CHAPTER II

PERFORMANCE AUDITS

This chapter contains findings of Performance Audits on (i) Functioning of the Tamil Nadu Construction Workers' Welfare Board, (ii) Imparting Technical Education through Polytechnic Colleges, (iii) Functioning of Bharathiar University and (iv) Information Technology Audit of Implementation of e-Governance Initiatives in Chennai Metropolitan Development Authority.

LABOUR AND EMPLOYMENT DEPARTMENT

2.1 Functioning of the Tamil Nadu Construction Workers' Welfare Board

Executive Summary

The Government of Tamil Nadu established (1994) the Tamil Nadu Construction Workers' Welfare Board (Board) under the Tamil Nadu Manual Workers (Regulation of Employment and Conditions of Work) Act, 1982. Performance Audit of the Board was conducted to evaluate the functional efficiency of the Board in providing welfare measures to the construction workers in the State. Significant audit findings are given below:

The Board had no mechanism for identifying and registering all eligible workers and the migrant workers from other States were not registered by the Board.

The Board did not have a duly constituted Governing Body from April 2011. The Chief Executive Officer of the Board exercised the powers, functions and duties of the Governing Body from April 2011 without authorisation by Government.

Out of funds of ₹ 687.08 crore available with the Board during 2008-13, it spent only ₹ 147.31 crore on provision of welfare measures to the construction workers.

The Board's administrative expenditure was high and constituted 26 per cent of the total expenditure which was due to engagement of more staff on daily wage basis and operation of posts in excess of sanction.

The Board had no mechanism in place to monitor collection/deduction of contribution and its remittance to the Board by Government agencies, autonomous bodies, local bodies and others. Only 10 to 12 per cent of the registered workers renewed their memberships.

The Schemes implemented by the Board and quantum of assistance under each scheme were not attractive to registered workers compared to similar schemes implemented by other departments of the Government.

In test check, cases of irregular or ineligible payments were noticed in providing various kinds of assistance to the workers. Monitoring was ineffective and no internal audit system was in place in the Board.

2.1.1 Introduction

Government of Tamil Nadu (GoTN) enacted the Tamil Nadu Manual Workers (Regulation of Employment and Conditions of Work) Act, 1982 (Act) and framed thereunder the Tamil Nadu Manual workers (Regulation of Employment and Conditions of Work) Rules, 1986 (Rules) to regulate employment of manual workers, conditions of their work and to provide social security to manual workers engaged in employment included in the Schedule to the Act. Under Section 6 of the Act, GoTN established (November 1994) the Tamil Nadu Construction Workers' Welfare Board (Board) and formulated and notified (1994) the Tamil Nadu Manual Workers' (Construction Workers) Welfare Scheme, 1994 (Scheme). Details of welfare schemes implemented by the Board and the quantum of assistance under each scheme are given in **Appendix 2.1**.

2.1.2 Organisational set up

The Principal Secretary to Government, Labour and Employment Department heads the Department at Government level and the Commissioner of Labour (CoL) is the administrative head of the Department. Governing Body (GB) of the Board, consisting of 23 members nominated by the Government, representing employers (nine members), workers (nine members) and the Government (five members), is responsible for administration of welfare fund constituted under the Act. Chairman is nominated by the Government from among members appointed to represent the Government. The Act provides for constitution of a State Advisory Committee to advise the Government on matters arising out of the administration of the Act and implementation of welfare schemes. The Secretary of the Board is the Chief Executive Officer. Labour Officer (Social Security Scheme) (LO (SSS)) in each district is responsible for implementing the provisions of the Act.

2.1.3 Audit Objectives

The objectives of audit were to assess whether:

- planning and implementation of social security schemes for construction workers were effective;
- the Board had effectively and efficiently exercised its powers to discharge its functions and duties according to the Act and Rules;
- fund management was effective, efficient and economical; and
- monitoring and internal control mechanism were in place and effective.

2.1.4 Audit criteria

The performance of the Board was benchmarked against criteria derived from the following sources:

- The Tamil Nadu Manual Workers' (Regulation of Employment and Conditions of Work) Act, 1982.
- The Tamil Nadu Manual Workers' (Regulation of Employment and Conditions of Work) Rules, 1986.
- The Tamil Nadu Manual Workers' (Construction Workers) Welfare Scheme, 1994.

- Relevant orders and instructions issued by the Government, the Commissioner of Labour and minutes of meetings of the GB of the Board.

2.1.5 Scope and Methodology

The audit objectives, criteria and scope of audit were discussed in an Entry Conference held (May 2013) with the Principal Secretary, Labour and Employment Department. Performance audit covering the period 2008-13 was conducted during May to September 2013 in the Labour and Employment Department, Commissionerate of Labour (CoL), Tamil Nadu Construction Workers' Welfare Board and offices of LOs (SSS) in eight[1] out of 32 districts selected using random sampling method without replacement method. Further, records of seven[2] Government agencies and local bodies which collected/deducted the contribution at source and remitted it into Board's account were examined in audit. Information relating to implementation of schemes and other related information obtained from the Government, CoL and Board and replies furnished by them were analysed to arrive at audit conclusions. The Audit findings were communicated to Government in October 2013. Exit Conference with the Principal Secretary to Government, Labour and Employment Department was held in November 2013 to discuss the audit findings. Government endorsed (January 2014) Board's reply to Audit findings. The Principal Secretary's views and Board's reply were considered while finalising the audit findings. The important audit findings are discussed in the following paragraphs:

Audit findings

2.1.6 Planning

2.1.6.1 Non-identification of beneficiaries

Section 3(1) of the Act provides that the Government may, by means of a Scheme, provide for registration of employers and workers in any scheduled employment. As per Clause 5 read with Clause 2(c) of the Scheme, construction workers who have completed 18 years of age but not completed 60 years of age, are eligible for availing the scheme benefits. It was noticed that the Board had no mechanism to estimate or assess the number of construction workers engaged in the State in the employments mentioned in the schedule to the Act. Further, the Board did not conduct any survey to identify the total number of workers and migrant workers in the State and failed to keep data for proper planning and implementation of various welfare schemes.

As the Board had no data on number of construction workers employed in the construction industry in the State as well as in each District, the schemes implemented covered only those workers who had already registered with the Board and renewed their memberships.

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[1] Cuddalore, Dindigul, Krishnagiri, Madurai, Salem, Tiruchirapalli, Vellore and Villupuram

[2] Chennai Metro Rail Limited; Southern Railway Division/Offices at Tiruchirapalli, Madurai and Chennai; Tiruchirapalli and Vellore Municipal Corporations and Cuddalore Municipality

Board replied (January 2014) that it was difficult to estimate the number of workers engaged in construction sector at any point of time and it was taking every possible step to register all eligible construction workers by conducting awareness/special camps. The reply should be viewed in the light of the fact that the Act provides for registration of employers as well as the manual workers for extending scheme benefits. As the Board failed to register the employers engaged in construction activities, it could not identify the construction workers employed by them.

2.1.6.2 Non-preparation of Budget

Clause 4(9)(b) of the Scheme provides that the Board may prepare and sanction an annual budget providing for the estimated receipts and expenditure during a particular year. Scrutiny of records revealed that the Secretary of the Board did not prepare any budget estimate since inception of the Board.

Board replied (January 2014) that the suggestion of audit to prepare annual budget of the Board would be considered and carried out.

2.1.6.3 State Advisory Committee

According to Section 15 of the Act, the Government may constitute a State Advisory Committee (SAC) to advise the Government upon such matters arising out of the administration of the Act or any scheme under the Act. As per Rule 4, the official members of SAC representing the Government and the Chairman shall hold office during the pleasure of the Government and the non-official members for a period of three years. GoTN reconstituted the SAC in March 2007 and then again in August 2010 and its term expired in August 2013. As against the minimum requirement of four meetings in a year as contemplated in the Rules, the committee met only twice during the period 2008-13. The Committee met last in January 2011. The Board replied (January 2014) that the proposal for reconstitution of the SAC is under active consideration of the Government. Reasons for shortfall in convening the meetings were not stated.

2.1.6.4 Meetings of the Governing Body of the Board

As per Rule 20, GB meeting of the Board is to be held at least once in three months. As per Section 8 of the Act and Clause 4(3) of the scheme GB is empowered to take such measures as it may deem fit for administering the scheme and incurring expenditure out of Welfare fund. Against the minimum requirement of 13 meetings, during 2008-11, only five meetings were held. Board stated that as the post of Chairman and members were vacant from April 2011, no GB meeting was held thereafter. Board replied (January 2014) that the proposal for reconstitution of GB was under active consideration of the Government and the routine activities of the Board and District level offices were not affected due to the absence of GB. However, the fact remains that the Act and the Scheme empower only the GB to sanction expenditure out of Board's funds on schemes. From April 2011 the Chief Executive Officer (CEO) of the Board discharged functions of GB.

2.1.6.5 Administration of the Board

Financial power of the CEO is limited and he can sanction only administrative expenditure up to ₹ one lakh per month. The GB of the Board alone has powers to sanction scheme expenditure and to invest its surplus funds. From April 2011, the CEO exercised powers of GB and incurred expenditure on

schemes and invested surplus funds without delegation of powers by Government.

The Secretary of the Board stated (June 2013) that the expenditure incurred or action taken by him from April 2011 would be got ratified by the GB when reconstituted.

2.1.7. Financial management

2.1.7.1 Financial resources of the Board

As per Section 8A of the Act, every person who makes an application for building permit to a local body and every person who undertakes or is in charge of any construction shall be liable to pay a sum not exceeding one *per cent* of the total estimated cost of the building or construction work as contribution to the fund constituted for the benefit of construction workers. Government fixed (July 1997) 0.3 *per cent* of total estimated cost of the building or construction work as contribution to the fund. The contribution and the interest receipts are resources of the Board.

GB of the Board resolved (December 2010) to revise the contribution to one *per cent*. State Advisory Committee also endorsed (January 2011) the GB's resolution to revise the rate of contribution to one *per cent* from the existing 0.3 *per cent*. CoL sent (December 2012) a proposal to Government to revise the contribution from 0.3 *per cent* to one *per cent* on the estimated cost of construction, which it did after a delay of one year in December 2013.

2.1.7.2 Income and Expenditure

Details of income and expenditure of the Board for the period 2008-13 are given in **Table 2.1.**

Table 2.1: Statement showing the details of income and expenditure during 2008-13

(₹ in crore)

Year	Opening balance	Contri-butions collected	Interest receipts	Receipts during the year (3)+(4)	Total (2)+(5)	Expendi-ture on welfare schemes	Admini-strative expenses*	Capital expendi-ture and advances	Total expendi-ture (7)+(8)+(9)	Closing balance (6)-(10)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
2008-09	185.12	49.53	21.82	71.35	256.47	13.86	6.23 (29)	1.25	21.34	235.13
2009-10	235.13	58.11	13.47	71.58	306.71	27.35	12.60 (23)	15.56	55.51	251.20
2010-11	251.20	68.30	25.90	94.20	345.40	30.70	15.75 (27)	12.15	58.60	286.80
2011-12	286.80	92.66	32.57	125.23	412.03	29.53	13.50 (30)	1.65	44.68	367.35
2012-13	367.35	125.43	14.17	139.60	506.95	45.87	15.07 (25)	0.11	61.05	445.90
Total		**394.03**	**107.93**	**501.96**		**147.31**	**63.15 (26)**	**30.72**	**241.18**	

* Percentage of expenditure to total expenditure is given in brackets

(Source: Annual Accounts of the Board for the years 2008-09 to 2012-13)

As seen from the table, only ₹ 147.31 crore (21 *per cent*) was spent by the Board during 2008-13 on provision of welfare measures to the construction workers out of the available fund of ₹ 687.08 crore[3]. Out of the closing balance of ₹ 445.90 crore as on 31 March 2013, the Board invested ₹ 423.02 crore in term deposits.

[3] Opening balance: ₹ 185.12 crore + Contribution and Other Receipts: ₹ 501.96 crore

2.1.7.3 Administrative expenditure

The Central Act[4] provides that salaries, allowances and other administrative expenses should not exceed five *per cent* of the Board's total expenses in a year. However, there is no similar provision for administrative expenses in the State Act.

As seen from the **Table 2.1** during the period 2008-13, the Board incurred ₹ 63.15 crore as administrative expenditure which was 26 *per cent* of the total expenditure. Engagement of more staff on daily wage basis than the number of vacant posts in the District offices and operation of excess posts in the Board Office at Chennai as discussed in paragraphs 2.1.10.1 and 2.1.10.3, were main reasons for excess administrative expenditure.

In reply, Board stated (January 2014) that increase in administrative expenditure of the Board was mainly due to establishment of District offices (October 2008) covering all the 16 other welfare boards functioning under the Labour and Employment Department and added that engaging of large number of daily wage staff against the regular staff was cheaper. However, Board was constituted under the Act as a separate entity and the contribution amount was to be spent on welfare schemes for construction workers and for management of this welfare board only.

2.1.7.4 Absence of mechanism to monitor collection and remittance of contribution

The Board receives contributions to the fund from local bodies, Government departments and other agencies by demand drafts (DDs) drawn in favour of the Secretary of the Board. However, the Board did not ensure that the contribution payable to the Board by the agencies was correctly assessed, collected and promptly remitted to the Board as discussed below.

(i) The Chennai Metro Rail Limited (CMRL) undertook (from February 2009) construction works costing ₹ 10,302 crore. Before making contribution, the CMRL sought (October 2010) clarification from the Board on the manner of collection and payment of contribution. The Secretary of the Board, instead of stating that 0.3 *per cent* of the estimated cost of the sanctioned works was payable as contribution to the Board within 30 days from the date of commencement of construction work, clarified that 0.3 *per cent* contribution is to be deducted from the contractors' bills as and when payments were made and remitted to the Board. Accordingly**,** CMRL deducted the contribution from the running account bills of the contractors and paid ₹ 7.44 crore on the value of work done and paid, instead of remitting ₹ 30.91 crore at 0.3 *per cent* on the estimated cost of works sanctioned. Audit noted that this resulted in short payment of ₹ 23.47 crore by CMRL as of March 2013.

Board stated (January 2014) that the deposit of contribution at lesser rate by CMRL was not as a result of clarification by the Secretary of the Board but due to internal decision of CMRL. However, entire amount should have been paid within 30 days from the date of commencement of construction work as

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[4] Section 24(3) of the Building and other Construction Workers' (Regulation of Employment and Conditions of Service) Act, 1996

provided in the Act. Further, incorrect clarification given by the Board resulted in postponement of recovery and extending unintended financial benefit to CMRL.

(ii) The Act provides that contribution should be collected at estimated cost of the proposed construction. However, audit noticed that while Cuddalore Municipality, at the time of issuing building permits, calculated estimated cost by adopting the Public Works Department rates, Vellore Corporation did not follow the correct procedure and adopted different rates for arriving at the estimated cost of the building and levy of contribution. Board replied (January 2014) that a proposal for creation of control mechanism at District level to watch prompt collection of contribution to the Board by appointing officers from Labour Department would be submitted to Government.

(iii) It was further noticed in audit that the Neyveli Lignite Corporation (NLC), a GoI Undertaking which carried out construction works in their township, did not remit any contribution to the Board. The Secretary of the Board stated (January 2014) that the NLC was addressed for remittance of the contribution amount.

2.1.7.5 Receipt of time-barred demand drafts

Rule 20A specifies that the contribution payable under the Act shall be remitted to the Board by means of DD by the Local Authority on or before 15th of the month succeeding the month in which such collection of contribution was made and in respect of person who undertakes or is in-charge of the construction work within 30 days from the date of commencement of such construction work along with returns mentioning the particulars of construction works.

Scrutiny of records revealed that the contributing agencies including Government agencies and local bodies sent the DDs received from the applicants for building permits/contributions late. During the period 2007-13, Board returned 11,002 time-barred DDs received by it to contributing agencies for revalidation. However, agencies did not send back revalidated DDs to the Board which resulted in non-realisation of ₹ four crore as of 31 March 2013. Out of this, 1,871 DDs for a total value of ₹ 1.71 crore were to be revalidated by 43 local bodies/Government agencies. This showed further that the Board had no mechanism to monitor prompt remittance of contributions by the agencies. Board accepted the audit observation and decided (January 2014) to create an appropriate mechanism for the purpose.

2.1.7.6 Non-contribution by Village Panchayats

There were 12,524 Village Panchayats (VPs) in the State as of March 2013. Though the Act provides that LBs should collect contribution from individuals and builders at the time of granting building permits for construction works, only 6,455 VPs remitted the contribution. The Board failed to ascertain from remaining VPs whether they collected the contributions or not and reasons for non-remittance. Board stated (January 2014) that the matter would be pursued and appropriate orders issued.

2.1.8. Registration of workers and Renewal of membership

The Scheme provides that any construction worker who has completed 18 years of age but not completed 60 years shall be eligible for registration to avail scheme benefits. Scheme guidelines further stipulate that registration

shall be valid for two years from the date of registration and the registered worker shall renew his registration before expiry of two years. A construction worker ceases to be a registered member of the Board on attaining the age of 60 years. Registration of members and renewal of memberships are done free of cost by the Board on submission of applications.

2.1.8.1 Registered workers

Year-wise details of registration of members and renewal of memberships in the Board are given in **Table 2.2**.

Table 2.2: Year-wise details of registered workers and workers who renewed their memberships

Year	No. of workers registered	Memberships renewed	Total No. of registered workers in the Board	Percentage of memberships renewed
Up to March 2008	-	-	16,54,107	-
2008-09	2,84,358	82,295	19,38,465	-
2009-10	50,417	1,81,155	19,88,882	10.95
2010-11	1,05,879	2,05,566	20,94,761	10.60
2011-12	1,09,828	2,43,331	22,04,589	12.23
2012-13	79,750	2,14,674	22,84,339	10.25
Total	**6,30,232**			

(Source: Policy Notes of the Labour and Employment Department and data furnished by the Board)

The Board had a cumulative figure of 22,84,339 registered members as on 31 March 2013 which included 6,30,232 members registered during 2008-13. As per the information provided by the Board, there were only 5,91,411 (26 *per cent*) live members with them as on 31 March 2013. Live members are members registered during 2011-13 along with the previous members who renewed their memberships during 2011-13 as the renewal was to be done once in two years. Audit analysis revealed that only 10 to 12 *per cent* of the previously registered workers renewed their memberships during each year.

It was noticed in audit that the benefits available under other similar welfare schemes implemented by other departments of the Government were more than those provided by the Board to the workers. For instance, the assistance provided by the Board under Marriage and Maternity assistance schemes is ₹ 5,000 and ₹ 6,000 respectively whereas the other departments of the Government provide ₹ 25,000[5] and ₹ 12,000[6] respectively. Thus, it was not attractive to the construction workers. Cumulative number of registered workers was also overstated due to non-deletion of the registrations on account of deaths/members attaining the age of 60 years and non-renewal of memberships.

Board stated (January 2014) that it maintained the number of registered workers since inception of the board on cumulative basis and efforts were taken to arrive at the number of live members in the Board which included those workers newly registered and renewed in the last two years at any given

[5] Marriage assistance extended by Social Welfare Department

[6] Maternity assistance extended by Health and Family Welfare Department

point of time. Board added that LOs (SSS) were instructed to remove those who did not renew their memberships from the registers and that the enhancement of quantum of assistance provided by the Board would be considered.

