



THIRTEENTH KERALA LEGISLATIVE ASSEMBLY

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

FORTY FIFTH REPORT

(Presented on 30th June, 2014)

SECRETARIAT OF THE KERALA LEGISLATURE
THIRUVANANTHAPURAM
2014

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On

**Kerala Water Authority based on the Report of the Comptroller and
Auditor General of India for the year ended on
31st March, 2003 (Civil)**

1052/2014.

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INTRODUCTION

I, the Chairman, Committee on Public Undertakings 2014-2016 having been authorised by the Committee to present the Report on their behalf, present this Forty Fifth Report on Kerala Water Authority based on the Reports of the Comptroller and Auditor General of India for the year ended 31st March, 2003 (Civil) relating to the Government of Kerala.

The Reports of the Comptroller and Auditor General of India for the year ended on 31st March, 2003 was laid on the Table of the House on 28-6-2004. The consideration of the Audit Paragraphs included in this Report and the examination of the departmental witness in connection thereto was made by the Committee on Public Undertakings constituted for the year 2011-2014.

This Report was considered and approved by the Committee at the meeting held on 9-10-2013.

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

The Committee wish to express their thanks to the officials of the Water Resources Department of the Secretariat and Kerala Water Authority for placing before them the materials and information they wanted in connection with the examination of the subject. They also wish to thank in particular the Secretaries to Government, Water Resources and Finance Department and the officials of Kerala Water Authority who appeared for evidence and assisted the Committee by placing their considered views before the Committee.

Thiruvananthapuram,
30th June, 2014.

K. N. A. KHADER,
Chairman,
Committee on Public Undertakings.

REPORT

KERALA WATER AUTHORITY

AUDIT PARAGRAPH

Loss due to shortage/misappropriation of stores

Accounts Manual of Kerala Water Authority (KWA) stipulates periodical physical verification of stores by the Stock Verification Units (SVUs) and by the Executive Engineer (EE) of the divisions concerned so as to cover all stores transactions in a financial year. Such verification aims at ensuring the correctness of postings and accounts of all transactions since last verification and comparing the physical balance with the entries in the Bin Cards and Priced Stores Ledgers (PSLs).

Audit had been commenting since 1997-98 on the insufficiency of physical verification and timely action prescribed in the Manual. Periodicity of verification of stores by the SVUs was inadequate as they verified stores only thrice in one division, twice in seventeen divisions and once in nine divisions during six year from 1996-2002. A further scrutiny (January–March 2003) of the records of nine divisional officers revealed that the EEs had also not conducted verification of stores of the division under their control.

Physical verification of stock necessitated on allegation of unauthorised lifting and on transfer of custodians and verification of stock by SVUs revealed shortage of stores costing ` 1.17 crore as detailed below:

Enquiry ordered (August 1999), following a complaint lodged by one of the trade unions about unauthorised lifting of galvanised iron pipes (cost: ` 1.20 lakh) from the Divisional Store, Thiruvananthapuram revealed (August 2001) shortage of 661 items of stores costing ` 87.78 lakh, lifting of stores under the cover of bogus/false indents/gate passes, manipulation of entries in the bin cards, non reconciliation of figures in the PSLs, supervisory lapses on the part of divisional officers etc.

Physical verification of stock (between March 1998 and December 2000) by the SVUs revealed shortage of stock costing ` 28.83 lakh in four divisions. Though the person responsible for shortage of stores costing ` 22.63 lakh out of ` 28.83 lakh retired from service, KWA did not initiate any action to make good the loss.

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Lapse on the part of KWA to ensure periodical physical verification of stores at divisional/SVU level as provided in the Manual, led to shortage/misappropriation of stores of ₹ 1.17 crore.

The matter was referred to Government in July 2003; reply has not been received (December 2003).

[Audit Paragraph 4.1.2 contained in the report of the Comptroller and Auditor General of India for the year ended 31-3-2003 (Civil).]

The notes in the Audit Paragraph furnished by Government is given in Appendix II.

1. The Committee found that lapses on the part of Kerala Water Authority in ensuring periodical stock verification of stores at Divisions by its Stock Verification Units (SVUs) led to shortage/misappropriation of stores of ₹ 1.17 crore. Though there was an allegation of unauthorised lifting of materials from stores, the SVUs didn't conduct adequate periodical verification. Besides, even the Executive Engineers hadn't conducted any verification at the Divisions under their control. These inactions resulted in the misappropriation of stores valued ₹ 1.17 crore. When the Committee sought explanation on it the witness stated that the Assistant Engineer in-charge of the Thiruvananthapuram Divisional Store from where shortage of stock costing ₹ 87,78,280 was reported, had been kept under suspension but later got reinstated. On its latest position, the witness submitted to the Committee that a vigilance enquiry was actively in progress with the Vigilance and Anticorruption Department. Another shortage of stock of ₹ 28.83 lakh was revealed from 4 divisions, out of which a sum of ₹ 7,98,590 had been recovered and action had been initiated to recover the balance amount. The witness also informed the committee that liability for the shortage was fixed and steps had been taken to recover the balance amount from the pensionary claims of 3 pensioners who were responsible for it.

2. When the Committee enquired about the periodicity of stock verifications conducted in the stores, the witness stated that there are two units in the State, one at Thiruvananthapuram at the South and the other at Palakkad in the North. The last verification in the Thiruvananthapuram unit was done in January 2012. On a query of the Committee regarding the possibility of random checking of samples in units, the witness informed that such kind of checking were not sufficiently suitable for big factories but in case of any complaint, a complete verification could be done in both the units.

3. When the Committee asked about the variation in stocks during verification the witness explained that Kerala Water Authority had been following a system of centralized purchase till 1990-2000. The witness added that improper maintenance of materials by the concerned Assistant Engineers might have led to excess in one item and shortages in the other items. The witness also added that the shortages were not recorded in the relevant ledgers. Thus finalisation of stock verification revealed misappropriation of stores and shortage of materials. To a query of the Committee the witness stated that shortage of ₹ 2,26,000 and ₹ 3,10,000 was found in Thiruvananthapuram and Palakkad units respectively and reports from other districts were yet to be received.

4. Responding to the question about the recovery of the shortage of stock, the witness informed that some amount had been recovered from the D.C.R.G. of the pensioners and the Chief Engineer had been directed to take further action to make good the loss from the persons responsible for the shortages. The witness disclosed to the Committee that the verification report itself was missing and that disciplinary action had been taken against two persons responsible for it.

5. The witness informed that Kerala Water Authority had introduced 'supply and laying system' in 1999 in place of 'centralised system of purchase'. At present the classification of materials were done at the time of supply of materials to the contractors. The witness stated that such kind of verification processes were not practiced in 1999.

6. The Committee expressed concern over the dead stocks heaped in the stores of Changanassery and Thiruvalla units. The Committee suggested that random checking of the outdated materials should be done and pipe items with minor defects should be replaced. The Committee directed that steps should be taken to auction the dead stocks dumped in the stores and to maintain a list of stock verified in each units.

