3.40 crore (22 per cent) up to August 2010.

Three courses introduced during 2001-03 by the Institute of Distance Education and two innovative courses introduced by the Departments/Centres of the University had to be discontinued due to poor response from candidates.

The Department of Aquatic Biology and Fisheries did not have an aquarium attached to it for conducting practical studies.

Palm leaf manuscripts were not preserved as per the guidelines of the Indian National Trust for Art and Cultural Heritage.

Students who had not qualified in the entrance examinations were admitted in six affiliated Engineering Colleges during 2008 and 2009.

The Scrutiny Boards constituted for checking question papers were not functioning effectively.

Changes in final marks on revaluation ranged between 56 and 59 per cent in test-checked cases. The delays in completion of revaluation of answer scripts ranged between 95 and 328 days against the stipulated period of 45 days.

Five research projects taken up by the Head of the Department of the Aquatic Biology Department during 2000-05 had not been completed.

The shortage of regular teaching staff in six departments ranged between 50 per cent and 80 per cent.

The shortage of personnel in the post of Assistants was 48 per cent as of March 2010.

Internal audit of 27 out of 40 academic departments was not conducted after 2005-06.

Introduction

In 1957, the Kerala University Act was brought into force and the erstwhile University of Travancore (established in 1937) was renamed as the University of Kerala. The University of Kerala has jurisdiction over the southern districts of Kerala viz., Thiruvananthapuram, Kollam, Alappuzha, and parts of Pathanamthitta.

The University has 40 postgraduate teaching and research departments under 16 faculties and 213 affiliated Colleges. The University is also running 33 Academic Study Centres, 9 University Institutes of Technology, 10 Teacher Education Colleges, 1 Engineering College, a Department of Physical Education and an Institute of Distance Education. It also has an Academic Staff College to impart Training to Teachers. The University also provides support services viz., computer centre, library, engineering wing for construction and maintenance, printing press, publication division, health centre, hostels and guest houses.

The main functions of the University are to impart instruction in various branches of learning, undertake research; disseminate knowledge; conduct examinations; grant/confer degrees, diplomas and other academic distinctions as well as provide infrastructure. The University offers graduate/postgraduate courses through its departments, the Institute of Distance Education and affiliated Colleges in various disciplines. The University grants affiliation to Government and Private Colleges on due fulfilment of conditions prescribed.

Organisational set-up

The affairs of the University are guided and controlled by a Senate of Elected Members and a Syndicate elected by the Senate Members. The Governor of the State is the Chancellor and the Minister for Education of the State is the Pro-Chancellor. Administration of the University is vested with the Vice-Chancellor who, in turn, is assisted by a Pro Vice-Chancellor in academic matters. The Vice-Chancellor is assisted by the Registrar in general administration, by the Controller of Examinations in the conduct of examinations and by the Finance Officer in financial matters.

Audit Objectives

The objectives of the performance audit were to ascertain whether:

- there was proper planning of the various activities of the University;
- the financial management resulted in economic, efficient and effective mobilization and utilization of resources;
- the academic programmes were efficiently managed in accordance with the norms prescribed by various funding agencies and adequate infrastructure were provided;
- the research activities were undertaken in accordance with the norms of the funding agencies and research findings were properly disseminated;
- the human resources were adequate and as per norms to improve the quality of education;
- the administrative matters including support services were managed effectively and efficiently; and
- there existed an effective internal control system.

Audit Criteria

The following criteria were adopted for the Performance Audit:

- The Kerala University Act, 1974, The Kerala University First Statutes, 1977, The Kerala University First Ordinances, 1978, Kerala Financial Code and Kerala Service Rules
- Guidelines and Orders of the Government of Kerala/Government of India/ University Grants Commission,
- Minutes of the meetings of the Syndicate, Academic Council, Financial Committee, etc.,
- Annual administrative reports, annual accounts, audit reports of Director of Local Fund Accounts, Internal Audit Reports, etc.

Audit coverage and methodology

The performance audit was conducted during April to August 2010 covering the period 2004-05 to 2009-10, by test check of the records of the University Administrative Office, the Institute of Distance Education, the Engineering Wing, the Academic Staff College, the University Library and the University Printing Press. In addition, 12* (out of 40) academic departments

* Department of Aquatic Biology & Fisheries, Biochemistry, Biotechnology, Chemistry, Computer Science, Communication & Journalism, Economics, Institute of Management, Mathematics, Opto Electronics, Oriental Research Institute & Manuscripts Library and Physics.

were selected using the simple random sampling method. Five study centres* and the Engineering College run by the University were also covered. An entry meeting was conducted (June 2010) with the Principal Secretary to Government, Higher Education Department and the Registrar of the University to discuss the audit objectives and an exit meeting was conducted (October 2010) with the same officers to discuss the audit findings and recommendations.

AUDIT FINDINGS

Planning

Planning provides a clear sense of direction to the activities of any organization and is an important process to bring about effective integration of various activities. Planning was, therefore, essential in the University in the management of its financial resources, human resources and academic activities. It was observed that the University had no comprehensive Annual Action Plan or Action Plan for a definite period to implement its various programmes except in respect of the conduct of examinations. Though the University submitted Action Plans to the University Grants Commission (UGC) for getting development grants and Annual Action Plan each year to the State Government for getting Plan/Non-Plan assistance, these Plans were not comprehensive in nature. The Finance Officer (in-charge) stated (November 2010) that the audit observations would be placed before the Senate and the Syndicate of the University for consideration.

Financial Management

The University is mainly financed through block (Non-Plan) grants from the State Government, Plan grant from Government of India, UGC and project grants from other Central and State Government Organisations. The University also generates its own income by way of fees from students, affiliation fee from private colleges, sale of study materials, forms, publications, etc.

Receipts and Expenditure

The details of receipts and expenditure during the period 2004-05 to 2008-09 are furnished in Table 1.5.

* Centre for Bio-informatics, Centre for Geo-Information Science, Centre for Nano Science and Nanotechnology, Centre for Kerala Studies and Centre for Performing Arts.

TABLE 1.5: RECEIPTS AND EXPENDITURE OF THE UNIVERSITY OF KERALA

(₹ in crore)

Year	Receipts			Expenditure			
	Non- Plan	Plan	Internal receipts	Total	Non- Plan	Plan	Total
2004-05	43.91	13.00	27.75	84.66	61.94	8.43	70.37
2005-06	48.28	11.07	27.40	86.75	67.77	11.93	79.70
2006-07 [†]	53.10	18.95	31.48	103.53	82.88	11.11	93.99
2007-08	55.00	17.84	36.80	109.64	104.12	12.15	116.27
2008-09	58.85	20.89	43.77	123.51	102.97	17.61	120.58
Total	259.14	81.75	167.20	508.09	419.68	61.23	480.91

Source : Annual accounts of the University.

- Out of the total Plan allocation of ₹ 81.75 crore, the University could utilise only ₹ 61.23 crore. Major savings (42 per cent) were noticed under development grant received from Government of India and UGC.
- There was an average increase of 25 per cent under Non-Plan Expenditure (mainly under salaries and pension) during 2007-08 and 2008-09 due to implementation of pay revision. However, there was no corresponding increase in Non-Plan grants from the State Government during these years, commensurate with the increased liabilities.

Unrealistic proposals in annual budget

Every year, the University prepares estimates for receipts and expenditure under Non-Plan. Scrutiny by Audit revealed that there was wide variations between the estimates and actual receipts/expenditure as detailed below:

* Block grant received from State Government

† Provisional figures

TABLE 1.6: YEAR-WISE ESTIMATES OF RECEIPTS AND EXPENDITURE AND ACTUALS
UNDER NON-PLAN

(₹ in crore)

Year	Receipts (Non-Plan)			Expenditure (Non-Plan)		
	Estimate	Actual	Variation (percentage)	Estimate	Actual	Variation (percentage)
2004-05	81.89	71.65	10.24 (13)	96.74	61.94	34.80 (35)
2005-06	93.23	75.67	17.56 (19)	104.59	67.77	36.82 (35)
2006-07	95.69	84.57	11.12 (12)	107.63	82.88	24.75 (23)
2007-08	100.56	91.80	8.76 (9)	114.69	104.12	10.57 (9)
2008-09	130.39	102.62	27.77 (21)	139.83	102.96	36.87 (26)

Source: Data furnished by University.

It was noticed that Non-Plan expenditure proposals of the University was unrealistic in all the years except 2007-08. The excess over the actuals ranged between 23 and 35 per cent except in 2007-08. The University stated (April 2010) that the reason for the savings was inclusion of pay and allowances in respect of sanctioned posts instead of on the actual number of employees.

[Audit paragraphs 1.2 to 1.2.7.2 contained in the report of the C&AG of India for the year 31st March, 2010 (Civil).]

Notes received from Government on the above audit paragraph are enclosed as Appendix II.

20. The Committee enquired the reason for the mismatch in the Non-Plan Grant from State Government and expenditure as per the annual accounts of the University. The Principal Secretary, Higher Education and Social Welfare Department informed that the excess income was not actually provided with, even though it was enlisted in the Annual Budget. The Committee was of opinion that university could not spend more money than they have and hence, it is evident that they are simply curtailing the expenditure. The Committee was not convinced with the statement that a number of sanctioned posts in the University were left vacant, as the supporting staff strength of the university was even higher than the number of students. It also opined that the academic standard of some colleges, functioning under the brand name of University of Kerala were not up to the mark.

21. When the Committee inquired about the position of Plan and Non-Plan Grants after 2008-09, the Principal Secretary, Higher Education and Social Welfare Department informed that there had been a substantial increase in the Plan Fund allocation since 2008. But things were different in the case of Non-Plan assistances. The quotient of committed expenditure of Universities were increasing when compared to expenditure for academic purposes. As an example he pointed out that the ratio between administrative expenditure and faculty expenditure is 6:4 in the University of Kerala. This is much higher when compared to that of IITs which needs to be controlled.

22. The Committee urged the Department that, the Report of the Raveendran Nair Committee, appointed to examine the University finances should be examined and the recommendations contained therein be implemented.

23. The witness, Principal Secretary, Higher Education Department, while admitting the comment made by the Committee regarding poor standard of colleges, apprised that such irregularity mostly found in the case of self- financing colleges and added that as these institutions are one of the sources of income of the University, these institutions could not be dispensed with.

24. To a query of the Committee, witness, the Principal Secretary, Higher Education and Social Welfare Department deposed that even though there had been substantial increase in the UGC's assistance over the years, the University showed less diligence to claim the UGC fund as compared to other institutions in the private sector.

25. Regarding the audit observation of variation in the estimates and actual receipts/expenditure, the Committee commented that there is a deficit by 1/3 percentage of that actually required in the Expenditure head in the budget allocation. The Principal Secretary, Higher Education and Social Welfare Department submitted that only ₹ 9.25 crore was received from State under the Non-Plan fund, where the actual expenditure was ₹ 11 crore.

26. To a query of the Committee, he apprised that the Government of India provided fund in the budget for the universities which are directly under its control. In other cases assistance would be extended for projects. But the project based funds could not be utilised for other purposes. The Committee remarked that there is considerable hike in central allocation for Higher Education from the year 2008-09 onwards. It noticed that the reason put forth for the savings was inclusion of Pay and Allowances in respect of sanctioned post instead of the actual number of employees.

27. The Committee decided to recommend the Higher Education Department to furnish the updated estimates of receipts and actual expenditure under the Non-Plan head up to the year 2010-11, with the details like internal receipts including the receipts from the Government of India and University Grants Commission; whether the difference between estimate and actual had been decreased over the years etc. The Committee also urged the Higher Education Department to furnish a report detailing how many posts were vacant in the University of Kerala in the year 2008-09 and the present position of vacancy to it at the earliest.

Conclusion/Recommendation

28. **The Committee was informed that even though there was substantial increase in the UGC's assistance, Universities were not much interested in utilising project oriented funds effectively and administrative expenditure is much higher than faculty expenditure. The Committee suggests that Higher Education Department should monitor the fund allocation from various agencies like UGC, Government of India etc., and to take necessary steps to ensure that allotted fund would not lapse in future.**

29. **The Committee condemns the administrative apathy on the part of university authorities in the preparation of unrealistic Annual Budget of the University and opines that the Annual Budget of the University should be significant and realistic in nature.**

30. **The Committee directs the Higher Education Department to furnish the updated estimates of receipts and actual expenditure under the Non-Plan head up to the year 2010-11 incorporating the details like internal receipts, receipts from Government of India and University Grants Commission etc. It also urges the Higher Education Department to furnish a report on the number of vacancies in the University of Kerala and present position of vacancy to it at the earliest.**

31. **The Committee urges the Higher Education Department that the report of the Raveendran Nair Committee appointed to study the financial status of Universities should be considered and the recommendation contained therein be implemented.**

AUDIT PARAGRAPH

Fellowships and Scholarships

During the period 2004-09, the University received ₹ 9.96 crore from UGC, Government of India, State Government, agencies under Central and State towards payment of fellowships/scholarships to students, out of which

₹ 6.72 crore (67 per cent) was disbursed. Audit observed that non-disbursement of 33 per cent of the funds was due to inability of the students to claim the scholarships/fellowships as they were already in receipt of scholarships/fellowships under different schemes. The University should have refunded the undisbursed amounts to the funding agencies as it was not possible to disburse the amount after the expiry of the year to which they were released.

