TAMIL NADU LEGISLATIVE ASSEMBLY

COMMITTEE ON PUBLIC UNDERTAKINGS

(2008-2009)

(THIRTEENTH ASSEMBLY)

HUNDRED AND TWELFTH REPORT

(Presented to the Assembly on: 25 JUN 2009)

Legislative Assembly Secretariat
Chennai-600009.

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REPORT OF THE COMMITTEE ON PUBLIC UNDERTAKINGS ON THE AUDIT REPORT ON THE ANNUAL ACCOUNTS OF THE TAMIL NADU SLUM CLEARANCE BOARD FOR THE YEAR 1999-2000.

CONTENTS

Subject	Pages
Composition of the Committee on Public Undertakings for the year 2008-2009	iii
Introduction	v
REPORT	
REPORT OF THE COMMITTEE ON PUBLIC UNDERTAKINGS ON THE AUDIT REPORT ON THE ANNUAL ACCOUNTS OF THE TAMIL NADU SLUM CLEARANCE BOARD FOR THE YEAR 1999-2000.	
HOUSING AND URBAN DEVELOPMENT DEPARTMENT	
(Tamil Nadu Slum Clearance Board)	
1. Salem Division - Construction of tenements in Salethampatty Aari Scheme - Phase I - Group I and Phase II Group I, II & III kept unallotted - Revenue loss to Board - Rs.20.16 lakhs.	1–2
2. Coimbatore Division - Project, C.M.C. Colony - Phase I & II - Reimbursement of project cost due from Coimbatore Municipal Corporation - Action called for to collect arrears amount of Rs.43.37 Lakhs.	2–3
3. Providing the development works at Pallikkaranai Pavement Dwellers Scheme Phase I - Stage.I, II & III under HUDCO Assistance - Seizniorage fee - pending payment to the Government - Expeditious action called for.	3–4
4. Salem Division - Andipatti Aari Scheme - site selection not proper - Construction of 132 Nos. of M.I.G. Tenements at a project cost of Rs.2.14 crores - poor response from public - flats not allotted - cost Rs.4.55 crores - not realised - payment of interest to HUDCO - Rs.2.42 crores - Locking up of Board's funds.	4–6
5. General	7
APPENDIX	
Summary of recommendations	8

TAMIL NADU LEGISLATIVE ASSEMBLY

COMMITTEE ON PUBLIC UNDERTAKINGS (2008-2009)

(Thirteenth Assembly)

(Constituted on 14th May 2008)

1. **CHAIRMAN**

   Thiru. K. Arumugam

MEMBERS

2. Thiru. M. Appavu
   Chairman, Committee on Estimates
   (Ex-officio)
3. Tmt. D. Yasodha
   Chairman, Committee on Public Accounts
   (Ex-officio)
4. Thiru. A. Arunmozhithevan
5. Thiru. M. Anbalakan
6. Thiru. K.P. Ramaswamy
7. Thiru. T. Ramachandiran
8. Thiru. M. Rajkumar
9. Thiru. Udayam Shanmugam
10. Thiru. C. Karuppasamy
11. Thiru. V.P. Kalairajan
12. Thiru. P. Kamaraj
13. Thiru. C.Ve. Shanmugam
14. Thiru. K. Sundar
15. Tmt. Rani Venkatesan
16. Thiru. M. Rajasekharan
17. Thiru. P. Veldurai
18. Thiru. T. Velmurugan

SECRETARIAT

Thiru M. Selvaraj	..	Secretary
Tmt. R. Amirthavalli	..	Deputy Secretary
Tmt. L. Padmavathi	..	Committee Officer

INTRODUCTION

I, the Chairman of the Committee on Public Undertakings, having been authorised by the Committee (2008-2009) to submit the Report on its behalf, present this **Hundred and Twelfth Report** on the Audit Report on the Annual Accounts of the Tamil Nadu Slum Clearance Board for the year 1999-2000.

2. The Audit Report on the Annual Accounts of the Tamil Nadu Slum Clearance Board for the year 1999-2000 was placed before the Legislative Assembly on 2nd February 2001.