Conclusions/Recommendations

7. The Committee finds that the laxity of official in KWA in conducting periodic verification of stock and improper material management led to unavoidable loss of ₹ 1.17 crore. The Committee opines that, had the officers responsible for stock verification discharged their duties earnestly this loss could have been avoided. The Committee further observes that the mistakes have been made in maintaining and recording details of stock transaction in relevant registers. Therefore the Committee recommends that periodical physical verification of stock and proper recording of stock transactions in appropriate registers should be done as stipulated in the Accounts Manual of KWA so that such incidents can be avoided in future.

8. **The Committee also recommends that steps should be taken to recover the balance amount of shortage of stock from the pensionary claims of the officials responsible for it and to intimate the latest position of the vigilance enquiry against the Assistant Engineer responsible for the loss. The Committee also suggests that urgent steps should be taken to auction the dead stock heaped in the divisional stores. The Committee wants to be furnished with the reason for fixing responsibility only upon the Assistant Engineer leaving all other higher officials including the Executive Engineers who had failed to conduct any verification at the Division under their control and recommends to fix responsibility against all the officials responsible for the loss sustained by Kerala Water Authority.**

AUDIT PARAGRAPH

Avoidable expenditure due to payment of higher rates for pipes

Kerala Water Authority (KWA) was following centralised system of purchase of pipes by inviting tenders from competitive supplier firms for implementation of water supply schemes. During the years 1998-2001, KWA invited four tenders for supply of Poly Vinyl Chloride (PVC) pipes. While KWA could not recommend the bids received against the tender invited in 1998 to Government for sanction due to defective tender condition, Government did not approve the three tenders forwarded to it from 1999 to 2001 due to defective tender procedure followed by KWA and delay in processing of the tenders. KWA did not invite tender thereafter for supply of pipes till March 2003. Likewise, KWA also could not procure Cast Iron (CI) pipes for which tenders were invited in November 1999 as the Government approved the purchase in October 2002 only. Incidentally, KWA had to arrange pipe-laying works through contractors on 'supplying and laying' basis.

A test of check of records of thirteen works executed during August 2001 to January 2003 in nine divisional offices revealed that the rates allowed to contractors for supply of pipes were higher by 26 to 201 per cent as compared to the lowest rates quoted by the supplier firms in the tender call. Thus, lapse on the part of KWA in finalising the tenders in time led to a loss of ₹ 61.79 lakh (Appendix XXIII).

The matter was referred to Government in May 2003; reply has not been received (December 2003).

[Audit Paragraph 4.4.6 contained in the report of the Comptroller and Auditor General of India for the year ended 31-3-2003 (Civil).]

The notes in the Audit Paragraph furnished by Government is given in Appendix II.

9. The Committee sought explanation regarding the system of purchase followed in Kerala Water Authority. The witness informed that in earlier days Kerala Water Authority had resorted to 'centralised system of purchase' for procurement of materials, where purchase orders were placed according to the requirement furnished by the contractors at the time of inviting tender. But on the contrary the pipes were now being procured on the 'supply and laying basis' and only for the purchase of Bleaching Powder and Alum the centralised purchasing system was following. Delegation of Power exist at all levels and that the Chief Engineer was empowered to issue purchase order up to a maximum of ` 2 lakh. In addition to this in each districts there exist a Purchase Unit Committee headed by District Collector. The Committee was also informed that due to lack of funds the required materials could not be purchased in time.

10. To a query of the Committee regarding the measures taken by Kerala Water Authority to face the drought situation, the witness disclosed that the Government had already sanctioned some funds, including ` 18 crore approved by the Cabinet. Kerala Water Authority was seeking more fund to tackle the drought situation.

11. The Committee criticised Kerala Water Authority for its prolonged delays in project implementation. The witness clarified that the long duration between the opening of tender, issuing work order and uninterest in the exercise of power delegated to the officials had led to delayed completion of works. The Committee strongly expressed its dissatisfaction over the defective procedures and delayed processing of tenders. To a query about the Tender Committee, the witness disclosed that in addition to the monthly Board Meetings, Tender Committees do meet every week. The Committee was informed that a tender which has to be placed before the Tender Committee has to be verified by the Finance Department, which would take 14 to 20 days for verification. The witness assured the Committee that in future they would be more vigilant on project management and stated that at present a new system of purchase was introduced through which materials were to be procured only after verification with the checklist.

12. To another question of the Committee regarding the periodic monitoring of projects the witness informed that regular and periodic checkings were introduced and a video conferencing system was also being arranged. The Committee opined that lack of proper review of the implementation process led to lagging and non-completion of many projects. The Committee criticised Kerala Water Authority for its lapse in finalising the tenders in time. The witness informed that in order to overcome this, Kerala Water Authority had opted to e-tender in 2008 and had undergone many changes since September 2011. The witness assured the Committee that steps would be taken to avoid delay in processing of tenders so that lagging of projects could be avoided in future.

13. The Committee viewed that many projects remain unfinished as the contractors gave up their works due to acceleration of cost. The Committee directed that retendering should be done in order to complete the unfinished works. The witness informed the Committee that action had been taken to retender the pending projects.

Conclusions/Recommendations

14. The Committee understands that KWA is plagued by defective and delayed procedures for tender finalisation and in the implementation of projects. The Committee observes that, had KWA processed tenders in time and exercised power of delegation properly, the loss of ₹ 61.79 lakh incurred could have been avoided. The Committee further finds that the failure of KWA in evaluating and monitoring the progress of ongoing works led to non-completion of many projects within the stipulated time.

15. The Committee is of the view that the existing tender procedure adopted by KWA should undergo a thorough change. To overcome this the Committee recommends that KWA should resort to e-tendering system so that the delay and defective procedures which are highlighted as the major demerits of the former tender procedure can be avoided in future. The Committee suggests that KWA should evolve an effective system for reviewing and monitoring the progress of ongoing projects in order to complete the works in time. The Committee also recommends that action should be taken to re-tender unfinished works so that they can be commissioned without further delay. The Committee recommends that liability should be fixed upon the officers responsible for the lapse on tender procedures and that appropriate action should be taken against them.

AUDIT PARAGRAPH

Avoidable extra expenditure on purchase of bleaching powder

Chief Engineer (PS & GI) of Kerala Water Authority (KWA) invited two tenders one in February 1999 and another in September 2001 for supply of bleaching powder required for water treatment at various water treatment plants for the period from May 1999 to April 2000 and October 2001 to September 2002 respectively. While the lowest destination-wise rates quoted against the tenders of February 1999 ranged from ₹ 12,196 to ₹ 14,750 per metric tonnes (MT) and those against tender of September 2001 ranged from ₹ 12,350 to ₹ 14,246 per MT, KWA approved the tenders only in September 2000 and July 2002 respectively. Due to the delay in finalisation of tenders, the Divisional Officers purchased bleaching powder at higher rates ranging from ₹ 15,763 to ₹ 19,900 per MT during May 1999 to August 2002. This resulted in an extra expenditure of ₹ 35 lakh on purchase of 1129.40 MT of bleaching powder in 14 Divisional Offices.