Non-constitution of Pension Fund

Teaching and non-teaching staff of the University are entitled to pension as provided in the Kerala Service Rules. Being the 'Mother University' of the State, the University of Kerala has an enormous pension liability, which is increasing year after year. Constitution of a separate pension fund was essential to meet the ever increasing pensionary liabilities and also to have proper control over the financial resources. It was observed that the University had incurred ₹ 109.25 crore towards expenditure on pensionary benefits during 2004-09 and there was considerable increase in pensionary liabilities from 2007-08 onwards. The estimated pension commitment for 2009-10 was ₹ 31.75 crore. Presently, pensionary charges were being met from the general revenues of the University. This huge liability would eventually lead to a financial crisis as no pension fund was constituted by the University despite observations made by the Statutory Auditor in this regard in the Audit Report finalised every year, the latest being for the year 2005-06. The Finance Officer (in-charge) stated (June 2010) that the Syndicate had, in principle, decided to constitute a pension fund and the same would be implemented after constitution of the new Syndicate.

[Audit Paragraph 1.2.7.3 to 1.2.7.4 contained in the Report of the Comptroller and Auditor General of India for the year ended 31st March, 2010 (Civil).]

Notes furnished by the Government on the above audit paragraph is included as Appendix II.

32. The Committee expressed its displeasure over the fact that out of ₹ 9.96 crore received from various agencies towards payment of Fellowships/Scholarships to students, only an amount of ₹ 6.72 crore was disbursed during the period from 2004 to 2009.

33. The Committee was informed that the reason for the non-disbursement of 33% of funds was the non-availability of students to claim the scholarship/fellowship as they were already in receipt of the same under another scheme. The Committee then enquired the feasibility of allotting the scholarship to some other eligible student. The Principal Secretary, Higher Education and Social

Welfare Department replied that, there is no provision in the relevant rules for re-allotting the scholarships. He added that the State Government in its own capacity, is granting three or four scholarships for the students at present.

34. The Committee opined that enhancement in the number of scholarships was a good sign as far as the students are concerned and the criteria for the scholarships of State Government seems to be very flexible when compared to that of the Government of India and University Grants Commission. The Committee urged the Higher Education Department that necessary modification should be brought to the guidelines for state scholarship so that students who were not eligible for the scholarship of Government of India and University Grant Commission too could get the state scholarship. It also instructed that steps should be taken to avoid lapsing of the fund for scholarship in future.

35. Regarding the non-constitution of Pension Fund, the Committee enquired the circumstances under which the department had taken a decision to continue with the existing statutory pension rather than constituting Pension Fund for universities. The witness, Principal Secretary, Higher Education Department apprised that it was a policy decision taken by the University Syndicate in its meeting held on 14-5-2012. But final decision had not been taken in this regard at Government level. Then the Committee opined that pension payment caused a huge liability to universities as the pensionary charges were being met from the general revenues of the universities. So the Committee decided to recommend that the Higher Education Department should conduct a study on the feasibility of constituting pension fund in the light of the recommendations of Shri Raveendran Nair Committee while continuing with the existing statutory pension scheme.

Conclusion/Recommendation

36. The Committee noticed that eligibility criteria for Scholarship/Fellowship under different schemes are one and the same. Hence scholarship left undisbursed as the same students are selected for more than one scholarship schemes.

37. The Committee strongly recommends that the criteria for the state scholarship should be relaxed to cover its benefits to those students who would not come under the purview of any other scholarship/fellowship. It also directs the Higher Education Department that necessary steps should be taken to ensure that the fund provided for scholarship is not getting lapsed.

38. The Committee recommends the Higher Education Department to conduct feasibility study regarding the constitution of separate pension fund for University employees as recommended by Raveendarn Nair Committee, while continuing with the statutory pension scheme.

AUDIT PARAGRAPH

Annual Accounts

Section 47 of the University Act provides for preparation and submission of Annual Accounts to the Government. The due date for submission of accounts to the Government and the method for its preparation are not prescribed in the Act/Statute. The Director of Local Fund Audit is the Statutory Auditor of the University.

Scrutiny of the accounts revealed that balances in the personal deposit accounts maintained by the University Institute of Technologies and Teacher Education Colleges were not included in the accounts. Similarly, the balances under Department Development funds constituted by the academic departments by collecting special fees from students were also not disclosed in the accounts. Hence, the annual accounts did not reflect the correct financial position of the University. The audit of accounts had been completed only up to 2005-06. The Finance Officer (in-charge) stated (April 2010) that accounts up to 2008-09 had been submitted* to the Director of Local Fund Audit.

Diversion of University Provident Fund

The University constituted a Provident Fund as per the University Act and transactions relating to this fund were being carried out through a Savings Bank Account opened in a Public Sector Bank. The Provident Fund deductions effected from the salaries of the employees during the period 1990-95, were not credited to the bank account by the University (due to acute financial stringency) and the amount was utilised for meeting establishment expenditure. Scrutiny by Audit revealed that the balance in the bank account was only ₹ 12.94 crore, at the end of 2007-08, whereas the closing balances of all individual subscribers at the end of 2007-08 was ₹ 42.97 crore, including interest. Thus, there was a deficit of ₹ 30.03 crore. The University had not recouped the above deficit so far (October 2010). The Finance Officer (in-charge) had confirmed (July 2010) the audit observation and stated that though the University had requested, the Government for an increase in its block grant to make good the deficiencies, Government had not responded positively. He stated (November 2010) that an amount of ₹ one crore would be earmarked every year from 2011-12 for deposit in the provident fund account and the same could be implemented after constitution of the new Syndicate.

* 2006-07 : December 2007, 2007-08 : March 2009, 2008-09 : December 2009.

Utilisation of funds released to Study Centres

The State Government provided (2008-09) ₹ 5 lakh and ₹ 25 lakh respectively to two study centres, viz. the V. K. Sukumaran Nair Chair to provide opportunity to young men and women to get expertise in parliament affairs and the Mahatma Ayyankali Chair to propagate the ideas of Mahatma Ayyankali on social reforms, to document the literature and to digitalise the same. Audit observed that the funds received were unutilised and kept in fixed deposits (October 2010). Non-functioning of these centres after receiving sufficient grant defeated their objectives.

Underutilisation of General Development Grant

University Grants Commission had released ₹ 4 crore to the University towards General Development Grant during the Tenth Plan period (2002-07) and the University utilised ₹ 3.60 crore by March 2007. The UGC allocated ₹ 15.95 crore to the University for the Eleventh Plan period (2007-12) and released ₹ 5.75 crore in seven instalments till August 2010. Out of this, the University so far utilised (August 2010) only ₹ 3.40 crore due to lack of planning. The University did not also furnish (October 2010) Utilisation Certificates for the released amount which resulted in non-release of subsequent instalments. As the University failed to utilise one-third of the allocation received in spite of two-thirds of the Plan period elapsing, the utilisation of the balance two-third portion of ₹ 10.20 crore within the remaining Plan period would need concerted action by the University. Otherwise, a sizable portion of the allocated funds would lapse, which would adversely affect the allocation for the next Plan period.

[Audit Paragraph 1.2.7.4 to 1.2.7.7 contained in the Report of the C & AG of India for the year ended 31st March, 2010 (Civil).]

Notes furnished by the Government on the above audit paragraphs are included as Appendix II of this Report.

39. In reply to the Committee's inquiry regarding the latest position of Annual Accounts, the Registrar, University of Kerala told that the finalisation of their annual accounts have been made up-to-date. The Registrar, Mahatma Gandhi University, and Joint Registrar, Kannur University informed that their annual accounts up to the year 2009-10 and 2010-11 respectively had been finalised. At that time, the Principal Accountant General invited the attention of the Committee on the discrepancies came across on audit such as failure in timely preparation of accounts, deficiencies in the preparation of accounts mainly due to the lack of statutory provision for preparation and maintenance of accounts. Then, the Committee directed to complete the finalisation of annual accounts at the earliest. The Committee decided to recommend to formulate a Finance Accounts Manual for Universities so that a common procedure could be adopted for all the financial transactions and accounting.

40. In reply to the Committee's inquiry, the officers from MG University and Calicut University informed that they have no arrears towards the compensation on account of Provident Fund subscription amount diverted for other purposes. The Joint Registrar, Kannur University told that they will be able to provide details regarding arrears only after the reconciliation process is over.

41. The Committee then sought the reason for the diversion of a huge amount of ₹ 30.03 crore deducted towards Provident Fund subscription from the salary of the employees of the University of Kerala. The Principal Secretary, Higher Education Department informed that the University of Kerala had to divert the amount to overcome the financial crisis they came across in the middle of 1990s. The representative from Kerala University informed that from the year 2011 onwards an amount of ₹ 1 crore was being deposited in the Provident Fund Account from the general fund of the University to compensate the arrears caused due to the aforesaid fund diversion. He continued that though requested for a grant to recoup the amount, Government had not responded positively.

42. The Committee opined that diversion of money from the Provident Fund is an offence and directed that the Department should be more cautious in not making such diversion in future. Moreover, disciplinary action should be initiated against the persons responsible in case of diversion found, if any, in future. The Committee also remarked that University of Kerala should take necessary steps to remit the arrears towards Provident Fund at the earliest.

43. The Committee condemned the lethargic attitude of the University of Kerala in submitting RMT statements and reminded that the departments are obliged to furnish the RMT statement within the stipulated time and non submission of the same is a disrespect to the Committee.

44. To a query of the Committee regarding the expenditure of the fund allocated under GDA the Principal Secretary, Higher Education Department informed that the General Development Grant released from UGC was being utilised for purchase of books and journals, development of administrative staff, physical education, researches and construction of building etc. The Committee enquired whether extension was granted for grant utilisation period by UGC, the Principal Secretary, Higher Education Department replied that utilisation period had been extended for two years in the case of plan funds and six months in respect of other items.

Conclusion/Recommendation

45. The Committee suggests that Universities should take earnest effort to finalise their annual accounts at the earliest and intimate the Committee the latest position in this regard.

46. The Committee emphasises the need for formulating a Finance Accounts Manual for Universities so that a common procedure could be adopted for all financial transactions and accounting.

47. The Committee strongly criticizes the University authorities for not crediting the provident fund deductions effected from the salaries of the employees to the treasury accounts of the Universities and utilizing the same for meeting establishment expenditure of the University.

48. It also remarks that diversion of money deducted towards Provident Fund defeat the very purpose of the fund and directs that Higher Education Department should be vigilant in avoiding such diversion in future. The Committee recommends that disciplinary action should be initiated against the person responsible in case of such misappropriation , if any, found in future.

49. It urges the University authorities to take necessary steps to remit the arrears towards Provident Fund Account at the earliest.

50. The Committee was at a loss to note that the University authorities had failed to submit the RMT Statements in time and reminds that non submission of the same is a disrespect to the Committee.

51. The Committee opines that a decisive and precise planning should be formulated by the University authorities for the complete and effective utilisation of funds allocated by University Grants Commission for the developmental purposes of the Universities in order to avoid lapse of funds in future.

AUDIT PARAGRAPH

Academic activities

The deficiencies and shortcomings noticed in the academic activities are discussed below:

Boards of Studies

As per Chapter XI of the Kerala University First Statute, 1977 there should be a Board of Studies (BoS) attached to each subject of study or groups of subjects in the University, to initiate steps to revise the syllabus and restructure the courses in tune with the modern trends and developments in the respective branches of knowledge and make recommendations to the faculties concerned.

There are separate BoS for Undergraduate (UG) and Postgraduate (PG) courses. At present there are 96 Boards of Studies under the University. Scrutiny by audit revealed that all the Boards of Studies met every year as stipulated in the statutes and these were reconstituted every three years. In the meeting held on 22nd March, 2010, the Academic Council decided to implement the restructured revised syllabus for all UG courses in tune with the choice based credit and semester system introduced from 2010. However, the deficiencies noticed in the constitution of BoS are detailed below:

(i) As per Chapter XI of the Kerala University First Statute, 1977 each BoS for UG courses should consist of a teacher from the University department, three teachers in the subject from Government Colleges and an outside expert. However, in the BoS constituted (2006) for the subject 'Bio-technology' there was no outside expert. In the BoS constituted (2005) for Chemistry there was no representation from the University department. The BoS constituted (2003 and 2006) for Polymer Chemistry included an outside expert who was not related to the subject.

(ii) A teacher nominated to the BoS for UG courses and PG courses should have 15 years and 20 years of teaching experience respectively. Three members of BoS (constituted during 2004-08) for the UG course on Philosophy and one member for the PG course on Sociology (constituted during 2004-08) had teaching experience ranging between five and thirteen years only.

Details of experience/qualification of all members of the various Boards of Studies were not made available to Audit. Accepting the Audit observations, the Registrar stated (August 2010) that the matter would be brought to the notice of the Syndicate while reconstituting the BoS.

Innovative Courses

To cope with the changing scenario, the University introduced new courses by using own resources or with assistance from UGC under its various departments, based on the proposals submitted by them. Scrutiny by Audit revealed the following deficiencies in the courses sanctioned/introduced during the review period.

(i) The University introduced six innovative courses under the innovative programme for teaching and research in interdisciplinary and emerging areas during 2004-05 to 2009-10 under various departments/centres with financial assistance from UGC. Audit observed that, one out of six courses viz., PG Diploma in Theatrical Arts (sanctioned in May 2007) under the Department of Sanskrit with intake capacity of 40 students was not started due to poor

response from students. The UGC however, sanctioned ₹ 24 lakh for this purpose and released the first instalment of ₹ 11.30 lakh in June 2007. Though the courses were notified during 2008-09 and 2009-10, only two and four applications respectively were received for admission. Hence, the courses were not started and the funds remained unutilized (October 2010). The Director (Planning and Development) stated (July 2010) that the poor response was due to lack of initiative from the Head of the Department who was the Course Co-ordinator.

