Report of the Comptroller and Auditor General of India

for the year ended March 2001

Union Government (**Civil**)
Autonomous Bodies
No.4 of 2002

CONTENTS

PREFATORY REMARKS

This Report for the year ended 31 March 2001 has been prepared for submission to the President under Article 151 of the Constitution. The results of test audit of the financial transactions of the Central Autonomous Bodies (other than those under Scientific Departments included in Report No.5 of 2001) under the various provisions of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 are set out in this Report. The Report includes 57 paras and 5 reviews on:

(a) Malaviya Regional Engineering College, Jaipur

(b) Navodaya Vidyalaya Samiti

(c) University Grants Commission

(d) Cargo Handling and Storage Facilities at Major Ports

(e) Dredging operations at Kolkata Port Trust

2. The audited organisations are autonomous bodies of varying character and discipline. The cases mentioned in this Report came to notice in the course of test audit during the year 2000-2001.

OVERVIEW

General

Annual accounts of autonomous bodies

In 2000-2001 there were 226 central autonomous bodies whose accounts were to be certified under section 19(2) and (20(1) of the CAG's (DPC) Act, 1971. Accounts of only 203 of these were received for certification. Government of India released Rs 6686.62 crore towards grants and Rs 300.57 crore towards loan to these bodies during 2000-2001. The annual accounts for the year 2000-2001 of the balance 23 bodies were not finalised and therefore the amount of Government grants received by them was not available.

The annual accounts of 99 out of 139 central autonomous bodies (other than those under Scientific Departments) whose accounts were to be certified by Chartered Accountants but required transactions audit under sections 14(1) and 14(2) of the CAG's (DPC) Act, 1971 were also not finalised by concerned bodies. The remaining 40 bodies had received grants amounting to Rs 193.16 crore from the Union Government.

Audited accounts for 1999-2000 of 223 central bodies were to be placed before Parliament by 31 December 2000. Of these, audited accounts of 91 bodies were submitted for audit within the stipulated time. The accounts of 11 bodies were not submitted for audit by the concerned organisations.

(Paragraph 15.1)

Results of certification audit

Jawaharlal Nehru Port Trust (JNPT)

Capital debt of the Port Trust were understated by Rs 435.45 crore by not providing for the defaulted payment of Rs 53.61 crore towards principal and Rs 381.84 crore towards interest on the World Bank.

(Paragraph 15.2.1)

Utilisation certificates

As many as 52201 utilisation certificates for sanctions to Rs 6495.85 crore during 1976-77 to March 1999 were outstanding at the end of March 2001 in respect of grants released to statutory bodies. This indicated that the system by which Government satisfies itself that grants are used for the purpose for which they are given was not functioning effectively.

(Paragraph 15.3)

Ministry of Human Resource Development

Department of Secondary and Higher Education

Malaviya Regional Engineering College, Jaipur (MREC)

MREC failed to utilize equipments of Rs 3.11 crore received during August 1997 to September 1999 under UK REC project. Near relatives of College authorities were given undue benefits in fixation of pay at the time of appointments.

(Paragraph 1.1)

Navodaya Vidyalaya Samiti

The Navodaya Vidyalaya Scheme was introduced in 1986 to foster academic excellence with national integration. The Jawahar Navodaya Vidyalayas (JNVs) set up under the scheme, one in every district, were to act as pace-setter institutions, fortified with an integrated core curriculum and complement of high caliber teachers. The review brought out that in implementation, the scheme lost its visionary track as the concept of inter-state migration proved a failure and the quality of infrastructure and academic support continued to remain unsatisfactory. The examination results of JNVs have been consistently good but are not impressive in comparison with the results of private educational institutions of excellence. The best results of JNVs are still a shade lower than the results of the private institutions. Further, JNVs have not acted as pace-setting institutions as visualized despite strong financial and policy support largely because of the absence of strong academic backup and academic leadership. A large number of posts of academic staff remained vacant and 23 principals have resigned without fulfilling the tenure. The scheme required strong monitoring in order to keep the performance of institutions in line with the objectives; no serious monitoring was undertaken by the administrators of the scheme.

(Paragraph 1.2)

University Grants Commission (UGC)

UGC did not have any mechanism to monitor compliance of its instructions relating to standards of education, implementation of recommendation of Curriculum Development Committee. A few cases of degree courses being run by Universities without notification by UGC were found. No inspection of Universities was ever conducted as required by the statutory provisions. Out of

146 Universities visited during 1997-98 to decide quantum of development grants, only 6 Universities were assessed for standards of teaching upto 1999-2000. No measures were taken to eliminate disparity in disbursement of development grants to State Universities despite directives of Public Accounts Committee 25 years ago nor did UGC formulate and implement a package of examination reforms. While decision to freeze internal income of Universities at 1990-91 level resulted in excess release of maintenance grants amounting to Rs 26.87 crore during 1992-98 to Central Universities, 50877 utilization certificates for Rs 511.37 crore for the period 1958-59 to 1988-89 were outstanding as on 31.3.1999.

Operation of irregular 'upward movement' schemes by two Universities resulted in an average additional annual burden of Rs 5.69 crore on maintenance grants of Jawaharlal Nehru University and Jamia Millia Islamia alone. Rs 8.12 crore on account of conversion of CPF to GPF remained unadjusted in Banaras Hindu University and Delhi University. Non-adherence of norms set out in guidelines of various schemes resulted in irregular release of grants of Rs 18.33 crore in 67 cases.

An amount of Rs 356.29 lakh remained blocked in 423 research projects due to their non-completion even after permissible extended period and extension of their date of implementation.

Expenditure of Rs 1.33 crore incurred on UGC computerization proved infructuous due to software not being developed and failure to fill up vacant posts created in the Computer Unit. While expenditure on account of establishment for Rs 903.80 lakh was irregularly diverted to plan funds, Rs 262 lakh was injudiciously allocated to National Eligibility Test division.

(Paragraph 1.3)

Ministry of Shipping

Cargo Handling and Storage Facilities at Major Port Trusts

The overall existing capacity for cargo handling at major ports remained lower than estimated requirement. Utilization of port's equipment was very poor; port users preferred to use ships own gear and/ or hired equipment.

There was insignificant progress in private sector participation to augment port facilities. Haldia Dock Complex's (HDC's) failure to prepare the bid documents correctly in respect of a planned scheme for reconstruction of ore tippler for handling additional coal traffic resulted in time over run of three years and cost over run of Rs 2.62 crore. Again, it was found that HDC leased out a berth on a minimum guaranteed throughput to TISCO which was neither commensurate with the prevailing performance nor the capacity of the berth.

Consequently it suffered a loss of Rs 19.05 crore on account of lower handling of cargo.

Failure of Jawaharlal Nehru Port Trust to assert its rights to royalty from the date of commencement of operations in a Build Operate and Transfer agreement for container handling terminal with NSICT not only resulted in avoidable loss of revenue of Rs 19.20 lakh but an additional loss of Rs 80.74 crore over the contract period.

Collection of dues was not vigorously pursued at certain ports Paradip Port Trust suffered a loss of revenue of Rs 3.36 crore due to wharfage remaining unrealised in the case of a berth leased out to Oswal Chemical and Fertilisers Ltd. Again, Chennai Port Trust did not collect premium and security deposit of Rs 10.92 crore in respect of open space/shed leased out to nine agencies. At Visakhapatnam Port Trust iron own handling charges for Rs 4.02 crore remained outstanding. Further Rs 2.08 crore being wharfage charges for the period 1995-2000 remained unrealised from Tinna Oils and Chemicals Ltd. Inaction of Kolkata Port Trust to fix the rates and collect deposit for the year 1998-99 resulted in loss of revenue of Rs 7.10 crore.

(Paragraph 2.1)

Dredging Operations at Kolkata Port Trust (KoPT)

Review of dredging operations at KoPT revealed that a comprehensive scheme including capital dredging , river training works and shore disposal for functioning of the riverine port was not implemented and ad hoc targets relying solely on maintenance dredging were resorted to. Dredging with these ad hoc targets failed to improve the navigation channel, adversely affecting revenue earnings of the port. Despite heavy recurring expenditure incurred on maintenance dredging by KoPT, shipping channels leading to Kolkata Dock System and HDC could not be made navigable for bigger ships.

Even the ad-hoc targets could not be achieved due to poor performance of KoPT's own dredgers and hired dredgers. Contracts were flawed and were poorly supervised during operations. Instances of large excess payments on account of factors such as speed of dredgers in time rated contracts and failures to deduct amounts for clay content/bulk density of dredged material in quantity based contracts were found during audit. Instead of shore disposal, dredged material continued to be dumped in the river with consequent recycling. Survey vessels were not utilised properly.

Claims for dredging subsidy made by KoPT from the Ministry were inflated, and certain items of expenditure unauthorised by the Ministry were claimed.

(Paragraph 2.2)

Ministry of Commerce

Rubber Board, Kottayam

Rubber Board did not avail of the exemptions from the payment of customs duty and excise duty on imports for World Bank aided projects. The failure of the Board to do so resulted in avoidable expenditure of Rs 1.13 crore.

(Paragraph 3.2)

Ministry of Human Resource Development

Department of Secondary and Higher Education

Banaras Hindu University (BHU)

Execution of contract bond for construction of two girls hostels and drugs addiction centre without inviting tenders by the authorities of BHU and payment of quarterly advance and interest free mobilisation advance in violation of the codal provisions led to undue financial aid to the contractor to the tune of Rs 2.88 crore.

(Paragraph 6.4)

University of Delhi

The University Press was running in heavy losses since inception in 1961 except the years 1973-1976 and 1987-1989 when it showed marginal profits. The losses were attributed to enhanced establishment charges, ageing machinery and manpower and obsolete technology. Accordingly modernisations of the Press was carried out at a cost of Rs 42.05 lakh during 1996-98. Despite this, post- modernisation losses accumulated to Rs 91.55 lakh in just three years, which almost equals the losses of Rs 94.18 lakh piled up in 35 years of pre-modernisation.

(Paragraph 6.10)

Ministry of Shipping

Chennai Port Trust (ChPT)

The contract for the work of "construction of breakwaters" undertaken by ChPT as a part of the Ennore Port Project near Chennai, provided for supply of rocks to the contractor at fixed rate. However, the Port Trust calculated the price variation payable without deducting the cost of rocks from the value of work done, resulting in excess payment for escalation of Rs 8.72 crore.

(Paragraph 9.1)

For the supply of three tugs and two pilot crafts, ChPT resorted to negotiation with the final tenderer for reduction in price. While the reduction was given in one of the price components, the earlier declaration by the firm that the price included certain tax element was withdrawn and this in the ultimate increase in the basic price leading to an additional expenditure of Rs 2.32 crore.

(Paragraph 9.2)

Cochin Port Trust (CoPT)

CoPT acquired one transfer crane on lease instead of purchasing it outright and the imprudent decision led to avoidable loss of Rs 7.46 crore.

(Paragraph 9.4)

Before procuring an indigenous diesel generating (DG) set in April 1998, CoPT failed to ascertain and ensure the operability of the imported quay side gantry cranes with the power fed from the DG set. Consequently, the DG set, found to be incompatible, was not taken over by CoPT and investment of Rs 4.54 crore proved to be idle and unremunerative for nearly four years.

(Paragraph 9.5)

CoPT failed to incorporate suitable provisions guaranteeing trouble-free operations of a transfer crane after its revamping and thereby, investment of Rs 3.38 crore on the sick crane turned out to be infructuous.

(Paragraph 9.6)

Jawaharlal Nehru Port Trust (JNPT)

JNPT constructed a buffer yard at a cost of Rs 4.66 crore and leased it out to a private agency despite having sufficient infrastructure and manpower to operate and maintain it. This had resulted in loss of revenue of Rs 19.79 crore.

(Paragraph 9.8)

The Port Trust procured equipment/machinery at a cost of Rs 8.93 crore on the basis of recommendations of the consultant without analysing actual needs. The contractor did not commission the equipment successfully, with the result that the Port could not use them right from their procurement, which resulted in unproductive expenditure of Rs 8.53 crore after adjustment of sale proceeds.

(Paragraph 9.9)

Kolkata Port Trust (KoPT)

Against the recommendation for procurement of two bulldozers by the consultant, HDC procured three bulldozers without ensuring the guaranteed supply of thermal coal thereby incurred an avoidable expenditure of Rs 1.58 crore on procurement of the third bulldozer.

(Paragraph 9.14)

Mumbai Port Trust (MbPT)

Delay in initiating timely action to procure tugs despite the downward revision their economic life and inadvertent tender specification resulted in hiring of tugs and incurring avoidable expenditure of Rs 31.38 crore.

(Paragraph 9.16)

Inclusion of element of House Rent Allowance in calculating Overtime Allowance was irregular and resulted in avoidable expenditure of Rs 30.14 crore.

(Paragraph 9.17)

Inordinate delay in completion of civil work and consequential delay in completion of electrical work and award of contracts without proper assessment of required time resulted in delay of commissioning of the entire system of distribution transformers and substation equipments by two years and blocking of funds to the tune of Rs 16.36 crore for three years.

(Paragraph 9.18)

Paradip Port Trust (PPT)

An interest free advance of Rs 15 crore was paid by the PPT to the GRIDCO (then OSEB) between February, 1996 and June, 2000 for construction of 220 KV double circuit transmission line from Duburi to Paradip. The powers of PPT did not allow for such advance payment and unnecessarily burdened PPT's finances. In violation of the terms of agreement the project meant to be completed by September, 1998 remained incomplete even as of October 2001 defeating the very purpose of the advance.

(Paragraph 9.24)

Visakhapatnan Port Trust (VPT)

VPT failed to recover the advances paid to a supplier company and other dues aggregating to Rs 93 lakh from the payments made to it.

(Paragraph 9.26)

Ministry of Urban Development and Poverty Alleviation

Department of Urban Development

Delhi Development Authority (DDA)

Failure of DDA to provide basic amenities, made the Narela Housing Scheme unpopular which resulted in cancellation of allotment of houses by the allotees. Out of 6039 houses constructed in Narela, 2003 houses remained vacant leading to blockade of funds of Rs 36.08 crore for the last three years to seven years.

(Paragraph 13.1)

DDA had to incur extra expenditure of Rs 7.20 crore due to delay in supply of layout plans and materials, thereby losing the benefit of using time saving technology as well as projected savings. This case highlights one of the perennial problems that plague DDA viz. not ensuring timely supply of either drawings/plans/material/site which shows gross negligence and very poor monitoring by higher authorities.

(Paragraph 13.2)

DDA had to incur extra expenditure of Rs 1.59 crore due to defective designing of pile foundation, non-adherence to the advice of the Quality Control Wing and arbitrary rescission and foreclosure of contracts.

(Paragraph 13.3)

One of the chronic problems in DDA's functioning i.e. belated decisions and delay in supply of drawings/materials led to cost overrun of Rs 1.18 crore on a housing scheme namely Nagin Lake Apartments.

(Paragraph 13.4)

DDA had to bear cost and time overruns of Rs 65.26 lakh and 27 to 37 months respectively on account of delay in meeting contractual obligations in housing schemes at Kondli Gharoli.

(Paragraph 13.5)

Section A - Reviews

MINISTRY OF HUMAN RESOURCE DEVELOPMENT

MALAVIYA REGIONAL ENGINEERING COLLEGE, JAIPUR

CHAPTER I : MINISTRY OF HUMAN RESOURCE DEVELOPMENT

Department of Secondary and Higher Education

1.1 Malaviya Regional Engineering College, Jaipur

Malaviya Regional Engineering College, Jaipur is one of seventeen regional engineering Colleges, set up in 1963 as a joint enterprise of Union Government and State Government of Rajasthan. Audit appraisal of the functioning of the College revealed that the College suffered from poor administration and financial management as evident from disregard of Government directions in allowing pay and allowances to faculty members and directions of its own Board of Governors regarding private and personal consultancies. Expensive equipment under Overseas Development Administration of UK assistance has not been put to use so far, even though these were received two to four years back.

Highlights

- **The College could not utilize non recurring grants received for building, equipments, furniture and books during 1996-2001. The unspent balance which was Rs 75.87 lakh in 1995-96 rose to Rs 8.97 crore by the end of 2000-01.**

- **The monthly contribution in the pension fund was increased from 8.33 *per cent* of subscriber's pay to 12 *per cent* of the maximum of their pay scales without approval of the State Government, resulting in unauthorized utilisation of grant of Rs 33.19 lakh.**

- **The Special pay amounting to Rs 16.29 lakh was paid to College employees inspite of objection from Government of India.**

- **The Board of Governors had banned private and personal consultancy in its meeting held in February 1978. Still the testing and consultancy fee amounting to Rs 37.25 lakh was distributed to employees without framing any rules. The staff members of the Institute received fee for work of private parties/ Government institutions without prior permission of competent authority and did not deposit 1/3rd amount of the remuneration amounting to Rs 38.03 lakh with the College.**

- **Equipments amounting to Rs 3.11 crore received during the period from August 1997 to September 1999 free of cost from Overseas**

Development Administration (ODA), Government of UK have not been put to use.

- **Near relatives of College authorities were given undue benefits in fixation of pay at the time of their appointments.**

- **The College did not maintain details of land allotted and actually acquired. Although 85 bigha was lying beyond the control of the College, the College never reconciled its records with Revenue Department. As per revenue records a large portion of land was transferred to private parties and other Government Institutions.**

1.1.1 Introduction

Malaviya Regional Engineering College (College) Jaipur is one of the seventeen Regional Engineering Colleges in India. It was set up in the year 1963 as a joint enterprise of the Government of India (GOI) and the State Government of Rajasthan (GOR). It was established to serve not only the state of Rajasthan but also the whole country for the training of technical personnel and fostering national integration.

The College was registered as a society under the Rajasthan Societies Registration Act, 1958 on 4 May 1962 as an autonomous body and affiliated to the University of Rajasthan (UOR).

1.1.2 Organisational and administrative set up

The College is administered by Malaviya Regional Engineering College Society which consists of (1) Chairman, appointed by the GOR (ii) three nominees of GOR (iii) three nominees of GOI (iv) one representative of All India Council for Technical Education (AICTE) (v) Vice-Chancellor or a University Professor nominated by the Vice-Chancellor of UOR (vi) two Industrialists/Technologists (Non-officials representatives) of the region to be nominated by GOI (vii) one nominee of the Indian Institute of Technology in the region (viii) one nominee of University Grants Commission (ix) two representatives of the faculty at the College to be nominated by the Chairman and (x) Principal of the College as ex-officio Member Secretary. The Society is assisted by Finance, Administrative and Building and Works Committee.

1.1.3 Scope of Audit

The audit of the accounts of the College has been entrusted to the Comptroller and Auditor General of India under Section 20(1) of Comptroller and Auditor General's (Duties Powers and Conditions of Service) Act 1971, up to financial year 2002-03.

A review on the working of the College covering the period 1996-97 to 2000-01 was conducted during (July 2001 to October 2001). The important audit findings are mentioned in the succeeding paragraphs.

1.1.4 Finance and Accounts

The recurring cost of undergraduate courses is met in regard proportion by GOI and GOR, and the cost of postgraduate courses and non-recurring expenditure of undergraduate courses is met fully by GOI. The cost of self financing, full and part time courses is met out of the fee received from the students of respective courses. Apart from this, the other sources of income of the College are college fee, hostel fee and interest on deposits etc.

1.1.4.1 Accounts

Grants received and expenditure incurred during the years 1996-97 to 2000-01 has been given in **Appendix-I**. It may be seen there that (i) amount of grant increased from Rs 808.02 lakh to Rs 1348.99 lakh, (ii) expenditure increased from Rs 1101.43 lakh to Rs 2606.11 lakh and (iii) the closing balance increased from Rs 110.23 lakh to Rs 562.01 lakh during the year 1996-97 and 2000-01 respectively. There was substantial increase in income under deposit/other heads and expenditure under miscellaneous items.

College is maintaining separate accounts for its 10 different activities.

The College also maintained separate accounts viz. cash book, ledger and final accounts in respect of 10 different activities. The total assets under these amounted to Rs 630.66 lakh, of these Rs 490.59 lakh was in cash and bank balance and FDR's as on 31 March 2001 as detailed in **Appendix-II**.

Examination of the records showed the following:

(i) The project/research expenditure has not been shown in separate schedules.

(ii) The College maintained separate accounts of Self Financing /Sustainable Courses, UK Regional Engineering College (REC) project, Rajasthan Pre-Engineering Test (RPET), etc. against the provision of Article 4 of the Memorandum of Association of the College Society. Now at the instance of audit these accounts have been incorporated in the main accounts of the Society.

(iii) Income and Expenditure account for ME/PG Course (plan) have not been prepared.

Due and drawn statement of pay fixation arrears was not available with the College.

(iv) The due drawn statement for computation of pay fixation arrear of Rs 88.58 lakh was not available with the College. In the absence of the same the payment could not be verified.

1.1.4.2 Utilisation of grant

An analysis of grants received from GOI and State Government for recurring and non-recurring expenditure during 1996-2001 and expenditure incurred showed the following :

(i) Matching share of grants for its recurring expenditure for under graduate courses from GOI as well as GOR was not received in time during all the five years resulting in minus balances at the end of each year except in the year 1997-98 due to funds being released by GOR.

College failed to utilise non-recurring grants, unspent balance which was Rs 75.87 lakh at the beginning of the 1995-96 rose to Rs 8.97 crore by end of March 2001.