Thus, delay ranging from 11 to 19 months in finalising the tenders by KWA resulted in the Divisional Officers resorting to local purchase and led to extra expenditure of ₹ 35 lakh to KWA.

Government Stated (September 2003) that instructions had been issued to the Managing Director to avoid delay in finalising tenders so as to avoid local purchase.

[Audit Paragraph 4.4.7 contained in the Report of the Comptroller and Auditor General of India for the year ended 31-3-2003 (Civil).]

Notes in the Audit Paragraph furnished by Government is given in Appendix II.

16. When the Committee enquired about the quality of water supplied to the public, the witness stated that in Urban areas cent per cent purity was maintained in the quality whereas in rural areas 80% treated water was being supplied through minor water supply schemes.

17. The Committee asked about the quality checking of drinking water supplied by Kerala Water Authority. The witness explained that purity checking was done at two levels. In all local offices periodic checking was done by concerned Assistant Engineers, in addition to it there were branches of State level labs and subdivision labs in all Districts. All water supply schemes were periodically monitored under the supervision of Executive Engineers and Assistant Executive Engineers. Quality checking was being done once in every six months and two months respectively to mini and medium schemes whereas monthly

checking was being done in major water supply schemes. The witness also informed that in case any bacterial contamination occurs, immediate remedial measures like super chlorination would be done. On a query of the Committee the witness replied that bacterial contamination occur especially in the coastal regions during rainy seasons. The Committee was also informed that water gets infected either through burst out pipes or by the contaminated drainages that pass near by the pipelines.

18. The Committee suspected whether the test for quality checking were actually done or fake. The witness clarified that the complete results of the quality checking were uploaded in the website of Government of India so that it could be assessed easily. The Committee was also informed that labs for quality checking were provided in every treatment plants, of which some were working very effectively. The witness disclosed that in certain places the functioning of labs were ineffective due to lack of standardised equipments.

19. The Committee sought explanation for the delay occurred in the purchase of bleaching powder. The witness admitted that a delay of 19 months had occurred in finalising the tender and since the supplying of safe drinking water was an urgent necessity, the chemicals needed to purify water had to be purchased locally.

20. The Committee wanted to know about the present position regarding the procurement of bleaching powder. The witness informed that in the previous year there was a delay of 3 months for procurement but at present there was no such delay. The Committee enquired about the total consumption of bleaching powder in various water treatment plants. The witness informed that last year's expenditure for bleaching powder and other materials amounted to ` 3.5 crore and ` 7 crore respectively.

Conclusion/Recommendation

21. The Committee finds that owing to the delay in tender procedure for the purchase of bleaching powder, it had to be purchased locally which involved additional expenditure. The Committee suspects conscious delay on the part of the authority in the purchase of an inevitable item like bleaching powder. The Committee therefore recommends to fix personal responsibility against those who were responsible for the loss sustained in this regard.

AUDIT PARAGRAPH

Delay in commissioning of a water supply scheme

Based on the project report prepared in 1991, Government sanctioned (March 1993) a rural water supply scheme estimated to cost ₹ 1.11 crore for supplying drinking water to a population of 18985 of Perumpetty Village in Pathanamthitta District. The project report envisaged the use of existing intake well of Ranni-Angadi Water Supply Scheme as a common source for both the schemes. Due to poor yield of water from the common source, the Perumpetty Scheme could not be commissioned, despite the fact that all the components* except 38.11 kilometres of distribution system were completed, incurring an expenditure of ₹ 1.11 crore as of March 2002. According to the Chief Engineer, the inflow of water to the well was found inadequate to cater to the needs of the two schemes due to drastic changes in the river flow that had occurred since 1991. KWA decided (January 2002) to commission the scheme partially by drilling three borewells ignoring the fact that river source was originally proposed because there were no dependable sources of ground water.

Though KWA drilled (February 2003) two borewells incurring an expenditure of ₹ 1.18 lakh, it could not commission the scheme even partially as of April 2003 to benefit a population of 4650 due to delay in establishing the street fountains for which pipelines extension from the distribution network was not sanctioned and delay in getting power connection for which ₹ 6 lakh was deposited with KSEB in April 2003.

The Executive Engineer, Public Health Division, Thiruvalla stated (May 2003) that the detailed estimates for construction of an alternative intake arrangement source were being prepared for completion of the project.

Thus, the failure of KWA to identify a dependable source delayed the commissioning of the scheme sanctioned a decade ago and resulted in the expenditure of ₹ 1.18 crore incurred remaining unproductive.

The matter was referred to Government in May 2003; reply has not been received (December 2003).

[Audit Paragraph 4.5.7 contained in the Report of the Comptroller and Auditor General of India for the year ended 31-3-2003 (Civil).]

Notes in the Audit Paragraph furnished by Government is given in Appendix II.

* Gravity main, overhead reservoir, ground level sump, pumping main, distribution system in Zone I & II etc.

22. On enquiry of the Committee about the delay in commissioning water supply schemes of Pathanamthitta District, the witness explained that a project report was prepared in 1991 for the Ranni-Angadi Water Supply Scheme of Perumpetty Village envisaging the existing intake well as the common source. Due to poor yield of water from the common source, the Perumpetty Scheme could not be commissioned, despite the fact that all the components except 38.11 kilometres of distribution system were completed. Though two borewells were drilled for the partial commissioning of the scheme, due to objections from the public one of them could not be commissioned, but the other was partially commissioned in 2004 February. The witness stated that a new scheme was being prepared for the full commissioning of the project that would cover the whole Perumpetty Village.

23. When the Committee enquired about the total assets of the Kerala Water Authority the witness disclosed that the gross value without depreciation for completed works amount to ` 4000 crore, and ` 3000 crore of GBIC was not included since it was not commissioned. The witness informed that those were treated as works in progress and could not be completed due to lack of proper maintenance. The Committee was also informed that the Department was actively considering a new scheme for the effective utilization of its resources. When the Committee enquired whether KWA intends to make any procedural changes with the help of outside agency, the witness informed that at present changes in this regard were being done by the Department and a study report from IIM, Bangalore has been received in this matter. The Committee suggested that if necessary it would recommend for the appointment of a consultancy, to conduct the feasibility study for the purpose, the witness replied that a study had already been done on this and that lack of competency in implementation process was the main hindrance towards timely completion.

24. The Committee criticised Kerala Water Authority for lagging projects in an irresponsible manner. The Committee observed that many projects were inordinately delayed and still remained incomplete in many places.

25. The Committee pointed out that the Manimala Project intended to supply water to 6 Panchayats remain incomplete since it was not included in the Check Dam Scheme. The witness stated that Check Dams were going to be constructed jointly by Irrigation Department and Kerala Water Authority. 50 check dams would be constructed within 3 years according to the requirement of Kerala Water Authority.