(ii) A PG Diploma course in Convergence Media in the Centre for Convergent Media Studies was started in 2005-06 in collaboration with the Centre for Imaging Technology (C-DIT) with a fee of ₹ one lakh with intake capacity of 30 students. Nine students had registered for the first batch and 16 for the second batch. The course was discontinued from 2007-08 due to poor response from students as only two students applied for the third batch. As per the note submitted (July 2007) by the Course Co-ordinator to the Vice-Chancellor, the poor response was due to high fees and poor placement opportunities. Out of eight successful candidates of the first batch, only three got employment. The infrastructure created by the University in connection with the course at an expenditure of ₹ 33.12 lakh thus remained idle (August 2010).

(iii) The Institute of Distance Education (IDE) introduced three* courses during 2001-02 and 2002-03 but had to discontinue these courses during 2004-05 (one course) and 2007-08 (two courses) as only two to four students were registered for these courses. Similarly two† courses notified in 2009 failed to commence due to poor response. Introduction of courses without conducting proper planning and survey among the student community resulted in discontinuance of the courses in the midway/non-commencement of courses.

In the exit meeting, the Registrar stated that no system of conducting demand surveys or need-based assessment before introduction of new courses was in vogue. New courses were started as per the suggestions received from concerned departments and with the approval of the Syndicate. The Director of Institute of Distance Education stated (April 2010) that a research cell had been started (2010) by IDE for conducting pre-course research.

* PG Diploma in Functional Hindi, PG Diploma in Taxation Management and Certificate Course in Communicative Arabic.

† PG Certificate Course in Geriatric Care and Management and PG Diploma in Intellectual Property Rights.

Infrastructure facilities in Academic Departments

The University should provide adequate infrastructure facilities for learning and research activities. Out of 12 departments test-checked infrastructure deficiencies were noticed in four departments, as detailed below:

(i) *Department of Aquatic Biology and Fisheries.*— Aquatic Biology is the study of ecology and behaviour of plants, animals and microbes living in the sea, fresh water lakes, ponds, rivers and wet lands. Hence an aquarium with abundant water sources is the basic requirement for learning and doing research in the Department of Aquatic Biology and Fisheries. Consequent on acquisition of the land by the Indian Air Force, the department which was formerly functioning at Shangumugham beach with a full fledged aquarium was shifted (1990) to the Kariavattom Campus of the University where there were no natural water sources. The efforts made by the department to create water sources to set-up an aquarium in the campus were not fruitful since the ponds dug were not perennial. Students were conducting practical studies in the laboratories attached to the classrooms. Though a building donated (2006) to the University by the District Panchayat at an ideal locality (Akkulam, near Veli lake) for setting up an aquarium-cum-field station was renovated by the University at a cost of ₹ 11.25 lakh, funds for setting up the aquarium were not provided so far (October 2010). The department was functioning without an aquarium for the last 20 years.

Thus lack of proper vision on the part of the University to foresee the requirements of the department which was fully dependent on water bound surroundings and to identify an ideal site to construct the department building with such facilities resulted in denial of sufficient field experience for PG Students and Research Scholars. The department was now conducting practicals in a virtual environment. The Head of the Department has confirmed (May 2010) the audit observations. In the exit meeting the Registrar stated that action would be taken to set-up an aquarium and field station in the building at Akkulam.

(ii) *Disposal of radioactive waste by Biochemistry department.*— As per instructions of the Atomic Energy Regulatory Board (AERB), radioactive waste disposal pits are to be fenced off to prevent unauthorized entry. In the Biochemistry department, radioactive wastes were disposed off in two pits constructed in the backyard of the department, one for solid waste and the other for liquid waste without any fencing of the pits. The University needed to strictly follow the guidelines of AERB in disposing of radioactive wastes in order to safeguard the persons and environment. The Head of the Department stated (July 2010) that the pit would be fenced. In the exit meeting, the Principal Secretary to Government termed the issue as a very serious one and instructed University authorities to take remedial action.

(iii) *Department of Biotechnology.*— As the department of biotechnology was too congested to accommodate classrooms and laboratories, six rooms of the Chemistry Department were also occupied by it. The books purchased for the library were kept near the main switch board as there was no space available for accommodating the library. The equipment purchased by the department was stored in the corridors near the bathroom. Lack of adequate space affected proper utilisation of library facility. The audit observations were confirmed by the Head of the Department.

(iv) *Oriental Research Institute and Manuscript Library.*— The Manuscript Library functioning under the department has more than 65000 manuscripts most of which are palm leaves. These invaluable assets have to be preserved scientifically to avoid extinction. The Indian National Trust for Art and Culture Heritage (INTACH) has issued guidelines for preservation of manuscripts such as maintenance of constant room temperature and relative humidity, wrapping of manuscripts in de-starched cotton clothes and keeping them in closed wooden boxes, painting the room with zinc oxide or titanium dioxide to absorb ultraviolet rays, installation of dry-type fire extinguishers for fire safety, etc. Audit scrutiny revealed the following instances of non-compliance with guidelines in preservation of these invaluable assets.

- The method adopted for preservation of manuscripts was dusting, cleaning and oiling with citronella oil rotationally. As against the sanctioned posts of four oiling assistants, only two assistants on contract basis were in place from April 2008. Since the pace of oiling was too slow it would take years to complete one round of oiling.

- Only the rarest manuscripts were kept in closed boxes but were not covered with de-starched cotton cloth. Many palm leaves were found to have broken edges due to insect attack and brittleness.

- Air-conditioners provided in the room were not functioning for the last 20 years.

The University has to take urgent steps to protect the invaluable manuscripts from extinction, failing which, it will be an irreparable loss to the future generations. The Head of Department confirmed (August 2010) the audit observations. The Principal Secretary to Government, in the exit meeting, urged the Registrar to take immediate action to preserve the manuscripts.

Grant of affiliation to colleges

According to Chapter 24 of the University Statute, the Syndicate is empowered to grant affiliation to any institution within the territorial jurisdiction of the University, provided the institution satisfies the conditions prescribed in the laws of the University. It is mandatory for the University to ensure quality in education and verify the capability of the colleges in all respects on a year to year basis. The University issued provisional affiliation to 93* colleges and permanent affiliation to two† colleges during 2005-2009.

A test-check of files relating to 33 self-financing colleges revealed non-observance of statutory provisions in five colleges, resulting in irregular grant of provisional affiliation, the details of which are given in Appendix III.

Inspections conducted by the University in 21 (out of 59) Teacher Education Colleges during 2009 revealed lack of facilities in 18 colleges. The details are given in Appendix IV.

Provisional affiliation is granted after inspection by the University to self-financing colleges on their inception for the first academic year alone. Audit observed that subsequent inspections were being conducted only when additional courses were sanctioned, though statute insisted on periodical inspection. The Registrar stated that the inspections are being carried out in colleges periodically after granting affiliation; but no details were on record. In the exit meeting, the Principal Secretary to Government observed that these Institutions were only self-financing and not self-running as the University is conducting the examinations and should ensure the mandatory requirements.

Admission

Students who were admitted to B.Tech. Courses in the State after qualifying in the entrance examinations conducted by the Commissioner of Entrance Examinations. A 'Lateral entry' scheme approved by the Director of Technical Education provides for admission to meritorious diploma holders to the second year/third semester of the B.Tech. Course in 10 per cent additional seats sanctioned to enable them to obtain a degree in engineering. Students are selected under 'Lateral entry' scheme by conducting a State Level Entrance Examination by the LBS‡ as per the directions of All India Council for Technical

* Self financing sector-92, Government sector-1.

† Government Dental College, Thiruvananthapuram and Government Nursing College, Thiruvananthapuram.

‡ Lal Bahadur Shastri Centre for Science and Technology.

Education. The University should ensure that only qualified students are admitted for B.Tech. Course. Audit scrutiny revealed the following irregularities in admission:

(i) During 2008, 33 and 25 students admitted in Mary Matha College of Engineering and Technology, Thiruvananthapuram and Travancore Engineering College, Kollam respectively had not qualified in the entrance examination conducted by the Commissioner of Entrance Examinations. Similarly, during 2009, 96 students admitted in K. R. Gouri Amma College of Engineering, Alappuzha had also not qualified in the entrance examination conducted by the Commissioner of Entrance Examinations.

(ii) During 2008, 29 students who did not qualify in the entrance examination conducted by LBS for the Lateral Entry Scheme were admitted in four self-financing engineering colleges and one aided engineering college*.

The Controller of Examinations stated (September 2010) that the verification done by the Academic Sections of the University was limited to verifying whether the intake of students in a particular college was in conformity with the total sanctioned strength of a particular course. He added that the professional colleges themselves had to verify the prescribed qualification of the candidates at the time of admission. This indicated that there was no proper system in the University to ensure that unqualified students were not admitted in affiliated professional colleges. During the exit meeting, the Principal Secretary to Government directed the Registrar to formulate a system to check the admissibility of students at the time of admission itself.

Government had directed (August 2007) the University not to grant increase in intake in existing courses in the Government/Aided sector. In violation of this direction, the Standing Committee of the University recommended (July 2009) enhancement of the total strength in B.Tech. (Electronics and Telecommunications) to 60 seats from 50 in TKM College of Engineering, Kollam, considering their request. The University, however, communicated (July 2009) enhancement of seats from 50 to 90 to the Commissioner for Entrance Examinations, for making allotment for the year 2009-10. After allotment for the entire seats by the Entrance Commissioner, the mistake came to the notice of the University and it informed the correct position to the Government as well as to the Commissioner for Entrance Examinations.

* Mary Matha College of Engineering, PA Aziz College of Engineering, Travancore Engineering College, Younus College of Engineering and TKM College of Engineering.

However, the college management filed a Writ petition before the High Court of Kerala, based on which the Government granted (August 2009) permission to operate the enhanced seats for the academic year 2009-10 alone. Without considering the above, the University allowed the college to continue admission in enhanced seats during 2010-11 also. The Registrar stated (September 2010) that the enhancement of seats from 50 to 90 instead of from 50 to 60 was communicated to the Entrance Commissioner by oversight. In the exit meeting, the Registrar also admitted the failure of the University to intimate the Commissioner of Entrance Examinations about the Government's directions to restrict the admission to the year 2009-10 alone which resulted in admitting students for 30 more additional seats during 2010-11 also. No action was taken by the University against the erring officials.

Examinations

The University is entrusted with conducting examinations, declaration of results, etc., of its students. The University conducted 90 *per cent* of the examinations on scheduled dates during the review period and the results were declared on time. The University also constituted 'malpractices detection squads' for conducting free and fair examinations. The rate of detection increased considerably justifying the effectiveness of the squad.

According to the Examination Manual, the Controller of Examinations should constitute a Scrutiny Board to ensure that the questions are in conformity with the prescribed syllabus. During 2007-08 to 2009-10, complaints were received regarding 'out of syllabus' questions in 42 papers of different subjects. The BOS confirmed the out of syllabus questions in 33 papers and directed the Controller of Examinations to solve this issue by adopting different procedures, viz. liberalized valuation, awarding of 50 *per cent* marks for the out of syllabus questions, valuation of papers excluding the out of syllabus questions and then converting it for 100 marks, etc. The proper evaluation of the abilities of the students was not possible and good students might not have been benefited fully while weaker students might have been unduly benefited. The presence of out of syllabus questions in significant number of papers showed that the Scrutiny Boards were not functioning effectively.

The Controller of Examinations stated (August 2010) that question papers were set by persons from outside the State or external Universities and in the Examination Manual, there was no provision to take action against these erring persons. In the exit meeting, the Registrar stated that in order to maintain confidentiality, no further scrutiny was done on question papers received from question paper setters.

Valuation of answer scripts

Valuation of answer scripts is a very important activity, but audit scrutiny revealed the following deficiencies:

(i) *Delay in revaluation.*— According to Chapter VI of the Kerala University First Ordinances, 1978 teachers with a minimum teaching experience of three years in a college or university could be posted as examiners. Audit observed that teachers of the University College of Engineering having less than one year teaching experience were also deputed as examiners, violating the norms. An analysis of the revaluation applications received during 2007-08 and 2008-09 revealed that:

- Out of 5183 applications received during 2007-08 and 2008-09 in respect of the final examinations of B.A, B.Sc., B.Com., MBBS, B.Tech. and B.Arch. Courses increase in marks (up to 35 marks) were allowed in 2927 cases (56 per cent).
- Out of 200 revaluation cases test-checked in audit, changes in final marks were awarded in 118 cases (59 per cent). The addition in marks was above 20 in 12 cases, above 15 in 10 cases and above 10 in 22 cases.

As the changes in marks on revaluation on the basis of applications received from students was more than 50 per cent, chances of change in marks on those who had not applied for revaluation due to various reasons could not be ruled out.

According to the examination manual revaluation of answer scripts was to be completed within 60 days from the last date of receipt of applications for revaluation which was subsequently reduced to 45 days as per the decision (March 2007) of the Syndicate. Section 80 of the Kerala University Act, 1974 also stipulates forfeiture of two months' pay and allowances of teachers who refuse to do examination duties. Audit noticed a delay of 95 to 328 days for completing the process during 2007-2009. Out of 801 teachers called for revaluation during 2007-08 and 2008-09, only 483 teachers turned up. The revaluation of answer scripts of B.Arch. and B.Tech. was pending since 2007 and 2008 respectively. This would affect the careers of students who wished to pursue higher studies. No action was taken as per the provisions of Section 80 of the Act against the defaulting teachers. On the other hand, the University paid compensation of ₹ one lakh in one case and ₹ 0.30 lakh in four cases due to delay in revaluation of answer scripts, consequent on award of compensation by the Lok Ayukta and sub-courts.