(ii) The College could not fully utilise non-recurring grants received for buildings, equipments, furniture and books during all the five years. The un-spent balance of Rs 75.87 lakh during 1995-96 increased to Rs 896.77 lakh at the end of the year 2000-01. The College stated (October 2001) that due to closure of Avas Vikas Sansthan (AVS) and non-submission of detailed accounts by Rajasthan State Bridge and Construction Corporation (RSBCC), the College could not entrust the work to other agencies. Besides this, recurring grant for PG Courses received during 1999-2000 and 2000-01 could not be utilised fully and a sum of Rs 45.66 lakh was lying 'unspent'.

(iii) The College had incurred an expenditure of Rs 1851.71 lakh during 1996-97 to 2000-01 against the recurring grant of Rs 1808.86 received from GOR which showed diversion of grants to the tune of Rs 42.85 lakh. The College had also diverted of Rs 17.71 lakh being 20 *per cent* share of State Government on pay fixation arrears paid in part from Central Government grant.

1.1.4.3 Unauthorised utilisation of recurring grant

The College introduced a Pension Scheme with the concurrence of the Finance Department in June 1993. The scheme was made applicable from January 1990. According to the scheme, Pension Fund was created by transferring the total accumulated amount of the College Society's contribution in Contributory Provident Fund (CPF) (including the amount of loan taken out of it) and interest there on as on the date of commencement of the scheme and monthly contribution made thereafter in respect of such employees who opted or were deemed to have opted the 'pension scheme'.

As per rule 14 (ka) of Non-Government Education Institutes (recognitions grants and service condition) Rule 1993, the maximum rate of grant towards Provident Fund contribution was 8.33 *per cent* and was also indicated in endorsement dated 19 March 2000 which said it would not be in excess of 8.33 *per cent*.

Monthly contribution in the pension fund enhanced from 8.33 to 12 *per cent* of maximum of pay scale.

Administrative and Finance Committee of the College decided in March 2000 that the College would make monthly contribution in the pension fund @ 12 *per cent* of salary from 1 April 2000. This rate was revised (January 2001) to 12 *per cent* of maximum of pay scale. These decisions of the College were against Rule No. 20 of the College Society which required prior approval of the State Government in this regard. Thus the revision of rates by the College was irregular which resulted in unauthorised utilisation of grant to the extent of Rs 33.19 lakh.

The College stated in its reply that the revision was decided by the Administrative and Finance Committee and accepted that the orders issued by the College were not in accordance with Government rules and 12 *per cent* pension contribution on maximum of scale was allowed as was done in the case of employees on deputation. The reply of the College was not tenable as the College employees were not on deputation.

1.1.4.4 Cash management

It was noticed that no monthly cash flow statement was prepared. As a result heavy cash balances were lying in bank's current account for a period ranging from 17 days to 168 days during the year 1997-98 to 2000-01 in society and non-society accounts. This resulted in loss of interest amounting to Rs 9.02 lakh.

1.1.4.5 Irregular payment of special pay amounting to Rs 16.29 lakh

Special pay is allowed despite objection from Central Government.

The special pay cannot be sanctioned to an employee without prior approval of the Government. However, special pay amounting to Rs 16.29 lakh was paid to employees by the College during 1985-86 to 2000-01.The special pay is still continuing.

The payment of special pay was objected by GOI in June 1987. This was discussed in Finance Committee's meeting of the Society held in February 1989 wherein it was decided that case may be referred to the Finance Department through Secretary Technical Education, GOR. In reply to query of Technical Education Department regarding sanctioning of special pay without administrative approval, the College stated (October 1990) that the special pay was granted as per decision (August 1965) of governing body of the College under which its employees were to be given pay and allowances and special pay equivalent to such posts in the Secretariat. The reply was not tenable as specific approval for grant of special pay by State and Central Government was not obtained despite specific GOI's directions in this regard.

1.1.4.6 Unauthorised distribution of testing/industrial analysis charges to staff

Despite ban Consultancy work are being carried out.

The Board of Governors had banned private and personal consultancy in its meeting held in February 1978 and only routine type of testing was allowed and fee received on this account were to be deposited in the College's account till detailed rules for consultancy/testing and distributions of fee are framed and approved. However, it was observed that the College continued the activities of testing and consultancy and distributed the charges amounting to Rs 37.25 lakh during 1998-99 to 2000-01 to staff without framing the rules.

1.1.4.7 Non deposit of extra remuneration in Government account

Rule 43 of Rajasthan Service Rules (RSR) states that for acceptance of fee, remuneration for the work of private parties, Government institutions or public undertakings prior permission of competent authority should be obtained. Rule 47 further states that in excess of Rs 400, 1/3rd amount of remuneration should be deposited into Government account.

Staff members received Rs 1.14 crore as fee /honorarium but 1/3rd of fee amounts to Rs 38.03 lakh was not recovered and deposited into College account.

However, it was observed that staff members of the College received fee and remuneration for testing, consultancy, ME part time non-society payments RPET, CMSIC etc in excess of prescribed limits without the approval of competent authority, Rs 114.09 lakh was received during the years 1996-97 to 2000-01 and one third amount of it i.e. Rs 38.03 lakh was not recovered and deposited into College account.

The College stated (December 2001) that work of test institutional consultancy has been assigned to the staff members through the College and the income is distributed as per Society rules. Thus the staff member are not required to deposit 1/3rd amount back to the College. The reply is not tenable because though the Society has framed rules for distribution of consultancy fee among the members there was no mention in rules/ Society manual about exempting the staff members from depositing 1/3rd part of such fee in the Society accounts. As provision of RSR for depositing 1/3rd part of fee received in excess of Rs 400 was automatically applicable.

1.1.5 Academic activities

1.1.5.1 Software Excellence Training Programme

A memorandum of understanding (MOU) for a period of three years was signed (December 1999) between the Asian CERC Information Services (India) Limited (a software company based at Banglore) and the College for conducting one year certificate course in Software Excellence Training Programme (SETP) for Engineering Graduates/MCA/PGs in Physics/Mathematics by using the College facilities. A student was to pay a fee of Rs 90000 in one instalment or Rs 1 lakh in two instalments and the

Asian CERC was to give 38 *per cent* share of fee, before commencement of course to the College for its supporting activities. The first batch of 57 students commenced from July 2000 and the College share of Rs 20.47 lakh was remitted by the Asian CERC during the months of September, October 2000 and January 2001.

It was observed that:

Without the approval of Central /State Government College is running software training programme with a private company.

(i) The above deal was made without inviting tenders. The reply of College (September 2001) that the matter of promoting Information Technology (IT) was discussed in a conference at Banglore where Asian CERC was the only renowned organisation who had come forward with solid proposal and calling quotations was not a practical solution, was not tenable as the deal was for three years and the College should have availed of the opportunity by obtaining competitive rates for the College share.

(ii) Neither any approval of Central/State Government was obtained nor Ministry was informed about running of a programme under joint venture with a private software company.

(iii) The decision of 38 *per cent* share by Asian CERC was not found supported by documents justifying the ratio of share.

1.1.5.2 Training and development

As per the norms and standards of AICTE, teachers were to be provided with opportunity to improve their qualification through quality improvement programme.

It was observed that out of 190 faculty members/teachers of the College only 10 teachers (1996-97(3), 1997-98(1), 1998-99(2) and 2000-01(4)) in the duration of five year were sent for quality improvement programme.

1.1.5.3 INDO-UK Regional Engineering College Project

Indo-UK REC Project was agreed and signed by the Government of UK and India in January 1994 for a period of four years i.e. 1994 to 1998. ODA provided technical assistance in the form of training, study visits, consultancies and equipment worth \$6.27 million. The contribution of Ministry of Human Resource Development (MHRD) was Rs 200 million to be used for buildings, equipment, local travel and information services. The project aimed at strengthening eight RECs with assistance from ODA. The project was implemented through development of four themes in the areas of design, energy, information technology and materials engineering in the REC.

The College was identified for assistance for design theme. Equipment worth Rs 311.71 lakh were received from UK during August 1997 to

September 1999. GOI (MHRD) released its share amounting to Rs 300 lakh during the years from 1993-94 to 1996-97, against which an expenditure of Rs 279.20 lakh was incurred.

It was observed that:

Engineering Equipments amounting to Rs 3.11 crore received under Indo- UK project neither accounted for nor used.

(i) Equipments amounting to Rs 3.11 crore received free of cost during the period from August 1997 to September 1999 were not accounted for in the Society account.

(ii) These machines received from August 1997 to September 1999 have not been put to use as no record of demonstration to students was maintained. The details of personnel sent abroad for training/study visits under the scheme, and their subsequent utilisation staff position in design centre, utilization of equipments, working position of machines etc. though called for, were not furnished (November 2001). Since the machines were not put to use, such training etc. would have been of no avail.

(iii) A sum of Rs 6.16 lakh incurred on purchase of equipment was charged to the head 'Seminar'. Similarly an amount of Rs 1.36 lakh incurred on purchase of aluminum partition in the design centre was charged under the head "Equipment" instead of "Buildings".

(iv) GOI released Rs 3 crore for the project upto 1998-99. Of this only a sum of Rs 2.40 crore was spent upto 1998-99. A sum of Rs 39.03 lakh was incurred during the years 1999-2000 to 2000-01 without getting extension of the scheme from GOI. The balance Rs 20.80 lakh remained unspent with the College.

Misutilisation of Rs 23.70 lakh received from GOI under UK REC project.

(v) As per the project report, the contribution of Ministry was to be used for buildings, equipments, local travel and information services. The funds of UK REC were to be used for meeting expenditure on the improvement of quality and standards of technical education. However, the College authorities diverted Rs 23.70 lakh and utilised the grant in addition/alteration of VIP guest house. The management's reply that addition/alteration was done as existing accommodation available in guest house was felt inadequate for meeting the need for sub-committee conferences, seminars, was not tenable as this was not covered under terms and conditions.

Thus, the main objective of the project to achieve improvement in quality and standard of technical education and improvement in infrastructure could not be fulfilled.

1.1.5.4 Centre of Excellence

GOI, released one time grant of Rs 4 crore (Rs 1 crore per year for the last four years of VIII Plan) to the College under the Centre of Excellence Programme. The grant was provided to create reasonably good computing facilities in campus through networking Rs 364.29 lakh was spent against the allotment of Rs 400 lakh.

It was noticed that:

College failed to achieve its target of generating an income of Rs 1.5 crore per year.

(i) RECs were required to encourage the faculty members to take up consultancy, industry sponsored Research and Development Projects and to provide distinguished services in REC workshop, as per guidelines. They were required to set for itself a target of generating about Rs 1.5 crore per year from 1996-97. The target for generating revenue was not achieved.

(ii) As per guidelines, no funds were to be utilised for construction of new buildings. A sum of Rs 57.29 lakh was utilised in extension of library building which did not come under the activities of Centre of Excellence.

(iii) The teaching non-teaching staff ratio was to be maintained at 1:1.5 within three years by phasing out regular and adhoc appointments. However, the ratio which was 1:2.66 during 1996-97 came down to 1:2.22 only.

1.1.6 Research projects

37 Research projects were sanctioned (eight by AICTE and 29 by MHRD) during the years 1996-97 to 2000-01. A sum of Rs 269.50 lakh was received as grant for these projects of which only Rs 109.55 lakh was utilised upto March 2001.

A test check of records revealed that only six projects (five of 1996-97 and one of 1997-98) involving an outlay of Rs 40.86 lakh were completed. 10 projects were not taken up, 21 projects costing Rs 136 lakh were, though, started but not completed till March 2001 due to which an expenditure of Rs 68.69 lakh incurred remained fruitless.

There was no system in vogue for review of the projects progress.

It was also observed that no system was in vogue for review of the projects progress and further project files containing complete details of the project such as financial details, periodical progress report of the projects, monitoring report of technical authority etc. were not found maintained since inception of the projects. In the absence of these basic records, reasons for slow progress and non-completion of projects could not be examined in audit.

1.1.7 Recruitment

A review of recruitment procedure revealed the following irregularities :

1.1.7.1 Non observance of the reservation policy

The College Society, in its meeting held in December 1994, decided that for the candidates belonging to the scheduled castes/scheduled tribes (SC/ST), the College would reserve 16 and 12 *per cent* vacancies respectively and in case of other backward class (OBC) it would wait for specific policy of the State Government. The ratio of the SC and ST in teaching cadre was further revised as 15 and 7.5 *per cent* respectively in the society's meeting held in September 1997 following the reservation policy of GOI.

It was noticed that 18 Professors, 28 Readers and 43 Lecturers were appointed during the period 1996-97 to 2000-01 of which only two reserve category (SC) candidates were selected in the year 1999 against 'Reserve category'. The College stated that reservation policy for SC/ST in the ratio of 15 and 7 ½ *per cent* in respect of teaching staff up to the level of Lecturers was observed as per instructions of GOI and no reservation policy was approved so far for OBC.

The reply evades the basic question as to why appointments as per prescribed ratio were not made under 'Reserve categories'.

1.1.7.2 Appointments made against higher posts

In the Architecture Department, 11 Lecturers were found working as against nine sanctioned posts. The two Lecturers were appointed in March 1999 against higher posts. There was no provision of making appointments against higher posts and thus payment of Rs 5.96 lakh towards their pay and allowances was irregular. Reasons for these appointments though called for were not furnished (November 2001).

1.1.7.3 Relatives given undue benefits

There was no provision in the Manual of the College Society for granting increments, counting the service while sanctioning annual grade increment and leave to an employee who was appointed on contract. Three persons were given these benefits along with the initial higher pay without any justification in their appointments as per details given below:

Higher pay was granted on initial appointment.

Name of candidate and qualification	Post	Date of engaging service on contract	Date of regular appoint-ment	Initial pay of the post (Rs)	Pay allowed on regular appointment (Rs)
Mr. A (BSc./MBA)	Assistant Director CMSIC	1.12.95	24.10.96	2200	2350
Mr. B (BE Electronics)	Lecturer, Electronics	14.8.95	13.11.96	2200	2425
Ms. C (M. Tech)	Lecturer, Computer	11.8.95	18.12.96	2200	2425

Normally, the process of verification of character antecedents and medical examination is initiated after regular selection of candidates and is completed before their actual joining of duties. However, it was also noticed that medical examination of these three candidates and police verification in case of two candidates was got done during the period of their contract, which suggests predisposition of the authorities towards them. These aberrations assume greater relevance in the face of the fact that the concerned persons employed were close relatives of the senior administrative authorities of College.

1.1.7.4 Irregular appointment

In the appointment of a Lecturer in Computer Engineering Department against higher post in March 1999, following irregularities were noticed in the case:

(i) The appointment was irregular as there was no provision for appointment of a Lecturer against the vacancy of a higher post.

(ii) The eligibility for the post of Lecturer was first class Bachelor's Degree in appropriate branch of Engineering. In BE examination the appointed person had obtained 899 marks out of 1500 and got first class with the help of one grace mark. Further this person had minimum marks amongst 42 candidates found eligible.

(iii) Two posts of Lecturers i.e. one each in Physics and Chemistry were transferred to Computer Engineering Department. The action to transfer the post from one department to another was irregular as this power was neither delegated to the Chairman nor Principal.

1.1.7.5 Deputation without requirement

A Lecturer in the Education Department, GOR, was on deputation to the post of Deputy Director, Adult Education Department, Jaipur. She applied for deputation in the College as Lecturer in the faculty of Mathematics on 22 August 1994 but her request was not acceded to. However, she was placed on deputation for one year as per direction of the State Government from

2 November 1994. She was relieved on 3 November 1995 but again taken on deputation for one year or till availability of selected candidate which ever was earlier. She was selected and appointed as temporary Lecturer in October 1996. It was observed that she was placed on deputation without any requisition of the College. The College admitted (October 2001) the facts.

1.1.8 Estate management

1.1.8.1 Land

College failed to maintain the records of land under its control.

(i) GOR had initially allotted 1165 bigha and five biswa of land free of cost to the College, of which 667 bigha and five biswa land was actually handed over to College (from 1964 to 1968). The College did not maintain the details of land viz. area of land, Khasra number, award and date of acquisition. Further land measuring 85 bigha and five biswa was lying beyond control of the College and the possibilities of encroachment on it could not be ruled out. The value of land on the basis of compensation received from Jaipur Development Authority worked out to Rs 6.46 crore.

(ii) As per the report of Tehsildar, Sanganer (30 October 2001), 759 bigha and nine biswa land was initially in the name of College. At present the College had only 520 bigha and five biswa land in its name and balance land was transferred to private parties and other Government institutions, local bodies and departments as given in **Appendix-III**. The College had never reconciled its record with Revenue Department and did not investigate the reasons of transfer of land.

1.1.8.2 Construction

(i) The work of construction of D and H type Quarters was awarded to RSBCC at a cost of Rs 28.50 lakh and Rs 11.50 lakh respectively in May 1996. RSBCC did not execute the work due to non finalisation of drawing design and site of work by the College. These works were allotted to Public Works Department at a cost of Rs 40 lakh and Rs 13.57 lakh respectively in December 1999 resulting in extra cost of Rs 13.57 lakh.

Unauthorised financial aid of Rs 22.49 lakh to contractor.

(ii) The work of construction of building for Design Centre and Computer Centre Complex was awarded to AVS, Jaipur in June 1995 at a ceiling cost of Rs 114.78 lakh plus tender premium of 15 *per cent*. The AVS executed work worth Rs 149.86 lakh (includes extra works worth Rs 48.56 lakh) and submitted III running bill of incomplete work in May 1998. Recoveries on account of security deposits (Rs 14.99 lakh), royalty (Rs 3 lakh), sales tax (Rs 2.25 lakh) and water charges (Rs 2.25 lakh) were not effected, though a period of more than three years had elapsed. This resulted in unauthorised financial aid amounting to

Rs 22.49 lakh to AVS. The College accepted the facts and stated that recoveries would be effected while making final payment.

(iii) Similarly, RSBCC had executed works worth Rs 453.87 lakh but the deduction on account of royalty (Rs 9.08 lakh), sales tax (Rs 6.81 lakh) and water charges (Rs 6.81 lakh) were not effected. College accepted it and stated that recoveries would be effected while finalising the bills.

Injudicious decision to construct 'F' type quarters.

(iv) The work of construction of 18 'F' type quarters was awarded to CPWD and an advance payment of Rs 12 lakh was made in the year 2000-01. The work was still in progress. However, prior to taking the decision of construction of 18 quarters, 4 'F' type quarters were lying vacant. Thus further construction of quarters would lead to idle investment.

1.1.9 Purchases

Purchases were made beyond financial powers.

(i) As per purchase rules, the Principal was authorised to make purchases by inviting applications/quotations, comparing rates, specifications and other terms and conditions and examining the recommendation of store purchase committee. As per the delegation of financial power, the Principal was empowered to make purchases only up to Rs 1 lakh in case of a single item. It was noticed that the Principal accorded approval on the recommendation of stores purchase committee even in those cases where the amount exceeded Rs 1 lakh. Some of the illustrative cases amounting to Rs 58.34 lakh are given in the **Appendix IV**.

(ii) On Structural Engineering Department's requirement (May 1996) tender for trolly mounted drilling machine for sub-soil exploration, were invited. Rates of M/s 'A', Udaipur of Rs 10.84 lakh were found lowest and order was placed with the firm on 10 July 1997 on the basis of report of a committee of two persons who saw live demonstration of machine at Baroda. The machine was supplied in March 1998 at a cost of Rs 11.27 lakh including taxes. The machine actually supplied was of 54 HP with torque output of 1230 KG-M against the specifications in supply order of a 60 HP machine with a torque output of 750 KG-M. The College had informed in September 2001 that due to better torque output the machine had a drilling capacity of 30 metres. It was observed that :

(a) The machine was acquired in March 1998 for testing of sub-soil exploration through drilling but no such tests were done by the department (November 2001). Moreover, no record about utilisation of machine i.e. demonstration carried out on it and revenue earned by it was found maintained.

(b) It was found that this machine was purchased with a vision of future when deep foundations and tall buildings would be built in the State. This argument was not tenable because the department had never tested practically the drilling capacity of 30 metres of the machine as evident from the report of the team which watched the physical performance of machine at site upto 15 metres only.

(c) Thus in the absence of any record about its demonstration or test and absence of any requirement as evidenced by the fact that no revenue earned from it during last two years and eight months, the purchase of this machine was not justified.

(iii) General Financial Rules 6(1) describes the procedure of store accounting wherein the department was to maintain suitable accounts and inventories of stock articles with a view to prevent losses through theft, accident, etc. and to make it possible any time to check the actual balances with the book balances and payment to the supplier. Separate accounts were to be kept in respect of permanent stock such as plant, machinery, furniture, equipment, fixtures and consumable stores.

Scrutiny of stock records maintained by the College revealed that :

(a) Stock Register or Permanent Article Register were not maintained in such a manner which could serve the purpose of checking the actual balance with the book balance for both type of articles viz. Permanent and Consumable.

(b) Stock entry at the time of payment was being done on date-wise basis instead of item-wise. Maintenance of date wise record in 'General Stock Register' does not serve the purpose of verifying the balances and its requirement.

(iv) The College was established in 1963. Since then many permanent articles viz. equipment, machinery, furniture, fixtures etc. were purchased and commissioned in various units of the College but no physical verification was done in all the faculties so as to verify the book balances of assets with actual balances.