26. The Committee remarked that Kerala water Authority concentrated more on new projects under SLEC rather than commissioning the projects, which were nearing completion. The Committee expressed its dissatisfaction over the non inclusion of SLEC for the online projects.

27. When the Committee enquired about the availability of funds for the on going projects, the witness stated that projects started in 2010 would be completed within 2 years, with the financial assistance from NABARD. The Committee was informed that Manimala Project remained unfinished since the project for distribution system was not submitted separately. The Committee directed that measures should be taken to complete such projects.

28. The Committee wanted to know why the commissioned Cherthala Project under Japan Drinking Water Supply Scheme was not benefited to the public. The Committee found that there were no initiatives on the part of the Panchayats to install public taps. Regarding the charges for water connection the witness stated that as directed by the Hon'ble Chief Minister the total amount for connection could be remitted in 10 instalments of ₹ 500 each.

29. The Committee noticed that in many places huge sums were charged even for minor connections. The witness stated that in order to standardise the connection rates a workshop with the participation of Plumbers Association was arranged in which charges were presented by Executive Engineers from all districts. It was decided to reduce the amount to ₹ 3,500 in rural areas. The Committee observed that due to exorbitant rate people were reluctant to take water connections.

30. The Committee found many flaws in the implementation of Japan Drinking Water Project. The water tanks built in many panchayaths remain stranded and compensation was given to the 34 householders within a radius of 1 km. for laying pipes in Vaikom–Chengamanadu Panchayath. The Committee mentioned about the low cost projects implemented in Lakshadweep. The witness informed that Japan Drinking Water Project was started in 1993 to provide safe drinking water in the coastal regions. It could be done by building water treatment plants in Vaikom. The witness added that it was unilaterally decided by the Government to give compensation to the people for the hardships caused to them owing to laying of pipes. The Committee was also informed that the desaltration project in Israel was not cost effective and according to Science and Technology Department potable drinking water was not available in Lakshadweep.

31. When the Committee sought explanation regarding the present position of Jalanidhi Project, the witness informed that the first stage of the project has been completed in 112 Panchayaths and for the second stage 200 Panchayaths from the 8 districts of Malabar region were selected. Though World Bank had proposed a time limit of 5½ years for this project, the Kerala Water Authority would try to attain the target within 4 years. An expenditure of about 3 to 5 crore was expected in each Panchayats of which 10% each would be met by the Panchayats as well as the beneficiary Committee.

32. The Committee directed that strict monitoring should be done in the project implementation as the work was being done by external agencies. The witness stated that the project work was being done by the beneficiary Committee with the participation of Students from Engineering Colleges and National Service Scheme Volunteers. The project would aim to supply potable drinking water to each houses within 7 to 8 years. The Committee directed that the time limit fixed should be reduced in order to avoid delayed completion.

33. The Committee sought explanation regarding the measures taken by Kerala Water Authority to face the coming drought situation. The witness disclosed that due to delayed payments to the contractors, proper maintenance works could not be done in time. The Committee wanted to know about the measures taken to rectify the defective Tube Wells and Borewells. The witness stated that tube wells and borewells drilled with the funds of MPs, MLAs and Panchayaths were handedover to the Panchayaths after completion and hence the concerned local bodies were responsible for the timely maintenance. In many places wells could not be operated due to minor defects. Due to financial constraints most of the Panchayaths were unable to undertake the maintenance work. The Committee strongly suggested that all the borewells and tube wells should be properly maintained so that there would not be any scarcity of drinking water in summer months. The Committee suggested that sufficient funds should be made available to Panchayaths in addition to the drought fund allotted to District Collectors by the Revenue Department. The Committee opined that many projects including drinking water supply schemes could not be commissioned due to lack of proper monitoring and maintenance. The Committee directed that immediate measures should be taken by all Panchayaths to implement a proper review system.

Conclusions/Recommendations

34. The Committee finds that KWA has failed in identifying an effective alternative intake source, as the originally proposed source proved to be inadequate to cater to the needs of the proposed Ranni-Angadi Water Supply Scheme. The Committee points out that KWA went into drill borewells ignoring the fact that river source was originally opted as there was no dependable source of ground water. The Committee cites this as a classic example of profligacy that prevails in KWA and adds that the cost incurred for laying pipes and additional expenses incurred in digging borewell proved to be unproductive even after expending ~ 1.18 crore. The Committee opines that top priority should be given in identifying dependable water source and auxiliary works should be undertaken on this basis. The Committee criticises that expenditure incurred in this project proved to be unproductive due to unrealistic project report, lack of proper planning and co-ordination of various works. The Committee recommends that liability should be fixed upon the officers who planned the project without identifying the source of water and the loss sustained to the Government should be made good from the officials responsible for the loss.

35. The Committee recommends that while approving a project all the components at different stages of the work must be taken into consideration and should formulate a new policy for the effective utilisation of its resources.

36. The Committee recommends that Manimala Project should be commissioned at the earliest, the time limit for the completion of Jalanidhi Project should be reduced to 4 years and the rates fixed for water supply connection should be reduced so as to make it affordable to the weaker sections of the society. The Committee is not satisfied with the overall performance of Manimala Project.

37. The Committee wants to have a detailed report on the number of drinking water project proposed to be implemented within 20 years including Japan Drinking Water Project, number of projects already commissioned, number of pending projects and their present stages and the reasons for the delay in implementing at the earliest.

38. **The Committee further observes that in KWA there is total mismanagement and lack of an effective monitoring system to watch the progress of ongoing projects and periodical maintenance of the already implemented schemes. Therefore the Committee recommends that KWA should evolve an effective review system to supervise the ongoing projects and should also co-ordinate with Panchayats and other departments for the timely maintenance and completion of its water supply schemes.**

39. **The Committee is displeased with the overall performance of Kerala Water Authority.**

Thiruvananthapuram,
30th June, 2014.

K. N. A. KHADER,
Chairman,
Committee on Public Undertakings.

SUMMARY OF MAIN CONCLUSIONS/RECOMMENDATIONS

<i>Sl. No.</i>	<i>Para No.</i>	<i>Department concerned</i>	<i>Conclusions/Recommendations</i>
(1)	(2)	(3)	(4)
1	7	Water Resources	The Committee finds that the laxity of official in KWA in conducting periodic verification of stock and improper material management led to unavoidable loss of ₹ 1.17 crore. The Committee opines that, had the officers responsible for stock verification discharged their duties earnestly this loss could have been avoided. The Committee further observes that the mistakes have been made in maintaining and recording details of stock transaction in relevant registers. Therefore the Committee recommends that periodical physical verification of stock and proper recording of stock transactions in appropriate registers should done as stipulated in the Accounts Manual of KWA so that such incidents can be avoided in future.
2	8	„	The Committee also recommends that steps should be taken to recover the balance amount of shortage of stock from the pensionary claims of the officials responsible for it and to intimate the latest position of the vigilance enquiry against the Assistant Engineer responsible for the loss. The Committee also suggests that urgent steps should be taken to auction the dead stock heaped in the divisional stores. The Committee wants to be furnished with the reason for fixing responsibility only upon the Assistant Engineer leaving all other higher officials including the Executive Engineers who had failed to conduct any verification at the Division under their control and recommends to fix responsibility against all the officials responsible for the loss sustained by Kerala Water Authority.