Slackness on the part of the University in appointing qualified examiners for valuation of answer scripts and non-enforcement of provisions of the examination manual and the University Act in respect of delays in revaluation of answer scripts, created hardship for the students. In the exit meeting, the Principal Secretary to Government urged the Registrar to invoke penal provisions.

(ii) *Missing answer books.*— As per the guidelines for revaluation, in the event of the examiner's failure to return the answer books to the University, he/she should be permanently debarred from the University as an examiner and a fine of ₹ 5,000 per missing/damaged paper should be imposed on him/her in addition to making him/her liable to pay compensation, if any, as ordered by the Court or the competent authority. Scrutiny of the minutes of the Standing Committee on examinations revealed that eight* answer books in respect of examinations held during 2002 to 2008 were missing. In the above eight cases, legal action was initiated in one case against the examiner on the basis of a complaint filed by a student. The Controller of Examinations stated that special examinations were conducted in six cases and no action could be taken in one case as the period of the event was too old.

Further, 84 answer scripts bearing false numbers from 55355 to 55438 of Part I Section B of Community Medicine of the third year MBBS Examination held in June/July 2004 were missing. The examiner had testified that the answer papers had been handed over to the University and acknowledgement had been received. The answer scripts of 15 candidates, who had applied for revaluation, were among the 84 missing answer scripts. The Syndicate decided (March 2007) to give the students a chance to reappear for the papers in the same syllabus without remitting examination fees. The missing answer scripts had not been traced out even after six years. No penal action was initiated against the persons responsible.

The Controller of Examinations contended that there were practical difficulties in debarring the examiners permanently from examinership because the University would lose their valuable services and in cases where answer books were not retrievable another opportunity was given to the candidates to write examinations in the same scheme without charging examination fees. This showed that the University was not taking punitive measures to prevent occurrence of such events.

* 2002: 2, 2005: 3, 2006, 2007 and 2008 : one each.

In the exit meeting the Principal Secretary to Government directed the University to invoke the penal clause.

(iii) Inordinate delay in preparation of rank lists.— Delays in finalisation of rank lists would adversely affect students in their claims for postgraduate merit scholarships of UGC, pursuance of higher studies as well as their job prospects. Audit observed abnormal delays in preparation of rank lists in certain cases due to delays in completion of the revaluation process as detailed in Appendix V. Rank lists for B.Com. and B.Arch. had been prepared up to 2006, for B.Sc. up to 2007 and for B.Tech. and MBBS up to 2008.

(iv) Deficiency in application software in Examination Wing.— The University Computer Centre had developed an application software, called System for Automated Governance of Examination (SAGE), for the examination wing to automate the examination activities starting from tabulation work to the issuance of certificates. Work relating to B.Tech., P.G. and L.L.B. Courses had been automated. Passwords were assigned by the Computer Centre to all operators with hierarchical access to different modules.

Scrutiny of SAGE revealed the following deficiencies:

(a) Though only the Controller of Examinations was authorized to keep all the records relating to examinations, the database containing confidential data was under the control of the computer centre since 2002. The control on confidentiality and integrity of data was insufficient as contract programmers were engaged in the computer centre.

(b) Administrative privileges were not given to the examination wing which created unnecessary delays in processing, making the whole process cumbersome. It was replied (August 2010) by the Controller of Examinations that due to non-availability of a suitable person, the administrative privileges were not taken over by the Examination wing.

(c) The system was not capable of handling more than four users at a time due to a low capacity server. One high end server purchased (March 2010) was not installed as of August 2010 due to change in specifications.

The Controller of Examinations stated (August 2010) that a detailed note indicating the various flaws and drawbacks such as difficulties in initial registration of candidates, marking of lateral entry, issuing/suspending user-ids to the staff, uploading/downloading of online registration data, restoration/backing up of data, etc., was submitted to the computer centre for immediate rectification. In the exit meeting the Principal Secretary to Government observed that the database and software should be under the control of the examination wing and directed the Registrar to take urgent steps to protect the software from external interference and manipulation.

Audit Paragraph 1.2.8 contained in the Report of the Comptroller and Auditor General of India for the year ended 31st March, 2010 (Civil).

Notes furnished by the Government on the above audit paragraph (1.2.8.7) is included as Appendix II.

52. Regarding, 'Board of Studies', the witness, Principal Secretary, Higher Education and Social Welfare Department informed that a detailed discussion with the Vice-Chancellor of the University had been made in this regard and at present only eligible hands were appointed as members of the Board of Studies.

53. Expressing concern over the matter, the Committee urged the Higher Education Department to take necessary action to eliminate ineligible persons, if any, from the Board of Studies with immediate effect and warned that utmost care should be taken to ensure ineligible persons were not appointed in the Board of studies of the University in future.

54. To a query of the Committee the Principal Secretary, Higher Education and Social Welfare Department apprised that the guidelines of the Atomic Energy Regulatory Board regarding the disposal of Radio Active Waste had been strictly adhered to. He also informed that the problem regarding the requirement of land had also been solved.

55. The Principal Secretary, Higher Education and Social Welfare Department submitted that a separate building had been constructed for the Biotechnology Department, using the fund allocated for that purpose. Moreover the top floor of the Chemistry Block was also allotted for the Department as a solution for the space constraints.

56. To a query regarding the non-compliance of the guidelines issued by the Indian National Trust for Arts and Cultural Heritage (INTACH) by the University authorities for the preservation of invaluable manuscripts at the Oriental Research Institute and Manuscript Library at Karyavattam, the witness, Registrar of Kerala University deposed that all the defects had been rectified. In connection with the platinum jubilee celebration of the University, special attention had been given to the year old manuscripts. He added that the room, where manuscripts were kept and the stack room were air conditioned as a security measure.

57. The Committee decided to recommend that a team consisting of the Principal Secretary of Higher Education Department and one or two expert in the field should visit the Manuscript Library and confirm whether these manuscript were preserved at the manuscript Library in accordance with the guidelines issued by the Indian National Trust for Arts and Culture Heritage and submit a detailed report to the committee at the earliest. The Principal Secretary, Higher Education and Social Welfare Department agreed to do so.

58. The Committee observed that so many Self Financing Colleges, which lacks sufficient infrastructure facilities, were given affiliation. Once affiliation was given, subsequent periodical inspection would not be carried out by the authorities. The Principal Secretary, Higher Education and Social Welfare Department agreed with the comment made by the Committee and stated that such problems were prevailed only in the case of Engineering Colleges. In this regard, he himself constituted a team for subsequent inspections at Government level and the University also conducted inspections of its own.

59. Then the Committee opined that inspections were not conducted effectively, as the inspection team makes formal discussion with the management while visiting the colleges and entrust the management itself to prepare inspection reports on their behalf. Agreeing with the opinion of the Committee, the Principal Secretary, Higher Education and Social Welfare Department supplemented that it was noticed that the members individually visited the colleges at their own convenience and conducted the so called inspection instead of conducting inspection by the whole team. The Committee opined that the quality of professional education in our State is decreasing year-wise. Quoting some media reports, it remarked that performance of outgoing students, except in the case of Government colleges and long existing aided colleges was very poor.

60. Then the witness, the Principal Secretary, Higher Education and Social Welfare Department defended that the infrastructure facility of the colleges had nothing to do with the quality of the outgoing students. In fact most of the self financing colleges have good infrastructure and lab facilities. He put forth that the students having low ranks in entrance examination getting admission in such colleges. The shortage in the availability of qualified faculty was the reason for the poor performance of the new Engineering Colleges. He added that though Ph.D. in the concerned subjects is essential qualification for the faculty for M.Tech. Courses. But personnel having prescribed qualification are less in number to be appointed in all those colleges. So though bond execution is mandatory, in actual practice, in most of the self financing colleges, courses were handled by guest lecturers' and the names of persons with prescribed qualification would only be in the roll. He added that when compared to other states, our situation is not that much worse.

61. The witness also informed the Committee that the total number of seats in the Engineering Colleges in our State is in excess of our demands. Last year 14000 out of the total capacity of 55000 seats were lying vacant for want of qualified students. Present position could be assessed only after the finalisation of allotments. To a query of the Committee, the Principal Secretary, Higher

Education and Social Welfare Department retorted that there was no fixed norm regarding the periodicity of inspection. Then the Committee urged the Higher Education Department to furnish a report explaining the details including the number of inspections conducted by the University and also the number of replies furnished by various institutions on inspection reports received after the objection raised by the audit.

62. The Committee opined that priority should be given for academic aspects rather than infrastructure facility and decided to recommend that the affiliation of the institutions, which failed to comply with all the relevant norms should be reviewed.

63. The Committee also urged the Higher Education Department to take necessary steps to ensure and maintain qualitative professional educational system in the State.

64. When the Committee enquired whether any action had been taken against those six colleges where unqualified students were accommodated, the witness, the Registrar, University of Kerala replied that penalty in the form of fine had been imposed on those institutions. But when proceeded with the steps to cancel affiliation, they approached court and final decision was awaited. Meanwhile the results of such students were withheld. The Committee urged the Higher Education Department to furnish a detailed report to the Committee regarding the preventive measures to be taken to avoid such irregularities in future.

65. The Committee also commented that the tendency of enhancement of seats by the self financing colleges at their own interest without approval of Government should be curtailed.

66. The Committee came to know that there was a delay of 95 to 328 days in completing revaluation of answer scripts during 2007-08 and it caused the University to pay compensation of ₹ one lakh in one case and ₹ 0.30 lakh in four cases and enquired about the measures taken to reduce the delay. Then the witness, Registrar, University of Kerala replied that to quicken the revaluation procedure, a Nodal Officer had been appointed.

67. He added that disciplinary action had been initiated against the officers responsible for missing of the answer books. Regarding the inordinate delay in the preparation of rank lists, the Principal Secretary, Higher Education and Social Welfare Department apprised that rank lists up to the year 2010 had been finalised and steps had been taken to publish the rest.

Conclusion/Recommendation

68. The Committee reminds that the guidelines stipulated in Chapter XI of the First Statutes of Kerala University, 1977 should scrupulously be adhered while constituting Board of Studies for undergraduate and post graduate courses and recommends that Higher Education Department should take necessary steps to eliminate unqualified person if any as a member in the Board of Studies. It also directs that strict measures should be taken to avoid nomination of ineligible personnel as a member of the Board of Studies.

69. The Committee doubts whether the Manuscript Library complied with the guidelines issued by the Indian National Trust for Art and Culture Heritage (INTACH) for the preservation of manuscripts. It emphasizes the need for the proper maintenance of those invaluable assets and recommends that a team comprising of the Principal Secretary, Higher Education Department and one or two experts in the field should check the maintenance of the documents in the Manuscript Library and report the Committee at the earliest.

70. The Committee strongly recommends the Higher Education Department that periodical inspection should be completed as envisaged in the University statutes before giving permanent affiliation to self financing colleges in future.

71. The Committee also remarks that priority should be given for academic aspects rather than infrastructure facility. It recommends that the affiliation of the institutions which failed to comply with all the relevant norms should seriously be reviewed and continuance of officiation should not to be entertained. It also directs the Higher Education Department to take necessary steps to ensure and maintain qualitative professional education system in the State and reminds that measures taken in this regard should be furnished to the Committee.

72. The Committee emphasizes the need for the formulation of a proper system in the University to ensure that qualified students are admitted in affiliated professional colleges. It urges the Higher Education Department to submit a report in detail before the Committee regarding the preventive measures supposed to be taken by the Department, to avoid the admission of unqualified students in professional courses.

73. The Committee expresses its grave concern over the tendency of enhancement of seats by the self financing colleges at their own interest without the consent and approval of the Government and directs that such practice should be curtailed.

74. **The Committee suggests that strict measures should be taken to dispense with the delay in valuation of answer scripts. It also directs the Higher Education Department to furnish the details of disciplinary action taken against the officers responsible for the missing of answer books. The Committee strongly opines that the revaluation of answer scripts must be completed in a time bound manner as envisaged in the examination manual of the University to avoid the inordinate delay and hardship of the students. The Committee also urges the University authorities that abnormal delay in preparation of rank lists should be avoided as it will adversely affect the students for pursuance of their higher studies and job opportunities.**

AUDIT PARAGRAPH

Research Activities

Research activities in the University are centered around M.Phil., Ph.D. and sponsored research projects funded by UGC/Government of India and other State/Central Government Agencies. Facilities for research activities are available in all Departments/Centres for students pursuing their Ph.D. degree. The University staff/research scholars have won several honours and fellowships in the field of research. During 2004-09, 1989 students registered for Ph.D. under various departments/centres of the University/affiliated colleges. As of March 2010, Ph.D. degrees were awarded to 709 research scholars.

Discontinuance of research work by Research fellows enjoying fellowships

As per Kerala University First Ordinances, 1978, a Research fellow should not resign his appointment during the tenure of his fellowship or discontinue research work without obtaining the permission of the Syndicate, or else, the holder would have to refund the whole amount of the fellowship received by him or any portion thereof or the Syndicate may waive the recovery of the amount in such cases. In contradiction of the above provisions, 38 research fellows enjoying Junior Research Fellowships/Senior Research Fellowships/ Post-doctoral Fellowships had quit research work during 2005 to 2009 with the permission of the Vice-Chancellor. The University should insist on execution of an undertaking or bond by the candidates to discourage research fellows from discontinuing research work. In the exit meeting, the Principal Secretary to Government directed the Registrar to insist on execution of undertaking or bond by research fellows.