1.1.10 Irregularities in the accounts of Rajasthan Pre-Engineering Test

The work of conducting RPET under the centralised admission system for the academic session 1997-98 to 1999-2000 was entrusted (December 1996) to the College by GOR and was further extended (January 2000) upto the session 2001-02. A Centralised Admission Co-ordination Committee consisting of 10 members was formed under the chairmanship of Principal of the College. Besides framing its own rules and regulations for admission of students, collecting fee from them and incurring expenditure, the committee was required to maintain separate accounts of its income and expenditure and get them audited. The savings on this account were to be retained by the College.

College failed to frame rules and regulations to regulate income and expenditure arising from Pre-Engineering Test.

During the course of review it was noticed that the College had never framed any kind of rules and regulations to regulate the expenses incurred out of the income received from RPET. The balance sheet of RPET revealed the following income and expenditure during 1997-98 to 2000-01.

(Rs in lakh)

Sl.No.	Year	Income	Expenditure	Surplus
1.	1997-1998	38.67	27.98	10.69
2.	1998-1999	96.51	37.86	58.65
3.	1999-2000	84.92	56.37	28.55
4.	2000-2001	113.90	72.80	41.10
	Total	**334.00**	**195.01**	**138.99**

Following irregularities were noticed:

(i) The committee did not maintain fixed assets register, FDR register, stock register and bank reconciliation statement. In absence of it, verification of assets was not possible.

(ii) Vouchers amounting to Rs 46.95 lakh pertaining to the years from 1997-98 to 2000-01 were stated as confidential and were not shown to audit. Therefore it could not be known that for which purpose this expenditure was incurred and was that justified.

Contrary to Government of Rajasthan's directives, surplus funds of Rs 1.39 crore were kept

(iii) The College at the instance of audit though included the surplus amount of Rs 138.99 lakh in the balance sheet but the same has not yet been included into Society fund which is contrary to the direction of GOR and the provision of Article 4 of the Memorandum of Association of the College Society.

(iv) An expenditure of Rs 4.25 lakh was not related to RPET but it was charged to RPET during the years 1999 to 2001.

(iv) Purchases worth Rs 1.86 lakh (1997-98) were made without tenders.

1.1.11 Other points

1.1.11.1 Rule 11(1) of Society Manual provides that the Society shall ordinarily meet once in every three months and also provides, that the chairman may whenever he thinks fit, or on the written requisition of not less than four members shall call a special meeting. However, during 1997-98 to 2000-01, only four meetings were held as against 20. The last meeting of the Society was held on 17 March 1999.

1.1.11.2 Two industrialists/technologists (non-officials representatives) in the region have not been nominated so far by the Central Government.

1.1.11.3 The College has internal audit wing but due to shortage of staff it was engaged in miscellaneous work of regular nature and not on checking of basic accounts viz. cash book, vouchers, stock registers etc. Thus in the absence of sound internal audit, the object of ensuring correct maintenance of accounts was not fulfilled.

The matter was referred to the Ministry in December 2001; their reply was awaited as of January 2002.

MINISTRY OF HUMAN RESOURCE DEVELOPMENT

NAVODAYA VIDYALAYA SAMITI

1.2 Navodaya Vidyalaya Samiti

The Navodaya Vidyalaya Scheme introduced with the objective of promoting excellence through model institutions capable of catalysing and regenerating school education in 1986, has until now not even succeeded in establishing its own operational parameters, far from influencing the quality of school education in India. The failures have been largely in the appointment of teaching staff, creation of adequate infrastructure and laying down monitoring standards. Jawahar Navodaya Vidyalayas, set up under the Scheme have, for reasons of incomplete infrastructure and lack of credible academic innovation, fallen short of the high expectations, and have not succeeded in establishing any differentiated standard of excellence. Instead of attracting more meritorious students, the Scheme has witnessed an increasing trend of dropouts. Its attempt at a nationally integrated milieu of education through an open migration policy has failed to yield the desired results. The Scheme, despite a range of incentives, has failed to build up a sustainable resource back up in terms of teaching staff and academic stewardship.

Highlights

- **Against 543 districts (except Tamil Nadu and West Bengal), the Samiti had 440 sanctioned Jawahar Navodaya Vidyalayas (JNVs) with a shortfall of 103 JNVs.**

- **There was under utilisation of intake capacity ranging between 9.18 *per cent* to 18.45 *per cent*.**

- **There were instances of lack of basic requirements for students such as, shortage of dormitories/class-rooms, non-providing of quality food, non-availability of drinking water, etc.**

- **There was increasing trend of dropouts and migration policy failed.**

- **There were 1253 vacant posts, in respect of teaching staff as on 31.3.2001. Besides 23 Principals rendered resignations thereby affecting the academic activities.**

- **The introduction of Information Technology Education was not at desired level as against 440 sanctioned JNVs as on March 2001, it was introduced in 103 JNVs upto 1999-2000 which was increased to 321 JNVs during 2000-01.**

- **Grants-in-aid amounting to Rs 6.17 crore were misutilised towards payment of CPF advances.**

- **The meetings of the core committees were not held as per periodicity. Shortfall ranged between 29 *per cent* and 86 *per cent*, further shortfall in the functioning of the committees at Vidyalaya level ranged between 61 *per cent* and 100 *per cent.***

- **There exists no effective monitoring system in the Samiti.**

- **In pursuance of the recommendations of the Estimate Committee of Parliament 1994-95 (47^{th} Report), the Government of India constituted a review committee only in October 1999, report of which was still awaited.**

1.2.1 Introduction

Navodaya Vidyalaya Samiti (Samiti) was set up as a registered Society in February 1986 to implement the Navodaya Vidyalaya Scheme (Scheme) which is aimed at establishing, endowing, maintaining, controlling and managing model schools called Jawahar Navodaya Vidyalayas (JNVs) having co-educational and residential facilities for providing good quality modern education to the talented children predominantly from rural areas. Admission in JNVs are made at the level of class VI on the basis of a selection test designed and conducted by Central Board of Secondary Education (CBSE). Till 1998, the JNVs selection test was conducted by National Council of Educational Research and Training (NCERT). The test is conducted in 20 Indian languages and is largely non-verbal and objective in nature and is so designed that talented children from rural areas are able to compete without suffering a disadvantage. JNVs are set up on an average of one in each district.

1.2.2 Objectives

The broad aims of JNVs are to serve the objectives of excellence coupled with equity, to promote national integration, provide opportunities to the talented children to develop their full potential and to facilitate the process of school improvement.

The main objectives of the JNVs are:

(i) to provide good quality modern education including a strong component of culture, inculcation of values, awareness of the environment, adventure activities and physical education to the talented children predominantly from the rural areas, without regard to their family's socio-economic condition.

(ii) to ensure that all students of JNVs attain a reasonable level of competence in three languages as envisaged in the Three Language Formula, and

(iii) to serve, in each district, as focal points for improvement in the quality of school education in general through sharing of experiences and facilities.

1.2.3 Organisational set-up

The Samiti is managed by an Executive Committee with the Union Minister of Human Resource Development as Chairman. The Executive Committee which includes Vice Chairman, Director of the Society, representatives of the Ministry of Finance, Directors of NCERT, National Institute of Educational Planning and Administration, Chairman, CBSE and Commissioner, Kendriya Vidyalaya Sangathan (KVS) is responsible to carry out the objectives of the Samiti and management of all affairs and funds of the Samiti. The executive head of the administrative pyramid is the Director who executes the policies laid down by the Samiti's Executive Committee. He is assisted at the Headquarters by Joint Directors, Deputy Directors and Assistant Directors. At the regional level, he is assisted by a Deputy Director and Assistant Directors.

For the administration of 440 JNVs as on 31 March 2001 the Samiti has established eight regional offices at Bhopal, Chandigarh, Hyderabad, Jaipur, Pune, Patna, Lucknow and Shillong.

1.2.4 Scope of Audit

A review of the working of the Samiti was conducted during 1994-95 covering the period from 1985-86 to 1993-94 and appeared in CAG's report No.11 of 1995 (OAB). The present review is based on sample check of records of eight Regional Offices (ROs), 98 Vidyalayas and the Samiti Headquarters at Delhi for the period from 1994-95 to 2000-01 **(Appendix-V)** and in particular focuses on the performance of the Samiti, *vis-a-vis* assurance given by the Ministry in their Action Taken Note (ATN) on the results of previous review.

1.2.5 Funding pattern

The Samiti is fully financed by grants-in-aid from the Ministry of Human Resource Development, Department of Secondary and Higher Education. Besides, grants-in-aid from Ministry, Samiti is also getting grant from other Ministries/Departments for specific projects. During the preceding seven years ending March 2001 the financial pattern of Samiti was as under:

(Rs in crore)

Year	Funds available	expenditure incurred
1994-1995	244.88	212.53
1995-1996	263.83	247.39
1996-1997	273.36	254.36
1997-1998	253.70	232.04
1998-1999	401.11	376.05
1999-2000	418.08	393.43
2000-2001	463.07	424.76

1.2.6 Results of review

The results of the review are contained in the succeeding paragraphs.

1.2.6.1 Academic activities

1.2.6.1.1 Shortfall in opening of schools

In 103 districts, JNVs were yet to be opened.

The scheme envisaged establishment of JNVs on an average one in each district. It was seen that against 543 districts except the districts of Tamil Nadu and West Bengal who had opted out of the Scheme, the Samiti had sanctioned 440 schools with a shortfall of 103 JNVs as on March 2001. Thus Samiti failed in its primary function to provide one such model school in each district.

1.2.6.1.2 Under utilisation of infrastructure

The Scheme envisages admission in JNVs at class VI level only and there is no other entry level for students in the Vidyalaya. There should, ordinarily, be two sections in each class with maximum of 40 students in each section. The intake capacity of JNVs *vis-a-vis* admission of students in class VI during 1994-95 to 2000-01 was as under :

Intake capacity versus Admission in JNVs

Year	No. of JNVs sanction	No. of JNVs for which test held	Intake capacity		No. of students enrolled in class VI	No. of students less admitted	Percentage of shortfall
			@ 80 student s per school	As reported by the Samiti			
1994-1995	350	341	27280	24800	20784	4016	16.19
1995-1996	373	370	29600	27720	22605	5115	18.45
1996-1997	378	370	29600	25240	21878	3362	13.32
1997-1998	388	382	30560	26280	22453	3827	14.56
1998-1999	397	390	31200	26680	23907	2773	10.39
1999-2000	408	398	31840	27520	24993	2527	9.18
2000-2001	440	411	32880	28680	24462	4218	14.71

An analysis of above data indicated that:

- There was difference in intake capacity as reported by the Samiti and as worked out @ 80 students per school for which selection tests were held.

- Also, there were shortfall ranging between 9.18 *per cent* to 18.45 *per cent* in the admission of students in JNVs with respect to intake capacity of students reported by the Samiti.

The Samiti attributed shortfall in admission to non-availability of sufficient accommodation in JNVs and faulty admission papers.

Low intake in class VI and yearly dropouts resulted in underutilization of infrastructure.

Besides there was an overall dropout rate of students ranging between 5.17 *per cent* to 8.38 *per cent per annum* in JNVs **(Appendix-VI).** Hence, the lower admission at class VI level than the intake capacity compounded by yearly dropout rate of students from JNVs resulted in underutilization of infrastructure and man-power available in JNVs. The Executive Committee (EC) of the Samiti in its seventeenth meeting held in February 1997 had decided to admit students at class XI on experimental basis against the vacancies caused due to dropped out students. However, no such measures were taken. This necessitates a review of the Scheme to introduce entry of students at some higher class besides present system of entry at class VI level, so that the infrastructure and man-power of the JNVs was fully utilised and the benefit of the Scheme accrued to larger segment of the society.

1.2.6.1.3 Lack of infrastructure facilities

As per approved norms each JNV which is fully functional should have appropriate infrastructure facilities for approximate 560 students and 42 staff members. Generally each JNV should have following facilities :

(i) School campus, constructed in 30 acres of land
(ii) 14 class rooms
(iii) Separate rooms for three laboratories i.e. Physics, Chemistry and Biology.
(iv) Separate rooms for computer classes, library, first aid, staff room, store room etc.
(v) Separate toilet for staff, girls and boys.
(vi) Six number of dormitories (four for boys and two for girls). Dormitories should have facilities such as toilet, bathrooms, fans, light etc.
(vii) Boundary wall, overhead and underground watertanks, roads, sewerage, water supply, play fields etc.

It was, however, observed during test check of selected JNVs that in a large number of JNVs, the infrastructure facilities were not available at the desirable level. State-wise details are given below :

Name of the state	No. of school test checked	Points of interest
Bihar and Jharkhand	9	➢ No facility of study table and chair ➢ No arrangement for filtration of drinking water
Gujarat	4	➢ Inadequate accommodation to students for classes and residence
Haryana	4	➢ Inadequate dormitories accommodation for girls
Karnataka	4	➢ Overcrowding in girls hostel ➢ Dormitory not fitted with fans ➢ Overcrowding in boys dormitories ➢ Shortage of water
Kerala	5	➢ No full-fledged biology lab ➢ Non-completion of girls dormitories ➢ Girls were accommodated in workshop ➢ Acute shortage of water ➢ Non-completion of playground
Madhya Pradesh and Chattisgarh	9	➢ Inadequate accommodation both in respect of boys and girls
Maharashtra and Goa	11	➢ No proper safety and security arrangements in JNVs
Manipur	2	➢ No proper water supply ➢ Supply of contaminated water resulting in suffering the students from Scabies, dysentery and diarrhoea ➢ Food not provided as per norms
Orissa	3	➢ Shortage of class rooms, dormitories, bathrooms and latrine
Punjab	5	➢ Shortage of dormitories ➢ Shortage of classrooms ➢ Non-providing of quality food

Despite availability of funds, basic facilities were lacking.

The above inadequacies, despite availability of funds, adversely reflect on the functioning of the Samiti and have a definite negative effect on the performance of the JNV students.

1.2.6.1.4 Expenditure on students

Education in JNVs including boarding and lodging as well as expenses on uniform, text books, stationary, rail/bus fare to and from home etc. are free for all students. The mess is run by Vidyalaya itself under the overall directions of the Chairman of the Vidyalaya Management Committee. The Samiti prescribes per child per year expenditure to be incurred on these items, which ranged between Rs 4255 to Rs 6000 during the period covered under review.

Test check of records revealed that the norms prescribed by the Samiti in this regard were not adhered to in the following sampled JNVs during the period covered under review :

Expenditure on students was not in accordance with the norms.

In six sampled JNVs of **Assam**, against admissible expenditure of Rs 338.04 lakh, expenditure of Rs 294.79 lakh was incurred resulting in less expenditure of Rs 43.25 lakh.

In **Bihar** and **Jharkhand**, the expenditure on students in nine sampled JNVs were more than prescribed norms during 1994-95 to 1996-97 and it was below the norms during 1997-98 to 2000-01.

In two sampled JNVs of **Manipur**, against admissible expenditure of Rs 275.67 lakh, expenditure of Rs 262.37 lakh was incurred resulting in less expenditure of Rs 13.30 lakh.

In **Punjab**, the five sampled JNVs could spend Rs 560.81 lakh against admissible expenditure of Rs 583.31 lakh resulting in less expenditure of Rs 22.50 lakh.

In **Karnataka**, the actual expenditure on students in four sampled JNVs was Rs 539.85 lakh against the admissible expenditure as per norms of Rs 606.29 lakh which resulted in less expenditure of Rs 66.44 lakh during the period 1994-95 to 2000-01.

Thus, the expenditure on students by JNVs was not as per norms prescribed by the Samiti. While the students are ultimate sufferers of less expenditure with respect to admissible facilities, the excess expenditure by JNVs without any valid justification resulted in extra burden on the Samiti, besides violation of the financial parameters laid down by the Samiti.

1.2.6.1.5 Dropouts/withdrawals

The Scheme provides for admission to JNVs at the level of class VI. Every student enrolled in class VI is continued to be promoted to next higher classes upto class X as there was no provision in the Scheme to fail/expel students between class VI to class X. All students of class X are to appear in CBSE examination and students who pass in class X get enrolled in class XI.

The number of students enrolled in class VI during 1994-95 to 2000-01 and who continued their education upto class X are tabulated below:

Year of enrolment	No. of students enrolled in class VI	No. of students who continued their education in higher classes				Dropouts (2-3)		Remarks
		VII	VIII	IX	X			
1	2	3(a)	3(b)	3(c)	3(d)	4(a)	4(b)	5
1994-1995	20784	19966	18724	17474	16224	4560	21.93 *per cent*	Dropout upto class X
1995-1996	22605	21710	20295	18758	17615	4990	22.07 *per cent*	Dropout upto class X
1996-1997	21878	20997	19946	18364	16631	5247	23.98 *per cent*	Dropout upto class X
1997-1998	22453	21802	20639	18865	-	3588	15.98 *per cent*	Dropout upto class IX
1998-1999	23907	22973	21033	-	-	2874	12.02 *per cent*	Dropout upto class VIII
1999-2000	24993	23026	-	-	-	1967	7.87 *per cent*	Dropout upto class VII
2000-2001	24462	-	-	-	-	Nil	--	Figure not available

The above table indicates:

There was increasing trend of dropouts.

- That there was increasing trend of dropout cases upto class X (i.e. from 21.93 *per cent* to 23.98 *per cent*) among students enrolled between 1994-95 to 1996-97.
- That students, enrolled in class VI in 1997-98 had completed their study upto class IX in 2000-01 with a dropout of 15.98 *per cent* upto class IX.
- Students, enrolled in class VI during 1998-99 had completed their study upto class VIII during 2000-01 with 12.02 per *cent* dropout among them upto class VIII.
- Students enrolled in class VI during 1999-2000 were in class VII during 2000-01. In one year, the dropout was 7.87 *per cent.*

Further, an analysis of enrolment of students in class XI in comparison to students passed in class X CBSE examination during 1994-95 to 2000-01 revealed that there was dropout/withdrawal of students ranging between 21.51 *per cent* to 29.85 *per cent* as given in the table below :

Year of passing examination of class X	No. of students passed in class X	No. of students enrolled in class XI	No. of dropout/ withdrawals	*per cent* of dropout/ withdrawal
1995	10096 (83 *per cent*)	7082	3014	29.85
1996	11315 (84 *per cent*)	8568	2747	24.27
1997	12626 (85 *per cent*)	9097	3529	27.95
1998	14216 (86 *per cent*)	11147	3069	21.58
1999	13469 (85 *per cent*)	10571	2898	21.51
2000	15237 (87 *per cent*)	11294	3943	25.87
2001	15057 (87 *per cent*)	NA	NA	NA

(NA-Not available)

The Samiti stated (September 2001) that the dropouts/withdrawals in JNVs were due to system for migration of students and due to not getting desired subject combination.

1.2.6.1.6 Migration policy

One of the objectives of the Scheme is the policy of migration of students. This policy helps to inculcate the spirit of national integration among the students by making them live with their peer group in a different atmosphere at a young and early age. The idea behind this migration policy is to provide opportunities to talented children from different parts of the country, to live and learn together, to develop their full potential and most importantly, to become a catalyst of a nation wide programme of school improvement.

The Scheme envisages migration of 20 *per cent* of students from class IX onwards from one JNV to another JNV in a different linguistic region. The initial period of migration of four years for 20 *per cent* students was reduced to two years for 30 *per cent* students with effect from 1992. Inspite of these changes, the migration of students was posing problems, such as, clashes between local and migrated students, lack of infrastructure available in Vidyalayas having migration links and representations from parents of girl students.

Migration policy proved to be a failure.

Thereafter, in 1995 a Review Committee was set up to undertake an assessment of migration system in JNVs and to make recommendations as may be deemed necessary. Based on the recommendations of the Review Committee, the Samiti reduced the period of migration to one year at class IX level with effect from the academic year 1996-97. However, a survey conducted by Development and Research Service (DRS), an independent agency, during May-June 2000 on behalf of the Samiti reported that reasons behind non-implementation of migration policy successfully were :

- formation of groups among students which resulted in fights among the local JNV students and migrated students; and
- selection of unwanted, problematic students for migration.

It is, thus, evident that the implementation of migration policy as envisaged in the Scheme did not yield desired results. The continuance of cultural clashes among migrated and local students defeated the very purpose of migration policy to achieve National Integration. There was, thus, an urgent need to review the migration policy of the Scheme for its proper implementation.

1.2.6.1.7 Information Technology education

The Information Technology (IT) education was introduced in JNVs during 1991 in the form of "Computer Literacy Programme" to provide compulsory computer education for each and every student in JNVs from class VI to class XII and to make computer education as part of academic curriculum.

The IT education remained stagnant upto 1999-2000.

It was noticed in audit that while the number of JNVs covered under IT education during 1994-95 to 1999-2000 remained stagnant at 103 (out of total number of JNVs ranging between 350 and 408), it was only during 2000-01 that the coverage increased to 321 JNVs; still leaving 119 JNVs yet to be covered.