2.1.8.2 Non-registration of migrant workers

At present, migrant workers from other States are employed in large-scale by construction agencies in Chennai city and in other areas in the State. Even though Board received contribution towards welfare fund for all such construction works, migrant workers were not registered under the Board. Government stated (January 2013) that registration of migrant workers could not be done as they did not possess documentary evidence to prove their identity and residence which are essential for registration.

Contention of the Government should be viewed in the light of the fact that the GB, in its 19th meeting (October 2008), requested CoL to direct Inspectors of Labour to inspect construction sites where migrant workers were employed and to take action to register them. GB also resolved (21st meeting - May 2010) that migrant workers be registered subject to fulfilling conditions such as production of temporary residential proof, nativity certificate, age proof, employer certificate and their eligibility to receive benefits for the period of their employment in the State. Board stated (January 2014) that a proposal for registration of inter-state migrant workers was under active consideration of the Government and it required amendment to the Scheme.

2.1.8.3 Improper maintenance of Registration records

As per Clause 8 of the Scheme, Board and each LO (SSS) in the districts have to maintain a register containing names and addresses of construction workers registered under the scheme and other particulars of members and the register is to be reviewed by the Secretary of the Board during inspection of District Labour Offices.

Test check of Membership Register for the period 1 June 2007 to 18 September 2008 maintained by LO (SSS), Vellore revealed that 2,909 registration numbers were allotted and entered in the register without mentioning the names and addresses of the workers. It was noticed that against 16 registration numbers already allotted, names and addresses of construction workers were filled up later on and natural death assistance was granted in all the cases and time gap between the date of registration and date of death ranged between one day and 33 days. Review of Membership Register maintained by LO (SSS), Tiruchirapalli revealed that in 22 cases, the registration was made after death of worker.

This indicated that no proper mechanism was in place for preventing irregular registrations and for strict adherence to scheme guidelines, which resulted in irregular payment of death assistance of ₹ 6.46 lakh[7] to 38 persons in Vellore and Tiruchirappalli districts.

Board stated (January 2014) that registration and renewal of membership were computerised from November 2008 and that departmental action was initiated by the two LOs (SSS) and first information report filed against the

[7] 38 persons x ₹ 17,000 (Natural Death Assistance: ₹ 15,000 + Funeral assistance: ₹ 2,000)

beneficiaries/Trade unions. Board further stated that disciplinary action would be taken against those officials responsible for payments.

2.1.9. Implementation of Welfare Schemes

A registered worker would be eligible to avail benefits under the welfare schemes of the Board only if he/she has not availed similar benefits under any other schemes of the Government/other Boards. Out of total expenditure of ₹ 241.18 crore incurred by the Board during 2008-13, ₹ 147.31 crore (61 *per cent*) was spent on providing various kinds of assistance to the construction workers.

Details of schemes implemented, number of beneficiaries and the financial assistance provided during 2008-13 in test-checked districts are given in **Table 2.3**.

Table 2.3: Details of schemes implemented by the Board

Sl.No.	Name of Scheme	No of beneficiaries	Amount disbursed (₹ in lakh)
1.	Personal Accident Relief	670	412.46
2.	Natural Death Assistance	13,594	2,275.67
3.	Pension	14,403	486.52
4.	Family Pension	2	0.15
5.	Marriage Assistance	18,517	770.61
6.	Maternity Assistance	5,563	336.61
7.	Educational Assistance	1,76,330	2,508.62
8.	Spectacles Assistance	3,327	17.47
	Total	**2,32,406**	**6,808.11**

(Source : Information furnished by the Board and Labour Offices (SSS) of test-checked districts)

Deficiencies noticed in the implementation of various schemes in the test-checked districts are discussed in the following paragraphs:

2.1.9.1 Personal Accident relief

The Scheme provides that all registered construction workers who meet with accidents are eligible for Personal Accident Relief (PAR) and where the accident results in death, their nominees are eligible for PAR of ₹ one lakh. If the accident results in partial/total disablement, the registered worker is eligible for PAR up to ₹ one lakh based on the severity of the disablement**.** According to the scheme, 'accident' means any bodily injury or death of worker solely and directly from accidents arising out of and in the course of employment.

The Scheme provides that immediately after occurrence of accident while in pursuit of his employment resulting in death or loss of limbs or loss of sight, the employer should send a report to the LO (SSS) of the respective district and to the Police within three days of such occurrence of the accident. The LO (SSS) of the respective district should investigate the accident that had occurred in the work place either on report of the accident received from the employer or the injured worker or the nominee of the deceased worker or a representative of a trade union of the employment concerned**.** From February 2011, assistance was provided even in cases of death of registered workers due to accidents not arising out of employment.

Test check of 263 cases in three[8] out of eight test-checked districts pertaining to the period from April 2008 to January 2011 disclosed that PAR of ₹ 30.60 lakh was sanctioned and allowed in 30 cases where death/incapacity was due to accidents not arising out of and in the course of employment.

Board stated (January 2014) that it would verify all claim applications for relief in respect of accidental deaths that took place during April 2008 to January 2011 in all districts and would take appropriate action.

2.1.9.2 Natural death assistance

The Scheme provides that if a registered construction worker dies naturally, the LO (SSS) of the respective district, after due verification, shall pay a sum of ₹ 15,000 to the nominee of the deceased registered worker. The application for claiming the amount should be accompanied by death certificate and original identity card of the deceased registered worker. SAC recommended (December 2009) that those who did not renew their memberships were not eligible for natural death assistance.

CoL instructed (April 2010) that all claims of natural death assistance should be verified and certified by Assistant Inspectors of Labour and if the applications are submitted by the trade unions in bulk, the Village Administrative Officers (VAO's) signatures in the death certificates should be verified before sanction. CoL further brought (December 2010) to the notice of Regional Joint Commissioners of Labour and Zonal Additional Commissioners that one LO (SSS) received applications for natural death assistance and funeral assistance with forged death certificates purported to have been issued by the Revenue authorities and instructed them to verify all applications/death certificates.

Out of 13,594 cases of natural death assistance sanctioned in the test-checked districts during 2008-13, Audit test-checked 5,131 cases**.**

Audit verified the records available with the LO(SSS) such as copies of ration cards, death certificates, voter identity cards produced by the claimants at the time of submitting applications for death assistance and noticed that in 34 cases the documents produced were tampered and in 29 cases the payments were made to ineligible nominees. In 157 cases, age of the deceased registered worker was beyond 60 years and in eight cases, payments were stated to be made to nominees who pre-deceased the deceased worker. This resulted in irregular payment of ₹ 38.76 lakh.

Further, with a view to verify the genuineness of the claims made by nominees of the deceased registered workers, Audit conducted joint verification along with LOs (SSS) of the districts[9] concerned and visited Salem, Tiruchirappalli, and Vellore Municipal Corporations, Athur and Thanjavur Municipalities, a few Taluk Offices and Village Administrative Offices. On verification, Audit noticed that death certificates produced by 554 nominees were forged and were not issued by authorities concerned which resulted in irregular payment of ₹ 94.18 lakh.

As payments were made in open cheques which could be endorsed to some third parties for encashment, availing of scheme benefits by persons other than

[8] Madurai, Salem and Vellore

[9] Cuddalore, Salem, Tiruchirappalli, Vellore and Villupuram

eligible beneficiaries cannot be ruled out. A detailed investigation on the matter is required to be done by the Government.

Board accepted (January 2014) that some of the trade unions indulged in forging death claims and payments were made in some fraudulent cases by LOs (SSS) concerned. Board further stated that action to ban activities of such trade unions and disciplinary action against officials responsible for sanction of the assistance have been initiated.

2.1.9.3 Pension assistance

The Scheme provides that every registered worker who completed 60 years of age and had minimum five years of continuous membership was eligible for pension assistance. SAC, which recommended (December 2009) reduction of continuous membership from five to four years, subsequently recommended (January 2011) sanction of pension for all registered workers who attained age of 60 years. Rate of pension fixed as ₹ 200 per month from September 2006 was periodically enhanced and the present rate of pension is ₹ 1,000 per month with effect from December 2011.

Test check of records relating to payment of pension in 619 cases in four[10] out of the eight test-checked districts disclosed that the LOs (SSS) sanctioned pension to 92 ineligible workers who were registered after completion of the age of 60 years or did not attain the age of 60 years and who furnished tampered Identity (ID) cards and other related records *viz.*, nomination, proof of age etc., resulting in incorrect payment of ₹ 22.84 lakh.

Board stated (January 2014) that it would verify all the pension claims admitted since November 2008 and take appropriate action.

2.1.9.4 Family pension assistance

The Scheme provides for payment of family pension of ₹ 400 per month to the spouse of deceased pensioner who was in receipt of pension from the Board with effect from January 2012. Though LO (SSS) Tiruchirapalli sanctioned family pension in two cases, in the other four test-checked districts[11] even though 74 pensioners died during the period up to 31 March 2013, no applications were received from their dependents. This underscores the need to popularise newly introduced family pension scheme by Board. Regarding the issue of providing family pension to spouse in case of death of worker irrespective of his/her age, SAC resolved (December 2009) to leave decision on this issue to Government by sending a proposal. However, the Board did not submit (December 2013) any such proposal to Government for approval. Board stated (January 2014) that it would issue instructions to all the District LO (SSS) offices in the state to address the spouses of the deceased pensioners in this regard.

2.1.9.5 Marriage assistance

The Scheme provides that LOs (SSS) shall sanction a sum of ₹ 5,000 in respect of women and ₹ 3,000 for men as assistance to meet the marriage expenses of the registered worker or of the son or daughter of the registered worker as the case may be. Previously (up to February 2011), the assistance was ₹ 2,000 for both men and women. Test check revealed that the LOs (SSS)

[10] Cuddalore, Madurai, Salem and Vellore

[11] Cuddalore, Madurai, Salem and Vellore

of Vellore and Dindigul districts sanctioned marriage assistance to ineligible workers as detailed below:

(i) In 11 out of 287 cases test-checked in Vellore District, the membership of the construction worker was not live on the date of marriage for which assistance was claimed as the worker had already crossed the age of 60 years on the date of marriage and ₹ 22,000 was disbursed to ineligible workers.

(ii) In six out of 489 cases test-checked in Dindigul District, the LO (SSS) sanctioned marriage assistance of ₹ 24,000 (four cases x ₹ 5,000 and two cases x ₹ 2,000) to workers who already availed similar benefit under Moovalur Ramamirtham Ammaiyar Marriage Assistance scheme implemented by the Social Welfare Department, even though scheme guidelines prohibited availing double benefits by workers.

GB of the Board, in the 21st meeting (May 2010) resolved to increase the Marriage assistance to ₹ 15,000 citing the assistance of ₹ 25,000 which is available in the Government Scheme. Quantum of assistance is not yet revised.

Board stated (January 2014) that it would take necessary action through LOs (SSS) against erring trade unions/workers including recovery of assistance and that the proposal to increase quantum of assistance would be placed before Advisory Committee for consideration.

2.1.9.6 Non-provision of safety equipment to the registered workers

The Scheme provides that the Board shall provide health and safety measures to workers such as masks and helmets in places where the registered construction workers were employed. Government announced in November 2009 that construction workers engaged in high risk employment *viz*., masonry work, painting work, bar bending, plastering and electrical work be provided with helmets in order to protect their life, as these workers often met with accidents in their work spots. Audit scrutiny revealed that even though Board assured Government (February 2010) that helmets would be provided to at least 10,000 registered workers every year, the scheme was implemented in 2010-11 only. It was noticed that helmets were not procured in the subsequent years. Audit noticed that 701 registered construction workers met with fatal accidents in work spots during 2008-11 in the State.

Board replied (January 2014) that it would examine the issue and send a suitable proposal to the Government.

2.1.9.7 Non-constitution of Provident Fund

According to Section 3(2) (i) of the Act, the Board shall constitute any fund including the Provident Fund (PF) for benefit of registered workers. The scheme provides for formulation of appropriate schemes for providing PF and Employees State Insurance (ESI) benefits for registered workers in consultation with authorities concerned and with prior approval of Government and that the Board may administer the PF. It was noticed that the PF scheme was not formulated by the Board (December 2013).

Board stated (January 2014) that it would examine and place before the GB and Advisory Committee a proposal for framing and implementing a separate PF and ESI scheme by the Board.

2.1.9.8 Delay in sanction and payment of scheme assistance

Pending claims

CoL instructed (November 2009) the Secretary of the Board that eligible applications seeking assistance under all schemes should be processed in the manner prescribed in the schemes and that the LO (SSS) should release the scheme assistance within two months from the date of receipt of the applications. In four[12] out of eight test-checked districts, 1,784 claims under various schemes were pending for periods ranging from 3 to 12 months as of March 2013 as detailed in **Table 2.4.**

Table 2.4: Details of pending cases under various schemes

Sl. No.	Name of scheme	No. of pending cases	Pending for more than three months and up to six months	Pending for more than six months and up to 12 months
1.	Pension	441	295	146
2.	Accident death relief	65	52	13
3.	Natural death assistance	814	498	316
4.	Marriage assistance	205	205	Nil
5.	Maternity assistance	259	117	142
	Total	**1784**	**1167**	**617**

(Source : Information furnished by the Labour Offices (SSS) of test-checked districts)

Board stated (January 2014) that Government issued instructions that all claim applications should be sanctioned only after cross checking with the other line departments to avoid dual payment to the same beneficiary and this process caused delay. Board added that it issued suitable instructions during review meetings for speedy sanction of pending claims.

Non-disbursement of assistance

Audit further noticed that cheques drawn during March 2009 to December 2009 by the LO (SSS), Tiruchirappalli towards scheme assistance in 56 cases for an amount of ₹ 8.39 lakh were not handed over to the beneficiaries as of March 2013 as disciplinary proceedings against the sanctioning authority were pending. This resulted in non-payment of scheme benefits to eligible registered workers for more than three years.

Board replied (January 2014) that it would take appropriate action to disburse assistance to eligible beneficiaries after receipt of orders from the Government.

Delay in payments

Audit also noticed delays ranging from six months to three years in sanction and payment of natural death assistance in respect of 295 out of 3,418 test-checked cases in three[13] out of eight test-checked districts.

[12] Dindigul, Salem, Tiruchirappalli and Vellore

[13] Madurai (75), Salem (99), and Vellore (121)

Board replied that LOs (SSS) were instructed to avoid delay in providing the assistance and clear all applications for assistance pending for more than two months.

2.1.10. Human Resource management

The Scheme provides that GB of the Board may create such number of posts of officers including the Secretary and other employees as are necessary and appoint persons to such posts with such terms and conditions of service as it may deem fit. It further provides that no post equivalent to a post in Group A or Group B in the GoTN service shall be created and no appointment to such post shall be made by the Board except with the prior approval of the Government.

2.1.10.1 Sanctioned strength and persons-in-position

Out of 41 posts under various categories sanctioned for the Board office, 23 posts were filled by appointing staff on daily wage basis. In the District offices, out of 437 sanctioned posts, 175 posts remained vacant as of March 2013 as given in **Table 2.5**:

Table 2.5: Persons-in-position in the District offices

Sl.No.	Name of the post	Sanctioned	Filled up	Vacant
1.	LO(SSS)	32	20	12
2.	Assistant Accounts Officer	32	25	7
3.	Superintendent	43	37	6
4.	Assistant	107	23	84
5.	Junior Assistant	62	49	13
6.	Computer Operator	118	81	37
7.	Office Assistant	43	27	16
	Total	**437**	**262**	**175**

(Source: Information furnished by the Board)

From the information furnished by the Board, Audit noticed that the Board engaged 459 staff on daily wage basis as of June 2013.

Government sanctioned posts of data entry operators (DEOs) in October 2008. Due to delay in appointment of regular DEOs, CoL instructed (September 2009) the Board to engage DEOs on daily wage basis at the rates fixed by the District Collectors to facilitate the computerisation with effect from 15 September 2009 till the appointment of regular DEOs. Accordingly, the Board engaged computer operators on daily wage basis. Based on the Government sanction, the Board appointed 114 computer operators during 2009-10. Audit noticed that even though their appointment on daily wage basis was permitted till the appointment of regular computer operators only, the Board and the District offices continued to engage the DEOs on daily wage basis (August 2013) even after regular appointments made in 2009-10 which resulted in additional expenditure of ₹ 3.94 crore during the years 2010-11 and 2011-12.

Board replied (January 2014) that the work of District level offices increased manifold after decentralisation and required additional staff to handle it. Hence, the number of daily staff could not be restricted to number of vacancies existed against the sanctioned posts. Board added that engaging of large number of daily wage staff as against the regular staff was cheaper compared to salary and allowances payable to regular staff. But CoL had instructed the Board to engage computer operators on daily wage basis till

regular computer operators were appointed. The Board, however, continued to engage all 459 staff on daily wages as of June 2013 even after regular appointments were made.

2.1.10.2 Non-framing of Service Rules

The draft Service Rules for the Board's staff were prepared as decided in the Board meeting (August 2010) and submitted (September 2010) to Government for approval and notification. Government orders of approval are awaited (January 2014). Due to non-framing of Service and Recruitment Rules, the staff appointed in September 2009 were denied annual increments, leave and other benefits.

2.1.10.3 Operation of excess posts

Group A and B officers of the Board were appointed from the staff of the Labour Department and the Treasuries and Accounts Department on deputation. Audit noticed that the GoTN sanctioned (March 1995) only two posts of Superintendent for the Board office at Chennai**.** As against these the Board operated up to eight posts of superintendents during the period 2008-13 which was irregular. This resulted in additional expenditure of ₹ 87.68 lakh.

Board replied (January 2014) that due to increase in receipt of DDs towards contribution from the local authorities and the work load connected therewith, six superintendent posts were sanctioned and filled by the Board by personnel drawn from the Labour Department on deputation basis. Board added that a proposal in this matter seeking approval of the Government for creation of additional superintendent posts would be sent.

2.1.10.4 Non-appointment of Inspectors

Section 16 of the Act provides for appointment of Inspectors for the purpose of the Act or any scheme implemented by the Board. The Act provides that the Inspector shall make such examination of establishments of scheduled employments to which the Act applies as may appear to him to be necessary for the purpose of satisfying himself that the provisions of the Act, Rules and the schemes framed in relation to such establishments are duly observed.

The Board did not appoint Inspectors since its inception. Due to this, assessment, collection and the remittance of contribution by contributing agencies could not be checked and verification of claims relating to various schemes could not be done resulting in loss of revenue to the Board and irregular/ineligible payments out of Board's funds as pointed out in sub paragraphs under paragraphs 2.1.7 and 2.1.9.

Board stated (January 2014) that the Act did not explicitly provide for collection of contribution by inspectors and that this would be examined and placed before the Board and Advisory Committee for consideration and appropriate action.

2.1.11 e-Governance

With a view to provide speedy and efficient services to the registered workers, GoTN formulated an e-Governance scheme, named Project LEAD[14], to be implemented in the Board and District offices. The Project was

[14] Labour e-Governance based Administration

implemented in November 2009 at a total cost of ₹ 5.10 crore by installing required hardware and software for the purpose.

The planned areas of computerisation were (i) Registration of workers and renewal of memberships; (ii) On-line reconciliation of cash book balances between the Board and District offices; (iii) Providing details of all claims sanctioned to each worker in one touch; (iv) Maintenance of data on trade unions, banks and schemes; (v) Issuing computer based ID cards to registered workers and printed pass books indicating scheme benefits availed by them; (vi) Digitisation of records relating to registered workers such as registration forms, age proof, residence proof, family members and nomination proofs; (vii) Processing of pension applications; (viii) Computerised salary/wage bills and (ix) Maintenance of accounting records on e-mode.