Sponsored research projects

The academic departments and centres carried out research projects sponsored by UGC/Government of India/Kerala State Council for Science Technology/International Agencies. The status of projects sanctioned during 2004-05 to 2009-10 is shown in the Table 1.7

Table 1.7: Status of sponsored research projects

Funding Agency	No. of Projects sanctioned	Total fund sanctioned	Fund released	Status of Projects		
				completed	Ongoing	Pending
UGC	38	2.08	1.52	1	37	Nil
Central/State Government Agencies	36	7.70	5.77	17	43	3
Projects from international agencies	3	0.34	0.34	1	2	Nil
Total	104	10.12	7.63	19	82	3

Source: Details furnished by the University

- The period of completion of most of the above projects was one to three years. Out of the ongoing 82 projects, 18 projects were to be completed by 2009. Five projects involving ₹ 38.87 lakh sanctioned prior to 2004-05 were still to be completed.

- As per details furnished to Audit, utilisation certificates for ₹ 30.24 lakh in respect of seven projects had not been submitted to the funding agencies, details of which are given in Appendix III

- The Head of the Department of Aquatic Biology department had received ₹ 40.23 lakh during 2000-2005 for five projects to be completed by March 2009. He retired from service on superannuation on 30 April 2008 without completing any of the projects. The Registrar stated that he had submitted utilization certificates for the funds received except for ₹ 3.79 lakh and he had been directed to submit the pending utilization certificates and statement of expenditure. The reply cannot be accepted as mere utilization of funds without submitting final research findings would have defeated the objectives for which the funds were released.

Lack of monitoring by the University was the main reason for the lapse on the part of Principal Investigators.

Generation of patents

As per the Kerala University First Ordinances 1978, the Syndicate was competent to take out patents in respect of any discovery or invention made by the teachers or research students working in the University. However, the University had not paid any attention to encourage teachers and research fellows in this regard in the past. This resulted in non-generation of patents for any of the research findings till 2009. The University had not constituted a Research Development Committee of experts to scrutinize the project proposals submitted by Principal Investigators. The University had neither maintained a centralized record of its achievements in research activities nor prepared any data on the success rate of research projects, patents obtained, etc. of other universities for its evaluation.

In August 2009, the University constituted an Intellectual Property Right Cell (IP Cell) to promote IP generation in the University with financial assistance from the Kerala State Council for Science, Technology and Environment. One patent (Biochemistry) was granted in the name of the University after the formation of the IP Cell. Besides, the Cell had applied for one patent from the Centre for Bioinformatics and five patents from affiliated engineering colleges. The Registrar stated (June 2010) that steps were being taken to constitute a Research Development Committee of experts to screen the proposals of Principal Investigators to monitor the progress of projects and to ensure whether the projects would be beneficial to the public.

Human Resource Management

Effective Human Resource Management is essential for academic growth and overall development of the University. The Academic Staff College of the University was ranked first among all the Universities by UGC on the basis of programmes conducted and participation during the Tenth and Eleventh Plan periods. However, audit noticed non-filling up of many regular teaching/non-teaching staff as discussed in succeeding paragraphs:

Appointment of teachers

The University is bound to offer quality education to students by appointing qualified teachers on regular basis. Academic growth of educational institutions depends on the strength of teaching staff. Shortage of teaching staff would result in reduction of teaching hours leading to non-coverage of course contents satisfactorily. This would adversely affect the rating of the University by Central Bodies like National Assessment and Accreditation Council and UGC.

(i) The staff strength in the Academic Departments was fixed by the University based on UGC norms considering the number of working days, the minimum number of teaching hours in a calendar year and the number of batches sanctioned. Audit observed that against 254 regular teaching staff sanctioned for 40 academic departments, only 155 regular teachers (61 *per cent*) were available as of March 2010. Taking into account the 18 contract teachers also, the total staff strength would be only 68 *per cent* of the sanctioned strength. In six departments, the shortage ranged between 50 and 80 *per cent*. In the exit meeting, the Registrar stated that non-filling up of vacant posts was due to the ban imposed by Government. However, the Principal Secretary to Government stated that the ban was only for creation of new posts and urged the Registrar to initiate the recruitment process to fill up the regular vacancies.

(ii) Approval of the All India Council for Technical Education (AICTE) is required for running engineering colleges subject to satisfactory compliance of its norms with regard to infrastructure/instructional facilities. Permission to continue the B. Tech Courses in the College of Engineering run by the University on self-financing mode was being granted by AICTE since 2000-01 on a year to year basis subject to appointment of Principal having Ph.D degree and 36 regular teaching staff on full scale of pay. AICTE norms also stipulated that the selection of faculty was to be made by a selection committee having representation from the State Government, University and AICTE. No selection committee had been constituted (October 2010). Against the norms, 28 to 29 teachers were appointed on contract basis through walk-in-interviews during the audit period.

Shortage of University Assistants

There were only 404 Assistants (52 *per cent*) in the University as of March 2010 against the sanctioned strength (March 2006) of 783. Though the University appointed 180 Assistants from the rank list published on 8 April 2008, further appointments from the list were stayed by the High Court following allegations regarding the genuineness of the rank list prepared by the University. In order to overcome the shortage, University appointed 336 Desk Top Publishing (DTP) operators on daily wages. Audit noticed that many of these temporary DTP operators were also posted in confidential sections in the examination wing. This was not desirable since the service rules were not binding on them and the temporary nature of engagement could also affect the quality of work. The University may consider re-fixation of staff strength in the light of advancement in technologies. In the exit meeting, the Principal Secretary to Government agreed to this suggestion.

University Computer Centre

A full fledged computer centre was established in the late seventies in the University to develop various types of software required for the computerisation of departments under the University. After the retirement of regular programmers appointed during the eighties, only the Director, Technical Officer and a DEO were in position as on date. Programmers were appointed on contract basis and an average of six persons quit every year for appointed on contract basis and an average of six persons quit every year for better prospects, after acquiring experience even before completing the period of contract. No penalty clause was included in the contract. Frequent change of programmers had adversely affected the continuity of the programming work. Due to non-filling of regular staff, the University could not effectively utilize the expertise of the computer centre. It could develop only four³¹ types of software during the period 2004-10, despite spending ₹ 1.97 crore during 2004-2009. In the exit meeting the Registrar stated that vacancies of System Programmers had been notified. The Principal Secretary to Government agreed to consider outsourcing of the software development, keeping in view the heavy expenditure the University was incurring for this.

ADMINISTRATIVE MATTERS

Annual Report

As per Section 49 of the Kerala University Act, the University has to prepare an annual report under the direction of the Syndicate and the report should be placed before the State Legislature. Annual reports up to 2009 were completed and reports up to 2008 were submitted to the State Legislature. The Annual report for the period of audit reflected the academic, research and development activities of the University, but it did not cover the activities and achievements of the Institute of Distance Education and the Engineering College run by the University. The sanctioned strength and men-in-position of the non-academic staff were also not included in the reports. The Registrar agreed (July 2010) to rectify the lapses in subsequent annual reports.

Re-accreditation of the University by NAAC

The National Assessment and Accreditation Council (NAAC) gave accreditation to the University with B++ grade for a period of five years which ended on March 20, 2008. The process for re-accreditation was to commence before the expiry of the accreditation. The University was to send a letter of intent to NAAC and fulfill minimum institutional requirements which included the

establishment of an Internal Quality Assurance Cell (IQAC), submission of Annual Quality Assurance Reports and Self Study Reports. Audit observed that though IQAC was constituted in May 2005, the letter of intent for re-accreditation was sent only in March 2009 along with Annual Quality Assurance Reports for the years 2003-04 to 2007-08, after one year from the expiry of the original accreditation. The self study report had not yet been submitted. Delay in initiating action for accreditation would naturally delay the re-accreditation process. The Registrar stated (July 2010) that the self study report was at the finishing stage and would be submitted to NAAC at the earliest. The same had however, not been submitted as of October 2010.

Estate Management and Support Services

University owns 403.94 acres of land consisting of the Senate House campus, the Kariyavattom campus, the University stadium, the women's hostel, the University press, the University library, Students Centre, Observatory, study centres, Aquarium, etc. Audit observed deficiencies in management of assets by the above entities as detailed as detailed below:

Modernisation of University Library

Modernisation of the University library was taken up (March 2007) at a cost of ₹ three crore. As part of modernization, 42 computers for ₹ 12.12 lakh were purchased (December 2008) out of which 27 computers for ₹ 7.79 lakh were not installed (August 2010) for want of infrastructure facilities. In the exit meeting, the Registrar stated that automation process was going on. If installation of computers was unduly delayed, the warranty would expire.

The High Power Committee constituted for Quality Improvement through information technology recommended (February 2001) digitalisation and networking of the Central library with the library at the Kariavattom campus and various departmental libraries to enable participation in the UGC network

subsequently. Through, some of the libraries including the main library were computerized, networking of the main library with the library at Kariavattom campus and with other departmental libraries had not been done so far. The University Librarian-in-charge admitted libraries in functional activities. Resource sharing and co-operation among these libraries were also not operational.

Engineering Wing

The engineering wing did not maintain basic records such as asset register, work register and standard measurement books. There was no mechanism to check the quality of the construction. Technical sanction was not accorded for any of the works executed. The University Engineer stated (April 2010) that in future, a formal technical sanction would be issued to all the works. The estimates were prepared without conducting proper land surveys which resulted in change of site in two works namely 'construction of building for Centre for Bioinformatics' and 'construction of building for Aquatic Biology and Fisheries'. Post-contractual changes led to extra expenditure of ₹ 43.70 lakh. The university Engineer had attributed (April 2010) the additional expenditure to revision of plan and estimate and for providing extra facilities.

Works were arranged without depositing adequate funds with the Central PWD which resulted in non-completion of two works viz. 'construction of a two-storied building for competency training centre' and 'construction of ground floor of a guest house for the Academic Staff College which should have been completed by August 2009 and April 2010 respectively. The University Engineer stated (April 2010) that the University had not sanctioned additional funds. Arrangement of works without depositing adequate funds was against financial propriety.

Estate Wing

- As required under paragraph 8 of chapter 41 of Kerala University First Statutes, 1977, the asset register showing the values and plans of all buildings and immovable assets owned by the University was not maintained.
- The University was not equipped with effective fire fighting devices. Though a number of fire extinguishers were installed in the buildings, these were not periodically tested/serviced. Fire-exits were not provided in most of the buildings. Security staff were not trained in fire fighting.

Internal control

Internal Audit

The University constituted an Internal Audit wing under the Finance Officer consisting of a Deputy Registrar, two Assistant Registrars, three Section Officers and three Assistants. In addition, there is a salary audit wing for audit of salary bills. The audit plans were not chalked out in advance and the departments were selected at random. No training was imparted to the audit staff. No detailed audit was being conducted, by internal audit wing and only special audit was being conducted whenever complaints on financial irregularities were received, in order to fix responsibility. An internal audit manual has not been brought out. Audit of the administrative, planning and academic branches had not been conducted so far. Scrutiny of the details of internal audit conducted from 2005-06 onwards revealed that 27 out of 40 academic departments under the University had not been subjected to internal audit as of July 2010. Supporting departments such as University Library, University press, computer Centre, publication Division, etc., had also not been audited so far.

Physical verification of stock

Annual physical verification of library books should be conducted to locate the missing books, if any, and to make good the loss. The Kerala University Central Library, established in the year 1942 is the oldest University Library in the State having a collection of more than three lakh books. The campus library at Kariyavattom and those under the various teaching departments and centres come under the Central Library. Physical verification of the stock of books in the Central Library was last conducted in 1987. A random verification of stock in March 2010 with 186 accession numbers by the Librarian revealed that 38 books (20 per cent) were missing. The result of the sample verification had neither been reported to the University nor had any action been initiated to conduct verification of a sizable sample to represent a justifiable number. It was also noticed in audit that a good number of old books kept along the ventilation grills/veranda were soiled. Weeding out of old/unusable books had not been done so far. Due to non-conducting of physical verification, the possibility of loss/theft of valuable and resourceful books purchased since inception of the library cannot be ruled out.

The University Librarian (in-charge) replied (August 2010) that the collection of the bound volumes of journals were kept in the veranda temporarily since modernization work was going on in the library for the last one and a half years and this would be removed soon for digitalization and proposals for weeding out of outdated materials were pending with the University.

Conclusion

Annual Action plans except for plans related to the conduct of examinations were not being prepared by the University. The Non-Plan grant given by the Government was not commensurate with the increase in Non-Plan expenditure during 2007-08 and 2008-09. Deductions made from the employees towards provident fund were not remitted to the University Provident Fund account during 1990-95, which resulted in a huge deficit in the provident fund accumulations of the employees. No pension fund was constituted by the University to meet the pension liabilities. Innovative courses introduced with assistance from UGC did not elicit good response from students. The Scrutiny Boards constituted for checking the question papers were not functioning effectively. There were delays in completion of revaluation of answer scripts and changes in final marks on revaluation ranged between 56 and 59 *per cent* in test-checked cases. There were delays in completion of research projects, non-submission of research findings and non-submission of utilisation certificates on time. Research fellows enjoying fellowships discontinued research without the permission of the Syndicate. Shortage of teaching staff and lack of infrastructure in academic departments, non-observation of statutory provisions in granting affiliation to colleges and shortage of Assistants in the University were noticed. Internal audit was in arrears.

Recommendation

- The University should prepare comprehensive Annual Action Plans including all its activities.
- Government may consider enhancing Non-Plan grants to the University to meet the increased liabilities in salaries and pension due to pay revision.
- The University should take effective steps to attract students for innovative courses by giving wide publicity, providing regular teaching staff and restructuring of the courses, if necessary.