1.2.6.1.8 Quality of results

All the JNVs are affiliated to the CBSE. During the period 1994-95 to 2000-01, the overall pass percentage of JNV students in class X examination ranged between 82.6 to 87 *per cent,* whereas the pass percentage in class XII examination ranged between 81.2 to 87.5 *per cent*. Results of JNV and Non-

JNV students in class X and XII examinations from 1997 to 2001 are tabulated below in a graded format:

A. Results of class X

Year	No. of students appeared / Pass percentage				No.of students securing marks (I) 60-75 *per cent* and (II) above 75 *per cent* / percentage of students securing marks (I) 60-75 *per cent* and (II) above 75 *per cent*							
	JNV	KVS	Independent	CBSE	JNV		KVS		Independent		CBSE	
					I	II	I	II	I	II	I	II
1997	**14850**	**49717**	**150886**	**385858**	**4883**	**1924**	**11547**	**4142**	**48394**	**27958**	**70018**	**35110**
	85.02	79.08	87.78	64.27	32.88	12.96	23.23	8.33	32.07	18.53	18.15	9.10
1998	**16576**	**51900**	**109721**	**409695**	**5679**	**2228**	**12064**	**4731**	**35244**	**18766**	**77296**	**40478**
	85.76	76.82	87.05	63.22	34.26	13.44	23.24	9.12	32.12	17.10	18.87	9.88
1999	**15907**	**52727**	**186093**	**438137**	**5510**	**2565**	**13402**	**6442**	**59451**	**43289**	**85543**	**53979**
	84.67	77.95	86.52	64.38	34.64	16.12	25.42	12.22	31.95	23.26	19.52	12.32
2000	**17510**	**52882**	**207920**	**466990**	**6311**	**2786**	**12793**	**6283**	**65749**	**48482**	**91673**	**59047**
	87.01	77.81	86.43	65.37	36.04	15.91	24.19	11.88	31.62	23.32	19.63	12.64
2001	**17296**	**52812**	**235075**	**481454**	**6154**	**3204**	**14523**	**6736**	**76374**	**53606**	**103786**	**64743**
	86.96	81.04	85.40	66.61	35.58	18.52	27.50	12.75	32.49	22.80	21.56	13.45

B. Results of class XII

Year	No. of students appeared / Pass percentage				No.of students securing marks (I) 60-75 *per cent* and (II) above 75 *per cent* / Percentage of students securing marks (I) 60-75 *per cent* and (II) above 75 *per cent*							
	JNV	KVS	Independent	CBSE	JNV		KVS		Independent		CBSE	
					I	II	I	II	I	II	I	II
1997	**6540**	**30115**	**91058**	**205067**	**2961**	**657**	**11503**	**3031**	**37440**	**17330**	**64384**	**22679**
	85.05	83.29	83.06	73.30	45.28	10.05	38.20	10.06	41.12	19.03	31.40	11.06
1998	**8022**	**32154**	**102973**	**222000**	**3270**	**772**	**10648**	**2885**	**41424**	**18967**	**66330**	**23993**
	81.24	79.88	83.42	72.64	40.76	9.62	33.12	8.97	40.23	18.42	29.88	10.81
1999	**8767**	**33097**	**114449**	**253253**	**4052**	**861**	**11622**	**3252**	**48069**	**21463**	**77475**	**27167**
	87.50	83.08	84.83	74.69	46.22	9.82	35.11	9.83	42.00	18.75	30.59	10.73
2000	**10522**	**33651**	**128676**	**265346**	**4632**	**1384**	**13117**	**4281**	**53822**	**29810**	**87933**	**37752**
	83.25	83.10	84.76	76.35	44.02	13.15	38.98	12.72	41.83	23.17	33.14	14.23
2001	**10337**	**34332**	**145390**	**286268**	**4699**	**1341**	**12630**	**3966**	**59655**	**30056**	**92630**	**37509**
	84.21	83.66	82.88	75.20	45.46	12.97	36.79	11.55	41.03	20.67	32.36	13.10

It will be seen from table above that the pass percentage of JNV student in class X examination for five years from 1997 to 2001 was higher in comparison to KVS and was slightly lower than the pass percentage of students of independent schools in the years from 1997 to 1999. However, in terms of number of students who could achieve the excellent bracket i.e. securing 75 *per cent* and more marks, performance of JNV students was substantially lower in comparison to the performance of students of independent schools. In the 60-75 *per cent* bracket the performance of JNV was marginally higher than the independent schools.

Pass percentage of JNV students in class XII examination for five years from 1997 to 2001 was higher in comparison to KVS and was slightly lower than that of independent schools in the years 1998 and 2000. However, here again, the performance of JNV students in the highest bracket (above 75 *per cent*) was substantially lower than the performance of the independent schools. Taking the indicator of students securing more than 75 *per cent* of marks, the total number of students who have achieved high grade of performance would give an idea of the contribution of JNVs to the academic enrichment process. The tables would show that while JNVs have done very well in terms of achieving a very satisfactory overall pass percentage, they have lagged behind substantially *vis-a-vis* other independent private schools, in the "excellent result" (75 *per cent* and above) category. A comparison on these lines is more appropriate, since JNVs have a rigorous selection process for admission of students and a substantial infrastructure and other financial support. Perhaps, a review of their records in the light of their role as model excellence centres is called for to locate the weaknesses in the JNVs which have resulted in their students not reaching the higher bracket (of 75 *per cent* and above) in as large numbers as the students of independent schools reached.

1.2.6.1.9 Manpower management

1.2.6.1.9.1 Recruitment of teachers

(A) The Samiti is conscious of providing quality education through committed teachers to JNVs as they are the back bone of the education system. Appointments to the posts of teachers and to the senior cadres of the non-teaching staff are being processed at the level of ROs. The Selection Committee constituted to select the incumbents for these posts comprise of officers of the Samiti, eminent educationists, persons having experience of the residential school system, persons belonging to SC/ST, minorities a lady representative, subject experts etc., which ensure proper assessment of the overall personality of the candidates. Further permanent absorptions are also made from deputationists in these cadres to retain the services of experienced and meritorious teachers from various Governmental and non-Governmental institutions.

With a view to encouraging better-qualified teachers to join JNVs, the following incentives are at present being provided to teachers and principals :

- Rent free, partially furnished housing facility as available on site.
- Facility of admission to their wards in the Navodaya Vidyalayas where they are posted.
- House Master's Allowance @ Rs 150 per month and Rs 75 per month for Associate House Master's Allowance.
- Free boarding with students.

Samiti failed to fill up vacant posts of teaching staff.

It was noticed in audit that inspite of above incentives the Samiti was not in a position to fill all the sanctioned posts, of Principals, PGTs/TGTs and other teaching categories during the period from 1994-95 to 2000-01. The details of sanctioned posts and vacancies in respect of teaching staff is tabulated below :

Year as	Principals			PGTs			TGTs			* Misc. categories		
on 31st March	Sanctioned posts	Vacant posts	Percentage shortfall w.r.t. sanctioned post									
	(A)	(B)	(C)	(A)	(B)	(C)	(A)	(B)	(C)	(A)	(B)	(C)
1995	373	98	26.2	1975	762	38.5	3028	760	25.09	1847	360	19.49
1996	373	57	15.2	2216	584	26.3	3260	753	23.09	1938	279	14.39
1997	378	56	14.8	2278	538	23.6	3298	825	25.01	2004	325	16.21
1998	389	70	17.9	2227	278	12.4	3293	493	14.97	2051	223	10.87
1999	397	71	17.8	2339	208	8.8	3286	370	11.25	2063	228	11.05
2000	423	113	26.7	2418	234	9.6	3407	412	12.09	2137	240	11.23
2001	426	141	33.1	2513	329	13.09	3478	483	13.88	2177	300	13.78

* *Misc. categories include physical education, art, music, social useful and productive work teachers and librarians.*

From the above table it is evident that :

(i) Samiti was unable to get the required number of teachers despite lucrative incentives.

(ii) The number of unfilled posts of Principals who are responsible for overall supervision of JNVs had increased from 98 in 1995 to 141 in 2001. The total number of vacant posts at the close of 2001 was 1253, which was alarming.

23 Principals rendered resignations despite availability of incentives.

It was further noticed that during the period covered under review as many as 23 Principals had rendered their resignations. The Samiti did not initiate any action to find out the reasons responsible for large number of resignations by the Principals.

(B) Appointments to the posts of teachers were being processed at the level of RO upto the year 1999 in accordance with the recruitment rules of the Samiti. From the year 2000, the recruitment of the teachers was entrusted to (Educational Consultant India Ltd. (EdCIL), a Government of India Enterprises, with the approval of EC of the Samiti. While approving the proposal, the Chairman of the Samiti had observed that the time schedule proposed for conducting written examination for recruitment of teachers through EdCIL appears to be too long and a fixed shortened time schedule should be framed for the purpose.

In view of the above decision of EC, the Samiti entered into an agreement with EdCIL in March 2000 for the recruitment at a cost of Rs 94.97 lakh excluding the cost of advertisement and its publication in Employment News. The process of recruitment started in March 2000 when the publication was inserted in the Employment News on 18 March 2000. As per the relevant clause of the agreement, the recruitment process was to be completed by the end of December 2000. However, the whole process of the recruitment of the teachers was completed in September 2001 with delay of nine months as per schedule of recruitment. The total time taken by the Samiti for the recruitment was 17 months which was almost two times the average time generally taken by Samiti in recruiting the teachers during the previous years.

Thus the Samiti not only failed to adhere to the original time schedule but also was not able to come to the expectations of EC in reducing the time gap.

1.2.6.1.9.2 Teacher-Student ratio

As per pattern adopted by the Samiti generally accepted ratio of teacher-student is 1:25 for JNVs. However, it was noticed that the ratio of sanctioned strength of teaching staff and students during 1994-95 to 2000-01 ranged between 1:15 to 1:16 as detailed below:

Year	Teaching staff strength	No. of students	Teacher – Students ratio
1994-1995	6850	104291	1:15.22
1995-1996	7414	108316	1:14.61
1996-1997	7580	110343	1:14.55
1997-1998	7571	116108	1:15.33
1998-1999	7688	120700	1:15.69
1999-2000	7962	125689	1:15.78
2000-2001	8168	125119	1:15.32

The Samiti attributed reasons for higher ratio of teaching staff and students to less enrolment of students in JNVs at class XI level and dropout/withdrawal of students from JNVs. There is, thus, an urgent need for adopting a strategy having an impact on enrolment of students besides rationalizing the requirement of teaching staff and its deployment policy.

1.2.6.2 Accounts and financial management

1.2.6.2.1 Finance and Accounts

The Budget Estimates (BE), Revised Estimates (RE), Grants-in-aid received, Internal Receipts (IR) and Expenditure incurred by the Samiti during 1994-95 to 2000-01 are tabulated below :

(Rs in crore)

Year	BE		RE		Grants Recd.		IR		Opening Bal.		Total Recpt.		Expenditure		Closing Bal.		Total
	N.P	P	N.P	P	N.P	P	N.P	P	N.P	P	N.P	P	N.P	P	N.P	P	
1994-95	62.47	168.95	66.56	197.32	48.77	158.63	7.20	0.76	13.20	16.32	69.17	175.71	56.03	156.50	13.14	19.21	32.35
1995-96	56.92	206.00	59.00	210.80	49.27	177.00	2.92	2.29	13.14	19.21	65.33	198.50	57.30	190.09	8.03	8.41	16.44
1996-97	60.46	262.40	68.03	209.41	58.01	195.50	1.90	1.51	8.03	8.41	67.94	205.42	58.37	195.99	9.57	9.43	19.00
1997-98	127.00	205.00	146.00	205.00	69.00	162.50	2.77	0.43	9.57	9.43	81.34	172.36	71.44	160.60	9.90	11.76	21.66
1998-99	86.05	297.79	97.50	353.26	85.00	291.50	2.50	0.45	9.90	11.76	97.40	303.71	88.11	287.94	9.29	15.77	25.06
1999-00	100.29	356.47	103.11	358.14	84.33	304.00	4.23	0.46	9.29	15.77	97.85	320.23	88.37	305.06	9.48	15.17	24.65
2000-01	99.10	378.10	95.67	400.78	88.00	344.99	4.53	0.90	9.48	15.17	102.01	361.06	90.77	333.99	11.24	27.07	38.31

An analysis of above table indicated the following :

(i) There were savings ranging from Rs 16.44 crore (6.23 *per cent*) to Rs 38.31 crore (8.27 *per cent*) during the period 1994-95 to 2000-01.

(ii) With reference to Ministry's circular regarding classification of expenditure during the IX five year plan, the Samiti while projecting BE for 1997-98 proposed to transfer the committed expenditure, under plan head of VIII five year plan, at the end of 1996-97 to non-plan. Thus, the projection of non-plan provision amounting to Rs 127 crore for 1997-98 consisted of Rs 64.30 crore for existing non-plan requirements and Rs 62.70 crore relating to the committed expenditure (plan) of VIII five year plan period. However, while fixing the budgetary support to the Samiti, the Ministry did not consider the requirements of Rs 62.70 crore relating to committed expenditure (plan) of VIII five year plan period either under non-plan provisions or under plan provisions. Thus, the Samiti had a budgetary support of the Ministry of Rs 69 crore under non-plan as against its projection of Rs 127 crore, a reduction by 46 *per cent*. Owing to this reduction, the Samiti had to meet the committed expenditure of the VIII five year plan out of funds available for plan activities for the year. This in turn, had an adverse effect on the activities under plan for the year 1997-98.

There was variation between the RE and Actual Expenditure of Rs 44.40 crore (21.6 *per cent*) and Rs 74.56 crore (51.1 *per cent*) in respect of plan and non-plan respectively during the year 1997-98.

(iii) General Financial Rules lay down that a clear distinction should be made between Revenue expenditure and Capital expenditure. Re-appropriation of funds from Revenue to Capital and vice-versa is not permissible. It was, however, noticed that the release of funds by the Ministry was not made distinctly under the heads "Revenue" and 'Capital'.

1.2.6.2.2 Misutilisation of grants in-aid

The grants-in-aid of Rs 617.48 lakh was misutilised towards payment of CPF advances.

As per practice prevalent in the Samiti, Contributory Provident Fund (CPF) advance to subscribers are sanctioned and paid by the respective Principals at JNV level and by Deputy Directors at RO level. After sanction of the amount, the disbursement of advance is made by operating funds from grants-in-aid placed at the disposal of the Principals/ROs. Subsequently, the amount so paid is reimbursed from CPF account. Hence, for every case of advance to individual subscriber funds from grants-in-aid were misutilised by not operating CPF. During the period 1994-95 to 2000-01, Rs 617.48 lakh were diverted from grants-in-aid for payment of CPF advances, as detailed below:

(Rs in lakh)

Year	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	Total
Reimbursement during the year	7.09	9.73	33.58	30.92	96.91	210.94	228.31	617.48

Thus the Samiti violated the terms and conditions of grants-in-aid.

Further, it was noticed in audit that certain reimbursement to grants-in-aid were outstanding as on 31.3.2001 from CPF accounts. The Samiti could not work out the exact amount of outstanding reimbursement to grants-in-aid at the close of the financial year.

1.2.6.2.3 Pattern of investment of Contributory Provident Fund

According to the instructions issued by the Ministry of Finance in March 1999 the investment for CPF is to be made in (a) Central Government securities and/or units of Mutual Funds which has been setup as dedicated fund for investment in Government securities : 25 *per cent* (b) Government securities created and issued by any State Government; Any other negotiable securities fully and unconditionally guaranteed by Central Government or any State Government : 15 *per cent* (c) Bonds/securities of public financial institutions as specified under Section 4 (1) of Companies Act; Certificates of deposits issued by Public Sector Bank : 40 *per cent* (d) To be invested in any of the above three categories as decided by the Trustees : 20 *per cent.*

The CPF investments were not in accordance with GOI instructions.

However, it was noticed that the Samiti had CPF investments of Rs 77.18 crore as on March 2001 out of which Rs 23.11 crore (29.94 *per cent*) were deposited with Reserve Bank of India as fixed deposits, Rs 52.02 crore (67.40 *per cent*) were deposited with State Bank of India in a recurring deposit account, Rs 0.03 crore (0.04 *per cent*) with Industrial Development Bank of India and Rs 2.02 crore (2.62 *per cent*) with State Bank of Patiala. Thus CPF investments were not in accordance with the GOI instructions issued by Ministry of Finance.

1.2.6.2.4 Irregular release of funds by the Regional Offices

Test check of the records of six ROs revealed that grants released to the JNVs were not strictly in accordance with the requirements under plan and non-plan as detailed below:

(a) In Andhra Pradesh, RO released a sum of Rs 225.11 crore against the RE of Rs 224.34 crore during 1994-95 to 2000-01 to JNVs under its jurisdiction.

(b) In Bihar, during 1997-98 to 2000-01, RO released Rs 25.54 crore to nine JNVs test checked while the BE in these years were Rs 24.54 crore.

(c) In Karnataka, RO was releasing the grants to JNVs without specific distinction under plan and non-plan.

(d) In Punjab, mainly the grants were released under non-plan which resulted into diversion of funds to the tune of Rs 4.03 crore from non-plan to plan at JNV level during 1994-95 to 1998-99.

(e) In Uttar Pradesh, there was unauthorised diversion of funds amounting to Rs 0.39 crore from plan to non-plan during 1995-96.

(f) In Pondicherry, the JNVs diverted Rs 1.01 lakh from non-plan to plan.

It is, thus, evident that system of sound budgeting necessary to ensure proper control and monitoring was not restored to by the ROs.

1.2.6.3 Proceedings of the Samiti

1.2.6.3.1 Meetings of core committees of the Samiti

Functioning of the Samiti is managed by various committees which are required to meet periodically. The position of these committees as on March 2001 was as under:

Sl. No.	Name of the Committee	When formed	Frequency of the meetings to be held	No. of meeting required to be held	No. of meetings actually held	Percentage shortfall
1.	Academic Advisory Committee (AAC)	Since inception of the Society	Once in every quarter	28	4	86
2.	Executive Committee (EC)	Since inception of the Society	Once in every quarter	28	8	71
3.	Annual General Meeting (AGM)	Since inception of the Society	Once in a year	7	5	29
4.	Finance Committee (FC)	Since inception of the Society	Once in every quarter*	28	12	57

* *Though the exact number of meetings to be held in a year has not been specified in Memorandum of Association but as per Articles 43 and 44 the meetings of FC should precede the meetings of EC.*

Shortfall in meetings of core committees ranged between 29 *per cent* and 86 *per cent*.

The above data revealed that while shortfalls in holding of the meetings in respect of AAC and EC were 86 *per cent* and 71 *per cent* respectively, the shortfall in respect of AGM and FC was 29 *per cent* and 57 *per cent* respectively. Keeping in view the functions and powers of these committees, evidently such a shortfall in meetings results in belated decisions on policy matters which affects its drive to excellence.

1.2.6.3.2 JNVs Vidyalaya Committees

Samiti had issued guidelines for formation and functioning of following committees at JNVs level :

Sl. No.	Name of the Committee	Periodicity of Committee	Function of the Committee
1.	Vidyalaya Management Committee (VMC)	As frequently as possible	To exercise control and to assist JNVs in respect of funds, expenditure, budget, ad-hoc appointments and general supervision.
2.	Vidyalaya Advisory Committee (VAC)	-do-	To assist the JNVs in its academic activities, local assistance, cultural programmes, pace setting goals and improvement in education.
3.	Regional and District level Committee(DLC)	Once in a quarter	To supervise mess, food, discipline and sanitation related matters. This committee was constituted as per the decision of the EC of the Samiti in its 20th meeting held in September 1999.

Note: *Though the Samiti has not fixed the exact periodicity of the committees mentioned at Sl. No.1 and 2 above, three meetings in a year are considered to be minimum in view of their duties and powers.*

Position of the meetings held in respect of above committees as envisaged during test check of records of selected JNVs in different States is given in **Appendix –VII**.

A perusal of the data given in **Appendix-VII** revealed that the Samiti, ROs and JNVs were not very keen in the functioning of these Committees. Thus, there was complete absence of day-to-day monitoring with reference to academic, administrative, infrastructure, financial status etc. of the JNVs through the mechanism of committees.

The Regional and District Level Committee to be formed in all the JNVs in pursuance of the decisions taken in the meetings held during September 1999, have not been formed in any of the JNVs test checked.

Yet another very important forum namely 'Parents-Teacher Association' (PTA) was absent in the most of the JNVs test checked.

There were deficient meetings of Vidyalaya level committees despite Ministry's assurance in its ATN to the earlier review.

In the ATN relevant to the earlier review, the Ministry stated that Principals are responsible to convene the meetings which are presided over by the District Collector and Chairman of VMC/VAC. The Ministry further stated that the ROs who are in immediate touch with the JNVs keep a watch over the conduct of these meetings and efforts were also made to ensure that meetings of all the committees were held as per their periodicity, as far as possible.

However, the present audit findings establish that there was no improvement in holding the required number of meetings. Thus, despite lapses pointed out by the Audit in its previous review and the reply given by the Ministry, the Samiti's approach was lackadaisical.

1.2.6.3.3 Executive Committee meetings

EC in its 14th and 15th meetings held in July 1994 and March 1995 approved a package of sports events and stressed need for moral discipline. No records on the above subjects were produced in the absence of which action taken in this regard could not be seen in Audit.

EC in its 20th meeting held in September 1999 desired that the Samiti may take suitable steps to encourage setting up of Science Museums and portable planetariums in JNVs. Eight portable Taramandals in eight JNVs to be used by cluster of JNVs on rotation basis, were established. The decision taken by EC, therefore, remained partially implemented.