Test check revealed that only one sub module on registration of members and renewal of memberships was put into use in test-checked districts. Non-utilisation/underutilisation of the modules and sub modules was attributed by the LO (SSS) of all test-checked districts to non-availability of trained staff in the District offices. Thus, the project completed at a cost of ₹ 5.10 crore was not put into effective use defeating the objective of computerisation of the Boards' activities.

Board replied (January 2014) that the slow adoption of computerisation was due to non-availability of qualified staff, poor data connectivity and non-availability of continuous power supply etc. Board added that modification of existing software and purchase of hardware have been undertaken and the e-Governance would be implemented in full soon.

2.1.12 Monitoring and internal control

2.1.12.1 Internal Control

For efficient management of any organisation, an effective internal control mechanism must be in place to avoid/minimise errors, misappropriation, fraudulent payment, etc. The Board had no effective internal control mechanism. In LO (SSS) Villupuram, safe custody of valuables was not ensured and seven blank cheques were stolen and four of them for ₹ 4.31 lakh were filled in and encashed unauthorisedly during August-October 2011.

There was also no internal audit arrangement in the Labour and Employment Department for auditing the records of LOs (SSS).

Board stated (January 2014) that internal audit teams have been formed to check whether the guidelines of the scheme were followed by LOs (SSS) while sanctioning various kinds of assistance.

2.1.12.2 Non-maintenance of records

Section 9 of the Act specifies that the Board shall maintain proper accounts and other records as prescribed. Audit, however, noticed that the Board did not maintain Cash Book since inception. The Board had assets worth ₹ 4.62 crore (other than buildings) as of March 2012 and it was noticed that it had not maintained Asset register.

Board replied (January 2014) that Cash Book and Asset Register are presently maintained in the form prescribed. However, the Board did not maintain Cash Book during the period covered in Audit and consequently reconciliation of fund balances with the bank balances could not be done.

2.1.12.3 Inspections

Consequent on the establishment of District Offices (October 2008) each headed by a LO (SSS), the CoL instructed (December 2008) that the Secretary of the Board should visit two District offices every month and conduct a detailed inspection on their functioning and submit a report thereon to the CoL. The circular contained detailed guidelines to be followed during the inspection. The Secretary of the Board was to check whether instructions of Government/CoL were strictly followed in the offices of LO (SSS) in respect of receipt of applications for registration and renewal, issue of duplicate ID cards, change in nominations, scrutiny of applications seeking scheme assistance, maintenance of accounts, maintenance of registers and furnishing of periodical returns.

Audit noticed that the Secretary of the Board did not conduct periodical inspections during 2009-13 and no reports as directed by the CoL were submitted by the Secretary of the Board. The CoL also failed to ensure that its instructions were complied with.

In reply, the Board stated (January 2014) that the Secretary inspected District offices. However, the Board did not furnish to CoL copies of such inspection reports as directed by the CoL and details of action taken on such inspections by CoL/ Government.

2.1.13 Conclusion

Board had no mechanism for identifying and registering all eligible workers and migrant workers from other States were not registered by the Board. The Board did not have a duly constituted Governing Body from April 2011 and the CEO of the Board exercised the powers, functions and duties of the Governing Body of the Board without authorisation by Government. Out of funds of ₹ 687.08 crore available with the Board during 2008-13, it spent only ₹ 147.31 crore on provision of welfare measures to the construction workers. The Board's administrative expenditure was high (26 *per cent* of the total expenditure) which was due to engagement of more staff on daily wage basis and operation of posts in excess of sanction. The Board had no mechanism in place to monitor collection/deduction of contribution and its remittance to the Board by local bodies, Government departments and others agencies. Only 10 to 12 *per cent* of the registered workers renewed their memberships. The schemes implemented by the Board and the quantum of assistance under each scheme were not attractive to registered workers compared to similar schemes implemented by other departments of the Government. In test check, cases of irregular and ineligible payments were noticed in providing various kinds of assistance to the workers. Monitoring was ineffective and there was no internal audit system in the Board.

2.1.14 Recommendations

- Board may take effective steps to assess total number of construction workers and migrant workers in the State and maintain proper database of the registered workers, including registration of employers as envisaged in the Act.

- To encourage more registrations and continuous memberships through renewals, Board may consider introduction of new schemes or rationalisation of quantum of assistance under existing welfare schemes on par with those available under similar schemes implemented by other departments.
- A proper system may be put in place for monitoring prompt remittance of contributions by local bodies and other agencies involved in construction works.
- Administrative expenditure of the Board needs to be curtailed.
- Internal control and monitoring mechanism are to be strengthened to prevent irregular and ineligible payments by Labour Officers.

HIGHER EDUCATION DEPARTMENT

2.2 Imparting Technical Education through Polytechnic Colleges

Executive Summary

Polytechnic colleges offer three-year diploma courses in various branches of studies in engineering and technology. Students who passed X or XII standards and certificate holders from industrial training institutes are eligible for admission to polytechnic colleges. Directorate of Technical Education coordinates development of technical education in the State. Performance Audit on Imparting Technical Education through Polytechnic Colleges was conducted during April to September 2013 covering the period 2008-13 and significant audit findings are given below:

Out of ₹241.60 crore provided for technical education during the Eleventh Plan period, only ₹14.78 crore (six per cent) was allotted for development of polytechnic colleges.

The State Board of Technical Education and Training, set up to advise the Government on the general programme as well as specific individual schemes necessary for bringing about co-ordinated development of technical education and training in the State, was not reconstituted after November 2008.

Grants released in excess to Government-aided polytechnic colleges were recovered after periods ranging between two and nine years from their release. Delays in release of GoI funds by GoTN were also noticed.

Shortfall in admission of students in the Government polytechnic colleges ranged from 5 to 11 per cent and in the Government-aided polytechnic colleges from 6 to 15 per cent.

There were shortages in infrastructure such as classrooms and laboratories in the test-checked Government polytechnic colleges. Students were admitted in excess (74 per cent in boys' hostels and 94 per cent in girls' hostels) of capacity of hostels.

Vacancies in teaching staff and non-teaching technical staff were noticed.

Pass percentage of students in respect of Government polytechnic colleges decreased from 72 in 2008-11 batch to 47 in 2010-13 batch.

2.2.1 Introduction

Polytechnic colleges (PTCs) offer three-year diploma courses in various branches of studies in engineering and technology[15]. Students who passed X or XII standards and certificate holders from industrial training institutes (ITIs) are eligible for admission to PTCs. GoTN established (October 1957)

[15] Civil / mechanical engineering, computer software / hardware, electrical engineering, accounting, apparels, leather technology, printing technology, textile technology, etc.

Directorate of Technical Education[16] (DoTE) with the objective of co-ordinating development of technical education in the State, both in degree and diploma levels. Diploma level education is imparted through PTCs to produce middle level technical cadre who would support the degree holders. Objective of the Government, as per Eleventh Five Year Plan Document (2007-12) was to make higher education more accessible to economically weaker sections. There were 459 PTCs in the State as of March 2013 comprising 30 Government PTCs, 34 Government-aided[17] PTCs and 395 self-financing PTCs with annual student intake of 1.31 lakh students.

2.2.2 Organisational structure

Principal Secretary to Government, Higher Education Department heads the department at Government level. The Commissioner of Technical Education (CTE) is responsible for co-ordinating development of technical education and monitoring activities of PTCs in the State. The CTE is the *ex-officio* Member-Secretary of the State Board of Technical Education and Training (SBTET), which is the affiliating body for all PTCs in the State. Admission of students to the courses is monitored and grants are released to Government-aided PTCs by CTE. Construction and maintenance of Government PTC buildings are carried out by the Construction Wing of the department headed by a Chief Engineer.

2.2.3 Audit objectives

The objectives of performance audit were to assess whether-

- proper planning was done to provide required facilities, to promote quality in technical education and to devise and implement a programme of education that is relevant to the current needs of the society;
- funds were allotted to PTCs in time and utilisation of funds was effective, efficient and economical;
- the norms/regulations of All India Council for Technical Education (AICTE)/Government relating to approval, affiliation, admission and examinations were adhered to by the CTE and the PTCs;
- adequate infrastructure and qualified human resources as per the norms of AICTE/Government were available in the PTCs; and
- effective monitoring was in place to ensure efficient functioning of the PTCs.

2.2.4 Audit criteria

The performance audit was benchmarked against the criteria derived from the following sources:

- Norms / Regulations of All India Council for Technical Education (AICTE).
- Policy Notes of the Government on Higher Education and plan documents.

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16 Also called Commissionerate of Technical Education

17 Aid for staff salary and maintenance

- Codes, Manuals and Government orders, instructions and circulars issued by the Government.
- Guidelines on implementation of specific schemes.

2.2.5 Audit coverage and methodology

Performance Audit covering the period 2008-13 was conducted during April to September 2013. Audit objectives and criteria were discussed with the Principal Secretary, Higher Education Department and CTE in an Entry Conference held in July 2013. Records of the Higher Education Department in the Secretariat, CTE, 10 out of 30 Government PTCs and nine out of 34 Government-aided PTCs selected through simple random sampling method were test-checked in audit. The list of sample PTCs is given in **Appendix 2.2.** An Exit Conference with the CTE was held in January 2014 wherein audit findings were discussed. Replies/responses of the department were taken into consideration while finalising the audit findings. Important audit findings are discussed in the following paragraphs.

Audit findings

2.2.6 Policy and Planning

2.2.6.1 Status of polytechnics in the State

Details of number of Government, Government-aided and self-financing PTCs along with their respective students' strength during the period 2008-13 are given in **Table 2.6**.

Table 2.6 : Polytechnic Colleges (C) and student strength (S)

Type of college/ Year	Government		Government-aided		Self-financing		Total	
	C	S	C	S	C	S	C	S
2008-09	22	5,747	34	12,614	258	82,477	314	1,00,838
2009-10	22	5,792	34	12,025	307	85,582	363	1,03,399
2010-11	30	10,496	34	12,113	365	94,078	429	1,16,687
2011-12	30	11,035	34	11,831	380	98,658	444	1,21,524
2012-13	30	10,662	34	12,173	395	1,07,879	459	1,30,714

(Source: Policy Notes of Higher Education Department)

During 2008-13 eight Government PTCs (seven with GoI funds and one with State funds) were opened and there was no change in the number of Government-aided PTCs.

The student intake (2012-13) of Government PTCs (10,662) worked out to only eight *per cent* of the total intake (1,30,714) in the State. Further, only one PTC was established out of State funds during the Eleventh plan period (2007-12). During the Exit Conference (January 2014) the CTE stated that new PTCs would be opened based on backwardness of areas concerned and industries' needs for diploma holders.

2.2.6.2 Establishment of new Government PTCs

It was noticed that out of the 32 districts in the State, only 19 districts had Government PTCs as of March 2013. Further, Government approved

(January 2013) opening of 10 more PTCs in the State out of which two were sanctioned in the districts where there were no Government PTCs (in Ariyalur and Erode districts) and eight PTCs were started in the districts which already had Government PTCs. The CTE stated (March 2013) that Government PTCs were started in the State based on policy decision and announcement of Government. Thus, as of March 2013, 11 districts did not have Government PTCs.

Further, it was noticed that the CTE, in the Twelfth Five Year Plan proposals stated (January 2012) that 722 PTCs are required in the State based on the norm of one PTC per one lakh population. As there were only 447 PTCs in the State at that time, it was proposed to establish 275 new PTCs in the State by 2020 (each year 35 during 2012-19 and 30 during 2019-20). However, only 10 Government PTCs were sanctioned and 15 self-financing PTCs were established during the year 2012-13 as against 35 PTCs to be established in the year.

2.2.6.3 Poor allocation of funds

As against the approved State plan outlay of ₹ 3,149 crore for Education for the Eleventh Five Year Plan period (2007-12), allocation of ₹ 241.60 crore only (7.67 *per cent*) was made for Technical Education out of which only an amount of ₹ 14.78 crore (six *per cent*) was allocated for PTCs.

2.2.6.4 Non-reconstitution of State Board for Technical Education and Training

Government constituted (July 1957) the State Board for Technical Education and Training (SBTET) to advise the Government on general programme as well as specific individual schemes necessary for bringing about co-ordinated development of technical education and training in the State. Tenure of SBTET was for three years.

Audit observed that the SBTET was not reconstituted after the expiry of its term in November 2008. It was further noticed that during the period 2008-12, no major schemes to expand and improve PTCs under Public sector were formulated with State funds as could be seen from the allocation made in the Eleventh Five Year Plan.

CTE stated (January 2014) that proposal for renewal of SBTET was not submitted to the Government owing to administrative reasons like shortage of staff.

2.2.7. Financial management

Details of funds provided in the State budget for Government PTCs (including block grants[18] provided to three PTCs[19] covered under Phase I (2004-09) of the World Bank-aided Technical Education Quality Improvement Programme), grants released to Government-aided PTCs,

[18] Block Grants are drawn by the three PTCs from Treasury and kept in savings bank accounts for incurring expenditure

[19] Government Central Polytechnic College (CPTC) in Chennai, Dharmambal Women's Polytechnic College in Chennai and Tamil Nadu Polytechnic College (TNPTC) in Madurai

examinations and capital works during 2008-13 and expenditure incurred are given in **Table 2.7**.

Table 2.7: Budget Provision and Expenditure

(₹ in crore)

	2008-09		2009-10		2010-11		2011-12		2012-13	
	P	E	P	E	P	E	P	E	P	E
Government PTCs	39.31	38.79	45.34	45.28	62.05	60.10	73.04	69.47	71.30	67.00
Grants to Government-aided PTCs	55.35	53.40	49.50	49.50	92.35	92.35	99.71	99.71	95.57	95.57
Examinations	13.38	13.36	19.99	19.01	18.73	18.66	21.04	20.84	22.61	22.51
Capital Works	1.76	1.76	2.00	2.00	7.09	6.76*	2.21	2.04	2.37	1.96
Total	**109.80**	**107.31**	**116.83**	**115.79**	**180.22**	**177.87**	**196.00**	**192.06**	**191.85**	**187.04**

P – Provision E – Expenditure

* Increase in capital expenditure in 2010-11 was due to establishment of eight new Government PTCs

(Source: Information obtained from the CTE)

Analysis of expenditure of Government PTCs showed that expenditure on equipment, books, furniture and computers ranged between 0.80 *per cent* and 3.05 *per cent* only as detailed in **Table 2.8**.

Table 2.8: Categories of expenditure in Government PTCs

(₹ in lakh)

Nature of Expenditure	2008-09	2009-10	2010-11	2011-12	2012-13
Equipment, books, furniture and computers	90.48 (2.31)	131.42 (3.05)	85.53 (1.43)	52.85 (0.80)	107.39 (1.69)
Maintenance	5.36 (0.14)	6.98 (0.16)	5.43 (0.09)	6.10 (0.09)	7.55 (0.12)
Establishment	3,823.03 (97.55)	4,173.66 (96.79)	5,892.60 (98.48)	6,615.53 (99.11)	6,247.55 (98.19)
Total Expenditure*	**3,918.87**	**4,312.06**	**5,983.56**	**6,674.48**	**6,362.49**

Figures in brackets represent percentage to the total expenditure

* Differs from expenditure of Government PTCs as given in Table 2.7, which included block grant released to three Government PTCs by Government

(Source: Details furnished by CTE)

Audit observed that equipment available in Government PTCs were not adequate as discussed in paragraph 2.2.11.3.

2.2.7.1 Non-transfer of savings in block grants to special funds

As instructed by the National Project Implementation Unit for Technical Education Quality Improvement Programme (TEQIP), CTE has been releasing funds as block grant to the three PTCs covered under Phase I from 2009-10 based on budget proposals submitted by PTCs. Details of block grant received and utilised by them during 2009-13 are given in **Appendix 2.3.**

It was noticed that out of total funds of ₹ 63.50 crore made available to them during 2009-13, expenditure of ₹ 53.20 crore was incurred leaving a balance of ₹ 10.30 crore with the three PTCs.

In order to ensure sustainability of reforms implemented under TEQIP beyond project period, GoTN ordered (May 2007) creation of four funds *viz.*, Corpus Fund (CF), Staff Development Fund (SDF), Depreciation Fund (DF) and Maintenance Fund (MF) in the three PTCs. It was provided that savings from Block Grant were to be credited to DF and MF. Review of the fund accounts revealed that no amount was transferred (December 2013) by two PTCs (Government Central PTC, Chennai and Dharmambal Women's PTC, Chennai) from the savings in the Block Grant to the DF and MF. Balances in fund accounts as of March 2013 are shown in **Table 2.9**.

Table 2.9: Balances in the Special funds

College	Month of opening Account	Amount (in ₹)			
		CF	SDF	DF	MF
Government Central PTC, Chennai*	November 2007	60,352	1,20,703	30,176	60,352
Dharmambal Women's PTC, Chennai*	April / October 2006	1,42,857	2,17,962	1,05,729	2,17,965
TNPT, Madurai	June 2007	99,52,461	1,47,948	24,99,919	25,12,239

* The funds in the two institutions included only interest received on the initial deposits made

(Source: Information obtained from the CTE)

Further, no expenditure was incurred out of any fund by all three institutions. Principal, Dharmambal Women's PTC, Chennai attributed (August 2013) non-incurring of expenditure out of the funds to shortage of staff and teaching faculty.

2.2.7.2 Grant-in-aid to Government-aided polytechnic colleges

Government releases salary grant and maintenance grant to 34 Government-aided PTCs on advance basis to the extent of 90 *per cent* of the requirement and remaining 10 *per cent* is borne by PTC management. Salary grant is given in four instalments based on number of posts filled up and maintenance grant is given in two instalments based on number of students enrolled. On completion of audit of the accounts of the PTCs, Assistant Directors of Internal Audit[20] were to determine the eligible amount of grant and CTE was to process the findings of the Audit Reports and pass assessment orders indicating excess / short release of grant for the purpose of recovering excess from PTCs or releasing the balance grant to them.

It was noticed that audit of accounts of two PTCs was not completed from 2008-09; four PTCs from 2009-10; eight PTCs from 2010-11; 12 PTCs from 2011-12 and eight PTCs for 2012-13. On this being pointed out, CTE replied (September 2013) that Principals of PTCs concerned and the

[20] Functioning under the GoTN's Chief Internal Auditor and Auditor of Statutory Boards. The Assistant Directors are headquartered at various towns in the State, with jurisdiction over districts allotted to them

Assistant Directors of Internal Audit were instructed to take action for preparation of accounts and completion of audit.

Further, CTE did not pass assessment orders on 121 Audit Reports of Assistant Directors of Internal Audit received from 2006-07 onwards, wherein recoveries of excess grants amounting to ₹ 17.68 crore were pointed out. Audit analysis of 208 cases of recoveries through which ₹ 20.48 crore was recovered during 2004-05 to 2013-14 (up to July 2013) showed that recoveries were made after periods ranging from two to nine years from the year of release of grants. Amount recovered in 73 cases was more than ₹ 10 lakh in each case. In one case[21], excess grant of ₹ 71.67 lakh relating to 2002-03 was recovered only in 2010.

CTE attributed (September 2013) delay in passing orders to belated settlement of internal audit objections by the Principals of the PTCs and added that action would be taken in consultation with the Principals and the Assistant Directors of Internal Audit for timely passing of assessment order and recovery of excess grants. During the Exit Conference (January 2014) the CTE agreed to devise steps for prompt recovery of excess grants and also to restrict advance grant to the extent required.