(1)	(2)	(3)	(4)
3	14	Water Resources	The Committee understands that KWA is plagued by defective and delayed procedures for tender finalisation and in the implementation of projects. The Committee observes that, had KWA processed tenders in time and exercised power of delegation properly, the loss of ₹ 61.79 lakh incurred could have been avoided. The Committee further finds that the failure of KWA in evaluating and monitoring the progress of ongoing works led to non-completion of many projects within the stipulated time.
4	15	„	The Committee is of the view that the existing tender procedure adopted by KWA should undergo a thorough change. To overcome this the Committee recommends that KWA should resort to e-tendering system so that the delay and defective procedures which are highlighted as the major demerits of the former tender procedure can be avoided in future. The Committee suggests that KWA should evolve an effective system for reviewing and monitoring the progress of ongoing projects in order to complete the works in time. The Committee also recommends that action should be taken to re-tender unfinished works so that they can be commissioned without further delay. The Committee recommends that liability should be fixed upon the officers responsible for the lapse on tender procedures and that appropriate action should be taken against them.
5	21	„	The Committee finds that owing to the delay in tender procedure for the purchase of bleaching powder, it had to be purchased locally which involved additional expenditure. The Committee suspects conscious delay on the part of the authority in the purchase of an inevitable item like bleaching powder. The Committee therefore recommends to fix personal responsibility against those who are responsible for the loss sustained in this regard.

(1)	(2)	(3)	(4)
6	34	Water Resources	<p>The Committee finds that KWA has failed in identifying an effective alternative intake source, as the originally proposed source proved to be inadequate to cater to the needs of the proposed Ranni-Angadi Water Supply Scheme. The Committee points out that KWA went into drill borewells ignoring the fact that river source was originally opted as there was no dependable source of ground water. The Committee cites this as a classic example of profligacy that prevails in KWA and adds that the cost incurred for laying pipes and additional expenses incurred in digging borewell proved to be unproductive even after expending ₹ 1.18 crore. The Committee opines that top priority should be given in identifying dependable water source and auxiliary works should be undertaken on this basis. The Committee criticises that expenditure incurred in this project proved to be unproductive due to unrealistic project report, lack of proper planning and co-ordination of various works. The Committee recommends that liability should be fixed upon the officers who planned the project without identifying the source of water and the loss sustained to the Government should be made good from the officials responsible for the loss.</p>
7	35	„	<p>The Committee recommends that while approving a project all the components at different stages of the work must be taken into consideration and should formulate a new policy for the effective utilisation of its resources.</p>
8	36	„	<p>The Committee recommends that Manimala Project should be commissioned at the earliest, the time limit for the completion of Jalanidhi Project should be reduced to 4 years and the rates fixed for water supply connection should be reduced so as to make it affordable to the weaker section of the society. The Committee is not satisfied with the overall performance of Manimala Project.</p>

(1)	(2)	(3)	(4)
9	37	Water Resources	The Committee wants to have a detailed report on the number of drinking water project proposed to be implemented within 20 years including Japan Drinking Water Project, number of projects already commissioned, number of pending projects and their present stages and the reasons for the delay in implementing at the earliest.
10	38	„	The Committee further observes that in KWA there is total mismanagement and lack of an effective monitoring system to watch the progress of ongoing projects and periodical maintenance of the already implemented schemes. Therefore the Committee recommends that KWA should evolve an effective review system to supervise the ongoing projects and should also co-ordinate with Panchayats and other departments for the timely maintenance and completion of its water supply schemes.
11	39	„	The Committee is displeased with the overall performance of Kerala Water Authority.

NOTES FURNISHED BY GOVERNMENT ON THE AUDIT PARAGRAPHS

<i>Sl. No.</i>	<i>Audit Paragraph</i>	<i>Reply furnished by Government</i>
(1)	(2)	(3)
1	4.1.2 (2002-03)	<p>Periodical physical verification of stores by the Stock Verification Units Kerala Water Authority are being done and timely action are also taken to ensure that there is no misappropriation of stores.</p> <p>The shortage of materials has been reported by the Stock Verification Party amounting to Rs. 87,78,280 in Public Health Division Store, Thiruvananthapuram. The Assistant Engineer incharge of the store has been put under suspension. Vigilance enquiry by the Vigilance Department is going on.</p> <p>Out of shortage of stock costing Rs. 28.83 lakh materials worth Rs. 7,98,590 were found in the store premises. The liability have been fixed for the balance amount and action has been taken to recover the amount from the pensionary claims of the three pensioners.</p> <p>Strict instructions have been given to the Divisional Officers and stock verification units so as to ensure the correctness of postings and accounts of all transactions with reference to other relevant records.</p>
2	4.4.6 (2002-03)	<p>All the works noted in the appendix are charged under NC/PC habitation. NC/PC works have to be completed in a time bound manner. At the time of taking up these schemes, there were no stock of required pipes under the division stores. For purchase of small quantity of pipes the rates quoted are generally high. Rates quoted for PVC pipes are subject to variation in resin price and hence the rates quoted and the rates at the time of supply may be different. In order to avoid delay in commissioning of the schemes/completion of the works, which are time bound, the works were arranged on Supplying and Laying basis. This is done as much delay is experienced in obtaining approval for bulk purchases.</p>

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As the quantity required for a particular work is very less, when compared with the bulk quantity for which tenders were invited, by the head office, the comparison made between the rates quoted for bulk purchase and the rates offered for the Supplying and Laying tenders is not right. The rates offered for the tenders invited by Head Office is with price variation clause. The rates quoted are based on the raw material cost at the time of opening of tender. However, Kerala Water Authority has to give the price for the pipes supplied based on the raw material price prevailing on the date of supplying. This condition is allowed in almost all cases, as the market fluctuation is very high. If this condition is not allowed, there will be speculated quoting which will result in exorbitant rates. Due to these conditions, at times there was fall in price on few occasions. In the case of Supplying and Laying tenders no price variation clause is allowed. Also for Supplying and Laying contracts, guarantee is insisted for the satisfactory performance of the pipelines laid by the contractor for period of 18 months after completion and commissioning of the pipeline. During this guarantee period any defect, noticed in the pipeline shall have to be carried-out by the contractor at their own cost. Moreover, the entire security deposits including the retention totaling up to 8% of the contract value will be retained with Kerala Water Authority till the end of guarantee period. As a result, maintenance free situation is possible to Kerala Water Authority during the guarantee period. During 2002-03, there was exorbitant hike in the cost of PVC as well as other pipes. This had resulted in overall increase in cost. However, when considering the price variation that would have been allowed for bulk purchase from Head Office, increase in cost will be much less.