3. The Committee for the year 2008-2009 examined the Secretary to Government, Housing and Urban Development Department, at its meeting held on 22nd July, 2008.

4. The Committee places on record its appreciation of the valuable assistance rendered by the Secretary, Legislative Assembly, the Chief Internal Auditor and Statutory Boards, the Joint Director, Finance (BPE) Department and the Secretary to Government, Housing and Urban Development Department.

5. The explanatory notes submitted by the Department and the particulars and clarifications made available during evidence and the further particulars furnished by the Housing and Urban Development Department have been taken into consideration in finalising the Report.

6. The Committee approved this Report at its meeting held on 12th March 2009.

TRUTH ALONE TRIUMPHS

Chennai-600009,
12.3.2009
Masi, 28,
Thiruvalluvar Aandu-2040.

K. Arumugam,
Chairman,
Public Undertakings Committee

REPORT OF THE COMMITTEE ON PUBLIC UNDERTAKINGS ON THE AUDIT REPORT ON THE ANNUAL ACCOUNTS OF THE TAMIL NADU SLUM CLEARANCE BOARD FOR THE YEAR 1999-2000.

HOUSING AND URBAN DEVELOPMENT DEPARTMENT

(Tamil Nadu Slum Clearance Board)

1. Salem Division - Construction of tenements in Salethampatty Aari Scheme - Phase I - Group I and Phase II Group I, II & III kept unallotted - Revenue loss to Board - Rs.20.16 lakhs.
(Para no.22 of the Audit Report)

1.1. The action taken to allot the 840 tenements without further loss of time may be stated.

1.2. The reason for the non-allotment of the tenements even after completion of 2 years of construction may be explained.

1.3. The Housing and Urban Development Department in its reply stated that out of 840 tenements constructed by the Board at Selathampatti scheme area, 802 tenements were allotted on 29.10.1999 to the slum dwellers residing near the old Bus stand on the banks of the river Thirumani Mutharu who were identified as eligible persons and whose names were found in the list furnished by the Collector of Salem. Due to the practical difficulties experienced in handing over the tenements to the allottees, the allotment orders had to be revised after obtaining orders of the Government. Subsequently 802 tenements were allotted in December 2001 and balance No. of tenements (38) in Board's Proc.No.G9/30170/99 dated.16.4.2002. As such, all the 840 tenements have been allotted within a year of construction. The monthly Hire Purchase instalment per house is Rs.150/-. This Hire Purchase instalment is to be collected within a period of 20 years during which Sale Deed has to be issued to the beneficiary. Out of Rs.25,55,300/- raised as total demand, Rs.79,500/- has been collected as on February 2004 towards monthly payment upto that period. As already intimated on 16.4.2002, 840 tenements which were constructed in this scheme and allotted on Hire Purchase basis which means that the entire amount has to be collected over a period of 20 years

and the cost of tenement would be collected during this period and consequently there would not be any loss to Board.

1.4. The Secretary, Housing and Urban Development Department said that it is true that the amount was not collected during 1999-2001, but collected at a later date. However this is not a loss to the Board. However there has been some delay in collection. Now the monthly instalment is remitted regularly. It is also being examined as to whether the allottees may be requested to remit the monthly instalments in banks.

1.5. The Committee desires to furnish a report of amount so far collected and the outstanding amount.

2. Coimbatore Division - Project, C.M.C. Colony - Phase I & II - Reimbursement of project cost due from Coimbatore Municipal Corporation - Action called for to collect arrears amount of Rs.43.37 Lakhs. (Para no.24 of the Audit Report)

2.1. Whether any effective action taken by the Board to recover the amount from the Coimbatore Corporation.

2.2. The Secretary, Housing and Urban Development Department who was present during witness examination stated that in order to provide housing accommodation to the sanitary workers of Coimbatore Municipal Corporation, Government accorded sanction for construction of 288 tenements in the CMC colony at Coimbatore at a cost of Rs.92.93 lakhs with HUDCO loan assistance of Rs.78.99 lakhs in January 1991. In November 1992 the construction work was completed by the Tamil Nadu Slum Clearance Board at a cost of Rs.98.33 lakhs. Besides the HUDCO loan of Rs.78.99 lakhs, the Board utilized Government grant of Rs.19.34 lakhs for this purpose.