2.2.7.3 Underutilisation of Special Fee and Development Fee

Government/Government-aided PTCs collect every year Special Fee and Development Fee of ₹ 1,000 each from students. According to CTE's instructions (July 2002) special fees were to be used for purposes like sports, library facilities, placement of students etc., and the development fees for purposes like purchase of capital equipment, stores and consumables, maintenance of equipment and for staff development and training. Funds available and expenditure incurred out of the special fee and development fee in respect of the 10 test-checked Government PTCs for the period 2008-13 are furnished in **Appendix 2.4.**

In test-checked Government PTCs, utilisation of special fees during 2008-13 ranged between 12 *per cent* in the case of Villupuram PTC and 65 *per cent* in Karur PTC and the utilisation of development fees ranged between five *per cent* (Institute of Chemical Technology (ICT), Chennai) and 86 *per cent* (Government Women's PTC, Madurai).

CTE replied (January 2014) that necessary steps were being taken to utilise the fees in future without accumulation and that instructions were issued to Principals of PTCs in this regard.

2.2.7.4 Non-release of GoI funds

GoI released funds directly to PTCs for construction of women's hostels and for upgradation of facilities in existing polytechnics under the scheme 'Sub Mission for Polytechnics' up to 2010-11. From 2011-12, GoI released funds through GoTN. It was noticed in two test-checked PTCs that GoI funds were not released or released belatedly to PTCs by GoTN as discussed below:

(i) GoI released (September 2011) ₹ 20 lakh to the State for upgradation of equipment in the ICT, Chennai. CTE requested (July 2013) GoTN to sanction funds only after GoI brought (March 2013) to the notice of State

[21] Nachimuthu Polytechnic College, Pollachi

non-release of GoI funds to the institution. The funds are yet to be released to the institution (December 2013).

(ii) GoI released (March 2012) ₹ 20 lakh to the State for construction of women's hostel in Dharmambal Women's PTC and the amount was not released by GoTN to the PTC (December 2013).

(iii) GoI released (February 2013) ₹ 40 lakh for construction of women's hostel at ICT, Chennai. It was noticed that the amount was transferred to ICT, Chennai only in October 2013 by GoTN.

Non-release/ delayed release of funds by GoTN to the PTCs led to delay in completion of works and purchase of equipment as discussed in paragraphs 2.2.11.2 (i) and 2.2.11.3 (ii).

2.2.7.5 Surrender of funds

It was noticed that Government PTCs at Villupuram, Karur and Melur surrendered funds allocated to them for procurement of equipment, furniture, books and computers during 2011-12 and 2012-13 due to delayed sanction/allocation of funds to them by the Government and the CTE as given in **Table 2.10.**

Table 2.10: Surrender of funds provided for equipment

(₹ in lakh)

Name of the PTC	Year	Date of sanction by the Government	Date of allocation by the CTE	Amount allocated	Amount surrendered by the PTC
Villupuram	2011-12	25/10/2011	17/11/2011 and 09/01/2012	217.26	21.07
	2012-13	12/10/2012	07/12/2012 and 28/01/2013	195.23	53.07
Karur	2011-12	25/10/2011	17/11/2011 and 09/01/2012	217.26	3.09
	2012-13	12/10/2012	07/12/2012 and 28/01/2013	195.23	93.29
Melur	2012-13	September 2012	October 2012	192.41	125.52

(Source: Government Orders, CTE allocation letters and surrenders statement of the PTCs)

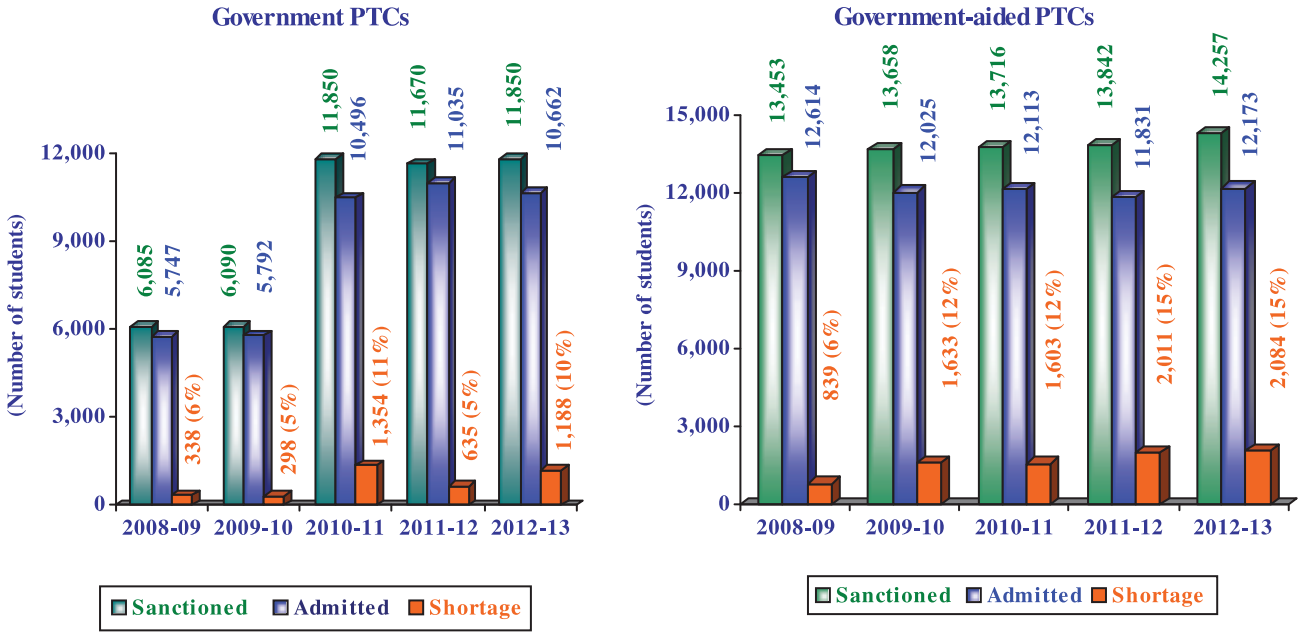
Allocations had been made by CTE to PTCs only in the last quarter of the financial year. Process for procurement of equipment, furniture, books and computers could not be completed within the year by the PTCs and hence they surrendered the allocations. Shortfall in conducting practical classes due to non-availability of equipment in Villupuram and Karur PTCs is commented upon in paragraph 2.2.11.3 (ii).

2.2.8 Enrolment of students

2.2.8.1 Trend of admission in polytechnics

Sanctioned student intake and number of students admitted during 2008-13 in the Government and Government-aided PTCs are given in **Chart 2.1**.

Chart 2.1: Trend of admission in Government and Government-aided PTCs



(Source: Policy Notes of the Higher Education Department)

There were shortfalls in admission of students with reference to sanctioned intake in respect of Government PTCs and Government-aided PTCs which ranged from 5 to 11 *per cent* and 6 to 15 *per cent* during the period 2008-13 respectively.

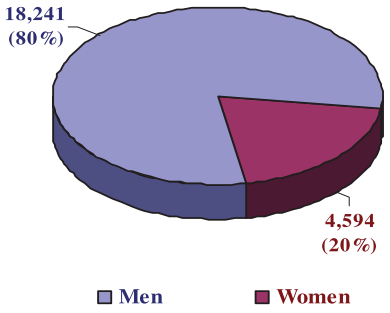
CTE attributed (February 2013) vacant seats to less demand among students for certain courses. The reply should be viewed in the light of the fact that the Board of Examinations, which was to review and consider relevance of the courses, was not reconstituted after expiry of its term in November 2011.

2.2.8.2 Enrolment of girls in polytechnic colleges

Increasing the gross enrolment ratio and elimination of gender inequalities in higher education including technical education by bridging the gap between boys and girls in access to higher education were emphasised in the XII Five Year Plan.

Details of enrolment of girl students in Government and Government-aided PTCs, in 2012-13 is given in **Chart 2.2**.

Chart 2.2: Enrolment of Girl students in Government and Government-aided PTCs in 2012-13



(Source: Policy notes of Higher Education Department)

As seen from the Chart, enrolment of girl students in Government and Government-aided PTCs was only 20 *per cent* in 2012-13.

2.2.9 Recommendation for Extension of Approval

As per Approval Process Hand Book (2007-08) of AICTE, a new technical institution of Government, Government-aided or self-financing shall be started and new courses or programmes in technical education shall be introduced and increase or variation of student intake shall be given effect to with prior approval of the AICTE. It further provides that a State Level Committee (SLC)[22] shall recommend applications received for establishment of new PTCs, Extension of Approval (EOA), and Revision in student intake and for introducing new courses to the AICTE. With effect from 2011-12, the institutions were to apply online to AICTE for approval.

Scrutiny of the minutes of 26 SLC meetings[23] (2008-11) revealed that 832 cases (Government: 51, Government-aided: 93 and Self-financing: 688) of proposals for EOA/Revised student intake / introduction of new courses were submitted to CTE. Out of these, 233 cases (Government: 16, Government-aided: 44 and Self-financing: 173), as detailed in **Table 2.11** were recommended by the SLC subject to rectification of certain deficiencies in infrastructure, staffing etc., and furnishing of compliance report within three months. In these cases, the PTCs failed to furnish compliance reports to the CTE and continued to function with deficiencies during the respective academic years.

Table 2.11: Recommendation of PTC's proposals despite deficiencies

Year	Number Of SLC meetings	Number of cases taken by SLC for recommendation for EOA/RI/ADC				Number of Institutions recommended subject to rectification of deficiencies			
		Govern-ment	Government-aided	Self-Financing	Total	Govern-ment	Government-aided	Self-Financing	Total
2008-09	8	13	33	202	248	--	22	86	108
2009-10	9	12	27	215	254	5	18	81	104
2010-11	9	26	33	271	330	11	4	6	21
Total	**26**	**51**	**93**	**688**	**832**	**16**	**44**	**173**	**233**

RI: Revision in Intake; ADC: Additional Diploma Courses

(Source: Minutes of SLC meetings)

CTE replied (January 2014) that SLC's recommendations were made taking into consideration welfare of students already admitted.

The reply is not appropriate as the deficiencies such as shortage of staff, classrooms, laboratory facilities, computers and library books would have an impact on the quality of education provided to students.

2.2.10 Affiliation of Polytechnic Colleges

The SBTET was to give affiliation to PTCs based on letter of approval issued by AICTE and application of the PTC.

The GoTN delegated (December 1997 and September 2011) powers of affiliation of PTCs to SBTET. SBTET was to be reconstituted every three

22 Committee comprising the Secretary, Higher Education, the Regional Officer of the AICTE and two subject experts to be nominated by the Government

23 Out of total 29 meetings conducted (18th to 46th meetings except 26th, 36th and 37th meetings)

years from the date of its constitution. However, SBTET, whose term expired in November 2008, was not reconstituted thereafter and affiliation of PTCs was being given by the CTE from December 2008 in his capacity as Member Secretary of the non-existent SBTET without delegation of powers by the Government.

2.2.11 Infrastructure

Provision of infrastructure such as classrooms, laboratories and equipment plays a vital role in improving quality of technical education imparted in PTCs. Deficiencies in infrastructure in Government PTCs are discussed in the succeeding paragraphs.

2.2.11.1 Buildings

(i) Classrooms and laboratories

According to AICTE norms, one classroom is required for each division containing 60 students in a PTC and six laboratories are required for each course offered in a PTC. As against the AICTE norms, classrooms were deficient in two test-checked PTCs and laboratories were deficient in seven test-checked PTCs as detailed in **Table 2.12**.

Table 2.12: Shortages of classroom and laboratories

Sl.No.	Name of the PTC	Requirement as per AICTE norms	Available class rooms and laboratories	Shortage
Classrooms				
1.	Tamil Nadu PTC, Madurai	21	18	3
2.	Melur PTC	12	10	2
	Total	**33**	**28**	**5**
Laboratories				
1.	Dharmambal Women's PTC, Chennai	24	15	9
2.	Madurai Women PTC	23	13	10
3.	Tamil Nadu PTC, Madurai	24	20	4
4.	Aranthangi PTC	18	13	5
5.	Karur PTC	22	14	8
6.	Villupuram PTC	22	17	5
7.	Melur PTC	20	12	8
	Total	**153**	**104**	**49**

(Source : Information furnished by CTE)

It was noticed that five class rooms and 49 laboratories were deficient in the above PTCs. In Madurai Women's PTC and Dharmambal Women's PTC, shortages of laboratories were high at 10 and 9 respectively.

(ii) Utilisation of Polytechnic college building for other purposes

One block of buildings (ground floor + two floors) constructed to accommodate computer laboratory, three classrooms, Principal room and toilets of the Government PTC, Aranthangi to make good shortage of space was, on completion (September 2010), handed over to Bharathidasan University, Tiruchirapalli as directed by Secretary to Government, Higher

Education Department and the PTC continued to function in the existing inadequate space.

2.2.11.2 Hostels

As of March 2013, there were 41 hostels (22 for boys and 19 for girls) attached to the Government PTCs.

(i) Excess occupancy in hostels

In 17 out of 41 hostels, students were admitted in excess of their capacity as detailed in **Table 2.13**.

Table 2.13: Excess occupancy in hostels

Hostels	No. of hostels	Total number of inmates for hostels with excess occupancy		
		Capacity	Occupancy	Excess occupancy (percentage)
Boys	8	1,297	2,260	963 (74)
Girls	9	999	1,936	937 (94)
Total	**17**	**2,296**	**4,196**	**1,900 (83)**

(Source : Information furnished by CTE)

Students were admitted in excess (74 *per cent* in boys' hostel and 94 *per cent* in girls' hostel) of capacity of hostels. Out of GoI funds of ₹ 13.90 crore released for construction of 19 girls' hostels under 'Sub Mission for Polytechnics' during 2009-13, GoTN spent ₹ 11.86 crore as of December 2013. Seven[24] out of nineteen hostels were handed over to the PTCs. One hostel (SICE, Chennai), though completed (November 2013) was not handed over (December 2013) due to non-formation of approach road. Construction works in the remaining 11 hostels were in progress and their status as of December 2013 is given in **Appendix 2.5**.

From progress reports on construction of hostels and information furnished by CTE, audit observed that even after construction of 19 girls' hostels the issue of excess occupancy would remain unresolved in respect of three out of nine girls' hostels mentioned in **Table 2.13**. No provision was made to address excess occupancy in boys' hostels and GoTN had not sanctioned any funds for this purpose.

(ii) Hostel not put to use due to non-provision of water supply

Hostel block in the PTC, Karur with 21 rooms (to accommodate 100 students) and other amenities *viz.,* kitchen and bathrooms/toilets, constructed (June 2012) at a cost of ₹ 1.40 crore and handed over (November 2012) to the PTC was not put to use due to non-provision of water supply (December 2013).

2.2.11.3 Equipment

(i) Upgradation of equipment with GoI grant

Under the scheme of 'Sub Mission on Polytechnics', GoI sanctioned (July 2009) financial assistance of ₹ two crore per polytechnic for

[24] Government PTCs at Ettayapuram, Karaikudi, Krishnagiri, Madurai Women, Sirkali, TNPTC Madurai and Vellore (Electrical work in progress)

upgradation of equipment and released ₹ 19.20 crore during March 2010 – May 2013 for 21 PTCs. First instalment of ₹ 3.20 crore was released by GoI during 2009-12. CTE requested GoI only in January 2013 for release of the balance amount and GoI released ₹ 16 crore in March and May 2013 which was not yet released by the GoTN to the PTCs (December 2013). Hence they were constrained to conduct practical classes with available equipment.

CTE replied (January 2014) that equipment to be purchased were identified by Principals of PTCs and the list of equipment was furnished to National Institute of Technical Teachers' Training and Research (NITTTR), Chennai. He further stated that on approval from NITTTR equipment would be purchased.

(ii) Shortfall in conducting practical classes

While approving syllabus for PTCs for academic year 2011-12, CTE stipulated that all experiments prescribed in the syllabus should be conducted without fail and that questions for practical examinations were to be framed based on experiments conducted.

During test check of records in Government PTCs at Villupuram and Karur and in ICT, Chennai, Audit noticed that the institutions did not conduct all the experiments prescribed by CTE. Shortfall in conducting practical classes by PTCs ranged from 10 to 70 *per cent*, as detailed in **Appendix 2.6**. Principals of three Government PTCs stated (August to December 2013) that experiments could not be conducted due to lack of infrastructure such as equipment, laboratory facilities and power supply.

(iii) Non-purchase of CNC equipment for newly started polytechnics

For purchase of seven Computer Numerically Controlled (CNC) Milling with Indexing Head and seven CNC Lathes (estimated cost per unit ₹ 10 lakh and ₹ 9 lakh respectively) required for the third year (2012-13) Mechanical Engineering course for the seven new Government PTCs, CTE invited (September 2012) tenders and four were received. To a specific clarification sought for by CTE on applicability of price preference claimed by one of the bidders, Government clarified (May 2013) that the bidder was not eligible for price preference. In the meantime validity period of the bid expired. Equipment required for the academic year 2012-13 was not purchased till December 2013.

2.2.11.4 Libraries

Deficiencies noticed in libraries of five of the test-checked Government PTCs are as follows:

(i) **Dharmambal Women's PTC, Chennai**: Even though student strength in the PTC was 1,200, PTC did not have adequate space for library. Available space was about 210 sq.m. against requirement of 975 sq.m., as per AICTE norms. Principal stated (September 2013) that proposal for a new library building was sent to CTE in 2009 and 2012. However, the CTE stated (December 2013) that no such proposal was received from the PTC.

(ii) **Institute of Chemical Technology, Chennai**: Though PTC was established in 1963 and its library housed nearly 7,000 books, it was noticed in audit that there was no sanctioned post of librarian. Books were not catalogued and the catalogue cabinets were not in use. Consequently, no books were issued to the students. The library was non-functional as shown in **Pictures 2.1 and 2.2**.



Picture 2.1: Non-functional Library at ICT, Chennai



Picture 2.2: Poorly maintained library books at ICT, Chennai

(iii) **Institute of Leather Technology, Chennai**: Though library of the Institute housed 3,300 books, it was not put to use as the librarian post was vacant for six years.

(iv) **Villupuram and Karur PTCs**: Villupuram PTC purchased 9,362 books at a cost of ₹ 22.62 lakh during 2011-13 and Karur PTC purchased 10,694 books at a cost of ₹ 24.74 lakh during 2011-13. Since these libraries were non-functional the books were not put to use.

During the Exit Conference (January 2014), the CTE agreed to take necessary action for revitalisation of libraries in Government PTCs.

2.2.12 Human Resource Management

Teaching staff consisting of heads of departments, lecturers and instructors play the important role in imparting technical education in the PTCs. Non-teaching technical staff such as laboratory assistants, who assist the lecturers in conducting practicals etc., are also vital for training students effectively. Requirement of human resource under these categories and vacancies are discussed in the succeeding paragraphs.

2.2.12.1 Vacancies in teaching staff

Details of sanctioned posts of teaching staff, posts filled up and posts remaining vacant in Government PTCs during 2009-13 are given in **Appendix 2.7.**

It was noticed that the vacancies in the teaching staff category rose from 54 *per cent* (August 2009) to 72 *per cent* (August 2012) and declined marginally by four *per cent* to 68 *per cent* in August 2013. Improvement in vacancy position from August 2012 to August 2013 was due to appointment of 129 lecturers in April and May 2013 for which selection process started as early as April 2010.

CTE replied (January 2014) that steps were taken to fill up 606 teaching posts through Teachers Recruitment Board and that the process was in progress.