- The University should ensure that the colleges satisfy the mandatory requirements for affiliation.
- The University should ensure that the qualification criteria for admissions to various courses are enforced.
- Examination duty should be made mandatory and penal action should be taken against erring examiners.
- The University should consider filling up the vacant posts of teaching staff to reduce the acute shortage of teachers in academic departments.
- The University should take immediate steps to strengthen its Internal Audit wing.

The above points were referred to Government in September 2010, reply had not been received (November 2010).

Audit Paragraphs 1.2.9 to 1.2.15 contained in the Report of the Comptroller and Auditor General of India for the year ended 31st March, 2010.

Notes furnished by the Government on the above audit paragraphs is included as Appendix II

75. The Principal Secretary, Higher Education and Social Welfare Department admitted that for sponsored research projects a delay up to two months was occurred in settling accounts after the completion of the projects.

76. Regarding the issue of re-accreditation of University by NAAC, the Registrar, University of Kerala deposed that important issue faced by the University was the deficiency of sanctioned post of teachers. The problem had been resolved by sanctioning 48 posts of teachers out of the proposed 62 posts.

Conclusion/Recommendation

77. Regarding research activities, the Committee was informed that there is inordinate delay in settling accounts even after completing the projects works and directs that University authorities must be vigilant in settling accounts to the research scholars in a time bound manner. The Committee suggests that compromise in sanctioning posts of faculty is not advisable and whatever be the constraints, required number of post of teachers must be sanctioned.

AUDIT PARAGRAPH

Non-utilisation of Additional Central Assistance

Additional Central Assistance of ₹ five crore released by Government of India for setting up a super speciality hospital under Mahatma Gandhi University remained unutilised in the University's bank account for the last four years.

Government of India sanctioned (November 2005) ₹ five crore as a one time Additional Central Assistance (ACA) to the State Government for the establishment of the University Institute of Medical Sciences and Research, High-tech state-of-the-art Super Speciality Health Care Centre, etc., at Puthupally Campus of School of Medical Education under Mahatma Gandhi University, Kottayam District. The Central Public Works Department (CPWD) prepared a preliminary estimate for an amount of ₹ 16.52 crore for this project. In March 2006, the State Government released ACA of ₹ five crore to the University for this purpose and directed them to meet the remaining amount from their own resources. The University deposited (March 2006) this amount in a separate bank account. In August 2006, the Syndicate of the University resolved to sanction ₹ 10 crore towards the University's contribution and allocations of ₹ eight crore and ₹ six crore were made in the annual budgets of 2007-08 and 2008-09 respectively for the construction. However, no expenditure was incurred during these years.

Government stated (July 2010) that the project demanded a lot of deliberations and consultations at the highest level with eminent academicians and institution builders. They added that the University finally decided to establish a Biomedical Research Centre as the first phase of Super-Speciality Hospital and Research Centre and the foundation stone for the centre was laid in April 2010. The construction work was entrusted to Bharat Sanchar Nigam Limited at an estimated cost of ₹ 7.21 crore and 10 per cent of the cost was released in June 2010 as advance payment.

Thus, the ACA of ₹ five crore released by Government of India in 2005-06 for setting up a Super Speciality Hospital under Mahatma Gandhi University remained unutilised in the University's bank account for the last four years. This had resulted in non-establishment of the hospital thereby denying quality treatment to the public and quality education to the students of School of Medical Education.

Blocking of Central funds with Centre for Continuing Education, Kerala

Rupees 1.28 crore out of the Additional Central assistance of ₹ 1.95 crore, released by Government of India for the establishment of the K. R. Narayanan National Institute of Visual Arts and Science remained blocked with the Centre for Continuing Education, Kerala for the last four years.

The State Government accorded (November 2005) administrative sanction to the Centre for Continuing Education 112*, Kerala (CCEK), for the establishment of the K. R. Narayanan National Institute of Visual Arts and Science at Thekkumthala, Kottayam at a project cost of ₹ 31 crore for conducting courses in film-making, video production, visual communication and related subjects. The State Government released (January 2006) ₹ 1.95 crore sanctioned by Government of India in November 2005 as a one time Additional Central Assistance for establishment of the above Institute. The State Government also transferred (September 2005) the land and building of closed down Government Lower Primary School, Thekkumthala for the establishment of the Institute. In March 2006, the State Government decided to provide the entire project cost of ₹ 31 crore from State Funds, over a period of time depending on the progress of the project. However, no additional funds were provided for this purpose in the subsequent years' budgets, till 2009-10. Additional area of 10.5 acres surrounding the school was acquired by CCEK at a cost of ₹ 66.53 lakh during June, July 2007.

In response to an audit query, the Director, CCEK informed (November 2009) that as the campus was situated nearly 30 km away from Kottayam town, all the facilities including the residential complexes were to be completed before the Institute commenced its functioning. The balance funds (₹ 1.28 crore) available with the Institute were insufficient to meet the expenditure relating to construction of buildings, hostels and purchase of machinery and equipment. Though proposals had been submitted for additional assistance, no funds were provided in the budget after 2005-06.

Thus, even after four years of conceptualization, the K. R. Narayanan National Institute of Visual Arts and Science was not established due to failure of the State Government to provide necessary funds through the budget to meet the cost of the project and hence ₹ 1.28 crore out of ₹ 1.95 crore released by Government of India remained blocked with CCEK.

The matter was referred to Government in April 2010; reply had not been received (November 2010).

Audit Paragraphs 2.3.3 and 2.3.4 contained in the Report of the Comptroller and Auditor General of India for the year ended 31st March, 2010.

Notes furnished by the Government on the above audit paragraphs are included as Appendix II.

78. Regarding the non-utilization of Central Assistance the Principal Secretary, Higher Education Department informed the Committee that the construction of building intended for establishing a Biomedical Research Centre

* A State Autonomous body.

at the Puthuppally Campus of School of Medical Education under Mahatma Gandhi University is nearing completion. A Search Committee has also been constituted for the selection of a competent person to the post of Director of the Centre. The Committee accepted the explanation.

79. The Principal Secretary, Higher Education Department continued that the construction works of the building for the establishment of the K. R. Narayanan National Institute of Visual Arts and Sciences at Thekkumthala, Kottayam was progressing and expected to be completed in June 2012. The Committee accepted the explanation.

Conclusion/Recommendation

No Comments

AUDIT PARAGRAPH

Loss of assistance from University Grants Commission to Calicut and Mahatma Gandhi Universities

Delayed execution of schemes envisaged in the Tenth Plan resulted in forfeiture of General Development Assistance of ₹ 1.44 crore and violation of University Grants Commission guidelines regarding construction of building by Calicut and Mahatma Gandhi Universities led to disallowance of expenditure of ₹ 1.75 crore out of ₹ 5.74 crore released.

During the Tenth Plan period (2002-07) the University Grants Commission (UGC) sanctioned General Development Assistance (GDA) of ₹ 3.71 crore and ₹ 3.47 crore to Calicut and Mahatma Gandhi (MG) Universities* respectively. The objective of GDA was to improve the infrastructure and basic facilities in the Universities, so as to achieve the threshold level besides bringing qualitative development. The assistance was on the basis of the outlays determined and communicated by the Universities and approved by UGC. The release of funds was in instalments and based on receipt of progress reports and Statement of Expenditure/Utilization Certificate of grants already released. The guidelines stipulated that the Universities were to constitute building committees which should scrutinize the project proposals for building construction and forward to UGC for approval. No financial approval was to be provided for such construction which were started without obtaining the prior approval of the UGC.

Scrutiny of records in April 2009 and March 2010 of the MG and Calicut Universities respectively revealed that due to slow progress in execution of projects and non-submission of Utilization Certificates in time MG University and

* Calicut University with Headquarters at Malappuram and Mahatma Gandhi University with Headquarters at Kottayam.

Calicut University did not receive the balance grant of ₹ 69.46 lakh and ₹ 74.10 lakh respectively during the Tenth Plan period. Government stated (September 2010) that according to the Registrar of Calicut University, UGC had not given any specific reason for not releasing the balance grant.

It was also seen in audit that out of ₹ 2.96 crore released to Calicut University and ₹ 2.78 crore to MG University as GDA during Tenth Plan, UGC had disallowed expenditure of ₹ 62.04 lakh and ₹ 1.13 crore respectively, incurred on construction activities. This was because the Universities had not obtained prior financial approval of UGC for undertaking the construction work. Government stated (September 2010) that UGC had been approached by the Universities (Calicut University-July 2010 and MG University-February 2009) to condone the lapse of not securing prior sanction. However, UGC had neither communicated their decision nor recovered any amount from the Eleventh Plan allocation (September 2010).

Thus delayed execution of schemes envisaged in the Tenth Plan resulted in non-release of ₹ 1.44 crore and violation of guidelines regarding construction of building led to disallowance of expenditure of ₹ 1.75 crore incurred by Calicut and MG Universities on this account.

Audit Paragraph 2.5.1 contained in the Report of the Comptroller and Auditor General of India for the year ended 31st March, 2010.

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

80. In reply to Committee's inquiry, the Registrar, MG University informed that the first two instalments of the General Development Assistance had been released on production of the Utilization Certificate for the previous assistance. But the third instalment had been disallowed by the UGC, as the University failed to submit the Utilization Certificate in time. Even though an explanation regarding the non-utilization was given to UGC, it was not sufficient enough to get the next instalment sanctioned. He emphasized the need for a Liaison Officer in between the State Government and funding agencies in order to watch whether the sanctioned amount was released in time and the proper utilization by the Universities.

81. The Principal Secretary, Higher Education Department informed the Committee that a software was being developed to track the projects undertaken by the Universities. He suggested that it would be better to have provision in the software for establishing a direct communication between UGC and State Government at the appropriate level.

82. The Committee then asked about the construction of building without prior permission of UGC. The Registrar, MG University stated that even though UGC had taken decision to approve the building constructed without prior permission, an official communication regarding the same had not been conveyed yet.

Conclusion/Recommendation

83. The Committee warns that Universities must be vigilant in utilizing the General Development Assistance (GDA) sanctioned by University Grants Commission (UGC) towards the improvement of infrastructure and basic facilities in the Universities in a time bound manner. It directs that Universities should take earnest steps to furnish the Utilization Certificate of GDA in time and thereby avoiding lapse of assistance from UGC in future.

84. The Committee recommends that a Liaison Officer should be appointed between State Government and various funding agencies of the University to watch whether the allocated fund was released in time and its proper utilisation. The Committee suggests that, the software developed to track the projects undertaken by the Universities, should be provided with a direct communication facility between UGC and State Government at appropriate level.

AUDIT PARAGRAPH

Non-compliance with provisions of the Income Tax Act, 1961 by Sree Sankaracharya University of Sanskrit

Failure to comply with the provisions of the Income Tax Act, 1961 by the Sree Sankaracharya University of Sanskrit led to loss of interest amounting to ₹ 92.15 lakh accrued on its deposits.

According to Section 10 (23 C) (iii ab) of the Income Tax Act, 1961, the income of educational institutions, existing solely for educational purposes and not for purposes of profit and which are wholly or substantially financed by the Government, are exempted from Income Tax. Further, according to Section 197(1) of the Income Tax Act, when no deduction of Income Tax is to be made on the total income of an assessee, the concerned assessing officer shall, on application made by the assessee, give a certificate to that effect. The Act also provides that claim for refund of tax deducted at source shall not be allowed, unless it is made within a period of one year from the last day of such assessment year.

Deductions made towards the Provident Fund and Pension Fund of employees of Sree Sankaracharya University and also Development Funds of the University were kept in fixed deposits in Sub-Treasury, Angamali, Ernakulam. Audit scrutiny (February 2011) of these deposits revealed that the Sub-Treasury deducted tax (from February 2006 onwards) on the interest accrued on these deposits. The amount deducted for the period up to 2009-10 (taxes deducted at

source for the period from 2001-02 to 2009-10) was ₹ 1.05 crore. The University neither obtained a certificate from the assessing officer for exempting them from tax deduction nor claimed refund of the tax deducted at source till March 2011. It was evident from the provisions of the Income Tax Act that the University was not entitled to get refund of the tax deducted amounting to ₹ 92.15 lakh for the period 2001-02 to 2008-09.

The University stated (September 2011) that they had taken up the matter with the Income Tax authorities for refund of tax deducted. The reply is not acceptable as the existing provisions of the Income Tax Act do not permit refund after one year from the last date of the assessment year. Thus, the University authorities failed to obtain the required certificate from the Income Tax Department for claiming exemption from tax deduction, which led to a loss of ₹ 92.15 lakh, being the interest earned on their deposits.

The matter was referred to the Government in July 2011. Their reply had not been received (October 2011).

Audit Paragraph 3.1.1 contained in the Report of the Comptroller and Auditor General of India for the year ended 31st March, 2011.

Notes furnished by the Government on the above audit paragraph is included as Appendix II.

85. Regarding the Audit observation, the Registrar of the University submitted that the amount pertaining to Provident Fund, Pension Fund, Development Fund, Endowment Fund etc., of the University were deposited in Treasury. The income tax was levied by Treasuries towards deposits from the year 1998 after an objection by the Audit in 2006. Later the Accountant General while on audit at the University remarked that the amount deducted as income Tax should get refunded as per Section 10(23C) of the Income Tax Act, 1961, since the income of educational institutions were exempted from income tax. Being not an assessee, the University had neither filed returns nor claimed the refund. Later, while taking up this matter with the Income Tax Commissioner, Ernakulam, he assured to give an Exemption Certificate within 3 months.