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The listed works in the Audit para fall under NC/PC category and had to be completed in time bound manner to avoid lapsing of GOI Grant. As there were no pipes in stock and as stated above when all the efforts to purchase pipes in bulk did not succeed with the genuine intention to complete the work within the prescribed period, KWA had resorted to supply and laying contracts.

Though advantage of economy of quantity is not available in supply and laying contracts, it has its own advantages like avoiding inventory carrying costs and replacements guarantee for the pipes for two years from the date of laying instead of date of supply. KWA in all JBIC, World Bank and ADB tenders is now practicing this system.

It was attempted to compare the rates quoted by the supply tenderers during 2001 to the cost of pipes laid during the period from 2001 to 2003 under supply and laying contracts. The rates quoted in the tender was subject to price variation clause based on the variation in the resin price at the time of tender was Rs. 35,000 and during 2003 it was Rs. 53,000. The pipes if supplied by the tenderers would have carried of a guarantee of two years from date of supply where as the pipe laid by the contractor on supplying and laying basis carried a replacement guarantee for 18 months from the date of work order. Considering the fact that the rates are not comparable to each other, the comment that the lapse on the part of KWA in finalizing the tenders in time led to loss of Rs. 61.79 lakh is not factual.

In this regard it may also be noted that Kerala Water Authority had not resorted to bulk purchase of PVC pipes after 1999 and has been executing all pipe works on supply and laying contract.

(1)	(2)	(3)
3	4.4.7 (2002-03)	<p>Tenders for the purchase of 1564 MT of bleaching powder required for 43 destinations of KWA for the period from May 1999 to April 2000 were invited vide tender No. KWA/SP-1/99-2000 with due date as 12-4-1999. 8 offers were received in response to the tender.</p> <p>As per the conditions of NIT the tenderers were to quote the rates for the delivery of material to the various destinations inclusive of excise duty, sales tax, insurance charges and unloading charges at stores. Also, the tenderers were to furnish the break-up of the rates showing basic price, excise duty, sales tax, and conveyance charges, unloading charges etc. for comparison and allowing the price preference as per rules. But most of the tenderers had not furnished break-up of the rates, they have quoted. Hence these details had to be obtained from the tenderers and the tabulation statement of the offers could be prepared only by 7-6-1999.</p> <p>The details of the tenders were placed before the Tender Committee that met on 16-6-1999. The Tender Committee decided to go for negotiation with the firms who had quoted lowest/came within the price preference limit.</p> <p>The tenders, along with the outcome of negotiation were again placed before the Tender Committee meeting on 30-6-1999. The tender Committee had considered all the offers received once again and observed that M/s Malabar Allied Chemicals and Distributors, Palakkad, a SSI Unit within Kerala State had quoted the lowest rate of Rs. 12,000/MT who is a new entrant in this field. Hence the Committee decided to depute an officer from KWA to the firm's factory at Kanjikode, Palakkad for inspection and to verify the registration of the firm with the District Industries centre, Palakkad as they were given registration only on 7-4-1999 i.e., days before the opening of the tender.</p>

(1)	(2)	(3)
		<p>As per the decision of the Tender Committee, EE, PH Dn., Thrissur was deputed vide proceedings No.KWA/HO/SP-18970/98/BP dated 1-7-1999 for the factory inspection and for the verification of records of SSI registration at the District Industries Centre, Palakkad. The EE, PH Dn., Thrissur vide the Lr. No. A7.3778/95 dated 6-7-1999 had furnished the report. As per the report the factory of M/s Malabar Allied Chemicals and Distributors, Palakkad was under construction and yet to be established, no machineries were installed for manufacturing and no power connection obtained. It would take a few more months for starting the unit. The EE had given a copy of the registration certificate of the firm, obtained from the District Industries Centre, Palakkad. As per the Certificate, the registration was provisional registration and the date of registration was on 7-4-1999.</p>
		<p>The report of the EE, PH Dn., Thrissur on the inspection of the factory of M/s Malabar Allied Chemicals was placed before the Tender Committee, meeting on 22-7-1999. The Tender Committee had decided that the offer of M/s Malabar Allied Chemicals Palakkad who had quoted the lowest rate of Rs. 12,000/MT offer need not be considered further based on the report of the Executive Engineer, PH Division, Thrissur.</p>
		<p>M/s Aries Chemicals, Erode Dist. had not furnished the EMD. Hence their offer was also not considered. M/s Chlorochem Industries, Kota had quoted unloading charges extra. Hence this offer was also not considered.</p>

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Out of the remaining five offers, the offer of the following firms were considered based on the lowest rates, quoted:

(1) M/s Kunnath Chemicals

@Rs. 12950/T for 12 destination .. 521.20 MT

@Rs. 13740/T for 11 destination .. 448.00 MT

969.20 MT

(2) M/s VNS Chemicals

@Rs. 14194/T for 3 destinations

(3) M/s Grasim Industries

@Rs. 14750/T for 17 destinations

But the production capacity of M/s Kunnath Chemicals was only 600MT. Hence Tender Committee had recommended to accept the offer of the firm limiting the total quantity of the orders to 600MT as per the details given below:

(1) @Rs. 12950/T to 12 destinations .. 521.20 MT

(2) @Rs. 13740/T to 2 destinations .. 78.50 MT

For the remaining 9 destinations for which the rate offered by M/s.Kunnath Chemicals was the lowest, their offer could not be considered due to their limited production capacity. The offer of M/s VNS Chemicals and M/s Grasim Industries were considered which were the 2nd lowest offer for these destinations and it was decided to negotiate with these firms to match the quoted rate of M/s Kunnath Chemicals.

M/s VNS Chemicals had replied on 23-7-1999 that they were not willing to reduce their quoted rates. But M/s Grasim Industries had informed their willingness vide their letter dated 23-7-1999 that they are ready to supply to 9 destinations for which they are the 2nd lowest at the rates offered by M/s Kunnath Chemicals.

(1)	(2)	(3)
		<p>These details were again placed the/tender Committee, which met on 26-7-1999. The committee had recommended to accept the offers as detailed below:</p>
		<p>(1) M/s Kunnath Chemicals @Rs. 12950/MT to 12 destination for 521.20 MT for Rs. 67,49,540 @Rs.13740/MT to 2 destinations for 78.50 MT for Rs. 10,78,590</p>
		<p>(2) M/s VNS Chemicals @Rs. 14194/MT to 3 destinations for 184.50 MT for Rs. 26,18,793</p>
		<p>(3) M/s Grasim Industries @Rs. 14750/MT to 17 destinations for 410 MT for Rs. 60,47,500 @Rs. 13740/MT to 9 destinations for 369.50 MT for Rs. 50,76,930</p>

The details of the tenders were placed before the Authority at the 197th meeting held on 30-7-1999 as item No. VIII(1). But the item was deferred at the meeting. This item was taken for discussion at 199th meeting of KWA held on 30-9-1999 as item No. II(2) and it was resolved to recommend to Government for sanction to place orders with the 3 firms, as recommended by the Tender Committee.