2.3. Agreement was also executed with the Coimbatore Municipal Commissioner during December 1993, in which the Coimbatore Municipal Corporation had given the concurrence to repay the loan amount obtained from HUDCO in quarterly instalments with interest.

2.4. It was reported in Board's Letter dated.16.4.2002 that out of total arrears of Rs.43.37 lakhs a sum of Rs.39.02 lakhs had been collected and the balance was yet to be collected. At present apart from the balance amount of Rs.4.35 lakhs the entire loan amount of Rs.92.93 lakhs has been collected from Coimbatore Municipal Corporation during the course of 2002-2003 and also 2003-2004. In view of the reasons explained remedial action to be taken by the Tamil Nadu Slum Clearance Board does not arise.

2.5. The Committee desires to have a detailed statement of report on the amount collected from Coimbatore Corporation.

3. Providing the development works at Pallikkaranai Pavement Dwellers Scheme Phase I - Stage.I, II & III under HUDCO Assistance - Seizniorage fee - pending payment to the Government - Expeditious action called for.
(Para no.26B of the Audit Report)

3.1. Whether any action was taken to recover the amount from the contractor or from the person or persons responsible for incorporating in the agreement condition 13 in contravention of the specification of the work thereby causing to the Board the liability for the payment of the Seigniorage fee.

3.2. Whether the files and measurement books were made available to audit.

3.4. The Secretary, Housing and Urban Development Department who was present during witness examination replied that the work for raising the ground level at Pallikaranai was awarded to Tmt. Amudha Constructions and an agreement was executed in support. The works provided for raising the ground level at Pallikaranai by bringing earth from Ozhugumalai and any source with lead to 6 km. The data prepared and sanctioned by the office do not provide for cost of earth and provides for hire charges for machineries and consolidation only. Hence the recovery of charges cannot be enforced from the contractor.

3.5. He also added that since this is a pavement dweller scheme wherein the cost of the developed plot is very low for pavement dwellers scheme for which Collector of erstwhile Chengalpattu M.G.R. Dist. (Present Kancheepuram Dist.) was approached by the concerned Executive Engineer and the erstwhile Collector of Chengalpattu M.G.R. Dist. (present Kancheepuram Dist.) has permitted to take earth at free of cost in proceedings RC.No.2319/95/Q4, dated 2.1.1996. Further an undertaking was executed by the concerned Executive Engineer with the District Collector of Chengalpattu M.G.R. District (Present Kancheepuram District) stating that removal of earth at Ozhugumalai is used only for pavement dweller scheme. Besides this the permission given by Deputy Director of Geological and Mining, Kancheepuram District wherein no mention was made about the cost of earth. This shows the earth is free of cost and hence not included in estimate. Hence seigniorage charges could be recovered from the contractor. Regarding the submission of files and M.Books, the concerned files and M.Books were kept ready for verification.

3.6. The Secretary, Housing and Urban Development Department has further stated that no payments have been made to the Collector, Kancheepuram District nor any collection made from the contractor. As no payments have been made to the Collector, Kancheepuram District the recovery of the amount does not arise. The connected files and M.Books will have to be verified in the next local audit.

3.7. The Committee desires to have a detailed report in this regard.

4. Salem Division - Andipatti Aari Scheme - site selection not proper - Construction of 132 Nos. of M.I.G. Tenements at a project cost of Rs.2.14 crores - poor response from public - flats not allotted - cost Rs.4.55 crores - not realised - payment of interest to HUDCO - Rs.2.42 crores - Locking up of Board's funds.
(Para no.36 of the Audit Report)

4.1. Whether any feasibility study was conducted before undertaking the project be explained.

4.2. The details of action taken to allot the flats without further loss of time may be intimated.

4.3. The Secretary, Housing and Urban Development Department who was present during witness examination explained that the Tamil Nadu Slum Clearance Board was constructing tenements for slum people under slum clearance scheme by availing loan assistance from various financial institutions and with Government grant, Government in G.O.Ms.No.129 HUD SCI(1) Dept. dt.12.2.1993 have permitted Tamil Nadu Slum Clearance Board to construct MIG, HIG flats and commercial complex under Urban Renewal Programme.