86. In this regard, Finance Officer, Calicut University informed that the practice followed by the Calicut University was that, they will issue a letter to the Treasury indicating that the income of the Universities should be exempted from income tax under Section 10 of Income Tax Act, 1961.

87. The Committee noticed that there was difference of opinion among Universities regarding payment of Income Tax and opined that there should be a consensus in the matter. It urged the Higher Education Department to take-up the matter with Income Tax Department to obtain a cognizance of opinion and report to the Committee in this regard.

Conclusion/Recommendation

88. Regarding the loss incurred due to deduction of income tax from the interest of University deposits, the Committee observes that different Universities followed different methods for claiming exemption under the Income Tax Act. The Committee is of the opinion that there should be a consensus regarding the compliance of the provisions of the Act. So it directs that the Higher Education Department should take-up the matter with Income Tax Department to derive a cognizant method and urges to furnish a report to the Committee at the earliest.

AUDIT PARAGRAPH

Excess payment of House Rent Allowance

Calicut University, Kannur University and Mahatma Gandhi University paid excess House Rent Allowance to their employees to the extent of ₹ 2.70 crore up to 2009-10

In March 2006, the State Government revised scales of pay and allowances of Government employees/teachers of the State with effect from 1st July, 2004. The Government (June 2006) extended the benefit to all the employees of Universities (except Agricultural University) of the State. House Rent Allowance (HRA) paid to the employees of the Calicut University, Kannur University and Mahatma Gandhi University was examined in Audit between January 2010 and March 2011. As the Headquarters of all the above Universities were situated in 51 unclassified places* the rate of HRA admissible per month was ₹ 150. Audit observed that against the admissible rate of ₹ 150, the employees working in the Headquarters of the Universities were paid HRA ranging from ₹ 250 - ₹ 1200, which was applicable to those employees working in B class cities.

The issue was first pointed out by Audit between July 2007 and January 2008 but no action was taken and the Universities continued to pay HRA at the higher rates. Following this, the Government issued (January 2008) orders directing the Universities to pay HRA strictly as per Government rules and to recover HRA, if any, paid in excess. Accordingly, Kannur University started paying HRA at the admissible rates (₹ 150 per month) from March 2008. Kannur University also stated (June 2011) that it had requested the Government to extend the benefit of HRA at municipal rates to its employees on the ground that the university Headquarters was situated on the border of municipal limits. The recovery of excess HRA paid was kept in abeyance pending Government's response. Calicut University replied (May 2011) that the University had stopped payment of HRA at higher rates with effect from April 2011. A decision on the recovery of excess HRA paid would be taken on receipt of reply from the Government to their representation (December 2010) in this regard. Mahatma Gandhi University continued to pay HRA at inadmissible rates.

* Not classified under cities, municipalities where higher rate of HRA is admissible

The replies of the Universities in respect of non-recovery of excess payments are not acceptable since Government had already stated (January 2008) that it would not permit one set of rules for the State Government employees and another for the Universities and directed the Universities to recover the excess payment. The irregular HRA paid to the employees of the three Universities amounted to ₹ 2.70 crore. The details are given below:

Table 3.5: Details of excess payment of HRA

<i>Name of the University</i>	<i>Excess HRA paid during</i>	<i>Amount paid (Rs in crore)</i>
Calicut University	July 2008 to March 2010	1.07
Kannur University	April 2005 to February 2008	0.18
Mahatma Gandhi University	March 2006 to March 2010	1.45
Total		2.70

The matter was referred to the government in May 2011.
Their reply had not been received (October 2011)

Audit Paragraph 3.3.1 contained in the Report of the Comptroller and Auditor General of India for the year ended 31st March, 2011.

Notes furnished by the Government on the above audit paragraph is included as Appendix II.

89. The Committee observed that payment of excess House Rent Allowance at inadmissible rate to the employees of the Calicut, Kannur and Mahatma Gandhi Universities incurred loss to the tune of ₹ 2.70 crore and enquired the present position of the case. The Principal Secretary, Higher Education and Social Welfare Department submitted that as the majority of the employees who enjoyed the said benefit were not in service right now, it would be impractical to recover the excess amount paid to them much earlier. The representative from Calicut University supplemented that there was a proposal to exclude the deceased and retired employees up to 2009 from effecting recovery. Considering the fact that disparity would arise among the persons in service and persons retired/deceased, when a decision to recover the excess amount would be taken, the Committee remarked that though the amount received in excess was liable to be recovered, taking into account of the practical difficulty, though it would not like to recommend for recovery, the misappropriation should be ratified, by the Government specifically.

90. The Principal Secretary, Higher Education and Social Welfare Department apprised that by exercising their power as autonomous bodies, Universities used to take decisions of their own capacity violating Government Orders on many occasions. The syndicate of Mahatma Gandhi University had decided to pay House Rent Allowance at a rate higher than that provided in the relevant Government Orders. The Committee reiterated that the autonomy of Universities essentially means academic autonomy only. On financial matters Universities are depending on Government funds and therefore Government instructions regarding utilization of fund should invariably be complied with.

91. The Committee reiterated that the excess amount paid towards HRA to the employees of different Universities should be ratified. It expressed its displeasure over the non-compliance of Government Order by Mahatma Gandhi University in paying House Rent Allowance at higher rate. The Committee urged the Higher Education Department to issue instruction to Mahatma Gandhi University insisting to comply with Government Orders. House Rent Allowance should not be permitted at higher rate further and, if found paid in excess in future it should be recovered.

Conclusion/Recommendation

92. The Committee expresses its displeasure over the irresponsible attitude of MG University authorities in non-complying with the Government Order and paying House Rent Allowance at higher rate.

93. The Committee observes that the autonomy of the Universities are in academic aspect only, and also remarks that, the Universities are liable to comply with the standing Government instructions regarding the utilisation of funds, as they are aided with Government funds.

94. The Committee suggests that Higher Education Department should issue necessary directions to Mahatma Gandhi University for complying with rules and Government Orders dealing with the salaries and allowance of the employees. It reminds that House Rent Allowance permitted at higher rate is not tenable under any circumstances and directs the Department to take necessary steps to ensure that such practices which is contradictory to the prevailing laws would not occur in future and if any, found in future disciplinary action should be initiated against the person responsible for the anomalies.

95. The Committee recommends the Higher Education Department that the amount paid in excess towards House Rent Allowance to the employees of Calicut, Kannur and Mahatma Gandhi Universities should be ratified at the earliest.

TRANSPORT DEPARTMENT

AUDIT PARAGRAPH

Wasteful expenditure on purchase of fibre reinforced plastic boats

Hasty decision to purchase fibre reinforced plastic boats for service operations resulted in wasteful expenditure of ₹ 3.80 crore

Following the Kumarakom boat tragedy of July 2002 in the State, Government ordered the replacement of all the service boats above 25 years old. Accordingly, the State Water Transport Department (SWTD) sought administrative sanction for the purchase of Fibre Reinforced Plastic (FRP) Boats and the Government accorded (August 2003) sanction for the purchase of 10 FRP Boats at ₹ 3.90 crore. The Director, SWTD placed (July 2004) purchase orders for 10 FRP Boats at ₹ 3.80 crore* with M/s Kerala Shipping and Inland Navigation Corporation Limited (KSINC) and the order specified delivery of boats after satisfactory trial run with and without load. KSINC delivered the first batch of three boats for trial run in June 2005. In the trial run the SWTD observed (June 2005) that there were problems of visibility from the Syrang's† cabin, deficiency in steering stability and sea water system and redesigning was required for wheel house. Hence in a joint meeting convened (June 2005) by SWTD and KSINC, it was mutually agreed to rectify the above defects. Subsequently the Government constituted (January 2006) an inspection team, consisting of the Naval Architect of Cochin University of Science and Technology, the Chief Inspector of Boats, the Assistant Engineer, KSINC, the Works Manager of SWTD and the Traffic Superintendent of SWTD, to inspect the work done in the FRP Boats and also to provide practical suggestions to get the Boats launched for service operations. The inspection team observed the following:

(i) The purchase order was placed by SWTD without mentioning anything about their requirement and the thickness of the fibre for each and every part of the vessel and the cost of the boats was finalized before approving the drawings/design.

(ii) Boat Syrangs could not get all round views such as front, rear and both sides, which was essential for a passenger boat.

(iii) KSINC/SWTD had not constituted any supervision team at the time of construction of vessel, which was highly essential.

* Cost of 10 boats at ₹ 36.50 lakh per boat (₹ 3.65 crore) plus Sales Tax at 4 per cent (₹ 0.146 crore).

† The person who navigate the boats.

(iv) While in operation, the bodies of the boats always rubbed the concrete jetty. Since the abrasion resistance of the fibre glass was low and thickness of the hull was below 10 mm, the boats were unsuitable for the Kuttanad area.

As per directions (March 2006) from the Government, SWTD had taken the five (including the earlier three boats) FRP Boats to be run on experimental basis with fitness certificates from the Chief Inspector of Boats. During the service operations of two boats on experimental basis, the technical experts and crew of the SWTD reported that the major defects pointed out earlier (June 2005) in the trial run had not been rectified. On expiry of the fitness certificates, the Chief Inspector of Boats refused (May 2006) to renew fitness certificates to these boats, pointing out certain defects such as low abrasion resistance of fibre, overheating of engine due to low air circulation, water logging in the hull of the boat, lack of all round view of the boat Syrang, etc. A joint meeting was again held between SWTD and KSINC in July 2006 to rectify the operational problems to make the boats serviceable. However, based on the Government's decision (February 2008) SWTD took possession of all the 10 boats, without rectifying the defects pointed out in the joint meeting held in July 2006, subject to the condition that the crew of KSINC would operate these boats for six months from the date of handing over and would provide warranties for one year. In September 2008, full payment for 10 FRP Boats (₹ 3.80 crore) was made. It was seen in audit that SWTD/KSINC had not operated even a single schedule using these boats due to defects in hydraulic steering system, exhaust pipe, radiator, stork pump, fresh water pump, etc. As of March 2010, seven out of 10 boats were withdrawn from service and were held at various operative centres/yards and the remaining three boats were used sparingly without fitness certificates. Thus, the Government's decision to take over possession of ten FRP Boats from KSINC without rectifying the defects resulted in expenditure of ₹ 3.80 crore incurred towards the cost of 10 FRP Boats became largely wasteful.

The matter was referred to Government in June 2010; reply had not been received (November 2010).

Audit Paragraph 2.4.1 contained in the Report of the Comptroller and Auditor General of India for the year ended 31st March, 2010.

Notes furnished by the Government on the above audit paragraph is included as Appendix II.

96. The Committee remarked that administrative sanction for the purchase of Fibre Reinforced Plastic Boats was issued without ascertaining the quality of the fibre, used to fabricate the Boats, and cost of the Boats was finalized without approving the structural design of the Boats, which in turn resulted in the loss to the tune of ₹ 3.8 crore to the exchequer. The Committee also observed that though the technical problems of the Boats such as poor visibility from Syrang's cabin and deficiency in the steering stability etc., were noticed even in the trail run, the State Water Transport Department took over the possession of all the ten Boats without rectifying the defects noticed. The Committee enquired whether the Boats were currently in use. The Additional Chief Secretary, Transport Department answered in the negative and admitted that there occurred a series of mistakes and negligence in this case. Though sub contract was banned in the purchase order, it was violated. He added that the Chief Inspector of Boats had also reported that due to the defect in the construction and in structural design, those boats were unfit for public conveyance. He continued that there occurred procedural lapse on the part of Kerala State Inland Navigation Corporation and supervisory lapse from the State Water Transport Department regarding the purchase of these Boats.

97. After hearing the explanations from the Transport Department, the Committee opined that, as the conditions of the Boats were depreciating day by day and considering the fact that it would be unfit for service, all the Boats should be disposed off immediately.

98. The Additional Chief Secretary, Transport Department informed that as per the relevant rules regarding the construction of fibre Boats, each and every phase of the fabrication of Boats should be supervised by IRS classification society. All these basic formalities were breached in this case and that the Kerala State Inland Navigation Corporation, had purchased these Boats without completing the mandatory requirements.

99. Then the Committee urged the Transport Department to take departmental action against the officials responsible for the lapse and directed the Department to submit a comprehensive report explaining the procedural lapse committed during construction of Fibre Reinforced Boats, and the details of person responsible for the lapse; details of existing procedures that have to be scrupulously followed during the purchases, the list of officials who were reluctant to adhere to the rules and the course of disciplinary action proposed to be taken against the erring officials at department level at the earliest. The Additional Chief Secretary, Transport Department agreed to do so.

Conclusion/Recommendation

100. The Committee expresses its anguish and grave concern over the slackness on the part of the Transport Department for according sanction to purchase the fibre reinforced plastic boats without evaluating its technical capacity and fitness for operational service.

101. The Committee remarks that had the Transport Department complied with all the mandatory procedures before according sanction to purchase the boats for operational service, the infructuous expenditure of ₹ 3.80 crore could have been avoided. The Committee directs the Transport Department to take disciplinary action against the officers responsible for the lapse and to furnish the details to it at the earliest.

102. The Committee also recommends for the immediate disposal of all plastic reinforced fibre boats, which are tested unfit for operational service possessed by State Water Transport Department.

103. The Committee urges the Transport Department to submit a detailed report explaining the procedural lapse occurred during the construction of boats, details of standing rules regarding the purchases in the department at the earliest.