2.2.12.2 Teacher-student ratio

AICTE, while granting approval for each PTC, clearly stipulated that full time faculty members as per AICTE norms were to be recruited before making admission of students. AICTE stipulated in its Approval Process Handbook for Diploma Institutions (2007-08) that the diploma level institutions should provide faculty in the teacher-student ratio of 1:20.

It was noticed that the teacher student ratio norm prescribed by AICTE was not adhered to by all the 10 test-checked Government PTCs and the shortfall in faculties ranged between 59 *per cent* in Dharmambal Women's PTC, Chennai and 74 *per cent* in TNPT, Madurai.

2.2.12.3 Non-teaching technical staff

Non-teaching technical staff (NTTS) comprised (i) Draughting Officer, Foreman, Workshop Instructor, Foreman Instructor etc., for whom Additional Director of Technical Education (Polytechnics) is the appointing authority and (ii) Artisan, Skilled Assistant, Unskilled Assistant, Laboratory Assistant, etc., for whom the Principal of the PTC concerned is the appointing authority. As against 814 posts of NTTS to be filled in the 30 Government PTCs, only 315 posts were filled up and 499 posts (61 *per cent*) remained vacant as of June 2013. Though Government permitted (April 2007) CTE to fill up 279 vacancies by the Additional Director / the Principals of the PTCs, the vacant posts were not filled up by the appointing authorities (December 2013).

Vacancies to be filled up by the Additional Director were high in the cadres of Workshop Instructor (35 *per cent*), Foreman (75 *per cent*) and Junior Draughting Officer (42 *per cent*).

In respect of posts of NTTS to be appointed by Principals by direct recruitment / transfer / promotion, after prolonged correspondence between the Government and CTE, Government permitted (October 2012) filling up of 146 vacancies. CTE instructed (December 2012 and February 2013) the Principals of 18 PTCs to fill up vacancies by recruiting suitable persons from the list of persons deployed for 1991 Census and subsequently retrenched and the rest through employment exchanges. In case of non-availability of suitable persons from retrenched employees, vacancies were to be filled up by promoting suitable persons, if available, in respective PTC itself. In test-checked PTCs, it was noticed that the District Collectors (other than the Villupuram District Collectorate) did not respond to the Principals' requests (May/September 2013) by furnishing list of suitable candidates or a certificate of non-availability of suitable candidates.

CTE replied (January 2014) that suitable instructions were already given to Principals of all the PTCs to fill up NTTS posts.

2.2.12.4 Librarian posts

In 25 Government PTCs for which librarian posts were sanctioned, only eight posts were filled up as of August 2013. In five PTCs (Institute of Chemical Technology, Institute of Printing Technology, Institute of Leather Technology, Institute of Textile Technology and State Institute of Commerce Education) there were no librarian posts sanctioned. As the post of librarian was to be brought under the Tamil Nadu Education Service from subordinate service with effect from May 2010, CTE submitted (September 2012) draft revised rules for recruitment of librarians which were pending with Government (December 2013).

2.2.12.5 *Vacancies in teaching staff in Government-aided PTCs*

As per AICTE norms, one teacher is required for every 20 students. However, it was noticed that as against 2,139 posts[25] of teaching staff required (worked out by audit based on norms) the Government sanctioned only 1,249 posts (Senior Lecturer, Lecturer and Instructor) for the Government-aided PTCs during 2012-13. Thus, there was shortfall of 42 *per cent* in sanction of posts of teaching staff in the Government-aided PTCs.

It was further noticed that even out of the sanctioned posts, 43 *per cent* of the sanctioned posts were not filled up as given in **Table 2.14**.

Table 2.14: Vacancies in teaching staff in Government-aided colleges

Cadre	No. of posts sanctioned	No. of posts filled	No. of posts vacant	Vacancy (In *per cent*)
Principal	32	14	18	56
Head of Department	123	70	53	43
Senior Lecturer	274	176	98	36
Lecturer	421	284	137	33
Instructor	554	252	302	55
Total	**1,404**	**796**	**608**	**43**

(Source : Information obtained from CTE)

Shortages in staff were managed by engaging part-time staff by paying them on hourly basis as was done in Government PTCs.

CTE replied (June 2013) that managements of the Government-aided colleges were to fill vacancies through employment exchanges with CTE's approval and the posts of Senior Lecturer could not be filled as it was abolished on introduction of revised pay scales in May 2010. The reply is not complete as posts of lecturers were also not fully filled up by Government-aided PTCs.

2.2.13 Examinations

2.2.13.1 *Non-reconstitution of Board of Examination*

The Board of Examination (BoE) was constituted (February 1988) by Government to frame syllabi, identify new courses to be started in PTCs and review the performance of the students in the examinations. The BoE was reconstituted previously in August 2008 for a period of three years which ended in August 2011 and not reconstituted thereafter. It was noticed that revision of syllabi during 2011-12 for the second and third years and declaration of semester results subsequent to August 2011 were carried out without the approval of BoE. CTE stated (December 2013) that a proposal has been sent to Government in September 2013 for reconstitution of BoE and its orders were awaited.

[25] Sanctioned strength of students for 2012-13 : 14,257. For three years 14,257×3=42,771. Required teacher strength 42,771÷20=2,138.55 say 2,139

2.2.13.2 Examination Results

Audit noticed that out of 51,350 students admitted and who appeared during 2008-09, 2009-10 and 2010-11 examination batches in Government/ Government-aided PTCs, only 29,428 students (57 *per cent*) passed out and got diplomas as shown in the **Table 2.15**.

Table 2.15: Examination Results

Batch	No. of students admitted and appeared*			No. of students obtained diploma after three years course – *per cent* in bracket		
	Government-aided	Government	Total	Government-aided	Government	Total
2008-11	9,762	6,204	**15,966**	5,748 (59)	4,476 (72)	**10,224 (64)**
2009-12	9,253	7,831	**17,084**	5,272 (57)	4,771 (61)	**10,043 (59)**
2010-13	8,920	9,380	**18,300**	4,780 (54)	4,381 (47)	**9,161 (50)**
Total	**27,935**	**23,415**	**51,350**	**15,800**	**13,628**	**29,428 (57)**

* Students who appeared in the I semester examination of the relevant batch and lateral entry students admitted in the subsequent year

(Source : Information obtained from CTE)

Pass percentage in the case of Government PTCs was on decreasing trend, from 72 in 2008-11 batch to 47 in 2010-13 batch. In the case of Government-aided PTCs also, the pass percentage fell from 59 for the 2008-11 batch to 54 for the 2010-13 batch.

During the Exit Conference (January 2014), the CTE attributed the poor pass percentage to high vacancies in teaching posts.

2.2.14 Monitoring

AICTE norms (2007-08) provided for random visits of the PTCs organised by the CTE through an expert committee for verification of status of maintenance of norms and standards based on the compliance reports submitted to CTE for obtaining Extension of Approval (EOA). Further AICTE regulations (2011) provided that laboratories of the PTCs shall have equipment as appropriate for experiments as stated/suitable for the requirements of the affiliating University/Board's curriculum. However, it was noticed in the test-checked PTCs that no such inspections/random visits were carried out by the CTE during the period 2008-13.

CTE stated (January 2014) that a system of random sample checking would be instituted to ensure adherence to AICTE norms.

2.2.15 Conclusion

Out of ₹ 241.60 crore provided for technical education during the Eleventh Plan period, only ₹ 14.78 crore (six *per cent*) was allotted for development of PTCs. The State Board of Technical Education and Training, constituted to advise the Government on the general programme as well as specific individual schemes necessary for bringing about co-ordinated development of technical education and training in the State, was not reconstituted after November 2008. Grants released in excess to Government-aided polytechnic colleges were recovered after periods ranging between two to nine years from

their release. Delays in release of GoI funds by GoTN were also noticed. Shortfall in admission of students in the Government polytechnic colleges ranged from 5 to 11 *per cent* and in the Government-aided colleges from 6 to 15 *per cent*. There were shortages of infrastructure in classrooms and laboratories in the test-checked Government polytechnic colleges. Students were admitted in excess (74 *per cent* in boys' hostels and 94 *per cent* in girls' hostels) of the capacity of hostels. Vacancies in the teaching staff and non-teaching technical staff were noticed. The Board of Examination was not reconstituted after August 2011. Pass percentage of students in respect of Government polytechnic colleges decreased from 72 *per cent* in 2008-11 batch to 47 *per cent* in 2010-13 batch.

2.2.16 Recommendations

- Government of India funds should be released timely to PTCs.
- State Board of Technical Education and Training may be reconstituted for State level planning on development of technical education.
- Steps may be taken to provide necessary infrastructural facilities like classrooms and laboratories and human resource to all Government polytechnic colleges.

The above points were referred to Government in November 2013; reply has not been received (December 2013).

HIGHER EDUCATION DEPARTMENT

2.3 Functioning of Bharathiar University

Executive Summary

Government of Tamil Nadu established (1982) the Bharathiar University (University) at Coimbatore under the Bharathiar University Act, 1981 with area of jurisdiction covering Coimbatore, Erode, the Nilgiris and Tiruppur districts. Main objectives of the University are to impart quality higher education to the youth, to provide for research and dissemination of knowledge and to institute and confer degrees, titles, diplomas and other academic distinctions. Performance Audit on functioning of the University during 2008-13 was conducted and significant audit findings are given below:

Popular under graduate/post-graduate courses, which are relevant to the needs of the society, offered in self-financing colleges were not offered by the University's constituent and affiliated Government colleges.

In the School of Distance Education, academic staff for preparation of self instructional material was inadequate.

Out of 135 research projects, 33 projects were in progress even after stipulated date of completion with delays ranging from 5 to 36 months.

An amount of ₹ 55.25 crore out of surplus in the School of Distance Education fund account was diverted to the General Fund in excess of prescribed norms.

Bank balances in fund accounts were not reviewed periodically to assess surplus funds for investment.

In 17 out of 43 endowment accounts, interest earned was not utilised for giving awards or scholarships to students.

As against capacity to accommodate 619 boys and 602 girls in the University hostels, the number of boys and girls admitted annually during 2008-13 in these hostels were 868 and 1,020 respectively.

The University failed to obtain audited accounts from its affiliated colleges and did not conduct its mandatory inspections.

2.3.1 Introduction

Bharathiar University, Coimbatore (University) was established (February 1982) under the Bharathiar University Act 1981 (Act) with area of jurisdiction covering Coimbatore, Erode, the Nilgiris and Tiruppur districts. Main objectives of the University are to impart necessary knowledge and skills to the youth so as to enable them to contribute effectively towards the establishment of an egalitarian society, to provide for research, advancement and dissemination of knowledge and to institute and confer degrees, titles, diplomas and other academic distinctions. The University has a School of

Distance Education (SDE) and 108 affiliated arts and science colleges[26] as of 2013.

The University offers 42 Post Graduate (PG) level courses in 13 disciplines through 31 departments. It also offers 381 Under Graduate (UG) and PG level courses[27] in arts and science disciplines through its affiliated colleges and SDE.

2.3.2 Organisational setup

The Governor of Tamil Nadu is the Chancellor and Head of the University and the Minister-in-Charge of the portfolio of Education in the State is the Pro-Chancellor. Vice-Chancellor (VC) of the University is the academic head and the Principal Executive Officer who exercises control over the affairs of the University. VC is assisted by the Registrar, heads of departments, a Finance Officer and a Controller of Examinations. The Senate[28] and the Syndicate formulate and approve policies and programmes of the University.

2.3.3 Audit Objectives

Audit objectives were to assess whether:

- the University had a well defined plan for academic activities, research and advancement/ dissemination of knowledge;
- academic activities/ programmes including projects undertaken on behalf of funding agencies were efficiently managed in accordance with the prescribed norms/terms and conditions of Memorandum of Understanding;
- the University had a robust financial management including assessment of funds based on income/receipts and grants, its mobilisation and utilisation;
- human resources and infrastructure were adequate and as per norms to improve quality of education;
- estate management and support services were adequate, efficient and effective; and
- an effective monitoring mechanism was in place.

2.3.4 Audit Criteria

Performance of the University was benchmarked against criteria derived from the following sources:

- The Bharathiar University Act, 1981, (Act) as amended from time to time.
- The University Grants Commission Act, 1956 and regulations and Distance Education Council guidelines.
- Provisions of codes and manuals and instructions issued by GoI, GoTN and the University.

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26 Government colleges: 7; Government-aided colleges: 16; Self-financing colleges: 82 and Constituent / University colleges: 3

27 Affiliated Colleges: 301 UG/PG courses and SDE: 80 PG/UG/ PG Diploma courses

28 Comprising academicians and officials of the GoTN

- Guidelines for schemes and rules/guidelines framed by the Syndicate and other bodies of the university.

2.3.5 Audit scope and Methodology

Performance Audit of the University was conducted during April to October 2013 under section 14 (2) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 covering the period 2008-13. Apart from scrutiny of records of the University, two[29] out of seven affiliated Government colleges, one[30] out of three constituent colleges and four[31] out of 16 Government-aided colleges were selected for detailed study based on simple random sampling method. Audit objectives, criteria and scope were discussed with the Principal Secretary to the GoTN, Higher Education Department, Director of Collegiate Education and the VC and the Registrar of the University in an Entry Conference held in July 2013. An Exit Conference with the Principal Secretary and VC was held in February 2014 wherein the audit findings were discussed. Important audit findings are discussed in the following paragraphs.

Audit Findings

2.3.6 Planning

2.3.6.1 Non-formulation of comprehensive plans

The Act envisaged constitution of a Planning Board to advise the University on its planning and development for keeping the standard of education and research under review and also to advise the Syndicate and the Standing Committee on Academic Affairs (SCAA) comprising the VC as its Chairman and academicians of high standing as members[32]. The Planning Board which was last reconstituted in August 2009 for a period of three years up to August 2012 was not yet reconstituted (December 2013). Audit noticed that the Planning Board met only once (December 2009) during its last tenure. As a result, perspective/annual plans were not prepared by the University.

Similarly, even though Distance Education Council (DEC) guidelines issued in 2006 envisaged constitution of an 'Advisory Committee' for SDE by the parent institution to manage the academic and administrative matters of the SDE, the committee was not constituted (January 2014).

During the Exit Conference, VC stated (February 2014) that Planning Board was reconstituted recently and that long term plans would be formulated in the near future. VC further stated that as Distance Education Bureau (DEB) was established recently under UGC, action would be taken as per DEB's guidelines in respect of constitution of Advisory Committee and posting of academic staff.

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29 (i) Government Arts College, Coimbatore and (ii) Chikkanna Government Arts College, Tiruppur

30 Bharathiar University Constituent College, Modakkurichi

31 (i) PSG Arts and Science College, Coimbatore, (ii) SMRV Arts and Science College, Coimbatore, (iii) Vellalar College for Women, Erode and (iv) Sri Vasavi College, Erode

32 64 members (2008), 59 members (2009), 80 members (2010), 80 members (2011) and 85 members (2012)

2.3.6.2 Introduction of new courses

One of the objectives of the University was to devise and conduct courses that are relevant to the needs of the society. Audit scrutiny revealed that 17 popular UG/PG courses[33] offered in the self-financing colleges (in 11 to 85 colleges) were not offered by the University's constituent and Government colleges. The University replied (January 2014) that action would be taken to introduce popular courses in its affiliated, constituent and Government colleges with the approval of the Government.

During the Exit Conference the Principal Secretary directed the VC to take up this issue to the Planning Board for necessary recommendation.

2.3.7 Admissions

Details of students enrolled during 2008-13 in the University departments and affiliated colleges are given in **Table 2.16.**

Table 2.16: Details of students enrolled during 2008-13

Year	Sanctioned Strength	Enrolled						Percentage enrolled to sanctioned strength
		SC	ST	BC	MBC	OC	Total	
2008-09	79,026	6,233	120	29,057	7,157	8,644	**51,211**	**64.8**
2009-10	80,578	7,330	160	30,076	8,306	7,054	**52,926**	**65.7**
2010-11	85,235	8,370	249	30,516	8,823	7,448	**55,406**	**65.0**
2011-12	89,676	9,125	1,019	32,098	10,235	7,012	**59,489**	**66.3**
2012-13	96,040	9,150	1,831	33,970	10,596	7,324	**62,871**	**65.5**

SC: Scheduled Castes, ST: Scheduled Tribes, BC: Backward Classes, MBC: Most Backward Classes and OC: Other Castes

(Source: Information furnished by the University)

Though enrolment of students during 2008-13 in terms of numbers was on increasing trend, it remained almost at same level in terms of percentage to sanctioned strength.

Excess collection of application and registration fee

For admission to UG courses in the Government/Government-aided/unaided arts and science colleges, cost of application fixed by Government (for each year during 2008-13) was ₹ 27 (₹ 25 for application and ₹ two for registration). Test check revealed that in three Government-aided[34] and four

[33] (i) BBA with Computer Applications, (ii) Bachelor of Computer Application, (iii) B. Com with Corporate Secretaryship, (iv) B.Com with Information Technology, (v) B. Com Professional Accounting, (vi) BSc Maths with Computer Applications, (vii) BSc Bio-technology, (viii) BSc Bio-Chemistry, (ix) BSc Electronics and Communication Systems, (x) BSc Catering Science and Hotel Management, (xi) BSc Costume Design and Fashion, (xii) BSc Micro Biology, (xiii) BSc Computer Technology, (xiv) MBA, (xv) M.Com with Computer Applications, (xvi) MSc Software Systems and (xvii) MSc Bio-technology

[34] (i) PSG Arts and Science College, Coimbatore, (ii) SMRV Arts and Science College, Coimbatore and (iii) Sri Vasavi College, Erode

self-financing[35] colleges, there was excess collection of application and registration fees from students[36], ranging from ₹ 23 to ₹ 123, amounting to ₹ 60.93 lakh. In reply, the University stated (January 2014) that due to insufficient manpower it was unable to frequently inspect the affiliated colleges and that the excess collection of application and registration fees would be examined and suitable action taken.

2.3.8 School of Distance Education

The DEC is the apex body established by GoI under the Indira Gandhi National Open University Act, 1985 for the purpose of promotion of open universities and the distance education system in the country. The SDE of the University had 274 study-cum-spot admission centres[37] in India and abroad. Total students enrolled in SDE during 2008-13 was 1,20,251 under academic year pattern (June to May) and 6,184 under calendar year pattern (January to December).

2.3.8.1 Non-appointment of academic staff

As per DEC guidelines, each programme offered under distance education required at least one academic staff. These positions were to be filled on permanent basis failing which they were to be filled on deputation or contract basis. The University appointed academic staff on permanent basis for only one programme *viz.*, Bachelor of Education as against 80 programmes offered by SDE. The University replied (September 2013) that 12 faculty members were deputed as co-ordinators for the courses offered in seven wings of the SDE. However, this was not as per requirement envisaged in DEC guidelines and shortfall affected the preparation and supply of self instructional material as brought out in succeeding paragraph.

2.3.8.2 Study Material

As per DEC guidelines, the parent institution shall give an undertaking that it will prepare self instructional material in the form of print, audio and video or in any other form and launch the programme after seeking prior approval of DEC. For the courses offered under calendar year pattern and academic year pattern by SDE, students were to be supplied with study material for all subjects.

Test check of records showed that in one SDE degree course *viz.,* MA (Journalism and Mass Communication) under academic year pattern, the University decided (December 2012) to purchase the recommended book for the subject 'Film Studies and Photography', from the market and placed orders (December 2012) for 70 copies of the book. The books were received and distributed (July 2013) to 63 students after completion of the examinations held in May 2013. The University attributed (January 2014) delay in supply of study material to non-appointment of academic staff who were to prepare study material.