1.2.6.3.4 Finance Committee meetings

Samiti failed to monitor short term investments of surplus funds by ROs as directed by FC.

In order to derive optimum return from the funds which were not required for immediate expenditure, FC, in its 18th meeting, held in November 1994 approved re-delegation of powers to the Deputy Directors of ROs to make short term deposits for a period not exceeding 46 days, in a nationalised bank with which they were maintaining their accounts and instructed ROs to send the details of short term deposits to the Samiti. Scrutiny of the relevant records revealed that against a total of 96 reports from 8 regions likely to be received, 34 reports were actually received, between April 1995 and March 2001. The short fall (62 reports) constituted 64 *per cent* of the total returns. Thus, the Samiti failed to monitor the investment of surplus funds in short term deposit as directed by FC.

1.2.6.3.5 Internal audit

(a) An internal audit wing which comprised of Audit Assistants and Accounts-cum-Audit Officers was set up in 1989. While the audit of ROs was conducted by the internal audit wing of the Samiti Headquarters, the audit of the JNVs was conducted by the internal audit teams located at various ROs as per yearly calendar.

It was seen in audit that during 1994-95 to 2000-2001, the internal audit of ROs was not given priority as against 56 internal audit to be conducted only eight audits were conducted with a shortfall of 85.71 *per cent*. It was further noticed that during 1995-96, 1998-99 to 2000-01, no internal audit of ROs was conducted.

Keeping in view the flow of funds to ROs, the absence of internal audit of ROs demonstrates a lackadaisical approach of the Samiti.

There were huge arrears in respect of internal audits.

(b) The position of internal audit of Vidyalaya's during 2000-01 was no better as against 440 internal audits to be conducted only 85 internal audits were conducted. The shortfall in internal audits ranged between 67 *per cent* to 100 *per cent*.

(c) Besides the shortfall in conducting internal audit, the quantum of outstanding paras in respect of ROs upto March 2001 was 7933. The number of outstanding paras in eight ROs ranged between 380 to 2007.

The position of outstanding paras in respect of ROs at Lucknow and Bhopal which stood at 1650 and 2007 respectively, was alarming.

The Ministry in its ATN to previous review stated that EC has concurred the appointment of Chartered Accountant (CA) for each JNV so as to augment the internal audit. However, test check of selected JNVs revealed that no CA had been appointed to reduce the arrears on account of internal audit.

1.2.6.3.6 Status report on socio-economic survey

In January 2000, the Samiti engaged Development and Research Services (DRS), a private agency, to conduct a status review at the cost of Rs 14.14 lakh. As per agreement entered between DRS and the Samiti, DRS was to submit its report by 31 August 2000, whereas the same was submitted on 13 October 2000. In its report DRS *inter-alia* had recommended on various aspects viz. admission criteria for admission of children from poorer households, greater involvement of panchayats and community organisations, admission of students in Class VIII, deployment pattern of teachers in different schools, English medium in earlier classes, extension of duration of migration, arrangement for weekly visits by local Government/Private Doctor, greater involvement of students in mess management, definite periodicity of meetings of PTAs, encouragement of students to seek admission in professional courses, strengthening of computer courses, providing of information and guidance for possible career opportunities to the students, provision for some degree of vocational training to enhance the profile of JNV students.

No follow up action was taken on the status report by DRS.

Though the report was submitted in October 2000, Samiti did not initiate any follow up action through any task force or otherwise to device a mechanism to improve the overall environment and performance of its students in respect of above covered areas. The expenditure of Rs 14.14 lakh, therefore, by and large, remained infructuous.

1.2.6.3.7 Other topics of interest

Andhra Pradesh

(i) One Elevated Service Reservoir (ELSR) was constructed in 1991 in the premises of Peddapuram Vidyalaya (East Godawari district) at a cost of Rs 10 lakh for providing water for drinking and other purposes. The ELSR was, however, not put to use as the PVC pipelines laid had failed. The Samiti sanctioned another sum of Rs 6.04 lakh in June 2000 for laying GI Pipes replacing the failed PVC pipes and the work was in progress as of September 2001. Defective designing and execution of PVC pipelines work had thus resulted in unfruitful outlay of Rs 10 lakh on ELSR for over 10 years.

Two dormitories constructed at a cost of Rs 44 lakh remained unoccupied since their construction.

(ii) In Kiltempalem Vidyalaya in Vizianagaram district seven dormitories for accommodation of sanctioned strength of 560 students were constructed in 1997. However, two dormitories costing Rs 44 lakh remained unoccupied since their construction for want of students as the number of students on roll in the Vidyalayas ranged from 384 (1997-98) to 409 (2000-01) and never reached to its full capacity of 560 students. This is a case of ill-conceived planning resulting into underutilization of infrastructure.

(iii) In JNV Lapakshi, in Anantpur district, expenditure incurred on purchase of vegetable amounting to Rs 6.91 lakh during 1996-97 to 1998-99 was more than double compared to preceding year 1995-96 and subsequent years 1999-2000 and 2000-01 without any increase in number of students. On detailed examination it was observed from the daily menu register that the students were served only rice, pulses and rasam. Curries were served occasionally during 1996-97 to 1998-99. The purchases of vegetables, when no vegetables were served was an aspect to be investigated. RO stated that the matter would be enquired into and findings intimated to audit.

(iv) In nine Vidyalayas, high tension power supply was obtained with contracted maximum demand of 200/70 KVA. As the monthly minimum contracted demand was not utilised by these Vidyalayas between January 1992 and July 2001, the Vidyalayas paid Rs 59.37 lakh towards unutilized demand charges inclusive of surcharge due to low power factor.

Bihar

22 students of JNV Nalanda who took admission in 1996 on the basis of selection test held in February 1996 were expelled from the Vidyalaya on December 1996 on the ground that they had appeared in selection test in 1995. This indicated that there was lack of proper scrutiny of eligibility of students seeking admission to JNVs before taking up the selection test.

Haryana

The dormitory constructed at a cost of Rs 26.20 lakh remained

The Samiti had approved the construction of one dormitory each for boys and girls for JNV Niwarsi in Kurukshetra district. According to the layout plan the girls dormitory was to be constructed adjoining the girls dormitory already constructed. CPWD, however, changed the site of the girls dormitory without approval of the Chief Architect/Samiti and the same was constructed at the cost of Rs 26.20 lakh at other site which was in between the two dormitories of boys. This dormitory was lying unoccupied as the Principal of the JNV stated that the new dormitory cannot be used, as girls can never be housed between boys dormitories. This resulted into a total loss of Rs 26.20 lakh.

Karnataka

Obsolete stock worth Rs 44.93 lakh was not disposed of.

In four test checked JNVs, it was noticed that large quantities of unserviceable articles such as, library books, sports items, lab. equipments, bedding items, utensils, teaching aids, music instruments with a book value of Rs 44.93 lakh were lying idle, since 1985-86. Though the Principals have approached the RO, final orders for disposal/condemnation were yet to be issued.

Maharashtra

Rs 39.53 lakh were paid to State Electricity Department at higher commercial rates.

In Maharashtra and Goa, six Vidyalayas had installed high tension connections for supply of electricity and paid electricity charges @ Rs 6.05 per unit as against Rs 3.80 per unit for low tension supply. It was further noticed that these Vidyalayas were paying electricity at higher commercial rates instead of domestic rates. Thus Vidyalayas had paid excess charges amounting to Rs 39.53 lakh for the period from 1996-97 to 2000-2001. The details for the years 1994-95 and 1995-96 were not made available to Audit.

Rajasthan

Rs 31.53 lakh spent on supply of drinking water proved infructuous as water was not potable.

In JNV Gajner (Bikaner), while exploring construction of a tubewell for supply of drinking water to students it was found that water was not available. A sum of Rs 31.53 lakh was spent on a tubewell at an alternative site 10 kms. away from JNV. However it was found that water available at new site was not potable due to presence of fluoride. Thus the expenditure of Rs 31.53 lakh incurred on supply of drinking water unfit for human consumption by and large had been rendered infructuous.

1.2.6.3.8 Monitoring

Effective monitoring system in the Samiti was lacking.

At the close of the year 2000-01, the Samiti was managing 440 Vidyalayas spread over length and breadth of the country. For the excellence growth in the field of education, culture, character building discipline etc. Samiti has an exclusive wing known as "School Administration Wing" which is headed by a Joint Director (Academic). The said wing is responsible for framing policy in assigned areas and its implementation. ROs also play an important role, as the Vidyalayas are functioning under their direct charge. Since the "School Administration Wing" was responsible for policy framing and its implementation in the field of education; its functioning largely depended on feed-back received from the Vidyalayas either directly or through ROs. It was noticed in audit that there hardly existed a monitoring mechanism in the Samiti. No returns/formats had been prescribed by the Samiti to monitor the day to day functioning of JNVs and achievement of objectives envisaged in the Scheme. In response to an audit query, the Samiti stated that monitoring was being done through D.O. letters etc. written directly by the Principals of JNVs to the Director. It was also observed that the Samiti was not aware of the Management Information System prevalent at present, which was a handy tool for over-seeing the functioning of JNVs and monitoring complex areas. One of the reasons for shortfall in its goals with specific areas of excellence in education and development as a pace-setting institution was the absence of computerized Management Information System which had not been given due attention.

1.2.6.3.9 Evaluation

The GOI constituted review committee in October 1999 on the recommendations of Estimate Committee of Parliament 1994-95.

As per Article 4 of the Memorandum of Association, GOI in the Ministry of Human Resource Development is required to appoint one or more persons to review the work and progress of the Samiti and to hold enquiries into its affairs. It was noticed that no such review committee was appointed by GOI at any time during April 1994 to September 1999. Thus, the activities of the Samiti remained without review by GOI at any time despite release of huge funds. Further the flow of funds by GOI increased from Rs 207.40 crore during 1994-95 to Rs 432.99 crore during 2000-01 without making an assessment of its functioning. The GOI on the recommendations of the Estimate Committee of Parliament 1994-95 (47th Report) constituted a Review Committee in October 1999 for a comprehensive evaluation of the Scheme of JNVs.

The report of the committee was still awaited.

In the above context, the Ministry stated in ATN to the earlier review, that a review of the Samiti would be advisable in 1997. However, against this assurance, the Ministry constituted a review committee only in October 1999, the report of which was still awaited as of November 2001.

The matter was referred to the Ministry in November 2001, their reply was awaited as of January 2002.

MINISTRY OF HUMAN RESOURCE DEVELOPMENT

UNIVERSITY GRANTS COMMISSION

1.3 University Grants Commission

University Grants Commission is both a regulatory body and a funding agency for development and maintenance of University education in India. Its functions are to promote University education, determine standards of teaching, examinations and research as well as disburse grants to Universities in India. But the University Grants Commission failed to deliver these objectives. On the one hand it failed in its catalytic role in bringing about qualitative changes in academic systems, and on the other it allowed some of its well-intentioned initiatives to go waste due to half-hearted measures. Its management of scarce development resources has been unimaginative and often reckless. In dispensing maintenance grants, it has remained persistently oblivious of the accountability parameters. Despite long years it has failed to develop parameters for monitoring the qualitative and quantitative dimensions of change in University education. It has hardly ever used its supervisory power of inspection. Its powers as the funding agency have remained in the statute book as it has failed to prescribe even some of the basic returns enjoined upon it by the Act and the Rules it administers. Its promotional role in the area of research has lost credibility due to pronounced inequities and persistent adhocism. Special academic schemes and facilities have not yielded results as the University Grants Commission has failed to muster the support of the academic community of the Universities. There are obvious instances of Universities abondoning programmes, getting off midway and going on their own in blatant disregard of the norms set by University Grants Commission. Some Central Universities even run courses and award degrees without University Grants Commission's approval. Absence of ground rules, total lack of monitoring machinery and uncoordinated application of resources have cummulatively eroded its regulatory role, its funding authority and its position of centrality envisaged in the charter of duties assigned to it.

Highlights

- **Inspection of Universities required under Section 13(1) of the University Grants Commission (UGC) Act, was not conducted. While 146 Universities were visited during 1997-98 for assessing development grant, only six Universities were assessed for standard of teaching upto 1999-2000.**

- **Share of development grant to 15 Central Universities increased constantly to 53.43 *per cent* as against 46.57 *per cent* to 212 Deemed and State Universities. No effective measures were taken to eliminate disparity despite the recommendations of Public Accounts Committee 25 years ago which led to this inequitable development of Universities in the Country.**

- **Rs 937.52 lakh was released to 13 Universities in violation of the guidelines of development scheme.**

- **While Rs 630 lakh was released to 21 computer centres without approval of detailed action plan for utilisation, Rs 140 lakh was released to eight computer centres in violation of guidelines of the schemes.**

- **No mechanism existed in UGC to identify the list of unnotified degrees being run in various Universities; eight degree programmes were run and degrees awarded by DU, JNU and JMI without notification by UGC.**

- **UGC circulated the recommendations of the Curriculam Development Centres (CDC) since 1992-93 but failed to evolve any mechanism to monitor its implementation in Universities.**

- **UGC failed in introducing appropriate examination reform system in the Universities as it could not formulate acceptable package of examination reform.**

- **UGC notified (December 1998) various measures for maintenance of standard of education but failed to monitor observance of its instructions.**

- **Rs 132.91 lakh spent on UGC computerisation became infructuous due to non-development of software and non-filling of vacant posts created for computer unit.**

1.3.1 Introduction

The University Grants Commission (UGC) was set up in December 1953 under a resolution (November 1952) of the Government of India and was reconstituted as a corporate body in November 1956 under the provisions of the University Grants Commission Act, 1956 (Act). The main functions of UGC are to promote and co-ordinate University education and determine and maintain the standard of teaching, examination and research in Universities etc. UGC discharges these duties by allocating and disbursing grants to Central Universities/Colleges and Deemed Universities for their maintenance and development and by recommending necessary measures towards that end.

1.3.2 Organisational set up

UGC is headed by a Chairman, a Vice-Chairman and ten other members appointed by the Central Government under Section 5(1) of UGC Act. The Secretariat of UGC is headed by a Secretary appointed by UGC under Section 10 of the Act who is assisted by two Additional Secretaries with 19 divisions with each under the control of Deputy Secretary or an Officer of the equivalent rank. UGC has seven Regional Offices at Hyderabad, Pune, Bhopal, Ghaziabad, Guwahati, Calcutta and Bangalore to deal with the programmes/schemes in the Colleges recognized by it.

1.3.3 Audit objectives

Audit-review of the working of UGC was aimed at assessing the extent to which it fulfilled the mandate assigned to it under UGC Act with a particular view to critically examining the efficiency in the disbursement of grants and in the implementation of various schemes relating to its functions.

1.3.4 Scope of Audit

The audit of accounts of UGC is conducted under Section 19(2) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 read with Section 19 of UGC Act, 1956. The working of UGC was reviewed earlier in 1975-76 and 1990-91. The review report for the year 1975-76 had been examined by the Public Accounts Committee (PAC) in its Seventy Third Report (Sixth Lok Sabha). The present review is based on the test check of records of UGC and selected schemes/programmes funded by UGC covering the period 1992-93 to 1999-2000 and a trail check of records in Delhi University (DU), Jawaharlal Nehru University (JNU) and Jamia Millia Islamia (JMI). It was generally found that none of the recommendations of the PAC have been implemented, even after a lapse of 25 years. As a matter of fact the vulnerable areas have turned critical due to severe organisational deficiencies and many failures in the administration of schemes.

1.3.5 Finance and accounts

The position of receipts and payments of UGC for the period 1992-93 to 2000-01 is shown as under:

(Rs in lakh)

Year	Receipts				Payments			
	Plan	Non-Plan	Specific Purpose	Total	Plan	Non-Plan	Specific Purpose	Total
1992-1993	16223.46	31157.06	450.25	47830.77	16113.97	30213.13	336.31	46663.41
1993-1994	16232.94	34072.15	274.57	50579.66	16093.14	33467.68	235.12	49795.94
1994-1995	26058.32	35268.72	144.14	61471.18	22391.48	34796.24	128.12	57315.84
1995-1996	27096.76	45305.93	160.47	72563.16	24194.65	44643.36	118.94	68956.95
1996-1997	26056.99	47551.61	145.31	73753.91	25091.02	47301.77	135.41	72528.20
1997-1998	40020.91	54854.10	165.30	95040.31	39113.31	54521.30	154.93	93789.54
1998-1999	41101.94	100384.26	171.96	141658.16	40387.36	99990.52	158.49	140536.37
1999-2000	46104.54	98088.66	214.67	144407.87	44396.27	97633.05	174.62	142203.94
2000-2001	49747.10	100921.89	111.45	150780.44	47588.25	100396.29	66.78	1480501.32

1.3.6 Results of review

1.3.6.1 Profile of higher education

The majority of students in the higher education system were enrolled for variety of courses at the undergraduate level. The students at this level costitute an estimated 88 *per cent* of the total students in Colleges and Universities put together. The percentage of students enrolled for Master's level courses was 9.8 while a very small proportion (0.9 *per cent*) of the students in the institutions of higher education were doing research. Likewise, only 1.3 *per cent* of the students were enrolled in diploma or certificate courses.

Most of the students in the higher education system were enrolled in affiliated Colleges. About 88 *per cent* of all the undergraduate students and 55 *per cent* of all the post graduate students were in the affiliated Colleges, while the remaining were in the universities and their constituent Colleges. In contrast , 91 *per cent* of the research students working for M.Phil or Ph. D. were in the universities. In the case of enrollment in diploma/certificate courses too, university departments/university Colleges, together, had an edge over the affiliated Colleges. However, a majority of the srtudents were in the affiliated Colleges at both undergraduate and post-graduate levels, where the foundations of higher education are laid, which should have far-reaching policy implications, especially for greater finance of this sector particularly with reference to promoting relevence and quality.

It is also to be mentioned that the stage-wise distribution of students has remained virtually unchanged during the last two decades.

1.3.6.2 Growing number of unrecognised institutions of higher education

The higher education system in India has been under considerable stress due to the challenges offered by an increase in number on one hand, and the need to maintain standards on the other. In 1947, there were only 20 Universities and 500 Colleges in the country. The number of students and teachers in higher education system was also very small. But since then there has been an exponential increase in the system and by 1992-93 there were 187 Universities and 7958 Colleges (4455 recognised by UGC) with student enrolment and teaching faculty of 48.05 lakh and 2.78 lakh respectively. However, by the end of 1999-2000 the University and Colleges in the country increased to 236 and 11831 respectively with total student enrolment and teaching faculty of 77.34 lakh and 3.51 lakh. While student enrolment increased from 48.05 lakh in 1992-93 to 77.34 lakh in 1999-2000, percentage of recognition of Colleges declined from 56 *per cent* during 1992-93 to 44 *per cent* in 1999-2000. The Colleges are granted affiliation by universities; recognition by UGC makes them eligible to receive grants.

Institutions, students and teachers in higher education

Sl.No.		1992-1993	1999-2000
1.	Number of Universities	187	236
2.	Number of Colleges	7958	11831
3.	Number of Colleges recognised by UGC u/s 2(f) of UGC Act	4455	5169
4.	Percentage recognition	56 *per cent*	44 *per cent*
5.	Student enrolment	48.05 lakh	77.34 lakh
6.	Teaching faculty	2.78 lakh	3.51 lakh

1.3.6.3 Outstanding utilisation certificates

UGC provides 'Maintenance Grant' for salary of teaching and non-teaching staff and maintenance of building, equipment etc. to Central Universities, 13 Deemed Universities and Colleges of DU and Banaras Hindu University (BHU). The Development Grant is provided to improve the infrastructure and basic facilities in all the Universities. UGC disbursed Rs 5055.53 crore as maintenance grant and Rs 2719.82 crore as development assistance grant (under various schemes) during 1992-93 to 2000-01 (**Appendix VIII and IX**). According to the prescribed procedure each grantee institution was required to submit periodical progress reports and a statement of expenditure to UGC. On the basis of recommendations of PAC in its 73rd Report (Sixth Lok Sabha) it was decided to constitute peripatetic parties for on the spot liquidation of outstanding utilization. However, no peripatetic party was constituted as of July 2000. As many as 50877 utilisation certificates (UCs) involving Rs 511.37 crore pertaining to the period 1958-59 to 1988-89 were outstanding as on 31 March 1999. UGC failed to provide updated information as the details are yet to be compiled.

50877 UCs for Rs 511.37 crore prior to 1989-90 were utstanding as on 31.3.99.

In order to ensure timely receipt of UCs UGC, in September 1993, revised the procedure by stipulating a condition that further instalment of grants should be released only after obtaining UCs from that institution. It was also underlined that the sanctioning authority would not sanction any grant unless the entry regarding receipt of UCs relating to earlier sanctions/disbursements etc. had been made in the Grants-in-Aid register. It was, however, observed that 11 divisions of UGC did not maintain any Grants-in-aid register.

1.3.6.3.1 Poor administration of maintenance grants

UGC has been providing maintenance grant to the Central Universities, Deemed Universities and Delhi Colleges on deficit formula basis, by deducting its internal income from maintenance expenditure. UGC decided (23.2.1993) that in respect of Delhi Colleges deficit formula would not be applicable for the years 1991-92 to 1993-94 and maintenance grant shall be based on percentage increase over the expenditure for previous year by freezing the institution's income at 1990-91 level. Unspent balance of grant, if any, relating to 1991-92 and 1992-93 including unspent balance of earlier years would be adjusted in subsequent years.