As per the decision of the Authority, the tenders were submitted to the Government. Meanwhile, Government was in receipt of a petition of M/s Kunnath Chemicals regarding their production capacity. They had stated that their annual production capacity was 600T/shift and there were three shifts at their factory. Hence Government called for the remarks on the allegation pointed by the firm.

(1)	(2)	(3)
		<p>On verifying their offer, KWA had noticed that as per the certificate issued by the General Manager, District Industries Centre, Ernakulam the firm's production capacity per single shift was 600 MT and there was no mention about the number of shifts. Hence KWA had considered the production capacity as 600 MT/year.</p>
		<p>The Government was requested by the KWA to accord sanction for the purchase. The Government then requested the following clarifications on the recommendations made by KWA:</p>
		<p>(1) The offer of M/s Chlorochem Industries who had quoted lowest rate could have been considered after obtaining certain clarifications.</p> <p>(2) There was no need of restricting the offer of M/s Kunnath Chemicals to 600 MT per annum.</p> <p>(3) The rates quoted by M/s Grasim Industries for full truck load/part truck load were considered without any basis.</p>
		<p>In view of the observations made by the Government, after obtaining clarification of M/s Chlorochem Industries a revised proposal as detailed below was submitted to Government by Kerala Water Authority.</p>
		<p>(1) M/s Chlorochem Industries</p> <p style="padding-left: 40px;">@Rs. 12196/MT for 1 destination 75 MT for Rs. 9,14,700</p> <p style="padding-left: 40px;">@Rs. 12796/MT for 2 destinations 139.5 MT for Rs. 17,85,042 214.5 MT for Rs. 26,99,742</p> <p>(2) M/s VNS Chemicals, Erode</p> <p style="padding-left: 40px;">@Rs. 14194/MT for 1 destination 40 MT for Rs. 5,67,760</p> <p>(3) M/s Kunnath Chemicals</p> <p style="padding-left: 40px;">@Rs. 15900/MT for 9 destinations</p> <p style="padding-left: 40px;">@Rs. 13740/MT for 11 destinations</p>

(1)	(2)	(3)
		@Rs. 12950/MT for 12 destinations 32 destinations for 1202.7 MT for Rs. 1,66,16,630

For the remaining 7 destinations, the offer of M/s Grasim Industries was the lowest. But they had not extended the validity of their offer and hence became invalid. Therefore, it was suggested to ask M/s Chlorochem Industries or M/s Kunnath Chemicals who were the next lowest to supply the Bleaching Powder at the lowest rate.

The Government had requested clarification regarding limiting the quantity @600T for M/s Kunnath Chemicals(P) Ltd. The clarification had been received. Meanwhile, M/s Grasim Industries Ltd., extended the validity of their offer up to 31-3-2000. Therefore, the proposal submitted vide letter dated 22-1-2000 by the KWA had been modified.

Subsequently it was noticed by the KWA that some more economy could be obtained if certain quantities to be ordered are increased clubbing the quantities due to the vast difference in rates obtained as lowest rates for destinations which were comparatively nearer to each other.

The revised proposal as approved by the Authority vide resolution No. 5488 of 205th meeting held on 29-3-2000 was submitted to the Government vide the letter dated 10-4-2000.

- (1) M/s Chlorochem Industries—356.5 T for 3 destinations for Rs. 44,61,574
- (2) M/s Kunnath Chemicals—1152.20 T for 31 destinations for Rs. 1,58,14,760
- (3) M/s Grasim Industries—55 T for 5 destinations for Rs. 8,11,250

The lowest rate quoted by M/s VNS Chemicals for Vellayambalam was Rs. 14194/T. But for Aruvikkara, which is nearby to Vellayambalam, the lowest rate quoted by M/s Chlorochem Industries was Rs. 12196/T. The difference in quoted rates was nearly Rs. 2000/T.

(1)	(2)	(3)
		<p>Therefore it had been decided to club the required quantity for Vellayambalam with that of Aruvikkara.</p>
		<p>Similarly, the required quantity for the destination viz., PTP Nagar and Vandithadam were clubbed with the quantity for Aruvikkara and the quantity required at Kollam was clubbed with that of Sasthamkotta. By clubbing the quantities there would be a net savings of Rs. 3,67,928</p>
		<p>The Government had called for KWA's views regarding statement furnished to Government that M/s Chlorochem Industries had neither submitted EMD nor produced competency certificate issued by NSIC. The reply to the Government letter was received on 17-5-2000.</p>
		<p>The Government accorded sanction for the purchase of 838.20 T bleaching powder for 27 destinations only. Government had not considered the clubbing up of one destination to the other destination since it was against S.P. Rules. Hence it was directed to take up the purchase to these 4 destinations that were clubbed with other destinations separately. It was also directed to negotiate with M/s Kunnath Chemicals for 12 destinations for which the rates quoted by the firm were @Rs. 15900/T for 8 destinations and @Rs. 12950/T for 4 destinations. Hence supply orders were placed for the 27 destinations vide the letter dated 10-10-2000.</p>
		<p>As per the directions of the Government, the firms, M/s Kunnath Chemicals and M/s Grasim Industries and M/s VNS Chemicals were addressed to reduce their quoted rates to the lowest rates received in the tender.</p>

(1)	(2)	(3)
		<p>The outcome of negotiation with M/s Kunnath Chemicals for 12 destinations, as recommended by authority vide resolution No. 5745 of 216th meeting held on 22-2-2001 was submitted to Government on 15-3-2001.</p> <p>For the other 4 destinations, the firms were not willing to reduce their quoted rates. Hence the Authority had directed to arrange the purchase by separate tender by the regional CE.</p> <p>The Government on 22-8-2001 had informed that the negotiated rate recommended was very high and so directed to take suitable decision to bring down the rates.</p> <p>On negotiation the firm, M/s Kunnath Chemicals vide their letter dated 12-10-2001 had agreed to supply @Rs. 12950/T. The proposal for the purchase, as recommended by Tender Committee was placed before the Authority at its 228th meeting held on 16-1-2002 and the Authority vide resolution No. 5983 had approved the recommendation for the purchase of 583.5 T to 12 destinations @ Rs. 12950/T. But during the time, the tenders invited for the year 2001-2002, vide Tender No. 3/2001-2002 was under scrutiny and the lowest rate obtained in the tender was @12000/T. Hence the firm was again negotiated to reduce the rate to Rs. 12000/T. The firm had agreed to this rate only through their letter dated 15-5-2002. Hence supply orders could be placed on 28-5-2002.</p> <p>Regarding the purchase of 1670.70MT of bleaching powder required for the year 10/2001 to 7/2002, tenders were invited vide tender No. 3/2001-2002 with due date as on 12-11-2001. Eight offers were received. The Tender Committee, met on 15-12-2001 had recommended to reject the offers of two firms which were violative of the tender conditions and to</p>

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request the three firms who had quoted the lowest rates to withdraw the conditions put forth by them which were not in terms of NIT. All the three firms had accepted the NIT in total. The firm, M/s Kunnath Chemicals had quoted rates without ED for 6 destinations and the ED for 14 destinations. The tender Committee on 2-2-2002, had suggested to negotiate with the firms to reduce the rates. The firms were requested to reduce their quoted rates vide letter dated 7-2-2002.