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[35] (i) Nandha Arts College, Erode, (ii) Thirukumaran College for Women, Tiruppur, (iii) Sri Krishna Arts and Science College, Coimbatore and (iv) Sree Saraswathi Thyagaraja College, Coimbatore

[36] Application fee from 77,422 students and Registration fee from 65,926 students

[37] 13 overseas centres, 137 centres all over India other than Tamil Nadu and 124 centres in Tamil Nadu

2.3.9 Affiliation

As per the Act and Statutes, University can grant either permanent or provisional affiliation/approval. Affiliation or approval is in no case to be granted with retrospective effect. Application by colleges seeking affiliation/approval should be submitted between 1 July and 31 October preceding the academic year in which the courses are proposed to be started and should be considered by the Syndicate not later than November. During 2008-13, 14 new colleges (one constituent college and 13 self-financing colleges) and 429 courses were granted affiliation/approval by the University. Audit scrutiny in this regard revealed the following:

(i) When one of its affiliated self-financing college[38] applied (October 2007) for grant of provisional affiliation to increase intake of students from 60 to 120 for Master of Business Administration (MBA) course for the academic year 2008-09, the University granted (April 2009) it retrospectively (2008-09 batch) after imposing a fine of ₹ 10 lakh. The University replied (January 2014) that as the college had already admitted (September 2008) students for the MBA course, it granted the affiliation keeping in mind the interests of the students. The grant of provisional affiliation retrospectively with imposition of fine was against the statute.

(ii) When a constituent college[39] sought continuance of provisional affiliation for the first and second year B.Sc. (Mathematics) and B.Sc. (Computer Science) courses for the academic year 2013-14, the University's inspection commission recommended (May 2013) affiliation on the condition that additional faculties were appointed and computers/books were purchased. However, without providing this, the college admitted students in five courses in 2013-14 in excess of sanctioned strength as shown in **Table 2.17.**

Table 2.17: Details of admission made and sanctioned strength in the constituent college

Sl. No.	Course	Sanctioned strength for 2013-14	Students admitted in 2013-14
1.	B.A. English Literature	60	126
2.	B.B.A. with CA	60	70
3.	B.Com. with CA	60	125
4.	B.Sc. Mathematics	60	69
5.	B.Sc. Computer Science	60	128

(Source: Information furnished by the University)

In reply, University stated (January 2014) that in absence of a Government College in that area there was a huge demand for admission when the constituent college was established (May 2012) which resulted in additional intake of students with the approval of the University's Syndicate and it further stated that required additional teaching staff and infrastructure would also be provided. However, the fact remains that the University's approval to the Institution for additional intake of students was contrary to the rules.

(iii) During 2008-13, 429 additional courses introduced in various colleges were granted provisional affiliation/approval by the University. Audit scrutiny revealed that in 100 instances applications submitted belatedly by colleges for affiliation/approval were accepted and affiliation granted by the University. In 329 instances though the applications were submitted in time,

[38] Cheran's Arts and Science College, Kangeyam

[39] Bharathiar University College of Arts and Science in Modakuruchi, Erode District

affiliation/approval was granted by the University after expiry of the prescribed time of November of respective year. The University attributed (January 2014) delay in granting approval/affiliation to insufficient manpower and consequent delay in conducting inspection**.**

During the Exit Conference, VC stated (February 2014) that steps were being taken to streamline the process of granting affiliation to avoid delays.

2.3.10 Research Activities

Research and development activities constitute critical components of an academic institution as they help in dissemination of knowledge to students by way of exposure to latest developments. The projects undertaken in the University were funded by various funding agencies and Government organisations[40]. During 2008-12[41], the University received ₹ 24.23 crore for various projects and utilised ₹ 16.18 crore (60.25 *per cent*) leaving an unspent balance of ₹ 10.67 crore[42] as of March 2012.

(i) Audit scrutiny revealed that out of 135 projects with an outlay of ₹ 14.88 crore undertaken during 2008-13, 33 projects costing ₹ 2.44 crore remained incomplete even after the scheduled date of completion and the delays ranged from 5 to 36 months (January 2014). University's reply in this regard is awaited.

(ii) As per Rule 117 of Finance and Accounting (F&A) Rules of the University, separate subsidiary accounts should be maintained for each project account. As per norms of the funding agency, interest earned on the grants shall be treated as additional grant and shown in the utilisation certificate/statement of expenditure to be furnished by the grantee institution. In the event of non-utilisation/part utilisation, simple interest at the rate of six *per cent* per annum on the unutilised amount from the date of drawal to the date of refund was to be charged by the funding agency. The University, which did not maintain separate subsidiary accounts for funds received from UGC and other funding agencies, failed to monitor the utilisation of funds and remit the unspent balances in time. A review of project accounts by audit revealed the following:

(a) The University was not aware of the projects for which funds from UGC to the tune of ₹ 3.06 crore[43] received during 2008-12 were to be utilised and it retained them without incurring any expenditure. The University replied (January 2014) that in the absence of details regarding the purpose of sanction, the amount was kept without incurring any expenditure and that action was being taken to obtain details from UGC to utilise funds**.**

(b) In 29 UGC grants, unspent grants of ₹ 2.73 crore were available as on 31 March 2012 in the General Fund (GF) account. Similarly, in respect of 101 grants funded by non-UGC agencies there were unspent grants of ₹ 3.77 crore as on 31 March 2012. These grants remained unspent for periods ranging from one year to four years.

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40 University Grants Commission, Council of Scientific and Industrial Research, Defence Research and Development Organisation, Department of Science and Technology, etc.

41 Accounts for the year 2012-13 not yet prepared

42 Includes opening balance of ₹ 2.62 crore

43 ₹ 0.30 crore (2008-09); ₹ 1.05 crore (2009-10); ₹ 1.55 crore (2010-11) and ₹ 0.16 crore (2011-12)

Besides, in 138 projects funded by UGC (51 projects) and other agencies (87 projects), accounts had negative closing balances ranging from ₹ 0.78 crore to ₹ 6.11 crore in the years 2008-12. It was noticed in audit that the University did not maintain separate subsidiary cash books for each account and all grants received from funding agencies were deposited in the GF account and expenditure on the projects incurred from the GF account. Reasons for the negative balances could, therefore, not be ascertained by Audit.

(c) As per UGC guidelines for General Development Assistance (GDA) to Central, Deemed and State Universities, only equipment (excluding furniture, fixtures and Computers) for laboratories, special office equipment and modern teaching aids like multimedia projectors, overhead projectors, etc., were to be procured. UGC sanctioned (July 2009) ₹ 8.25 crore under GDA grant to the University. Scrutiny of records revealed that the University, in violation of the guidelines, procured (between November 2008 and May 2012) computers, laptops and servers incurring expenditure of ₹ one crore from the GDA grant. In reply, the University stated (January 2014) that the purchases were made with the approval of the Syndicate. The fact, however, remains that the purchases were in contravention of GDA guidelines**.**

(iii) GoI sanctioned (June 2005) the project of establishment of a centre of excellence *viz.,* "Defence Research and Development Organisation (DRDO) – Bharathiar University (BU) Centre for Life Sciences" in the University at a cost of ₹ 18 crore (GoI share ₹ 14 crore and University share ₹ four crore) with a project period of five years (i.e. 2005-10). As per the Memorandum of Understanding (MoU) (July 2005), DRDO agreed to bear ₹ 14 lakh as overhead charges. On completion of the project, the University remitted (July 2013) the unspent balance of ₹ 10.88 lakh. In the meanwhile, DRDO sanctioned (July 2012) ₹ 21.90 crore towards its share for Phase II of the project from the year 2012-13.

Audit scrutiny revealed that the University booked ₹ 44 lakh as against ₹ 14 lakh allowed for overheads and failed to disclose the interest earned on DRDO's share and to refund the proportionate amount of ₹ 78.69 lakh[44] on the total interest of ₹ 1.02 crore earned during the project period. Moreover, the delay of two years in completing Phase I postponed the activities of the Phase II which was yet to commence (December 2013). In reply the University stated (January 2014) that ratification/approval of the excess expenditure booked on the overhead charges over and above the allocation was sought for from the Ministry of Defence, GoI. In respect of apportioning of interest earned it stated that the same would be examined**.**

(iv) UGC released grant-in-aid of ₹ 27.25 lakh for implementing a project over a five year period (i.e. 2002-07) under Special Assistance Programme (SAP) in the University's Department of Computer Science and Engineering. On completion of the programme (March 2007) there was a balance of ₹ 2.72 lakh (Utilisation Certificate for ₹ 24.53 lakh sent in July 2008) which together with interest of ₹ 6.19 lakh was not returned to UGC (December 2013).

[44] ₹ 78.69 lakh was arrived at by proportioning ₹ 1.02 crore earned as interest in the ratio of 13.5:4 which are the respective shares of DRDO and University

During the Exit Conference the Principal Secretary assured that the University would take necessary action to refund the unspent amount.

2.3.11 Financial Management

Major sources of revenue of the university were grants received from the GoTN, UGC and other Central Government organisations like Council for Scientific and Industrial Research, DRDO, Indian Council for Agricultural Research, Indian Space Research Organisation, Department of Science and Technology for research and other specific purposes. The University also generated its own income by way of fees from its students and affiliated colleges, sale of publications and forms, rent from buildings, processing fee, etc. Salaries, capital and maintenance expenditure and staff pension were the major categories of expenditure.

As per the provisions of F&A Rules of the University, a classified abstract of receipt and charges was to be prepared annually. Finances of the university and SDE were managed separately and 36 accounts comprising General Fund (Plan and Non-plan), Examination Fund, Endowment Fund, UGC-Special Assistance Programme Fund, Pension Fund, Contributory Pension Fund, School of Distance Education fund and other funds were maintained.

2.3.11.1 Budget estimate and expenditure

Details of Budget Estimates (BE), Revised Estimates (RE) and actuals of receipts and expenditure of the University during 2008-12 are given in **Table 2.18.**

Table 2.18: Budget Estimates and expenditure

(₹ in crore)

Year	Receipts			Expenditure		
	BE	RE	Actuals	BE	RE	Actuals
2008-09	67.65	94.70 (39.99)	107.36 (13.37)	75.31	66.26 (-12.02)	85.06 (28.37)
2009-10	109.59	138.60 (26.47)	142.89 (3.10)	97.49	112.34 (15.23)	139.60 (24.27)
2010-11	152.66	165.27 (8.26)	159.04 (-3.77)	147.39	154.35 (4.72)	123.87 (-19.75)
2011-12	193.60	202.15 (4.42)	204.87 (1.35)	192.42	202.22 (5.09)	149.89 (-25.88)

Accounts for the year 2012-13 not yet prepared
Figures in brackets represent variation as a percentage
(Source: University's Financial Estimates and Annual Accounts)

From the above data, it may be noticed that there were variations in receipts ranging from 4.42 to 39.99 *per cent* and (-) 3.77 to 13.37 *per cent* between BE and RE, and RE and actuals respectively. Similarly, the variations under expenditure ranged from (-) 12.02 to 15.23 *per cent* and (-) 25.88 to 28.37 *per cent* between BE and RE, and RE and actuals respectively. The estimates of receipts and expenditure were thus, unrealistic.

2.3.11.2 General Fund account

Details of receipts and expenditure of the university under General Fund account for the period 2008-12 are given in **Table 2.19.**

Table 2.19 : General Fund Account

(₹ in crore)

Year	Opening Balance	Receipt including GoTN, UGC & other grants	Investment Realised	Total	Expenditure	Investment made	Closing Balance
2008-09	42.65	76.86	1.48	120.99	68.31	31.23	21.45
2009-10	21.45	100.55	8.18	130.18	79.47	19.46	31.25
2010-11	31.25	110.83	17.24	159.32	94.71	36.91	27.70
2011-12	27.70	135.65	22.19	185.54	106.56	33.36	45.62

Accounts for the year 2012-13 not yet prepared

(Source: University's Annual Accounts)

As per the Act, the Finance Officer is responsible for preparation of annual accounts and publishing audited accounts for submission to the Senate at its next meeting and to Government within three months of such publication. As per Government order, stipulated date for submission of accounts to Local Fund Audit is 30 June every year. Audit scrutiny revealed that the University submitted its annual accounts with delays ranging from 13 to 15 months during 2008-12. It was noticed from the Local Fund Audit reports that University was entitled to block grants aggregating to ₹ 25.81 crore for the years 2009-10 and 2010-11. Similar reimbursements for 2011-12 and 2012-13 for the expenditure incurred towards salary and allowances of its staff were not calculated and claimed from Government due to delayed preparation/non-preparation of accounts. In reply, the University stated (September 2013) that the belated submission was due to shortage of manpower and general administrative reasons. During the Exit Conference, VC further stated (February 2014) that computerisation of accounts was under process and efforts would be taken to finalise the accounts early.

2.3.11.3 SDE Fund account

Details of the receipt and expenditure of the university under SDE Fund account for the period 2008-12 are given in **Table 2.20.**

Table 2.20 : School of Distance Education Fund Account

(₹ in crore)

Year	Opening Balance	Receipt	Investment realised	Total	Expenditure	Investment made	Closing Balance
2008-09	12.61	30.50	0.00	43.11	16.75	16.22	10.14
2009-10	10.14	42.34	0.30	52.78	30.53	10.13	12.12
2010-11	12.12	48.21	4.46	64.79	29.17	8.41	27.21
2011-12	27.21	69.23	14.61	111.05	43.33	23.31	44.41

Accounts for the year 2012-13 not yet prepared

(Source: University's Annual Accounts)

An amount of ₹ 0.20 crore was fixed[45] by the GoTN (May 1998) as contribution from SDE to be made to the University's General Fund (GF) account every year irrespective of the increase/decrease in the receipts of the SDE in the subsequent years. Scrutiny of records revealed that the University diverted funds of ₹ 55.25 crore from the SDE Fund account to GF over and above this limit during 2008-13 as detailed in **Table 2.21**.

[45] 15 *per cent* of ₹ 134.82 lakh, the gross receipts of 1996-97

Table 2.21: Amount transferred to University from SDE

(₹ in crore)

Year	Amount to be transferred as fixed by Government	Amount transferred to University from SDE	Excess transfer
2008-09	0.20	2.00	1.80
2009-10	0.20	9.00	8.80
2010-11	0.20	14.35	14.15
2011-12	0.20	19.70	19.50
2012-13	0.20[@]	11.20	11.00
Total	**1.00**	**56.25**	**55.25**

[@] Unaudited Accounts

(Source: Information furnished by the University)

In reply, the University stated (January 2014) that the funds were transferred from SDE to GF Account with the approval of the VC to meet the shortfall. The fact however remains that the excess amount transferred to the GF of the University was not yet recouped (December 2013) to the SDE Fund.

2.3.11.4 Non-reconciliation of Provident Fund account

As per extant instructions, 75 *per cent* of Provident Fund (PF) contributions collected in a year was to be kept in a Personal Deposit (PD) account and the balance 25 *per cent* in an SB account for day-to-day disbursements of PF advances/ withdrawals. Scrutiny of the PF ledgers and cash books revealed that the total balance available in the PD account and SB account put together was more than the balance as per ledger for 2008-12 as worked out in **Table 2.22** and the discrepancy was due to non-reconciliation of the PF ledgers with the cash book.

Table 2.22 : Details of balances as per PD and SB Accounts and PF Ledger

(In ₹)

Year	Closing Balance as per PF ledger including interest	Interest credited (book adjustment)	Closing Balance as per PF ledger excluding interest (col. 2 – col. 3)	CB in PD and SB Account	Difference (col. 5 – col. 4)
(1)	(2)	(3)	(4)	(5)	(6)
2008-09	6,09,45,566	43,27,183	5,66,18,383	6,61,46,659	95,28,276
2009-10	7,09,24,035	50,37,041	6,58,86,994	7,39,65,381	80,78,387
2010-11	8,60,19,214	60,86,656	7,99,32,558	8,58,36,015	59,03,457
2011-12	9,77,57,432	72,50,216	9,05,07,216	9,75,67,572	70,60,356

(Source: Information furnished by the University)

In reply, the University stated (January 2014) that action would be taken to reconcile the difference between PF ledger, PD and SB accounts and the cash book**.**

2.3.11.5 Tuition fee due from Government

As per Rule 92 of the Tamil Nadu Education Rules, tuition fee for Scheduled Castes and Scheduled Tribes students is reimbursed by the Government. The fee exemption allowed is claimed by the University as reimbursement from Government based on the list of students and amount certified by Local Fund Audit. It was noticed in audit that the University was yet to receive reimbursement of ₹ 94.55 lakh towards tuition fee concession already allowed for 2007-11 (as detailed in **Table 2.23**), as necessary proposals were not submitted by the University to the Government.

Table 2.23 : Reimbursement towards tuition fee due from Government

Sl. No.	Year	No of students	Claim due from Government (₹ in lakh)
1.	2007-08	214	22.61
2.	2008-09	247	23.25
3.	2009-10	278	24.36
4.	2010-11	303	24.33
	Total	**1042**	**94.55**

(Source: As per information furnished by the University)

In reply, the University stated (September 2013) that the claim relating to 2007-08 was submitted and that proposal for claim towards SC/ST fee concession for the period 2008-11 was under preparation for submission to Local Fund Audit.

2.3.11.6 Non-refund of undisbursed scholarship amount

Scholarship in respect of tuition fees for SC/ST/BC/MBC students of the University is given by the Government every year. Scholarship amounts are released to the University by District Welfare Officers concerned based on proposals sent by University. Amount so released by the Government should be disbursed to the students and the undisbursed scholarship amounts should be remitted into Government account. Scrutiny of records revealed the following:

Out of ₹ 3.81 crore received from the Government during 2008-13 towards scholarship for 6,846 students, ₹ 28.64 lakh was not disbursed to 826 students. Reasons for non-disbursement of scholarship was called for in audit and reply is awaited (December 2013).

Similarly, in SDE out of ₹ 3.28 lakh received towards scholarship for 149 students during 2007-08 to 2011-12, ₹ 0.73 lakh in respect of 32 students remained undisbursed. In reply, the University stated (January 2014) that necessary action would be taken to refund the undisbursed amount of scholarship to Government after sending final reminder to students concerned.

2.3.11.7 Outstanding advances

As per F&A Rules, tour and miscellaneous advances paid to officers and staff of the University were recoverable or adjustable within three months. The University sanctioned advances to Principals of Colleges to conduct examinations and to various departmental officers for execution of petty works and to contractors for construction of buildings. Scrutiny of records revealed that ₹ 10.45 crore advanced to various officers remained unadjusted (December 2013) from 1982-83 in the books of the University. Age-wise pendency of unadjusted advances is detailed in **Table 2.24.**

Table 2.24: Age-wise pendency of unadjusted advances

Pendency	Number of advances	Amount (₹ in crore)
More than 10 years	352	0.46
More than five years up to 10 years	576	0.69
More than one year but less than five years	855	7.54
Less than one year	297	1.76
Total	**2,080**	**10.45**

(Source: Information furnished by the University)

Failure to monitor settlement of outstanding advances reflected poor internal controls. Reasons for non-settlement of long pending advances were called for in audit and reply is awaited (December 2013).

2.3.11.8 Non-investment of surplus funds

As per F&A Rules, accumulated and surplus cash balance under any account of the University which was not required for immediate expenditure was to be invested by the Syndicate in any of the securities authorised or in fixed deposits with nationalised banks and to facilitate this the Finance Officer was to submit a statement every quarter to the Syndicate indicating surplus cash under each account that would not be required for immediate expenditure. F&A Rules also stipulate maintenance of an investment register.