UGC constituted a Committee in March 1993 to work out the modalities for formulating non-plan grant paid to institutions receiving full grant from the Commission. The Committee while reiterating the decision of UGC relating to Delhi Colleges also recommended that the three years period of 1991-92 to 1993-94 would constitute a block and unspent balance at the end of three years block would be adjusted in the year 1994-95. However, UGC desired (27.9.1993) that the maintenance grant to the Central Universities for the period 1990-91 to 1992-93 should be formalized only after report of Punnayya Committee was received and decided that the maintenance grant for 1993-94 would be three *per cent* more than that of 1992-93. UGC decided (May 1995) to continue the pattern of three years block and unspent amount at the end of the block would be adjusted in subsequent year's grant. It was observed in audit that UGC continued to extend the grant to the Institutions upto 1998-99 without considering the actual expenditure and without adjusting unspent balances. As a result of this Rs 26.87 crore was released in excess during 1992-93 to 1997-98 in respect of 13 Central Universities. Since there is no way to recover the overpayment, UGC has decided to deduct the current year's internal receipts from maintenance grant payable to the Universities from 1999-2000. This in turn has now set in motion a fresh set of adhoc measures in funding leading to further inequities.

Rs 26.87 crore released in excess due to freezing of internal resources at 1990-91 level.

Scrutiny of records of DU, JNU and JMI also revealed that UGC has failed to monitor the maintenance grant released by it to Central Universities resulting in irregular/avoidable extra burden. Two major instances noticed in audit are stated below:

(i) With a view to remove disparities in the scales of pay of non-teaching, technical and library staff, UGC introduced One Upward Movement (OUM) scheme in December 85. However, UGC observed in October 1999 "deep rooted malaise" in JNU and held that JNU had through its various decisions, "distorted the hierarchy, structure and line of promotional channel and disturbed inter-se-parity and relativities amongst various posts and some of the decisions amounted to violation of statutory rules", JNU employees were given upto five to six upward movements with reference to approved core scales of pay. Further scrutiny of pay structure in JMI and JNU revealed that :

- Approved core scales of pay itself differ from university to university viz. there were different approved scales of pay for assistants, library assistants, Sr. Lab. Assistants etc. in JNU and JMI.
- Existing pay scales for various posts differs in both Universities.
- The incumbents were put in upto three different scales of pay.

Additional annual burden of Rs 5.69 crore on maintenance grant of JNU and JMI due to upward movement scheme.

- Extension of various irregular upward movement schemes put an average additional burden of Rs 5.69 crore annually on the maintenance grant of UGC in JNU and JMI itself.
- UGC being the grantee institution failed to control overextension of various irregular upward movement schemes by the Universities and continued to release grants as per their requirements.

Outstanding balance of Rs 8.12 crore remained unadjusted with DU and BHU

(ii) UGC with the concurrence of the Ministry of Human Resource Development permitted the Central Universities to utilise the funds available with them on conversion of Contributory Provident Fund (CPF) to General Provident Fund (GPF), to meet their urgent requirement on construction of staff quarters, special repair to building, House Building Advance etc. The extension of utilisation of the amount was granted from time to time upto 31 December 1999 and the unspent balance, if any, on 1.1.2000 was to be adjusted in the maintenance grant of the University concerned. However, scrutiny of records in UGC revealed that Rs 8.12 crore, pertaining to DU and BHU, outstanding as on 1.1.2000 remained unadjusted in the maintenance grants released subsequently. On being pointed out by Audit, UGC stated (August 2001) that information regarding amount outstanding with other Central Universities on account of conversion of CPF to GPF was not available.

1.3.6.4 Deficiencies in promotion and co-ordination of University education

1.3.6.4.1 Development of infrastructure

While releasing the grants the purpose should invariably be specified in each and every sanction. However, test check of 13 cases revealed that UGC released 50 *per cent* (Rs 1600.35 lakh) of the development assistance grants during the ninth plan period without specifying any purpose.

Effective measures not taken to eliminate disproportionate disbursement of development grant.

(i) One of the main objectives of UGC is to promote and coordinate university education by means of maintaining standards of teaching, examination and research in the Universities. UGC provides development assistance to Universities and Colleges towards improving their infrastructure and basic facilities for quality education by means of disbursement throughout the country. During 1969-70 to 1975-76 the share of development grant of Central and Deemed Universities was 41 *per cent* against 59 *per cent* of State Universities. PAC in its seventy third report (Sixth Lok Sabha) while disapproving the inequitable distribution of grants had directed UGC to play a positive role in creating conditions to enable the State Universities and Colleges to take advantage of the facilities of development grant. Despite this inequity in the disbursement of development grant, it increased constantly since then and during 1992-93 to 1999-2000 the share of 15 Central Universities alone stood at 53.43 *per cent* as against 46.57 *per cent* of 212 Deemed and State Universities. Thus, UGC failed to take effective measures to eliminate disproportionate disbursement of grants, despite the recommendations of PAC 25 years ago.

Irregular allocation of Rs 90 lakh to JMI for purchase of land.

(ii) UGC irregularly sanctioned funds of Rs 90 lakh in January 1993 to JMI for purchase of 11.25 acres of land (allotted by the Delhi Development Authority in March 1987) during eighth plan period under Campus Development Scheme. As the allotted land was encroached by 1993 JMI had to purchase additional five acres of land from DDA on payment of Rs 90 lakh in March 1999. Belated release of funds not only resulted in encroachment of land but also gain of a smaller area of land at a higher price due to cost escalation over a period of time.

In 13 cases Rs 937.52 lakh released in violation of guidelines.

(iii) As per guidelines of Development Assistance Scheme, allocation for salary, construction of building and campus development were to be released only after issue of sanctions for creation of posts and approval of the construction projects by UGC. The remaining allocations of the Universities were to be released equitably over the Plan period. It was noticed in audit that UGC in 13 cases released 60 *per cent* of the total ninth plan allocation to the Universities upto March 2000 without fulfilling above conditions entailing irregular release of grant to the tune of Rs 937.52 lakh. UGC stated in January 2001 that the instalments were released with approval of Commission/Chairman while some grant was sanctioned to the Universities as seed money in order to incur expenditure towards advertisement of posts, vetting of plan and estimates for building and other related works. The reply of UGC was not tenable as release of grant was in violation of the provisions of the guidelines of the scheme, and UGC itself had invariably been disallowing such expenditures at the time of acceptance of UCs. It was further seen in audit that as per requirement of the guidelines no mid term review committee was sent to Universities during 1999-2000 for appraisal of the scheme. UGC stated (July 2000) that the matter for sending review committee was under consideration.

Rs 7.88 lakh released to JNU for purchase of generator without proper infrastructure.

(iv) Sample check conducted in JNU revealed that the Engineering department in the university purchased generator for Rs 7.88 lakh in March 97 which could not be installed till January 2000 due to non-completion of infrastructure. This indicates that UGC released the funds without ensuring availability of proper infrastructure for its installation.

1.3.6.4.2 Special scheme for construction of women's hostel

As per guidelines of Development Assistance Scheme cent *per cent* assistance for construction of women's hostel was to be provided. UGC introduced another special scheme during 1995-96 with 60 *per cent* of UGC share for construction of girls hostel. The introduction of special scheme resulted in running of two parallel schemes for the same purpose. Scrutiny of the relevant policy records revealed that duplication of the scheme was detected (in 1997) which was resulting in double benefits to many Universities. However, UGC decided to continue the scheme during ninth plan period on the plea that budget allocation for the year 1997-98 had already been made. Some of interesting cases noted in audit are as under:

Rs 5 lakh irregularly released for construction work under development assistance.

(i) In one case Shreemati Nathibai Damodar Thakersey Women's University (SNDT University) proposal for construction of fifth floor of the hostel building was submitted under both the schemes i.e. development assistance scheme as well as special scheme. UGC approved funds of Rs 15 lakh under special scheme in January 1999. Approval under development assistance was also accorded by UGC for Rs 9.87 lakh and Rs 5 lakh was released in June 1999. Design submitted under both the schemes was same and area demarcated for construction under development scheme was already included in the proposal under special scheme. Release of Rs 5 lakh by UGC as development assistance for the scheme which was already financed under special scheme was irregular.

Rs 25.75 lakh released to two Colleges not eligible for the grants under special scheme.

(ii) UGC on reference by its Regional Office stated that the Colleges were eligible to receive UGC grant under the scheme only once. However, in 4 cases UGC sanctioned Rs 55 lakh and released Rs 23.75 lakh during ninth plan period though these institutions had already availed the assistance under the same scheme and for the same purpose during eighth plan period also. While in one case (BBKDAV College for women, Amritsar) UGC irregularly approved as a special case Rs 15 lakh to the College, in another case sanction of Rs 10.75 lakh was accorded irregularly to an unrecognized institution.

Release of Rs 66.84 lakh in 21 cases in excess of the prescribed ceiling.

(iii) The scheme further provides assistance of 60 *per cent* of the estimated cost of project limited to a maximum Rs 7 lakh for College having the student strength upto 250, Rs 10 lakh and Rs 15 lakh for College having student strength upto 500 and above 500 respectively. However, in 21 cases UGC released Rs 66.84 lakh in excess of the prescribed ceiling. In one case (Avinashilingam University) UGC approved the proposal of the institute, submitted after completion of construction, and reimbursed expenditure of Rs 28.10 lakh which was not covered under the scheme. In another case (Osmania University) UGC accorded approval of a project of Rs 137 lakh with its share limited to Rs 15 lakh only and released Rs 3.75 lakh (January 1998) without enquiring about the source of revenue being generated by the University to meet the bulk expenditure (about 90 *per cent* of the estimate) which is symptomatic of poor administrative control on its scheme by UGC.

UCs for Rs 158.92 lakh were awaited from 30 Universities.

(iv) In 41 State Universities, UGC released grant to the tune of Rs 363.35 lakh during 1995-96 to 1999-2000 for construction of women's hostel under the special scheme. However, in 17 cases it was not aware of the status of construction/progress made by the Universities. UCs amounting to Rs 158.92 lakh were still awaited from 30 Universities.

1.3.6.4.3 Computer centres

Rs 1.40 crore released to computer centres in violation of guidelines.

(i) As per guidelines of the scheme for providing assistance for computer centers (CC) in Universities, 90 *per cent* (80 *per cent* during eigth plan period) of the grant was to be released on receipt of information regarding creation of posts and placement of supply orders for equipment. Scrutiny of records by Audit revealed that in case of eight CC Rs 1.30 crore was released without obtaining proof of creation of posts and placement of supply orders. In one case (Mohanlal Sukhadia University) even the revalidation of the Centre (as required in the guidelines) was not sought and Rs 15 lakh released in March 1996 remained unutilized for about 1½ year with the University as neither post was filled nor hardware/software was procured till August 1997. Likewise, in four cases final instalment of Rs 10 lakh was released without obtaining certificate regarding proper installation and functioning of the system as required under the guidelines. In another case i.e. Rashtriya Sanskrit Vidyapeeth, UGC sanctioned and released Rs 5 lakh for purchase of computer hardware inspite of non-availability of infrastructure.

(ii) The scheme of CC in Universities has no inbuilt monitoring system to watch its functioning. The upgraded CC were required to furnish information regarding work done during last three years as stipulated in the guidelines. However, scrutiny of 32 cases of upgraded CC during 1997-98 and 1999-2000 revealed that in 29 cases no such information was furnished.

(iii) As per guidelines application for proposal of establishment of CC should not only enumerate the work available for the Centre but also the work envisaged to be developed during the next five years. In case of North Gujarat University and Tezpur University it was observed that no such scrutiny was exercised by UGC, as the work envisaged to be developed during next five years was not enumerated in the proposals. In respect of North Gujarat University even the work available was not enumerated. The progress report was never submitted by the University in the prescribed format nor did UGC ever remind the

Universities to comply with the provisions of the guidelines which was reflective of poor monitoring of the centre by UGC.

(iv) UGC provides assistance for upgradation/replacement of existing CC in the Universities after five-six years. On receipt of such proposals from 30 Universities during 1999-2000 UGC allocated Rs 50 lakh each to 21 Universities (including three Central University) and released Rs 30 lakh each during Feb./March, 2000. In the sanction letter the Universities were asked to prepare detailed action plan for utilisation of grant to be approved by the Expert Committee of UGC. The Committee partly approved the action plan for Rs 355.65 lakh relating to 15 Universities in October 2000 and asked all the 21 Universities to resubmit the action plan.

Rs 630 lakh released without detailed action plan for utilization.

It was further seen that in 11 cases proposal submitted for upgradation was much less than the allocation of Rs 50 lakh. In one case (Madras University) the proposal was for Computer Science Department whereas in three other cases (Roorkee University, Dayal Bagh Educational Institute., Agra and North Bengal University) proposal was not found on record. Allocation of grants in excess of requirement was irregular. Release of grant of Rs 630 lakh (Rs 30 lakh to 21 Universities) without approval of detailed action plan for utilisation resulted in blockade of funds for more than one year entailing loss of interest to the tune of Rs 74.15 lakh worked out @ 11.77 *per cent per annum*. (Government borrowing rate) upto March 2001.

1.3.6.4.4 Inspection of Universities

No inspection conducted as required under section 13(1) of the UGC Act.

Under Section 13 (1) of UGC Act, the Commission may for the purpose of ascertaining the financial needs of a University or its standard of teaching, examination and research, cause an inspection of any department or departments thereof to be made. However, UGC in its Action Taken Note (ATN) on para 2 of the Report of the CAG of India for the year ended 31 March 1990-No 11 of 1991 Union Govt. (Civil) has stated that it has not as yet carried out any formal inspection of a Department/University under section 13 (1) of UGC Act. UGC has been deputing Visiting Committees (constituted by it and consisting of experts and UGC officers, nominee of the State Government) from time to time to each University for assessing its developmental requirements and based on the report of the Committee the quantum of development grant to any University is being determined. The Visiting Committees consisting of Experts and UGC officers, nominees of State Government had evaluated 146 Universities and 3525 Colleges in 1997-98. UGC further stated that though the Universities were not inspected as such, specific schemes like Special Assistance Programme (SAP), Strengtheing of Infrastructure in Science and Technology (SIST), and Examination Reform were subjected to evaluation by system experts. As for the standard of teaching, examination and research, a National Assessment and Accreditation Council (NAAC) was set up at Banglore in 1994 to assess and accredit institution of higher education. NAAC accredited only six Universities and 79 Colleges upto 1999-2000 i.e. in the first six years from its inception. While no reasons for failure to inspect the Universities have been cited, the contention of UGC that Visiting Committees could perform inspecting role, is not correct. Non-compliance of the provisions of the Act should be viewed seriously.

1.3.6.5 Failures in the determination and maintenance of standard of teaching and examination

UGC in large measure failed in determining and maintaining the standard of teaching and examination due to lack of well coordinated academic networks, lack of faculty support in the universities and Colleges and its own failures in providing imaginative and viable options in change management. Its leadership role has been plagued by debilities in translating ideas into action and recurrent lapses in forging strategies and monitoring compliance. A few illustrative instances are detailed below:

1.3.6.5.1 Poor functioning of Academic Staff College

UGC implemented the scheme of Academic Staff College (ASC) with the object of planning, organizing , implementing , monitoring and evaluating on regular basis, academic orientation programmes and Refresher Courses for newly appointed lecturers and serving teachers within the jurisdiction of one or more Universities in a State. UGC established 45 ASCs during 1987-90, this was increased to 50 ASCs in March 2000. As per guidelines each ASC is required to organize upto five orientation courses of 3-4 weeks duration for 40-50 newly appointed lecturers on full time basis during one year.

Review of the working of 43 ASCs conducted by UGC through National Institute of Educational Planning and Administration (NIEPA) in 1999 showed that 1574 orientation courses were organized by 43 ASCs which were attended by 44209 participants. Average number of participants per orientation programme worked out to 28 which was much below the target of 40-50 participants per programme set out in the Scheme. ASC at Pondicherry University organized 24 orientation courses which was attended by only 82 participants at an average of three participants per course. Similarly ASCs at Kerala and Gorakhpur Universities respectively succeeded in engaging only 737 and 562 participants with a dismal average of 17 in both cases . It was further revealed that during 1997-98 out of 43, two ASCs (Calicut and Hyderabad) did not conduct any orientation course, three ASCs (Nagpur, Kurukshetra and Delhi) ran one programme each while in 11 and 12 cases only two and three prgorammes respectively could be conducted . In the remaining 15 ASCs the orientation programmes conducted ranged between 4-8 programmes each. Thus ASCs remained largely unsucessful in both attracting the requisite number of participants for orientation courses as well as running the courses on sustained basis. This was primarily due to the reason

Under utilization of infrastructure in ASCs.

that majority of ASCs were set up without conducting need analysis as required under the guidelines of the scheme. NIEPA's study in 1999 brought out that, of the 43 ASCs only 13 ASCs had conducted need anaylsis. Unimaginative implementation of the scheme resulted in not only underutilization of infrastruture created, but also in incurring of huge avoidable recurring expenditure on their maintenance.

Audit test check of records of 10 ASCs revealed that ASCs were not functioning to their optimum capacity as percentage of shortfall in terms of days ranged between 7.94 *per cent* to 72.9 *per cent.* ASCs at Delhi University and J N Vyas University showed declining trend as percentage of shortfall in terms of days during 1992-93 to 1999-2000 ranged from 14.95 *per cent* to 54.21 *per cent* and 20.09 *per cent* to 72. 90 *per cent* respectively. In other cases, the number of days where classes for orientation courses could not be held showed huge fluctuation from year to year (**Appendix X**). Thus, the poor functioning of deprived teachers of the required skill orientation and UGC could not implement the scheme successfully.

1.3.6.5.2 Lack of control over award of degrees

No check on running of un-notified degrees in the Universities.

Under Section 22 of UGC Act, a University can award only such degrees that are notified by the Commission. In other words, a University cannot run a degree programme or award a degree unless it is notified by UGC. But it was noticed in audit that DU, JNU and JMI are running at least eight degree programmes and awarding such degrees, which are yet to be notified by UGC. The details are as under:

Name of the University	Name of the degree
Jamia Milia Islamia	BSED (Bachelor of Special Education)
	MSED (Master of Special Education)
	MSS (Master of Software Systems)
	BBS (Bachelor of Business Studies)
Jawaharlal Nehru University	MCH (Master of Community Health)
Delhi University	MIS (Master of Information Sciences)
	MHROD (Masters Programmer in Human Resource and Organisational Development)
	BIT (Bachelor of Information Technology)

Audit sought from UGC a list of such un-notified degrees awarded by the Universities in India but UGC was unable to furnish the details as it has no mechanism to compile and monitor such information. In the absence of such control, the system of award of degrees by Universities can be compromised by academic adventurism to the detriment unsuspecting students at large. Until now (December 2001) UGC has notified the list of degrees twice: once in July 1975 and then in November 1999. There is no standing mechanism or arrangement for review of needs in line with the changing frontiers of academic and professional knowledge. Further, UGC has no means to assess the sustainability of courses leading to the award of degrees, so as to be able to evaluate the need for their continuance, and the relevance of the degrees. It is also important that for wider dissemination the list of degrees is given wide publicity.

1.3.6.5.3 Failures in Curriculum Development

In 1986 UGC set up 27 Curriculum Development Centers (CDCs) (10 in Science and 17 in Humanities and Social Sciences) in different levels to suggest measures for modernizing courses and restructuring them into Unit Courses and to develop alternate models with emphasis on learning. UGC has been receiving recommendations from all CDCs and these are being made available to all Universities as printed documents since 1992-93. Scrutiny of records in UGC, however, revealed that it did not have any information regarding adoption/implementation of recommendations of CDCs. However, R. P. Rastogi Committee set up by UGC to review the pay scales of the University/Colleges teachers in its report submitted in May 1997 observed that only about one third of the Universities reported implementation of CDC reports on different subjects. This evidently indicates that UGC did not evolve any mechanism to monitor the implementation of modern curricula developed by CDCs in various Universities of the country.

No mechanism to monitor implementation of modern curricula.

UGC constituted panels in 27 subjects in November 1991 for a period of two years but due to their dismal performance, these were reconstituted in March 1996 to formulate a syllabus which was stimulating, innovative and job oriented. However, the work of the preparation of the curricula in various disciplines is still in progress.

1.3.6.5.4 Failures in developing an acceptable examination reform package

One of the main functions of UGC is to determine and maintain the standard of examination in Universities. In pursuance of this, UGC, since the Fourth Five Year Plan period, has been laying special emphasis on the implementation of various measures of Examination Reforms with a view to bringing about a closer integration of teaching, learning and evaluation by improving the reliability, validity and objectivity of evaluation. The main emphasis of examination reforms has been on

- Continuous internal evaluation as a supplement to the present external/university examination.
- Development of question banks in order to eliminate shortcomings of examination paper.

- Introduction of grading system instead of present marking system in order to increase reliability.

- Introduction of semester system so as to have greater flexibility.