SOCIAL JUSTICE DEPARTMENT

AUDIT PARAGRAPH

Non-operation of Social Security Fund

Social Security Fund created with ₹ 65 crore could not give benefit to the disabled and destitutes for want of approval from Government for operation of fund and the money remained blocked in Treasury Savings Bank Account

Government constituted a Social Security Fund in 2002-03 with an initial corpus of ₹ 25 crore for giving assistance to destitutes and their children staying as inmates of the welfare institutions under the Social Welfare Department, to the girls who leave the institution after getting married to start their livelihood, to the destitutes identified by Kudumbasree, etc. A further amount of ₹ 40 crore was provided during 2004-05. Government approved the rules framed by the Director of Social Welfare for the operation of the Fund in December 2004 with two modifications viz., (i) the applicants should be selected by a committee headed by MLAs and (ii) there should be criteria to determine the number of beneficiaries in every District/Constituency for disbursement of assistance.

In March 2005, on the instructions of Government the Director of Social Welfare deposited the entire amount of ₹ 65 crore in an interest free Special Treasury Savings Bank (TSB) account in the District Treasury, Thiruvananthapuram. Subsequently in a meeting held (February 2006) in connection with utilisation of the fund it was decided that constitution of committees under the chairmanship of MLAs was not necessary as the beneficiaries were selected by Panchayat Committee and Kudumbasree workers. Revised rules for operation of the fund, forwarded to Government (September 2006) by the Director of Social Welfare had not yet (October 2008) been approved.

Thus, failure of the Government in finalising rules for operation of Social Security Fund constituted in 2002-03 resulted in denial of benefit to the destitute inmates of Government Welfare institutions besides non-utilisation of ₹ 65 crore deposited in Treasury Savings Bank meant for the purpose.

The matter was referred to Government in April 2008; reply has not been received (October 2008).

Audit Paragraph 4.5.7 contained in the Report of the Comptroller and Auditor General of India for the financial year ended 31st March, 2008.

Notes furnished by the Government on the above audit paragraph is included as Appendix II.

104. Regarding the Audit observation the Principal Secretary, Higher Education and Social Welfare Department stated that though ₹ 65 crore provided for the operation of Social Security Fund was not utilized for the purpose for which it was constituted. But at present the Fund provided from the plan fund of the State had been issued to all the destitutes and their children who come under the purview of the fund. He also apprised that, there have as many as ten schemes under the Social Security Fund to provide financial assistance to the needy. 'THALOLAM' is such a scheme, providing financial assistance for those battling against cancer and mental retardation.

Conclusion/Recommendation

No Comments.

Thiruvananthapuram,
28th January, 2014.

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

APPENDIX I

SUMMARY OF MAIN CONCLUSION/RECOMMENDATION

<i>Sl. No.</i>	<i>Para No.</i>	<i>Department concerned</i>	<i>Conclusion/Recommendation</i>
(1)	(2)	(3)	(4)
1	5	Higher Education	Regarding the delayed remittance of Provident Fund contribution deducted from the salary of employees of Calicut University into Treasury Public Account, the Committee strongly recommends for the timely remittance of amount of Provident Fund contribution of the employees of the Universities on or before the fifth day of every month at Treasury.
2	6	„	The Committee recommends that steps should be taken to ensure that the Provident Fund subscription deducted from the salary of employees should not be diverted for any other purpose under any circumstance.
3	7	„	The Committee remarks that the utilisation of Provident Fund subscription of the employees of the University for the revenue expenditure should not be entertained and recommends the Government for the allotment of adequate funds to meet the committed expenditure like salary, pension and other unavoidable office expenses for the sanctioned post in the University every year.
4	15	„	Regarding the loss of financial assistance due to failure to adhere to guidelines, the Committee opines that it is not tenable that University themselves are reluctant to follow guidelines. They simply performs in

(1)	(2)	(3)	(4)
			accordance with their convenience and then struggle to get it ratified. It remarks that had Kannur University complied with the guidelines, the loss of ₹ 55.75 lakh could have been avoided. The Committee urges the Higher Education Department to initiate scrupulous effort to get back the expended amount from the central agencies.
5	16	Higher Education	The Committee suggests that Higher Education Department should evolve a comprehensive monitoring mechanism in consultation with Finance Department for the effective project management in Universities.
6	17	„	The Committee recommends that University departments should be given more autonomy in the utilisation of project based funds and a fixed percentage of such funds should be provided for the administrative purpose of the University. Necessary amendments in this regard should be made in the guidelines.
7	18	„	The Committee recommends that the Higher Education Department should formulate comprehensive guidelines enabling proper utilisation of money received in the form of developmental assistance to the Universities from various agencies and also should strengthen the finance wing in the Universities to streamline the financial management and new appointments.
8	19	„	The Committee urges the Higher Education Department to restructure the prevailing accounting system followed in

(1)	(2)	(3)	(4)
			the Universities and to adopt a new system of providing separate Head of Account for each category of expenditure as stipulated in the Budget Manual.
9	28	Higher Education	The Committee was informed that even though there was substantial increase in the UGC's assistance, Universities were not much interested in utilizing project oriented funds effectively and administrative expenditure is much higher than faculty expenditure. The Committee suggests that Higher Education Department should monitor the fund allocation from various agencies like UGC, Government of India etc., and to take necessary steps to ensure that allotted fund would not lapse in future.
10	29	„	The Committee condemns the administrative apathy on the part of University authorities in the preparation of unrealistic Annual Budget of the University and opines that the Annual Budget of the University should be significant and realistic in nature.
11	30	„	The Committee directs the Higher Education Department to furnish the updated estimates of receipts and actual expenditure under the Non-Plan head up to the year 2010-11 incorporating the details like internal receipts, receipts from Government of India and University Grants Commission etc. It also urges the Higher Education Department to furnish a report on the number of vacancies in the University of Kerala and present position of vacancy to it at the earliest.

(1)	(2)	(3)	(4)
12	31	Higher Education	The Committee urges the Higher Education Department that the report of the Raveendran Nair Committee appointed to study the financial status of Universities should be considered and the recommendation contained therein be implemented.
13	36	„	The Committee noticed that eligibility criteria for Scholarship/Fellowship under different schemes are one and the same. Hence scholarship left undisbursed as the same students are selected for more than one scholarship schemes.
14	37	„	The Committee strongly recommends that the criteria for the state scholarship should be relaxed to cover its benefits to those students who would not come under the purview of any other Scholarship/Fellowship. It also directs the Higher Education Department that necessary steps should be taken to ensure that the fund provided for scholarship is not getting lapsed.
15	38	„	The Committee recommends the Higher Education Department to conduct feasibility study regarding the constitution of separate pension fund for University employees as recommended by Raveendarn Nair Committee, while continuing with the statutory pension scheme.
16	45	„	The Committee suggests that Universities should take earnest effort to finalise their annual accounts at the earliest and intimate the Committee the latest position in this regard.

(1)	(2)	(3)	(4)
17	46	Higher Education	The Committee emphasises the need for formulating a Finance Accounts Manual for Universities so that a common procedure could be adopted for all financial transactions and accounting.
18	47	„	The Committee strongly criticizes the University authorities for not crediting the Provident Fund deductions effected from the salaries of the employees to the Treasury accounts of the Universities and utilizing the same for meeting establishment expenditure of the University.
19	48	„	It also remarks that diversion of money deducted towards Provident Fund defeat the very purpose of the fund and directs that Higher Education Department should be vigilant in avoiding such diversion in future. The Committee recommends that disciplinary action should be initiated against the person responsible in case of such misappropriation , if any, found in future.
20	49	„	It urges the University authorities to take necessary steps to remit the arrears towards Provident Fund Account at the earliest.
21	50	„	The Committee was at a loss to note that the University authorities had failed to submit the RMT Statements in time and reminds that non-submission of the same is a disrespect to the Committee.
22	51	„	The Committee opines that a decisive and precise planning should be formulated by the University authorities for the complete and effective utilisation of funds allocated by University Grants Commission for the developmental purposes of the Universities in order to avoid lapse of funds in future.

(1)	(2)	(3)	(4)
23	68	Higher Education	The Committee reminds that the guidelines stipulated in Chapter XI of the First Statutes of Kerala University, 1977 should scrupulously be adhered while constituting Board of Studies for undergraduate and postgraduate courses and recommends that Higher Education Department should take necessary steps to eliminate unqualified person, if any, as a member in the Board of Studies. It also directs that strict measures should be taken to avoid nomination of ineligible personnel as a member of the Board of Studies.
24	69	„	The Committee doubts whether the Manuscript Library complied with the guidelines issued by the Indian National Trust for Art and Culture Heritage (INTACH) for the preservation of manuscripts. It emphasizes the need for the proper maintenance of those invaluable assets and recommends that a team comprising of the Principal Secretary, Higher Education Department and one or two experts in the field should check the maintenance of the documents in the Manuscript Library and report the Committee at the earliest.
25	70	„	The Committee strongly recommends the Higher Education Department that periodical inspection should be completed as envisaged in the university statutes before giving permanent affiliation to self financing colleges in future.

(1)	(2)	(3)	(4)
26	71	Higher Education	The Committee also remarks that priority should be given for academic aspects rather than infrastructure facility. It recommends that the affiliation of the institutions which failed to comply with all the relevant norms should seriously be reviewed and should not to be entertained. It also directs the Higher Education Department to take necessary steps to ensure and maintain quantitative professional education system in the State and reminds that measures taken in this regard should be furnished to the Committee.
27	72	„	The Committee emphasizes the need for the formulation of a proper system in the university to ensure that qualified students are admitted in affiliated professional colleges. It urges the Higher Education Department to submit a report in detail before the Committee regarding the preventive measures supposed to be taken by the Department, to avoid the admission of unqualified students in professional courses.
28	73	„	The Committee expresses its grave concern over the tendency of enhancement of seats by the self financing colleges at their own interest without the consent and approval of the Government and directs that such practice should be curtailed.
29	74	„	The Committee suggests that strict measures should be taken to dispense with the delay in valuation of answer scripts. It also directs the Higher Education Department to furnish the details of disciplinary action taken against

(1)	(2)	(3)	(4)
			<p>the officers responsible for the missing of answer books. The Committee strongly opines that the revaluation of answer scripts must be completed in a time bound manner as envisaged in the examination manual of the University to avoid the inordinate delay and hardship of the students. The Committee also urges the university authorities that abnormal delay in preparation of rank lists should be avoided as it will adversely affect the students for pursuance of their higher studies and job opportunities.</p>
30	77	Higher Education	<p>Regarding research activities, the Committee was informed that there is inordinate delay in settling accounts even after completing the project works and directs that University authorities must be vigilant in settling accounts to the research scholars in a time bound manner. The Committee suggests that compromise in sanctioning posts of faculty is not advisable and whatever be the constraints, required number of post of teachers must be sanctioned.</p>
31	83	„	<p>The Committee warns that Universities must be vigilant in utilizing the General Development Assistance (GDA) sanctioned by University Grants Commission (UGC) towards the improvement of infrastructure and basic facilities in the Universities in a time bound manner. It directs that Universities should take earnest steps to furnish the Utilization Certificate of GDA in time and thereby avoiding lapse of assistance from UGC in future.</p>

(1)	(2)	(3)	(4)
32	84	Higher Education	The Committee recommends that a Liaison Officer should be appointed between State Government and various funding agencies of the University to watch whether the allocated fund was released in time and its proper utilisation. The Committee suggests that, the software developed to track the projects undertaken by the Universities, should be provided with a direct communication facility between UGC and State Government at appropriate level.
33	88	„	Regarding the loss incurred due to deduction of Income Tax from the interest of University deposits, the Committee observes that different Universities followed different methods for claiming exemption under the Income Tax Act. The Committee is of the opinion that there should be a consensus regarding the compliance of the provisions of the Act. So it directs that the Higher Education Department should take-up the matter with Income Tax Department to derives a cognizant method and urges to furnish a report to the Committee at the earliest.
34	92	„	The Committee expresses its displeasure over the irresponsible attitude of MG University authorities in non-complying with the Government Order and paying House Rent Allowance at higher rate.

(1)	(2)	(3)	(4)
35	93	Higher Education	The Committee observes that the autonomy of the Universities are in academic aspect only, and also remarks that, the Universities are liable to comply with the standing Government instructions regarding the utilisation of funds, as they are aided with Government funds.
36	94	„	The Committee suggests that Higher Education Department should issue necessary directions to Mahatma Gandhi University for complying with rules and Government Orders dealing with the salaries and allowance of the employees. It reminds that House Rent Allowance permitted at higher rate is not tenable under any circumstances and directs the Department to take necessary steps to ensure that such practices which is contradictory to the prevailing laws would not occur in future and if any found in future disciplinary action should be initiated against the person responsible for the anomalies.
37	95	„	The Committee recommends the Higher Education Department that the amount paid in excess towards House Rent Allowance to the employees of Calicut, Kannur and Mahatma Gandhi Universities should be ratified at the earliest.
38	100	Transport	The Committee expresses its anguish and grave concern over the slackness on the part of the Transport Department for according sanction to purchase the fibre reinforced plastic boats without evaluating its technical capacity and fitness for operational service.

(1)	(2)	(3)	(4)
39	101	Transport	The Committee remarks that had the Transport Department complied with all the mandatory procedures before according sanction to purchase the boats for operational service, the infructuous expenditure of ₹ 3.80 crore could have been avoided. The Committee directs the Transport Department to take disciplinary action against the officers responsible for the lapse and to furnish the details to it at the earliest.
40	102	„	The Committee also recommends for the immediate disposal of all plastic reinforced fibre boats, which are tested unfit for operational service possessed by State Water Transport Department.
41	103	„	The Committee urges the Transport Department to submit a detailed report explaining the procedural lapse occurred during the construction of boats, details of standing rules regarding the purchases in the department at the earliest.