Of the 36 savings bank accounts maintained by the University, the bank accounts pertaining to the General Fund, Examination Fund and School of Distance Education Fund had substantial cash flows. Scrutiny of records revealed that the three savings bank accounts had surplus quarterly balances during 2008-12 ranging from ₹ 33.71 lakh to ₹ 37.23 crore in 26 quarterly periods. The University did not follow the procedure envisaged in the F&A Rules to suitably invest the surplus funds not required for immediate expenditure. The bank balances in the fund accounts were not reviewed periodically to assess the surplus funds for investment, resulting in loss of interest. The University replied (September 2013) that after ascertaining the tentative expenditure for the next quarter, balance amount would be invested. Moreover, University did not maintain an investment register and consequently audit was not able to verify whether the investments were renewed periodically and the interest receipts properly accounted for.

2.3.11.9 Endowment Funds

Endowments were created using funds donated by philanthropists, business houses, Government bodies, etc. Interest earned on the endowments, for which the University maintained three accounts, was to be utilised for specific purposes such as giving awards and prizes to students in recognition of their academic performance. As on 31 March 2011, 43 endowments with a corpus of ₹ 98.51 lakh were maintained by University. Corpus of these endowments varied from ₹ 15,000 to ₹ 25 lakh. Scrutiny of annual accounts for the years 2008-09 to 2010-11 revealed that endowments were not utilised effectively and out of 43 endowments as on 31 March 2011, 17 were inoperative as they had only interest receipts (₹ 5.20 lakh) without any expenditure during 2008-11. Percentage of utilisation during 2008-11 ranged from 4.1 to 19.5 *per cent* of the balance (including interest receipts) available in the funds. Details regarding the purpose for which the endowment is created were called for in audit and reply in this regard is awaited (December 2013).

2.3.12 Human resource and Infrastructure

2.3.12.1 Vacancies in Faculty positions

Details of sanctioned strength and number of existing faculty members during the period 2009-13 in the University are given in the **Table 2.25**.

Table 2.25: Vacancy position during 2009-13

Cadre	As on 01/04/2009			As on 01/04/2010			As on 01/04/2011			As on 01/04/2012			As on 01/04/2013		
	SS	PIP	V	SS	PIP	V	SS	PIP	V	SS	PIP	V	SS	PIP	V
Professor	26	21	5	26	20	6	24	19	5	27	20	7	27	18	9
Reader / Associate Professor	40	35	5	41	35	6	37	35	2	41	34	7	41	33	8
Lecturer /Asst. Professor	128	108	20	127	106	21	133	105	28	141	103	38	141	100	41
Total	**194**	**164**	**30**	**194**	**161**	**33**	**194**	**159**	**35**	**209**	**157**	**52**	**209**	**151**	**58**
Vacancy in per cent	***15.46***			***17.01***			***18.04***			***24.88***			***27.75***		

SS: Sanctioned Strength, PIP: Persons-in-Position, V: Vacant

(Source: Information furnished by the University)

The vacancy position of faculty members during 2009-10 to 2012-13 was increasing and ranged between 15 and 28 *per cent*.

2.3.12.2 Inadequate hostel facilities.

University provides accommodation to its students through eight hostels (four hostels each for boys and girls) located within its campus. Details of intake capacity of the hostels and the annual occupancy for the period 2008-13 are given in **Table 2.26.**

Table 2.26: Hostel occupancy details during 2008-13

Name of the Hostel	Intake capacity	Annual occupancy during 2008-13
Kambar (Boys)	97	111 (14)
Elango (Boys)	200	313 (56)
Thiruvalluvar (Boys)	130	216 (66)
Sekhizhar (Boys)	192	228 (18)
Total	**619**	**868 (40)**
Kannamma (Girls)	234	443 (89)
Chellammal (Girls)	192	283 (47)
Kasturibai (Girls)	44	44 (Nil)
Periyar (Girls)	132	250 (89)
Total	**602**	**1,020 (69)**

Figures in brackets denotes the excess occupancy as a percentage to intake capacity

(Source: Information furnished by the University)

While these hostels had capacity to accommodate 619 boys and 602 girls only, the numbers of boys and girls admitted each year in these hostels during 2008-13 were 868 and 1,020 respectively. Excess occupancy in the boys' and girls' hostels was 40 *per cent* and 69 *per cent* respectively. While no hostel building for boys was constructed during 2008-13, construction of one hostel building for girls with intake capacity of 123 students was in progress. The University replied (January 2014) that construction of new girls' hostel was

nearing completion. It further stated that a proposal for construction of new hostels for boys and girls to reduce the excess occupancy in the existing hostels was under consideration**.**

2.3.12.3 Non-availability of separate library facilities.

DEC guidelines stipulate suitable and adequate facilities such as buildings, library, computer facility and laboratories for imparting instruction through distance education mode and for conducting relevant research.

Scrutiny of records revealed that though students ranging from 21,000 to 31,000 were enrolled in various courses during 2008-13 under distance education, the SDE, which had a library for the B.Ed. course, had no such facility for its other courses. In reply, the University stated (January 2014) that as SDE was situated within the university campus, a separate library for SDE was not established. However, DEC guidelines should have been satisfied.

2.3.13 Other points

2.3.13.1 Cost overrun due to delay

GoTN sanctioned and released (February 2006) ₹ five crore as special grant for Silver Jubilee Commemorative Celebrations of the University for construction of (i) Indoor Stadium at a cost of ₹ 1.50 crore, (ii) Nano-Technology Department at a cost of ₹ 1.50 crore and (iii) International Faculty and Students Centre at a cost of ₹ two crore. As sanction of estimates for the three works from Technical Education Division (TED) of Public Works Department (PWD) was delayed (detailed estimates submitted in June 2006 and revised estimates in May 2008) the University decided (September 2008) to execute these works through its Engineering Wing. The works, commenced in January 2009, were completed between December 2009 and August 2012. Due to delay of more than two years by the PWD and the University in finalising the design and in deciding the agency for executing the work, there was avoidable extra expenditure of ₹ 1.59 crore due to cost escalation as detailed in **Table 2.27.**

Table 2.27: Details of cost escalation

(₹ in lakh)

Sl. No.	Description of work	Amount sanctioned	Estimated value put to tender	Agreement value	Expenditure	Cost escalation*
1	Indoor Stadium	150	207.25	247.14	297.82	61.20
2	Nano-Technology Department	150	201.95	240.38	299.00	53.94
3	International Faculty and students Centre	200	163.97	197.68	239.34	43.45
	Total	**500**				**158.59**

* Difference between schedule of rates for 2006-07 and 2008-09

(Source: Information furnished by the University)

In reply, the University stated (January 2014) that the delay was due to finalisation of plans keeping in mind the objective of providing maximum usage for academic activities. Extra expenditure due to cost escalation was avoidable.

2.3.13.2 *Unfruitful expenditure on construction of Women's hostel due to poor planning*

Based on the proposal (September 2004) of Principal, Chikkana Government Arts College, Tiruppur (one of the test-checked colleges) UGC sanctioned ₹ 15 lakh for construction of women's hostel as its share with the condition that ₹ 10 lakh was to be borne by the college from its own sources. UGC released ₹ 13.50 lakh (₹ 5.92 lakh in October 2004 and ₹ 7.58 lakh in March 2007). PWD with whom ₹ 13.50 lakh was deposited (Between January 2005 and March 2007) commenced the work and executed it up to roof level incurring expenditure of ₹ 6.70 lakh (June 2005) and there was no further progress. Meanwhile, due to increase in material cost, revised cost of the work rose to ₹ 46.99 lakh. Work scheduled for completion in September 2005 remained incomplete (December 2013) as shown in **Picture 2.3**. Thus, despite availability of UGC funds of ₹ 13.50 lakh, poor planning on the part of college in arranging its share of funds before commencing the work resulted in wasteful expenditure of ₹ 6.70 lakh incurred on partial construction of the hostel besides locking up of UGC funds to the tune of ₹ 6.80 lakh with PWD and non-achievement of the objective to provide hostel facility to its women students. During the Exit Conference the Principal Secretary stated (February 2014) that the issue would be reviewed and appropriate action taken.

Picture 2.3: Women's Hostel at Government Arts College at Tiruppur remained incomplete since June 2005



2.3.13.3 *Extra expenditure on printing of study material*

The SDE had two types of agreements with printers *viz.,* (i) for developing and printing the course materials with copyright of the developed material resting with the University (with Main printer) and (ii) for printing the course material developed by the SDE (with Other Printers).

University, which entered into agreements as detailed in **Table 2.28** placed orders for reprint of MBA course material with Main printer as well as with other printers.

Table 2.28 : Details of agreements for printing distance education course material

(In ₹)

Agreement Period	Printer	Rate per page for number of pages		
		Up to 500	501 to 1,000	>1,000
18/09/07 to 17/09/10	Main printer (developing and Printing)	0.29		0.25
10/02/11 to 09/02/14	Main printer (developing and Printing)	0.38		
03/11 to 02/12	Other printers (Printing only)	0.25	0.22	0.19

(Source: Information furnished by the University)

Scrutiny of records revealed that reprint orders, which did not have an element of development of material, were placed (February 2012) with Main printer as per the agreement which was valid up to February 2014 at twice

the rate (i.e. ₹ 0.38 per page) of other printers. Non-finalisation of contracts separately for developing (a one-time process) and for printing resulted in extra expenditure of ₹ 80.50 lakh[46]. The University replied (January 2014) that it would have separate agreements for development and for printing in future.

2.3.13.4 Annual stock verification

As per F&A Rules, all stock of furniture, electrical fittings, material, book, stationery, apparatus and chemicals in laboratories, etc., shall be verified once a year before the close of financial year. Scrutiny of records revealed that University did not conduct annual physical verification of its library books since 1982 and during the first and the only stock verification exercise (December 2012-January 2013) it was reported that loss of books over a period of 32 years accumulated to 14,216 numbers[47] valued at ₹ 27.35 lakh. Further, the Syndicate Sub-Committee on Library in its meeting (June 2013) resolved to recommend the write-off of the loss as it could not fix responsibility for the loss of books.

2.3.14 Internal control, inspection and monitoring

2.3.14.1 Internal control

For efficient management of any organisation, an effective internal control mechanism must be in place to avoid/minimise errors, misappropriation, fraudulent payment, etc. As a part of internal control, an effective internal audit arrangement should be in place in the University to ensure compliance with the provisions of the Act, Rules and regulations. Audit observed that there was no internal audit wing set up by the University. Finance Officer stated (September 2013) that concurrent audit is being conducted by Local Fund Audit and hence there was no internal audit wing.

2.3.14.2 Non-submission of returns by self-financing colleges.

According to provisions of the Act, every affiliated college had to furnish (i) a return of staff as on the 1 August and 1 January before the 15 August and 15 January of each year and a return of change of staff as soon as any change takes place, (ii) a statement showing the strength of students class-wise and subject-wise and (iii) annual report and audited statement of account. The accounts of self-financing colleges should be audited by the end of each year by a Chartered Accountant out of a panel approved by the University and a copy of its annual accounts with the audit report should be made available to the University and the GoTN for inspection within six months from the close of the financial year failing which any further applications for affiliation for new courses, additional strength would not be considered.

Audit scrutiny revealed that though 82 affiliated self-financing colleges did not submit their audited annual accounts and other prescribed returns during 2008-13, the University as a matter of routine, processed their applications for affiliation of new courses in violation of the provisions of the Act. In reply, the University stated (September 2013) that all self-financing colleges were instructed to submit their annual accounts and that action would be taken to get their accounts.

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46 ₹ 0.19 ÷ ₹ 0.38 × 1.61 crore (Total value of reprint orders)

47 Total number of books in the library: 1,47,350

2.3.14.3 Periodical inspection of affiliated colleges

The Act stipulates that every college shall be subject to inspection by the University from time to time (at least once in three years) by one or more persons appointed by the Syndicate and a report made to the Syndicate. Audit scrutiny revealed that in 108 colleges affiliated to University, other than initial inspection carried out at the time of initial grant of affiliation no periodical inspection was carried out by the University. As a result, the University did not monitor the state of affairs in its affiliated colleges with regard to application fees collected and adequacy of infrastructure facilities (like laboratories, equipment, amenities, etc.) consequent on introduction of new courses, change in syllabus and increased sanctioned strength.

Similarly, in the case of study centres of the SDE, DEC guidelines stipulate their inspection at least once every two years by an expert Committee appointed by the VC. In reply, the University stated (September 2013) that no periodical inspection was carried out in any of the 274 study centres of the SDE during 2008-13.

2.3.14.4 Delay in settlement of local fund audit paragraphs

Director of Local Fund Audit (LFA) is the statutory auditor of the University. The audit objections of LFA pending settlement at the end of each year for the period 2008-11 are summarised in **Table 2.29.**

Table 2.29: Year-wise pending audit objections

Year	No of objections
2008-09	56
2009-10	42
2010-11	83
Total	**181**

(Source: Local Fund Audit Reports of the respective years)

Apart from the above 181 objections, 593 objections pertaining to the period 1983-84 to 2007-08 were also pending for settlement. The long pendency of audit objections is a matter of concern and needs to be addressed.

Among the pending objections from 1996-97, there were objections amounting to ₹ 15.49 crore as of 2010-11 on account of wrong fixation/career advancement for its staff. The University, instead of re-fixing the pay of the staff concerned and recovering the excess, adjusted the excess while claiming the block grants from Government each year and suffered a reduction in its yearly receipts of grants. In reply, the University stated (December 2013) that instructions of the Government (September 2013) to recover excess payment made due to incorrect career advancement/incorrect fixation and to fix responsibility on concerned personnel were under consideration.

2.3.15 Conclusion

Popular UG/PG courses, which are relevant to the needs of the society, offered in the self-financing colleges were not offered by the University's constituent and affiliated Government colleges. In the School of Distance Education, academic staff for preparation of self instructional material was inadequate. Out of 135 research projects, 33 projects were in progress even after the stipulated date of completion with delays ranging from 5 to 36 months. An amount of ₹ 55.25 crore out of the surplus in the School of Distance Education fund account was diverted to the General Fund in excess of prescribed norms. Bank balances in the fund accounts were not reviewed periodically to assess the surplus funds for investment. In 17 out of 43

endowment accounts the interest earned was not utilised for giving awards or scholarships to the students. As against the capacity to accommodate 619 boys and 602 girls in the University hostels, the numbers of boys and girls admitted in these hostels during 2008-13 were 868 and 1,020 respectively. The University failed to obtain audited accounts from its affiliated colleges and did not conduct its mandatory inspections.

2.3.16 Recommendations

- Progress in sponsored research projects needs to be closely monitored.
- Surplus funds with the University may be reviewed periodically and appropriate investment decision taken.
- Adequate hostel facilities need to be provided to the students.
- The University should reinforce inspections of its affiliated colleges and the procedure for granting affiliation.

The above points were referred to Government in November 2013; reply has not been received (December 2013).

HOUSING AND URBAN DEVELOPMENT DEPARTMENT
CHENNAI METROPOLITAN DEVELOPMENT AUTHORITY

2.4 Implementation of e-Governance Initiatives in Chennai Metropolitan Development Authority

Executive Summary

Government of Tamil Nadu introduced (2006) e-Governance system for the regulatory functions of Chennai Metropolitan Development Authority (CMDA). The objectives of this e-Governance application were to reduce time taken for according approval to Planning Permission Application (PPA), improve transparency in their day-to-day functions, better monitoring of the system and web-enabled interaction. The Government also carried out Business Process Re-engineering to facilitate the computerisation, by introducing an improved electronic work flow including automating the key component of checking Building Plans electronically. Performance Audit of implementation of e-Governance initiatives in CMDA revealed following audit findings:

There was no improvement in time taken for processing the PPA after introduction of e-Governance system and the time frame set in Citizen Charter was not adhered to. Breaks in the work flow led to adoption of batch process, which deprived public of the facility to verify status of their applications online. This defeated the objective of improving transparency in CMDA's day-to-day functions.

Due to incomplete/partial implementation of e-Governance system, Automated Planning Permission Application Software (APPAS), the core software for online building plan scrutiny which was originally planned to be integrated with e-Governance system, was not integrated. The APPAS database also had deficiencies in its design.

Even after spending ₹ 1.01 crore and six years after introduction of e-Governance system, CMDA could not achieve any of the planned objectives.

2.4.1. Introduction

Chennai Metropolitan Development Authority (CMDA), a statutory body constituted under the Tamil Nadu Town and Country Planning Act, 1971 is responsible for issuing building plan, layout and sub-division approvals for the public and builders to take up construction works within the jurisdiction of Chennai Metropolitan Area (CMA). CMDA is headed by a Member Secretary (MS) who is the administrative head and assisted by a Special Planner, a Chief Planner, Deputy Planners, and Assistant Planners etc. CMDA issues planning permission (PP) to ordinary, special buildings, group developments and multi-storeyed buildings.

2.4.2 Computerisation and its objectives

GoTN introduced (2006) e-Governance system in the regulatory functions of CMDA mainly to streamline management of applications and its flow across sections with the objectives of reducing time taken for according approval to Planning Permission Application (PPA), improving transparency in their day-

to-day functions, better monitoring of the system and web-enabled interaction. A Core Group[48] (CG) was formed to suggest Business Process Re-engineering activity to simplify application process, reduce time taken for approval and to avoid multiple visits to CMDA by public. CG submitted its report in July 2006. National Informatics Centre (NIC), the software developer, after considering the report of CG submitted (September 2006) a Detailed Project Report (DPR) to CMDA for ₹ 240 lakh[49] indicating hardware requirements, time schedule and cost involved for implementation of e-Governance initiatives and the DPR was approved (September 2006) by CMDA. Citizen Charter of CMDA which came into force in the year 2005 prescribed time-limit of 45 days and 75 days for disposal of PPAs in respect of ordinary/special buildings and multi-storeyed buildings[50] respectively. However, the CG in their report did not consider this specific time frame and generally defined one of the objectives as "reducing the time taken for according approval to PPA".

The entire e-Governance activities were proposed to be implemented in three phases in a 'work flow based system' and using intranet technology with a time frame of January 2007 for Phase I and June 2007 for Phase II. No time frame was fixed for Phase III. Functions of CMDA in according building plan approval i.e. from receipt of applications to issue of permission were covered under Phase I. Other related functions such as verification of building constructions with reference to planning permission accorded, legal disputes, appeals, regularisation etc., were planned in Phase II. Phase III contemplates computerisation of administrative functions of CMDA. NIC handed over full-fledged e-Governance work flow automation software to CMDA containing 18 modules[51] for Phase I with relevant documentations like data dictionary, user manual and project proposal (User Requirement Specification (URS) & System Requirement Specification (SRS)). Back end of database was developed in PostgreSQL[52]. The e-Governance initiative was launched in CMDA on 1 October 2007. During 2006-13, an expenditure of ₹ 101.33 lakh was incurred on procurement of hardware and software and payment to data entry operators.