UGC provided assistance for the establishment of Examination Reform Units (ERU) in 23 Universities to function as service units under the academic guidance of the Examination Reform Implementation Committee of that University. But in course of time, 12 ERUs went back on the reforms introduced earlier due to inadequate planning and preparation for implementing the reform, teachers' apathy and students' agitation against these reforms. The programme did not have the expected success in the affiliating Universities. Accordingly a Committee (March 1992) followed by another Committee (September 1992) was constituted to review the programme and prepare future plan of action for successful implementation of programme. The report of the Committee was placed before the Commission at its meeting on 27.9.1993 and it was resolved that the Universities be again persuaded to implement the minimum programme of examination reform and necessary financial assistance would be provided in 1994-95 for setting up of question bank, training of teachers in the method of examination reforms etc. UGC desired that departments having SIST and SAP should immediately introduce examination reform measures and funding for SIST/SAP should be linked with Examination Reforms. Regional seminars were also sought to be held to sensitise and orient Senior Academicians and Controllers of Examination of Universities for implementation of reform.

It was also suggested by the Committee that Examination Reform Cell in UGC office should be strengthened so that it could give guidance to the Universities and Colleges in the matter besides monitoring the programme.

UGC failed to formulate appropriate package for examination reforms.

However, it was observed that UGC has not created the Examination Reform Cell. UGC in reply to Audit query stated (April 2000) that 8 Universities/Institutions were assisted during 1993-94 and 1994-95 and the scheme ceased with effect from 31.3.1995. It can be concluded therefore that UGC failed in introducing appropriate examination reform in the Universities as it could not develop an acceptable package. Its own initiative lacked the coordinated and purposeful approach necessary for such a task.

1.3.6.5.5 Failure in monitoring compliance

No returns were furnished to UGC.

Under Section 25 (2)(f) of the Act, the Commission is empowered to make rules regarding the returns and informations which are to be furnished by Universities in respect of their financial position or standard of teaching and examination. Every University is required to furnish, annually, returns of information relating to teaching norms, admission test policy, statistics, and reports on inspection of affiliated Colleges etc. However, it was noticed in audit that no such returns are being furnished to UGC. UGC has failed to take any action against these institutions. Failure on the part of UGC in implementing the rules under UGC (Returns of Information by Universities) Rules 1979 has defeated the objectives of the Rules and has deprived it from having valuable information and data relating to finances, standard of teaching and examination for making further suggestions for improvement. Thus by allowing the rules to remain in the statute book UGC has by disuse undermined its role envisaged in the Act.

1.3.6.5.6 Lack of control over workload of teachers

UGC notified (December 1998) measures for maintenance of standard of education which envisage among other things that the observance of at least 180 actual teaching days by the Universities and Colleges and workload of teachers not less than 40 hours a week for 30 working weeks in an academic year. It also prescribed that self-appraisal of performance should be adopted as mandatory part of the career advancement scheme and should be implemented with the new pay scale within the time frame of one year, if not, already implemented.

No measures prescribed to monitor observance of teaching standards.

UGC has however not prescribed any measures to monitor the observance of its instructions. Scrutiny of records revealed that JNU intimated (February 1999) that no record of attendance for faculty members was being maintained and that attendance in classes was not compulsory for students. In the absence of records observance of norms fixed by UGC could not be ascertained. UGC stated (July, 2001) that it was the duty of the university to ensure adherence to the norms of prescribed work load and minimum number of working days failing which, if proved, the grant of university could be forfeited. It is not known how UGC would implement standards prescribed, when the beneficiary institutions are not under any obligation to report or maintain records of the prescribed drills. Information regarding observance of instructions were sought from Delhi University, JMI and JNU but no reply received (as of January 2002).

1.3.6.6 Lack of control over research projects

In pursuance of its mandate for maintaining the standard of higher education, UGC has introduced various research schemes for University/College teachers as well as other departmental research schemes like SIST, SAP, Inter University Centres (IUC), etc. UGC has been incurring expenditure at an average of Rs 37.33 crore on individual researches and Rs 63.50 crore annually on departmental researches (**Appendix XI**). Test check of records relating to research projects revealed as follows:

(i) UGC had no consolidated records regarding the number of Minor Research Projects completed/in progress. Regional Office (RO) of UGC, at Ghaziabad stated (September 2000) that records in respect of Minor Research Projects, upto 1998-99 were not maintained properly.

It was noticed that the information as per annual report of UGC, internal audit report and information as furnished by RO did not tally in respect of approved number of projects. Moreover, the Minor Research Projects finalized were not properly documented and circulated to various Universities in order to ensure that duplications are avoided. It was also observed that the research projects finalized under SAP were also not adequately published and circulated.

47 teachers were awarded two to seven research projects in violation of guidelines.

(ii) As per guidelines of the Scheme of financial support for Major/Minor Research Projects, a teacher was to be allotted one research project at a time as Principal Investigator (PI). However, the sample study conducted at JNU revealed that 30 teachers were having two to seven research projects in hand as PI as on March 1999 assigned to them from various funding agencies like Department of Science and Technology (DST), Centre of Scientific and Industrial Research (CSIR), All India Council of Technical Education (AICTE), UGC etc. Scrutiny of records in UGC also revealed that 17 teachers in other Universities were awarded two to three Major/Minor Research Projects simultaneously as Principal Investigators in violation of the guidelines.

Infructuous expenditure of Rs 3.85 lakh.

(iii) UGC approved Major Research Project (November 1995) which was already under preparation at the time of submission of project proposal in October 1994. Sanction of the project on same topic resulted in infructuous expenditure of Rs 3.85 lakh allocated on it. The status of the project was not known to UGC which reflects poor monitoring on its part.

Nine Major Research Projects in JNU, JMI and DU involving Rs 16.61 lakh lying incomplete.

(iv) Test check of 13 cases relating to Major Research Projects awarded during 1992-96 in DU, JMI and JNU revealed that in nine cases the projects were still lying incomplete involving Rs 16.61 lakh. In four out of nine incomplete projects mid-term evaluations were not attended to by the Principal Investigator (PI), whereas in one case no mid-term evaluation was conducted at all. In two other cases mid-term evaluation was done prematurely within two and 13 months of the start of the project thereby defeating the very purpose of mid-term evaluation.

Non-utilisation of Rs 245.41 lakh on 305 Major/Minor Research Projects.

(v) As per guidelines of the Scheme of financial support for Major Research Projects, the duration of which would be three years and can be extendable by another two years on year-to-year basis whereas Minor Research Project should be completed in two years extendable by another six months. However, 91 Minor Research Projects out of 210 sanctioned during 1995-96 to 1997-98 in North Eastern RO, Guwahati remained incomplete involving idle funds of Rs 15.88 lakh. Only first instalment was released in 67 Minor Research Projects sanctioned upto 1997-98 in Delhi University Colleges. Similarly, 383 Major Research Projects out of 590 sanctioned under Research Project in Humanity (HRP) stream during 1992 to 1995 remained incomplete (March 2001). Scrutiny of grants-in-aid register made available to audit revealed that Rs 229.53 lakh remained locked up in 214 incomplete projects. Funds involved in remaining 169 projects was not found recorded in the Register. It was noticed in audit that in case of incomplete projects, UGC had not taken any effective measure to recover the unutilised grants.

Temporaty blockade of Rs 94.27 lakh in 109 Major Research Projects due to extension of implementation date of projects.

(vi)(a) The scheme of Major Research Projects provides that the date of implementation of the project should be any date between the date of approval of the project and the date of receipt of first instalment by the Institution. Scrutiny of 52 Major Research Projects revealed that in 109 projects under HRP the date of implementation extended beyond the date of release of first instalment by two to 17 months, resulting in temporary locking up of funds of Rs 94.27 lakhs.

(b) In 30 projects out of 52 project files test checked in audit mid-term evaluation was conducted either immediately on implementation of the projects or after completion of their initial allocated time period of two/three years. The Research Project Reports received in UGC were also not got evaluated, graded and assessed by the subject experts.

Emeritus Fellowship and Major Research Projects awarded to PIs simultaneously in violation of guidelines.

(vii) In two cases the PIs were simultaneously awarded Emeritus Fellowships, a more attractive scheme entailing higher rate of honorarium alongwith Major Research Project. While in one case the research project was delayed by two years due to award of Emeritus Fellowship, in other case it led to infructuous expenditure of Rs 0.76 lakh on Major Research Projects as the topic of Emeritus Fellowship was the same. Award of Emeritus Fellowship alongwith Major Research Projects amounts to extension of undue benefit to the individual at the cost of exchequer. UGC stated (August, 2001) that Emeritus Fellowship was awarded by another bureau (Scholarship and Award Bureau) and it came to the notice of the Research Project Bureau only after the award had been given.

(viii) In one case of the Major Research Project mid-term evaluation of the project conducted after 2 1/2 years of its implementation was graded as satisfactory even though the evaluation report recorded complete non-performance in all spheres except purchase of equipments.

Blocking up of Rs 2 lakh due to non-implementation of scheme.

(ix) In one case (Department of Communication and Journalism, Bangalore University) UGC released Rs 2 lakh on 28.2.90 under SAP [Department of Special Assistance (DSA level)] and sent a final review committee (August 1995) although non-implementation of programme was reported to it in July 1995 resulting in wasteful expenditure of public money on it. Non-implementation of the programme also resulted in blocking up of funds of Rs two lakh and loss of interest thereon. UGC stated (July, 2001) that it has been pursuing the matter with university for the refund of unspent balance.

Poor monitoring of scheme led to- Purchase of unapproved equipment worth Rs 21.40 lakh.

(x) In another case (Department of Nuclear Physics, Andhra University) UGC gave support under SAP at DSA level for five years during Nov.1990 to Oct.1995. UGC discontinued the programme on the recommendations of the Review Committee sent in September 1999 which reported purchase of unapproved equipment worth Rs 21.40 lakh and unsatisfactory performance of the department but it failed to take any action on Advisory Committee responsible for poor monitoring of the programme. UGC stated (June, 2001) that the experts of Advisory Committee were not supposed to monitor the purchase of equipment or any other financial matter. The reply was in contravention of the provision of the guidelines of the scheme which empowers the Advisory Committee to monitor and review procurement of equipment among other things.

Non-coordination within UGC led to double release of grant.

Irregular extension of programme inspite of poor utilization of grants reported.

(xi) Department of Chemistry, Allahabad University was given financial support under SAP at DSA level since 1977. UGC also provided financial assistance to the department under another programme titled SIST from 1.4.94 to 31.3.99. Assistance for purchase of NMR equipment was provided under both schemes (Rs 6 lakh in SAP and Rs 30 lakh in SIST) exhibiting lack of coordination in UGC. While equipment purchased under SAP was reported lost, its purchase under SIST remained out of order since installation in April 1998. No action was taken to fix the responsibility for the lost equipment. Also no Advisory Committee was ever constituted in the department since 1977 as per requirement of the guidelines. The final Review Committee which visited the department in February 2000 observed, among other things, that the leadership of the department was lacking even after lapse of 20 years, equipment purchased under SAP was not in working condition and no excellence was achieved in the identified thrust areas. However, UGC extended the SAP programme for another one year.

In reply to audit memo UGC stated (June, 2001) that the SAP bureau was not aware of the allocation of grant of Rs 30 lakh for NMR equipment by the SIST bureau. Extension of programme for another year was highly irregular as two other committees by UGC also pointed out misutilisation and, irregular utilization / poor management of development grants.

(xii) During 1993-94 UGC issued sanction for 77 new departments under SAP envisaged to encourage pursuit of excellence and team work in studies and research, against the approval of only 25 new departments which resulted into additional financial burden of nearly Rs 20 crore.

The expenditure for 1994-95 stood at Rs 21.68 crore (Annual Account) against the budget allocation of Rs 8 crore.

1.3.6.7 Failure of Computerisation

Infructuous expenditure of Rs 132.91 lakh on computer hardware due to non-development of software.

UGC incurred an expenditure of Rs 132.91 lakh during 1991-92 to 1999-2000 on computerization. UGC acquired 177 computer PCs and 85 printers out of which 45 computer PCs and eight printers became obsolete and another 105 computer PCs would become outdated with the passage of time as the software has not been developed so far. The entire expenditure of Rs 132.91 lakh incurred on computerization has become infructuous and the computers are being used as typewriters. UGC stated (January, 2001) that expenditure cannot be termed as infructuous because computers were used in UGC office for a number of purposes including word processing, analysis of data, making synopsis, preparation of arrear reports, etc. The reply of UGC was not in order as posts of Data Base Administrators and System Analysts created for computer unit were never filled and incumbents selected for other positions in computer unit on regular basis from within UGC were reverted back to their respective cadres in 1997 leaving behind entire computer unit virtually inoperative.

1.3.6.8 Injudicious diversion from Plan Funds

Injudicious diversion of Regional office establishment expenditure of Rs 903.80 lakh to plan fund.

In pursuance of the National Policy on Education (1986) UGC decentralized its working by opening seven ROs during 1994-99 to deal with programmes and schemes pertaining to Colleges only. In the process of setting up of Regional Offices UGC created 60 new non-plan temporary posts under plan scheme in spite of the ban imposed by GOI. UGC further charged the expenditure of Rs 813 lakh on account of its RO establishment during 1994-95 to 1999-2000 out of plan fund under two different nomenclatures 'Management of UGC' during Eighth Plan period and 'Strengthening of UGC Administration' during 9th Plan period. Besides Rs 90.80 lakh relating to expenditure of publication/computer/non-university institutions/Raj Bhasha was also charged to plan funds. The expenditure of Rs 903.80 lakh charged to plan fund was not only irregular, it also deprived the developmental sectors of University education of the much needed funds.

1.3.6.9 Injudicious allocation of funds

Irregular allocation of Rs 262 lakh to NET division despite availability of adequate funds.

UGC conducts the National Eligibility Test (NET) at national level to ensure minimum standards of the entrants in the teaching profession and Research for which there is a separate division called NET division in UGC. The test is conducted twice in the year in the months of June and December for which the candidates are required to pay examination fees. Besides NET Division is allocated separate funds out of UGC grant for meeting the expenditure. Scrutiny of annual accounts for the year 1998-99 to 2000-01 revealed that NET division of UGC was having a cash balance of Rs 83.86 lakh in the beginning of 1998-99 which further accumulated to Rs 1096.41 lakh at the end of 2000-01 (**Appendix-XII**). Despite the fact that the annual expenditure of the division was far less than its annual receipts in terms of examination fees etc, allocation of funds of Rs 262 lakh during 1998-99 to 2000-01 to NET division by UGC led to accumulation of huge cash balance of Rs 1096.41 lakh at the close of 2000-01. As the plan fund of GOI are meant for development activities, allocation out of the plan funds leading to avoidable accumulation is injudicious and irregular.

The matter was referred to the Ministry in November 2001; their reply was awaited as of January 2002.

MINISTRY OF SHIPPING

CARGO HANDLING AND STORAGE FACILITIES
AT MAJOR PORTS

CHAPTER II : MINISTRY OF SHIPPING

2.1 Cargo Handling and Storage facilities at Major Ports

The overall existing capacity for cargo handling at major ports remained lower than estimated requirement. Berth occupancy was saturated. Utilisation of Port equipment was very poor, apart from other reasons due to very deficient maintenance and delays in getting the port equipment repaired. Additionally the port users preferred to use ships own gear and/or hired equipment. Mechanisation efforts varied as between different ports and its relation to increasing or decreasing commodity-wise demand was not clear. Mechanisation at certain ports showed a downward trend. There was insignificant progress in private sector participation to augment port facilities. Ports suffered losses on account of poor management of leasing contracts. Commercial management was poor as reflected in delays in proposing revision in scale of rates by certain ports, raising of bills and non-realisation of dues. Storage facilities were grossly under utilised and the income from storage, already very low, has further declined considerably over the review period. Bulk of the storage charges were accounted for by demurrage charges indicating inefficiency in management of operations.

Highlights

- **Against an estimated capacity requirement to handle 325 million tonne the overall existing capacity of the ports was 271.51 million tonne in 2000-01.**

- **Ministry did not fix any norms for maintenance of fleet strength of equipment with reference to actual demand. The utilisation of equipment was very low during 1996-2001 ranging between 23.18 *per cent* and 26.33 *per cent* of available hours due to lack of demand from the port users who preferred to use ship's own gear and/or hired equipment.**

  - **The average fleet strength was much more than the average traffic demand during all the years under review in respect of Haldia Dock Complex (HDC), Mormugao Port Trust (MPT), Kandla Port Trust (KPT) and New Mangalore Port Trust (NMPT).**

  - **Failure of the Jawaharlal Nehru Port Trust (JNPT) to optimally utilise its own equipment led to an avoidable expenditure of Rs 26.70 crore on hiring of yard cranes from 1997-98 to 2000-01.**

- **Hasty action taken by Chennai Port Trust (ChPT) on procurement of three wharf cranes resulted in blocking of Rs 30.55 crore with one crane remaining idle after taking over and two cranes remained to be formally handed over.**

- **There was wide variation between efforts at mechanisation as between different ports. MPT, ChPT and Tuticorin Port Trust (TPT) showed a negative trend towards mechanisation with 14.22, 3.76 and 31.94 *per cent* decrease respectively.**

- **There was limited progress in private sector participation and that too only in respect of five ports viz. Kolkata Port Trust (KoPT), Paradip Port Trust (PPT), ChPT, KPT and TPT. HDC's failure to prepare the bid document correctly in respect of a plan scheme for reconstruction of ore tippler 2 for handling additional coal traffic resulted in time-over-run of three years and cost-over-run of Rs 2.62 crore.**

  - **HDC leased out a berth on a minimum guaranteed throughput of only 0.55 million tonne per year to TISCO which was neither commensurate with the prevailing performance nor the capacity of the berth; it suffered a loss of Rs 19.05 crore on account of lower handling of cargo. In a lease with Steel Authority of India Limited (SAIL) of a similar berth the minimum guaranteed cargo was stipulated as 1.5 million tonne; an unrealised amount of Rs 41.82 crore due from SAIL went for arbitration.**

  - **Failure of JNPT to assert its right to royalties from date of commencement of operations in a Build Operate and Transfer (BOT) agreement for container terminal with Nhava Sheva International Container Terminal (NSICT) resulted in avoidable loss of revenue of Rs 19.20 lakh by the third year which would escalate to an additional loss of Rs 80.74 crore over the contract period.**

  - **PPT suffered loss of revenue of Rs 1.16 crore apart from wharfage for Rs 2.20 crore remaining unrealised in case of a berth leased out to Oswal Chemicals and Fertiliser Limited (OCFL).**

- **Utilisation of storage space under Major Port's own possession after lease/licence was only 29.14 *per cent* as of 31 March 2001.**

- **High proportion of storage income is on account of demurrage charges which is nothing but a rent earned by the inefficiencies of**

the whole logistics of port system and not due to any economic management.

- **In ChPT, in respect of open space/shed leased out/renewed, the premium and security deposit amounting to Rs 10.92 crore remained to be collected despite Ministry's guidelines issued in April 1995. Loss of revenue due to non-collection of the amount worked out to Rs 1.46 crore upto March 2000.**

> **Delays in proposing Scale of Rates for different commodities were found at HDC, PPT, TPT.**

- **The extent of subsidy due to rates not being commensurate with costs for wharfage at KPT amounted to Rs 14.69 crore.**

- **ChPT failed to recover licence fee as per provisions of Scale of Rates resulting in non collection of licence fee amounting to Rs 1.93 crore for the period from August 1994 to October 2001.**

> **Collection of dues was not vigorously pursued at certain ports.**

> **In Visakhapatnam Port Trust (VPT) iron ore handling charges for Rs 4.02 crore remained outstanding for long from Metal Minerals and Trading Corporation(MMTC).**

- **Inaction of KPT to fix the rates and to collect deposit from Indian Oil Corporation (IOC) for the year 1998-99 immediately resulted in loss of revenue of Rs 7.10 crore.**

2.1.1 Introduction

India with nearly 6000 kilometre long coastline has 11 major ports and the primary responsibility for development and management of these ports rests with the Central Government. These ports are governed by the Major Port Trusts Act, 1963 which vests powers in a Board of Trustees (BoT) to conduct regulatory as well as commercial functions. The Act also empowers the Boards to involve private participation to augment facilities and increase the efficiency of the ports.

The purpose of the major ports is to serve the country's sea borne overseas and coastal trade and to provide effective services to the port users. One of the major objectives of ports is to provide facilities and services for quick, efficient and cost-effective transfer of cargo between inland and maritime transport system and vice-versa. Ports also have to arrange for smooth aggregation and dispersal of cargo between port and hinterland. Cargo handling and storage facilities, therefore, constitute the most important service rendered by the ports.

Short fall in cargo handled against the projection of Expert Committee.

The Expert Group on the commercialisation of infrastructure projects appointed by the Government of India in October 1994 estimated overall port traffic to reach around 390 million tonne by 2000-01 and over 650 million tonne by 2005-06 compared to this the actual are 259.52 million tonne in 2001-01.