4.4. He also added that during 1993, Tamil Nadu Slum Clearance Board had proposed to take up a composite scheme in Andipatti Aari, Salem at a total project cost of Rs.541.95 lakhs for the construction of 456 slum tenements and 132 MIG flats with loan assistance from NHB through HUDCO under re-financing scheme.

4.5. The Board has approved this proposal in resolution No.95, dt.2.5.1994 Government have also approved the proposal vide G.O.(2D) No.471 Housing and Urban Development Department, dated 19.10.1994.

4.6. Government while according approval for the scheme have instructed that Tamil Nadu Slum Clearance Board should not approach Government for grant for construction since it is proposed to obtain 100% loan from HUDCO. Government have stated that no MARGINAL MONEY will be given to Board for this scheme. Accordingly the scheme has been implemented without Government's grant for construction.

4.7. The demand survey was conducted during 1993. However the sale cost of the MIG flats increased after 5 years gap due to the escalation in the construction cost and land value etc. The land cost has been adopted as per the guideline value for this scheme while preparing the pricing as done in the other schemes. Further AG Audit has also pointed out that the land cost has to be fixed as per the market rate instead of Rs.5000/- per ground if the land is utilized for market purposes. It has been the practice in Tamil Nadu Slum Clearance Board to adopt the guideline value as land cost for calculating the pricing. In case where the demand for the flats is not forthcoming the land cost will be reduced according to the market trend. The same has been followed even in this case also.

4.8. The amount of Rs.3.61 crore pertaining to slum tenements as pointed out by Audit cannot be levied on the shoulder's of MIG beneficiaries since the plinth area rate will be increased from Rs.901/- to Rs.1650/- per Sq.ft. Adopting the gross subsidy (ie.) totally subsidizing construction cost of 456 LIG tenements through the 132 MIG beneficiaries is not agreeable. The construction cost of MIG flats is Rs.231.36 lakhs. Further the 456 LIG tenements have been allotted to slum people under hire purchase basis as is done in the other slum tenemental schemes all over Tamil Nadu by collecting monthly instalment of Rs.150/- under highly subsidised rate as per the Government Order.

4.9. Out of 132 flats 131 flats at Andipattti area have been sold on Hire Purchase revenue to the extent of Rs.2.03 lakhs / p.m. is also realized from these flats.

4.10. The Secretary further said that the loan obtained from HUDCO has also been foreclosed on 15.1.2002 by paying Rs.269.19 lakhs towards principal and Rs.1.83 lakhs towards interest. Since the Board's commitment has been met with only the interest earned on deposit amount, the realization on sale of flats at Antipatti Aari will be considered only as revenue receipts to the Board. In view of the reasons explained above in the need for tacking remedial action done not arise.

4.11. The Secretary, Housing and Urban Development Department finally expressed that out of 132 flats at Antipatti area 131 flats have been sold on Hire Purchase revenue to the extent of Rs.2.03 lakhs / P.M. is also realized from these flats and HUDCO loan with interest have been settled in full.

4.12. The Committee desire to have a detailed report on the amount spent by the Board in this regard.

5. General

5.1. The Committee desires that expeditious action should be taken by the Government on all the recommendations in this report. Wherever specific time limits have been indicated in the recommendations they should be adhered to. In other cases, the final report of action taken should be sent within three months.

Chennai-600009,
12.3.2009
Masi, 28,
Thiruvalluvar Aandu-2040.

K. Arumugam,
Chairman,
Public Undertakings Committee

APPENDIX

SUMMARY OF RECOMMENDATIONS

1. The Committee desires to furnish a report of amount so far collected and the outstanding amount. (Para 1.5)

2. The Committee desires to have a detailed statement of report on the amount collected from Coimbatore Corporation. (Para 2.5)

3. The Committee desires to have a detailed report in this regard. (Para 3.7)

4. The Committee desire to have a detailed report on the amount spent by the Board in this regard. (Para 4.12)

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TAMIL NADU LEGISLATIVE ASSEMBLY
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