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48 Consisting of CMDA, National Informatics Centre and other Stake holders such as builders associations, architects association and licenced surveyors

49 Phase I – ₹ 115 lakh (Ordinary building, Special building, Multi storeyed Building, Institutions/ Industries, Layouts and Reclassification); Phase II – ₹ 75 lakh (Enforcement, Legal disputes, Appeal and Regularisation); Phase III – ₹ 36 lakh (Administration, Accounts, Projects and Other sections) and ₹ 14 lakh (Site preparation & Furniture)

50 (i) Ordinary buildings - floor area not exceeding 300 square metres and Ground +1 floor in height; (ii) Special buildings - residential or commercial buildings with more than two floors or residential buildings with more than six dwelling units or a commercial buildings exceeding a floor area of 300 square metres; (iii) Multi-Storeyed buildings - buildings exceeding four floors and 15.25 metres in height

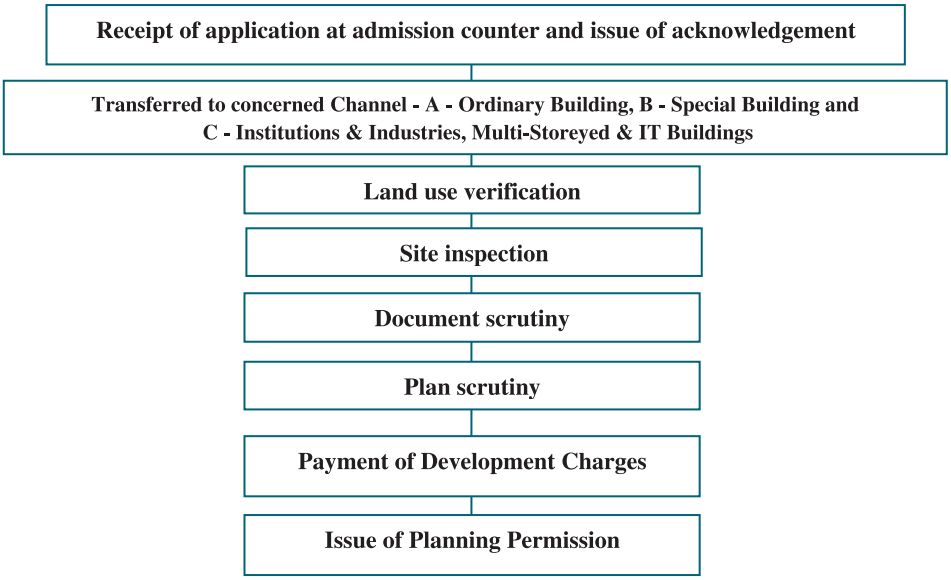
51 Login & Menus, Counter, Land Use Entry, Initial Scrutiny, Concerned Channel (SB), Inspection, Form –B entry, Document scrutiny, Document scrutiny review, Plan scrutiny, plan scrutiny review, MS approval, Open Space Reservation, Coastal Regulation Zone, Development Charges, Approval, Return and Refusal.

52 PostgreSQL is an open source object-relational database management system (ORDBMS) with free/open source software license

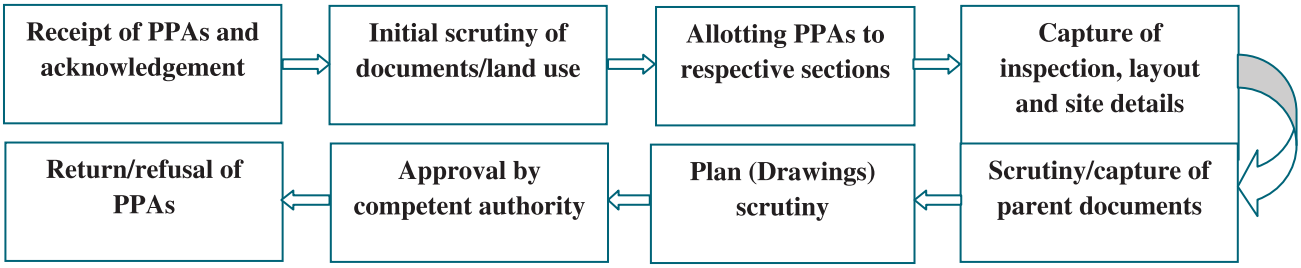
Manual system and e-Governance work flow

The procedure followed in the manual system earlier and work flow automation process which was envisaged after re-engineering are depicted in **Flow Diagrams 2.1 and 2.2.**

Flow Diagram 2.1: Manual system



Flow Diagram 2.2: Computerised workflow envisaged originally



2.4.3 Scope and Audit Objectives

Scope of audit was limited to Phase I only since the remaining two Phases were not taken up by CMDA. Audit was undertaken to assess the extent to which CMDA could achieve the objectives of computerisation under Phase I and reasons for shortfalls, if any.

Audit objectives were

(i) to assess whether e-Governance system as implemented met its programme objectives of

- reducing the time taken for giving Planning Permission to the applicants and adhering to the period stipulated in the Citizen Charter;
- improving transparency of operations of CMDA; and
- introducing work flow based system.

(ii) to assess whether all the requirements/rules were mapped into the Information Technology system with requisite controls; and

(iii) to analyse reasons for lacunae, if any, in meeting the objectives.

2.4.4 Audit Criteria

Criteria relied upon in audit were –

- Development Control Rules of CMDA under Second Master Plan, 2008.
- Best Practices of Systems Development.

2.4.5 Audit Methodology

Audit at CMDA, Chennai was conducted in February and March 2013. Files relating to implementation of e-Governance initiatives and Automated Planning Permission Application software (APPAS) were scrutinised. Database maintained in PostgreSQL for e-Governance and MS-Access for APPAS were downloaded and examined using CAATs[53]. Though computerisation under e-Governance was introduced in October 2007, the back data relating to earlier period were captured in the system. Hence, the period of audit covered under e-Governance system was from April 2005 to March 2013. Provisions and controls available in the application software were ascertained through examination of the database and through exception reporting. Audit commenced with an Entry Conference with the Member Secretary, CMDA in February 2013 wherein objectives and scope of audit were discussed. Exit Conference was held with representatives of Government in Housing and Urban Development Department in January 2014 wherein audit findings were discussed. Replies furnished by CMDA to audit observations were duly incorporated in the report.

2.4.6 Audit Findings

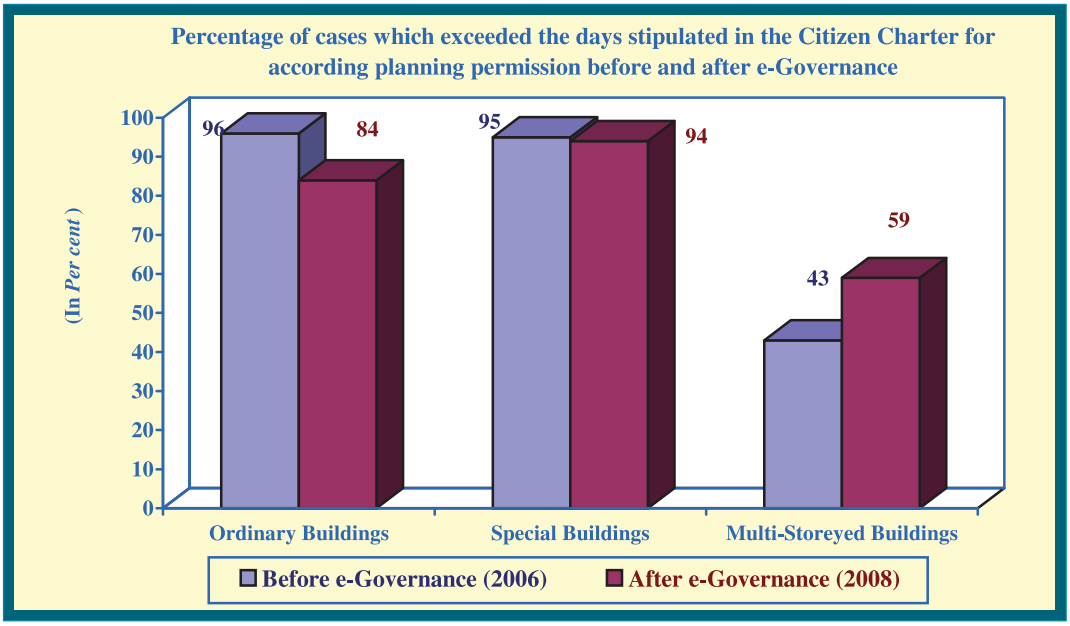
2.4.6.1 Non reduction in time taken in processing Planning Permission Applications

One of the foremost objectives of introduction of e-Governance system in 2007 by CMDA in their regulatory functions was to reduce the time taken in according planning permission. Also, a PPA was to be processed within 45 working days in the cases of ordinary building and special building and 75 working days in the case of a multi-storeyed building according to CMDA's "Citizen Charter".

To examine the performance of CMDA with reference to Citizen Charter in issuing planning permission to different types of buildings before and after implementation of e-Governance, one year prior to e-Governance and one year after e-Governance were selected by audit. For this purpose, the planning permissions accorded during the year 2006 through manual process and the year 2008 i.e. after the introduction of e-Governance system were examined in audit by comparing data available in the system with related manual records. Performance in time taken before and after introduction of e-Governance in respect of PPAs is depicted in the **Chart 2.3** and **Appendix 2.8**.

[53] Computer Assisted Audit Techniques

Chart 2.3: Performance in time taken before and after e-Governance



It was observed that though marginal improvement in time taken after e-Governance was noticed in case of ordinary buildings, 84 *per cent* of cases took more than 45 days. In case of special buildings there was no improvement in time taken since 94 *per cent* of the cases took more than 45 days. Similarly, in the case of multi-storeyed buildings 59 *per cent* of the cases took more than 75 days.

Further, to analyse present trend in time taken for according PPAs in the year 2013, 20 cases (10 special buildings and 10 multi-storeyed buildings) were randomly selected from 335 special buildings and 49 multi-storeyed buildings and examined. The results are furnished in **Appendix 2.9**. It was observed in audit that in multi-storeyed buildings, the delay was also attributable to applicant or to external departments. However, in the case of special buildings, the delay was attributable to CMDA in various stages of processing and in none of the test-checked cases was the planning permission accorded within the stipulated time. Therefore, the time frame set in the "Citizen Charter" for disposal of cases i.e. 45 days for special buildings and 75 days for multi-storeyed buildings were not met by CMDA and one of the objectives of introduction of e-Governance *viz.*, "speedy clearance of PPAs" was not achieved.

2.4.6.2 Failure to achieve transparency and web-enabled interaction

In the Project Proposal prepared and agreed to between CMDA and NIC, it was committed that the Work Flow Based System would enable effective monitoring of the status of the file as it passed through each level of scrutiny. Further it was envisaged in the Project Proposal that the status of the file at any stage could be viewed through queries within CMDA and also by the applicants through website to ensure "Transparency in operation".

Out of 18 modules developed by NIC in consultation with CMDA for e-Governance Work Flow Automation System, one of the modules *viz.*, "Document Scrutiny" was developed for capturing details of ownership.

However, during execution stage, CMDA failed to capture such details in the Document Scrutiny module and the subsequent stages in the workflow system. Instead, CMDA resorted to capturing these vital details after according Planning Permission to eligible PPAs by adopting batch process method.

Break in the work flow, contrary to its own objectives and adoption of batch process method to capture vital details after according Planning Permission deprived the public of the facility to view the status of their application online defeating the objective of improving transparency in CMDA's day-to-day functions.

On the overall implementation of e-Governance, CMDA replied (April 2013) that since the process was not a straight forward one, the problems faced were being rectified and the system would be made operational in future. Business Process Re-engineering Activity should have addressed this issue.

2.4.6.3 Failure of e-Governance Work Flow Automation Process

Provision was made in the software developed by NIC to capture all data pertaining to a PPA through the system i.e. from "Acknowledgement" to granting "Planning Permission" as depicted in **Flow Diagram 2.2**. However, CMDA processed all PPAs through system up to 'Site Inspection' stage only. To audit queries raised on this issue, it was replied (April 2013 and October 2013) by CMDA that initially issue of capturing "voluminous data" was discussed by CMDA with NIC and it was planned by CMDA to execute the same to ensure paperless office, even though it was a time consuming process. After introduction of Second Master Plan, certain modifications were required to be carried out in software and there was slackness in the process. Moreover, Planning Assistants found it difficult to make voluminous data entries at this screen and hence the process was stopped at this level.

Due to above reason reported by CMDA, software was not used from the stage of 'Document Scrutiny' and the e-Governance implementation came to a halt. As CMDA was aware of the fact that "voluminous" data entry was required to be made at this stage it could have sorted it out with NIC during system design. It could have been flagged at least at the time of testing of the software and consequent simplification done in the data entry process. Instead, CMDA developed another module through NIC to capture backlog entries in respect of "Approved Planning Permission Applications" in the e-Governance system to record transactions in database through a batch process. CMDA employed two data entry operators to key in the backlog data, while no reason was offered for not utilising them to key in data at the bottleneck stage. Registration and Land Revenue departments of the State had data in digitised form on ownership of land, survey number, scanned copy of sale deed and document number. CMDA failed to approach these departments to explore the feasibility of obtaining the data from their online database. CMDA stated that other departments did not have the data required. However, the fact remains that these departments completed digitisation of data in 2001 and 2003.

The following observations are made in this regard –

- When information relating to ownership of land in the Planning Permission file of an applicant is recorded in the manual system and the transaction is completed, the need to enter data electronically

cannot be perceived. Therefore, decision to discontinue the work flow on that basis lacked justification.

- Further, instead of taking any step to resolve the issue and move ahead with the work flow automation process, CMDA decided to continue with a manual approval process, where the critical check of compliance of the building plan with the developmental regulations was done through a standalone computer system (APPAS). This resulted in delays and lack of transparency defeating the stated purposes of computerisation.

CMDA failed to take any action to resolve the issue with NIC and implement the e-Governance work flow automation process in full. Due to failure of CMDA to initiate concrete action, the e-Governance system remained largely incomplete.

During the Exit Conference (January 2014), the Chief Planner, CMDA stated that steps were being taken to put the work flow based system back on track in consultation with NIC.

2.4.6.4 Mapping of rules and input controls

(i) Non-integration of Automated Planning Permission Application Software with e-Governance system

In the e-Governance Project Proposal submitted (September 2006) by NIC to CMDA, development of an application software for plan scrutiny was already envisaged. Though scrutiny of plan forms an integral part of the e-Governance work flow automation process, CMDA decided (January 2009) to automate the same only after three years. Development of application software was entrusted (February 2010) at a cost of ₹ six lakh to a private firm selected through tendering process. The firm developed tailor-made software called APPAS, after duly incorporating all parameters as contemplated in the Second Master Plan 2008. Applicants were required to submit the drawings in Compact Discs (AutoCAD format) from 1 June 2012, which would undergo pre-check and detailed scrutiny of plan. The software after several test runs was put to use from November 2012.

Examination of the working of the APPAS software revealed that rules were mapped and outputs generated through the software complying with Development Control Regulations. However, the APPAS software was functioning independently (September 2013) and was not integrated with e-Governance system as originally envisaged in the e-Governance initiatives due to partial implementation of e-Governance system.

CMDA replied (September 2013) that since certain modifications to the existing e-Governance software were to be carried out, integration of APPAS with e-Governance could not be done at this stage.

(ii) Deficiencies in e-Governance database due to lack of validation controls

As mentioned in paragraph 2.4.6.3, all PPAs were processed by CMDA in the work flow automation process up to 'Site Inspection' stage only rendering the e-Governance database incomplete. To alleviate the situation to certain extent, CMDA appointed (October 2009) two data entry operators to update the e-Governance database by capturing certain critical data in the system in respect of "Approved Planning Permission applications" so as to generate reports from it.

Assistance of NIC was sought for developing a separate module to capture backlog entries in the front-end screen with the same e-Governance database. The 'Public_Approved_Applications' and 'Public_Approved_Payments' are two important tables in which the backlog data captured gets stored and form the basis for generating various Management Information System reports by CMDA. Examination of these two tables disclosed the following deficiencies -

- In 66 out of 1,729 approved applications, the approval date was before the date of submission,
- In 112 approved applications, the details about payment of "Development Charges" were not captured in the system and
- Space for vital information was left blank as given in **Table 2.30**.

Table 2.30: Details of vital information left blank in two important database tables

Approved Applications (Total No. of records 27,437)		Approved Payments (Total No. of records 70,771)	
Information	**No. of records left blank**	**Information**	**No. of records left Blank**
Approval data	579	SBC Number	33,036
SBC Number	13,072	Type_Charge code	3
Submission date	10,758	Amount paid	15
PP Register Number	2,406	Mode of payment	57,239
Channel	247	Remittance date	11,224
Applicant name	569	-	-
Applicant address	20,845	-	-
Site address	316	-	-
Proposal brief	31	-	-
Floor Space Index(FSI)/ Non-FSI /Open Space Reservation Area	27,148	-	-

Application software should have proper input controls to ensure that information captured is valid, accurate and complete. These deficiencies in the database showed that software lacked adequate input controls. In all these cases, reports generated from the system would be incomplete.

(iii) Deficiencies in APPAS database

The System Requirement Specifications (SRS) prepared by the software developer and approved by CMDA provide for the following –

- Provision of a client-server technology along with work flow model
- Creation of a proven Relational Database Management System (RDBMS) for APPAS
- Creation of master tables simultaneously while developing the software

- Provision of secured encrypted passwords to the users
- Creation of log files
- Trusted backup policy

However, APPAS database suffered from following deficiencies due to failure of CMDA to ensure the implementation of commitments made by the developer in the SRS:

- The database is created in MS-Access (a semi RDBMS) which do not provide sufficient controls and ensure security of data. Folders containing the MS-Access database can be deleted by the user easily.
- APPAS software is run on three individual machines (instead of adopting a client-server technology) and the data is stored separately in the above three systems, which are vulnerable to unauthorised access.
- Instead of creating Master tables, the developer incorporated all parameters in coding of the application software itself. Any change in the parameter can be made only by the developer and CMDA is dependent on the software developer for changing the parameters.
- No "unique field" representing file name has been created for each applicant. More than one file number was assigned for an applicant. The file numbers do not have any naming convention. Due to the absence of a unique field, integration of e-Governance database with APPAS database is difficult.
- No "date" was captured in any of the important tables to know the date of processing of the AutoCAD CD.
- No encrypted passwords were assigned by the Administrator to the users. Audit found that "passwords" in readable format were stored in one of the table itself. No logs were created in the tables. Due to the above security lapses, the database is vulnerable to unauthorised access at any stage of operation.
- No systematic and proper backup procedure is followed for APPAS database.

During the Exit Conference (January 2014), the Chief Planner, CMDA stated that efforts were being made to rectify the deficiencies in the APPAS software and to effectively integrate the same with e-Governance software in the near future.

2.4.7 Conclusion

There was no improvement in time taken for processing the PPA after introduction of e-Governance system and the time frame set in Citizen Charter was not adhered to. Breaks in the work flow led to adoption of batch process, which deprived the public of the facility to verify status of their applications online. This defeated the objective of improving transparency in CMDA's day-to-day functions. Due to incomplete/partial implementation of e-Governance system, APPAS, the core software for online building plan scrutiny which was originally planned to be integrated with e-Governance system was not integrated. The APPAS database also had deficiencies in its

design. Even after spending ₹ 1.01 crore and six years after the introduction of e-Governance system, CMDA could not achieve planned objectives.

2.4.8 Recommendations

CMDA may initiate the following actions to make the e-Governance system fully operational:

- Reintroduction of the work flow process by integrating manual check of history of ownership and APPAS.
- Addressing the control weaknesses identified and incorporating the required validations in e-Governance software.
- Conversion of APPAS software from the existing MS-Access database into a complete RDBMS to improve security and provide assurance on integrated working.
- Creation of Master tables for all the parameters set forth in Second Master Plan, 2008.