The firms vide their letter dated 15-2-2002 and 1-3-2002 had informed the reduced rates and furnished reply to the clarifications.

The details were placed before the Tender Committee which met on 7-3-2002 and the committee observed that the rates on negotiation were also high and so recommended to make one more attempt to get the rates reduced. On negotiation, M/s Grasim Industries vide their letter dated 12-3-2002 had reduced their rates as 12000/MT. But M/s Kunnath Chemicals vide their letter dated 3-4-2002 had informed the reduced rates as Rs. 13650/MT for 14 destinations and had not reduced the rates for 6 destinations for Rs. 12350/MT.

The tender Committee, which met on 10-5-2002, had recommended the offer of M/s Grasim Industries for the supply to all the 46 destinations @ Rs. 12000/MT. But M/s Kunnath Chemicals (vide their letter dated 16-5-2002) had subsequently informed that they were willing to supply the bleaching powder @12000/MT for the 20 destinations for which they had quoted.

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These details were again placed before the Tender Committee which met on 28-5-2002 noted that the Authority vide their resolution No. 5983 of 228th meeting held on 16-1-2002 had taken decision on the purchase of bleaching powder for 12 destinations as per the previous tender call and so recommended the purchase for the remaining 34 destinations from M/s Grasim Industries and from M/s Kunnath Chemicals for 12 destinations. The proposal for the purchase was placed at the 233rd meeting of KWA held on 24-6-2002.

The Authority at the 234th meeting held on 25-7-2002 had accorded sanction for the purchase. Hence Supply orders could be placed only on 16-8-2002.

The delay for the purchase of bleaching powder was due to above mentioned reasons. It is true that due to the delay in finalizing the tenders, bleaching powder was procured through local purchase. The delay that occurred was beyond the control of KWA and the bleaching powder, the chemical required for treatment of water to be supplied to the public for drinking purpose had to be made available as and when required.

Moreover, bleaching powder is a chemical that will lose its quality due to the presence of air and moisture in the atmosphere. Therefore, it is not possible to stock the material for more than one to two months. Hence there is no other alternative other than to go for the local purchase, considering the immediate requirement.

The price on local purchase will be naturally higher than that on Rate Contract basis considering the piece meal purchase. Therefore, the rate on local purchase cannot be compared with that of purchase on Rate Contract basis.

(1)	(2)	(3)
4	4.5.7 (2002-03)	<p data-bbox="667 528 1252 891">It is the responsibility of KWA to maintain the quality of water to be supplied to the public to the standards specified by CPHEEO. To maintain the quality standards of drinking water, the chemicals required for the treatment of water are to be made available then and there. The local purchase made was with good intention and in the interest of maintaining the health of public. Considering these aspects, the extra expenditure incurred on local purchase may not be considered as a loss.</p> <p data-bbox="667 913 1252 1753">The investigation for the scheme was carried out 14 years back. The source proposed was to tap water from the GL tank at Meenamthottam constructed for Rural Water Supply Scheme to Ranni-Angadi sufficient water was available during the drought season of 1983 and 1986 according to DER of the project. It may be noted that the project was prepared in the year 1991. Since 1994, considerable changes had occurred in all rivers particularly in Manimala and Pamba, such as lowering of the river basin due to sand mining. As a result, the panchayath Ranni-Angadi faced severe scarcity of drinking water. While executing laying of 250mm. gravity main from Meenamthottam reservoir to Aruvickal sump. The Ranni-Angadi public started agitation against drawing water from Meenamthottam sump as envisaged in the project report. Thus the work was stopped. A joint meeting of both Kalloppara and Ranni Constituency MLAs conducted and decided to reconsider the proposal and alternate proposal had prepared and suggested to take up short-term measure to commission the scheme, since the deviation proposal is technically not sound.</p>

(1)	(2)	(3)
		<p>For partial commissioning of the schemes with borewell as source sanction for an NC/PC scheme was obtained during 2002-2003 with a project cost of Rs. 35 lakh. Under this scheme even though 2 Nos. of borewells were drilled. One number failed and utilising the other one as source. The zone I portion of the original ARP scheme was commissioned and Water Supply effected to the area from 2-2004 onwards and functioning satisfactorily.</p> <p>Works have been tendered utilizing the balance amount Rs. 10 lakh for the partial commissioning of zone II with the available water from the borewell. The partial commissioning of zone II is targeted during the 1st week of 4-2005.</p> <p>As such a dependable source is to be found out for the full commissioning of the original ARP scheme. Hence it is proposed to construct a well-cum-pump house in Pamba river about 100m down stream of the existing source of Ranni-Angadi scheme required revenue puramboke land available at the above location which Kerala Water Authority can get for the above purpose free of cost.</p> <p>The water collecting from the above proposed well is to be pumped through a pressure filter with a capacity of 1.14 mld. 150 mm. CI pipe for a length 1500 mtrs. is proposed as pumping main. This water is proposed to be collected in a sump to be constructed near Meenamthottam Hospital. The location of the sump is finalised to get the full utility of the already completed 250 mm. PC gravity main. The treated water from the gravity main can be collected in the existing sump and can be pumped to the 2 Nos. OH reservoirs already constructed in Zone I & II.</p>

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During the review meeting held on 7-4-2005 by the Honorable Minister for Water Resources in presence of the Kallooppa MLA, it was decided to submit the new proposal for getting revised Administrative sanction. Accordingly the above proposal for the full commissioning of the scheme and to achieve the full coverage of the scheme amounting to Rs. 99 lakh under the head 07-completion of ongoing water supply scheme. Action is being initiated to complete the work for the full commissioning of the scheme. Thus it may be seen that the reasons for delay was due to factors beyond the control of KWA and therefore cannot be said that the failure of KWA to identify a dependable source delayed the commissioning of the scheme.

PRESENT STAGE OF WORK (ZONE II)

Work proposed for Zone II consists of two main parts:

- (1) Supply and erection of pump set (2 Nos.) of Boosting Station, Aruvickal.
- (2) Laying distribution system for zone II (4040 M) and fixing 30 Nos. Public Hydrants.

PRESENT STAGE OF WORK

- (1) Supply order placed and agreement executed for supply of 2 Nos. of Centrifugal pump sets on 8/2005.
 - (2) For laying distribution in supply and laying basis estimate have been submitted on 3/2005 and is under scrutiny. The source of the borewell already drilled has sufficient yield. (43200 lph) for the partial commissioning of Zone II.
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		The pump set shall be erected and commissioned within two months and the scheme can be partially commissioned within 4 months for which necessary action for Administrative sanction is being taken in a war footed basis.