Cargo handled by ports is divided into four categories viz. Liquid Bulk, Dry Bulk, Break Bulk and Container. Liquid Bulk comprises Petroleum Oil Lubricant (POL). Dry Bulk includes fertilisers, coal, foodgrains and other such cargo which is not amenable to containerisation. Break Bulk is the heterogeneous cargo mix which would progressively get containerised. The cargo handled by the major ports during 1996-97 to 2000-01 is given below:

(in million tonne)

Year	Liquid Bulk	Dry Bulk	Break Bulk	Container	Total
1996-1997	94.77	81.89	19.24	19.62	215.52
1997-1998	100.46	96.34	20.29	22.24	239.33
1998-1999	104.49	90.60	21.17	22.81	239.07
1999-2000	115.89	93.40	23.39	22.32	255.00
2000-2001	107.28	107.91	21.86	22.47	259.52
Total	**522.89**	**470.14**	**105.95**	**109.46**	**1208.44**

The table shows that against the estimated 390 million tonne, the major ports handled 259.52 million tonne cargo. The overall traffic increased by 20.41 *per cent* in 2000-01 as compared to 1996-97. Liquid Bulk constituted 43.29 *per cent*, Dry Bulk 38.89 *per cent*, Break Bulk 8.77 *per cent* of the total cargo handled. Although containerisation brought about a technological revolution in the transportation world on account of benefits such as door to door delivery, speedy inter modal transfers, low handling costs, reduced breakage and pilferage, lower insurance costs etc. the container handling at major ports was only 9.06 *per cent* of the total cargo handled. Main container traffic handling ports are Mumbai Port Trust (MbPT), JNPT and ChPT. KPT neither has any dedicated berth earmarked for container handling nor any container handling equipment. POL traffic is mainly handled by HDC, MbPT, ChPT, KPT and VPT, Dry Bulk is handled by HDC, ChPT, PPT, TPT, VPT and MPT. MPT is almost a mono cargo port with iron-ore export comprising 80 *per cent* of total traffic which is handled mechanically by a Ore Handling Plant.

2.1.2 Scope of Audit

A review of 'Cargo handling and Storage Facilities' was conducted in respect of ten major ports viz. KoPT (Kolkota Dock System (KDS) and HDC), MbPT, JNPT, MPT, ChPT, TPT, VPT, KPT, PPT and NMPT covering the period from 1996-97 to 2000-01.

2.1.3 Organisational set up

The management of each port is vested in a BoT comprising not more than 17/19 members. The administration is looked after by a Chairman assisted by a Deputy Chairman. Each port has different administrative and operational departments. Cargo handling and storage facilities are managed mainly by Traffic Department. Cargo handling equipment are maintained and provided by the Mechanical Engineering Department.

2.1.4 Cargo handling

There are different ways of handling cargo. Cargo is handled by using the port as well as ship's equipment. POL is discharged through pipelines. Dry Bulk Cargo like fertilisers, coal, iron-ore are mainly handled by mechanical plants. Break Bulk cargo and container traffic are generally handled by ships own gear, port equipment and private equipment. However, in JNPT container handling is done exclusively by port equipment and in Bulk Terminal the trend in recent years is more towards ship's gear handling and port equipment are utilised less. In ChPT iron-ore is handled by a fully mechanised Ore Handling Plant.

2.1.4.1 Physical targets and achievements

The traffic projection for different commodities are made by the major ports on the basis of the traffic handled in the previous year, growth expected in the current year and demand/estimates from the users. The estimates are discussed with the Ministry in the meeting of the Standing Committee on Rationalised Distribution of Cargo (RDC) and in consultation with other user, Ministry's targets for different commodities for different ports were finalised on these basis.

The physical targets fixed by the Ministry and achievements made by the major ports during the period under review is given below :

18.58 million tonne cargo was less handled by the ports in 2000-01.

Year	Targets fixed by Ministry	Cargo actually handled	Shortfall(-) /Excess(+)
	(in million tonne)		
1996-1997	206.42	215.52	(+) 9.10
1997-1998	224.50	239.33	(+) 14.83
1998-1999	246.07	239.07	(-) 7.02
1999-2000	247.52	255.00	(+) 7.48
2000-2001	278.10	259.52	(-) 18.58

The above table shows that there was overall shortfall in achievements of targets during the years 1998-99 and 2000-01 mainly due to decrease in export of iron-ore, fertilisers, coking coal, thermal coal and import of POL.

2.1.4.2 Financial targets and achievements

The budgeted income of the major ports are computed on the basis of targeted traffic finalised during each year whereas the expenditure budget is prepared on the basis of feedback obtained from the cargo handling divisions for each year.

Shortfall in income which was Rs 59.84 crore in the end of 1999 rose to 103.62 crore by end of March 2001.

Following table indicates the financial targets and achievements of the major ports during the period 1996-97 to 2000-01.

(Rs in crore)

Year	Income			Expenditure		
	Target/ Budget	Actual	Excess(+) /Shortfall(-)	Target/ Budget	Actual	Excess(+) /Shortfall(-)
1996-1997	1550.60	1611.76	(+) 61.16	522.41	528.53	(+) 6.12
1997-1998	1862.12	1770.23	(-) 91.89	584.19	594.72	(+) 10.53
1998-1999	1876.31	1816.47	(-) 59.84	667.31	650.56	(-) 16.75
1999-2000	1860.70	1760.31	(-) 100.39	729.53	687.91	(-) 41.62
2000-2001	1875.74	1772.12	(-) 103.62	790.47	804.19	(+) 13.72

The table shows that though the expenditure increased by 52.16 *per cent* between 1996-2001, the income increased by 9.95 *per cent* only.

There was shortfall in actual income over budgeted income for 1997-98, 1998-99, 1999-2000 and 2000-01 and excess of actual expenditure over budgeted expenditure for 1996-97, 1997-98 and 2000-01.

2.1.5 Cargo handling capacity and utilisation

The capacity of a port is the aggregate capacity of individual berths and depends on the type of commodity handled and equipment installed at the berth. Berth capacity is determined by the berth's size and length and the size of the vessel it can handle. This capacity has to be continually reassessed. The overall capacity requirement at the ports has been estimated by the Expert Group as 325 million tonne in 2000-01 and 540 million tonne in 2005-06.

The total existing cargo handling capacity *vis-a-vis* utilisation during the period 1996-2001 was as follows :

Year	Capacity	Cargo actually handled	Percentage of utilisation
	(in million tonne)		
1996-1997	208.07	215.52	103.58
1997-1998	226.37	239.33	105.73
1998-1999	234.27	239.07	102.05
1999-2000	251.06	255.00	101.57
2000-2001	271.51	259.52	95.58

The table shows that against an estimated 325 million tonne required the overall existing capacity of the ports was assessed at 271.51 million tonne in 2000-01, while it may be seen that the percentage of utilisation of existing capacity showed a decreasing trend and came down from 103.58 *per cent* in 1996-97 to 95.58 *per cent* in 2000-01. This was not account of any operational efficiency but due to decreased traffic, even as brought in subsequent (paragraph), the birth occupancy in most of the ports was very high compared to the norms. Reasonably the capacity utilisation normally should be anywhere near the norms laid by the Expert Committee viz. 65 *per cent.*

It was found during audit that:

(i) HDC constructed a third Oil Jetty with a capacity of six million tonne in September 1999 at a cost of Rs 42.30 crore anticipating POL traffic of 12.3 and 11.8 million tonne in 1999-2000 and 2001-02 respectively considering that the existing POL handling capacity was 12 million tonne. But it was noticed that HDC handled only 10.80 and 10.60 million tonne of POL traffic in 1999-2000 and 2000-01 respectively, which could have been done with the existing facilities itself.

(ii) In KPT there is no dedicated berth for specific cargo and no separate capacity has been fixed for Dry Bulk, Break Bulk and Containers.

(iii) In PPT no berth wise capacity was assessed.

(iv) In MbPT the capacity of the port has been re-assessed and reduced from 30.80 million tonne to 30.50 million tonne in 1998-99. In 1999-2000 the percentage of utilisation was even below the reduced capacity due to decline in POL traffic.

2.1.5.1 Physical indicators

The port efficiency is determined by average berth occupancy, average ship turn around time and average output per ship berth day. Normally, berth occupancy higher than 65 *per cent* is considered to be saturated. Longer average ship turn around time means longer detention of the ships in the port adding to the costs.

The physical performance indicators of major ports during 1996-97 and 2000-01 are as under :

Year	No. of ships handled	Average stay at berth	Overall berth occupancy	Average turn around time	Average output per ship berth day
	(No.)	(in days)	(in *per cent*)	(in days)	(in tonne)
1996-1997	12292	3.72	73.10	6.30	6599.57
1997-1998	13160	3.59	74.05	5.64	7158.66
1998-1999	13547	3.30	72.62	5.11	8053.73
1999-2000	14069	3.03	70.56	4.73	8897.08
2000-2001	13954	2.75	67.56	4.00	10528.19
Average	**13404.40**	**3.28**	**71.58**	**5.16**	**8247.45**

Ship turn around time reduced due to private participation.

The table shows that improvement in turnaround time since the average ship turn around time decreased from 6.30 days in 1996-97 to 4.00 days in 2000-01. Private participation was the major reason for decrease in ship turnaround time as discussed at Para 2.1.5.2.1.

In MPT it was the lowest, ranging between 2.85 and 3.60 days. The average turn around time was highest in KPT during 1996-97, 1997-98 and 1998-99 ranging between 7.81 and 10.62 days and at KDS during 1999-2000 being 6.59 days and 2000-01 at 5.50 days.

In TPT the berth occupancy was highest.

The average berth occupancy ranged from 67.56 to 74.05 *per cent* during the years 1996-2001 which can be considered as saturated judging by the norm of 65 *per cent.* If ships are not to be made to wait for berths, the ports in general do not have scope for handling higher volume of cargo until the port facilities are augmented. However, in KDS overall berth occupancy ranged only between 41.10 and 57.81 *per cent.* The berth occupancy was highest in TPT during 1997-2001 ranging between 90 and 95 *per cent.* In KPT as handling capacities were augmented from June 1997, March 2000 and June 2000, the overall berth occupancy came down from 95 *per cent* during 1997-98 to 79 *per cent* during 2000-01.

In TPT the average output per ship berth day as compared to 1996-97 was on the declining trend till 1999-2000.

In MbPT the number of ships handled by the port came down by 26.57 *per cent* from 1996-97 to 2000-2001. Overall berth occupancy therefore decreased from 74.82 *per cent* to 54.19 *per cent* during the period from 1996-97 to 1999-2000.

2.1.5.2 Financial indicators

The financial performance indicators of cargo handling and storage facilities of major ports during 1996-97 and 2000-01 were as under :

Year	Average cost per tonne of cargo handled (Rs)	Average income per tonne of cargo handled * (Rs)	Percentage of cost to income	Rate of return on net asset value (*per cent*)
1996-1997	34.93	88.98	43.98	39.82
1997-1998	34.89	90.49	41.28	45.60
1998-1999	33.79	85.89	44.82	37.67
1999-2000	38.48	82.26	49.10	35.51
2000-2001	42.66	87.09	49.71	30.37
Average	**36.95**	**86.94**	**45.78**	**37.79**

* *Average cost and income per tonne was arrived by dividing the total cargo and storage expenditure and total cargo handling and storage income of the port by the quantity in tonne of cargo handled and average cost does not include capital expenditure.*

It can be seen that the average cost per tonne of cargo handled increased from Rs 33.79 in 1998-99 to Rs 42.66 in 2000-01.

The rate of return on net value of total port assets declined to 30.37 *per cent* in 2000-01 from 45.60 *per cent* in 1997-98. However, in TPT the rate of return on net value of total port assets steadily increased in the first two years as compared to 1996-97 but showed a declining trend in the subsequent two years except for the slight increase in 2000-01 as compared to 1999-2000.

Percentage of cost of cargo to income was the highest in MPT and KPT.

The overall percentage of cost to income varied between 41.28 and 49.71 whereas in MPT and KPT the same was much higher ranging between 66.62 and 104.95.

2.1.5.2.1 Private sector participation

The MPT Act, 1963 provides for private sector participation with permissions to be accorded in each case by the BoT. With the objectives of improvement in efficiency, revenue generation and augmentation of financial viability, the Ministry issued guidelines (in 1992, 1993 and 1995) for leasing of existing berths in different ports for management by the private sector. Scrutiny revealed that out of 10 major ports, there has been some limited progress in this regard was achieved only in respect of five ports viz. KoPT, PPT, ChPT, KPT and TPT.

Detailed scrutiny of management of berths by the private sector *vis-a-vis* management by these five Port Trusts showed improved performance by the former with encouraging results. In HDC the percentage of utilisation of leased out berths ranged between 75 and 101 *per cent* whereas the utilisation

Berth occupancy of private sector was better than those managed by ports.

of other berths was only between 66.96 and 85.41 *per cent*. In case of PPT during 1997-2001 the capacity utilisation of leased out berths ranged from 133 *per cent* to 168 *per cent* while in case of other berths the utilisation varied between 102 and 145 *per cent*. In case of KPT, in the years 1998-99 to 2000-01 the utilisation of Dry Bulk Cargo in respect of leased out berths was 169 to 216 *per cent* whereas the utilisation of other berths for the same cargo was only between 114 and 125 *per cent*.

Private participation held in augmentation of capacity utilisation and revenue generation.

Thus, private participation did show augmentation of capacity utilisation and revenue generation and there was scope for further involvement of private parties. The ports were not found to be handling leasing contracts with due diligence. And as a result of this amount of Rs 65.38 crore was lost out or foregone by various ports.

(i) HDC leased out a berth to TISCO on a minimum guaranteed cargo throughput of only 0.55 million tonne. However, judging by the prevailing performance and capacity of the berth TISCO could have handled 1.5 million tonne annually. Recovered on this basis during 1996-2001 there was a shortfall of 2.93 million tonne actually handled by TISCO for which HDC suffered a loss of Rs 19.05 crore.

Due to deficient leasing out contracts four ports have foregone revenue of Rs 65.38 crore.

However, while leasing out a berth to SAIL, HDC fixed the minimum guaranteed cargo at 1.5 million tonne. But due to non-execution of formal agreement and shortcomings in the Memorandum of Understanding an amount of Rs 41.82 crore was lying unrealised and the case has gone under arbitration.

(ii) In case of a berth leased out to OCFL, due to not defining the term 'annum' as the 'financial year' in the Agreement for calculation of guaranteed traffic PPT suffered loss of revenue of Rs 1.16 crore apart from wharfage for Rs 2.20 crore remaining unrealised.

(iii) In ChPT failure to implement the Government directive issued in 1995 for increasing the berth reservation charges in two leased berths resulted in non-collection of dues to the tune of Rs 76.40 lakh for the first year of lease. For the second year, the Port Trust collected the enhanced charges by adjusting against pending advances of the lessees; but for the third year of lease, for want of sufficient advance, Rs 38.46 lakh remained to be adjusted/collected.

As private sector participation in management of existing berths is inadequate for augmentation of capacity the Ministry issued guidelines in October 1998 for private sector participation in construction of additional assets. Accordingly, private sector participation in augmentation of port capacity is underway in JNPT, MbPT, MPT,ChPT and HDC of KoPT.

A detailed analysis revealed the following:

(i) JNPT entered into a 30 year lease and licence agreement on BOT basis with NSICT in July 1997. The agreement stipulated that the payment of royalty would commence from the date of commercial operation. Schedule of payment in the agreement, payment was to commence from the third year of the award of the contract.

It was found in audit that there was no doubt an inconsistency in the agreement where by commencement as per the schedule of payment was mentioned as "from third year of the award of the contract' while the main clauses of agreement required payment from the date of commercial operation; nevertheless, JNPT should have asserted the main clause of agreement. More so, because definitions at article of agreement clarified the date of commercial operation meant the earlier of the two occurrences.

Scrutiny of records revealed that although the firm commenced commercial operations from April 1999, they made payment of royalty from July 1999 i.e. from the third year of entering into the agreement. Thus, due to failure to assert substantive part of the contract, JNPT suffered a loss of Rs 19.20 lakh being royalty for three months. In addition the port would suffer a loss of Rs 80.74 crore for the next 28 years. JNPT should invoke main clause of agreement as the schedule of payment is only supplementary and the definations make matters amply clear.

NSICT also agreed to construct a two lane causeway connecting the mainland to the extremity of the southern wharf extension to augment the capacity of the existing causeways to handle container traffic. In contravention of the agreement the firm constructed only part of the causeway from the southern end of the berth leaving the mainland unconnected. In April 1999 the port completed the same by incurring additional expenditure of Rs 64.24 lakh. The amount was not recovered from NSICT. The terms of contract were deficient and port admitted the lapse.

(ii) KPT could not finalise tenders invited in May 1992 for development of Container Terminal at Kandla on private participation. The delay deprived the port of the container handling facilities as well as additional revenue.

Lack of synchronisation of various facilities.

(iii) In VPT, a multipurpose berth scheduled to be completed in January 1999 was completed only in July 2000 after a delay of one and half year at a total cost of Rs 37.02 crore. The berth meant for handling container cargo is at present being utilised for trans-shipment cargo pending creation of container handling facilities at the berth through private participation on BOT basis.

(iv) A plan scheme for reconstruction of ore tippler 2 for handling additional coal traffic was included in the 8th five year plan. HDC failed to prepare the bid document correctly and discharged the initial tender in July 1998 on the ground that for a high value item tender was insisted on the basis of brand name and not on the basis of detailed specification. This resulted in time-over-run of three years and cost-over-run of Rs 2.62 crore.

2.1.5.3 Heavy plant and machinery

The heavy plant and machinery installed at the major ports except NMPT is given below :

(Rs in crore)

As on 1st April	Dock Quays and Jetties	Heavy plant and machinery pertaining to cargo handling	Total assets
1996	544.91	393.50	3568.26
1997	634.60	400.51	3793.66
1998	671.57	428.33	4334.88
1999	713.18	442.39	4790.09
2000	779.99	457.26	5755.08
***Per cent* increase (1996-2000)**	**43.14**	**16.20**	**61.29**

The above table shows that though there was an overall increase of 16.20 *per cent* in mechanisation in the year 2000 as compared to the year 1996, a detailed analysis revealed that there was wide variation in mechanisation at different ports as indicated below :

(a) KDS, KPT and PPT showed a trend towards mechanisation with 127.22, 474.53 and 39.78 *per cent* increase respectively.

(b) In HDC, JNPT and VPT there was marginal increase in mechanisation. The percentage increase being 1.19, 9.70 and 11.60 respectively. These ports may be already heavily mechanised.

Negative trend in mechanisation at MPT, ChPT and TPT.

(c) MPT, ChPT and TPT showed a negative trend towards mechanisation with 14.22, 3.76 and 31.94 *per cent* decrease respectively.

Under utilisation of ore handling plant in VPT and PPT.

It was further noticed that during the period 1996-2001 export of iron-ore and coal declined at VPT and PPT. But VPT without foresight went in for installing an ore handling plant in January 1999 at a cost of

Rs 110.44 crore. As a result, there was under utilisation of ore-handling plant and percentage of shortfall against anticipated throughput ranged between 6.70 *per cent* and 39.80 *per cent* over the years. In PPT the utilisation of iron-ore and coal handling plant was only between 41.92 *per cent* and 57.20 *per cent.*

2.1.5.4 Equipment facilities

2.1.5.4.1 Availability and utilisation of cargo handling equipment

The utilisation of cargo handling equipment during 1996-97 and 2000-01 in respect of 10 major ports was as follows:

Ports equipment were not fully utilized.

(hours in thousand)

Year	Total no. of hours available (Gross)	Available working hours (Net)	Actual working hours	Percentage availability	Percentage utilisation
(1)	(2)	(3)	(4)	(5) (3/2x100)	(6) (4/2x100)
1996-1997	6807.73	4621.72	1578.04	67.89	23.18
1997-1998	7129.09	4828.60	1849.28	67.73	25.94
1998-1999	7214.87	5154.58	1899.65	71.44	26.33
1999-2000	6692.59	4698.71	1728.88	70.21	25.83
2000-2001	6880.86	5245.37	1799.12	76.23	26.15
Total	**34725.14**	**24548.98**	**8854.97**	**70.70**	**25.50**

The above table reveals the following :

The percentage utilisation with respect to total hours available was very low in all the five years ranging between 23.18 *per cent* and 26.33 *per cent.* The NMPT, PPT and TPT contributed the lowest with 2.31 to 7.74 *per cent*, 7.10 to 11.24 *per cent,* and 11.83 to 15.32 *per cent* respectively. In MbPT the percentage utilisation came down from 22.94 *per cent* in 1996-97 to 17.92 *per cent* in 2000-2001.

It was further noticed that :

(a) No guidelines or norms were available with any of the ports for maintaining fleet strength *vis-a-vis* demand.

(b) The average fleet strength was much more than the average traffic demand during all the years under review in respect of HDC, MPT, ChPT, KPT and NMPT.

(c) In spite of having an equipment fleet strength much in excess of actual demand, HDC could not supply payloaders, fork lift trucks and hippo tractors against demand in 95, 70 and 122 nos. of cases respectively resulting in loss of Rs 3.63 lakh apart from low rate of discharge of ships. KPT could not supply equipment against demand on 197

Due to non supply of equipment, HDC and MbPT suffered a loss of Rs 51.76 crore.

occasions. Further due to non supply of equipment for break down/repair and maintenance MbPT suffered loss of revenue of Rs 51.72 crore.

(d) In KPT percentage utilisation of mobile equipment was below the norms except during the year 1999-2000 due to lack of demand on account of equipment being old and outlived.

(e) In JNPT scrutiny of log books and monthly/daily reports of various cargo handling equipment revealed that the actual utilisation was around 42 *per cent* in 1996-97 which came down to 28.14 *per cent* in 1999-2000. It was also observed that the average utilisation of bulk cargo handling equipment showed a negative trend since 1997-98.

Failure of JNPT to optimally utilize own equipment led to an avoidable expenditure of Rs 26.70 crore on hiring of yard cranes.

(f) The utilisation of JNPT's own yard cranes varied between six and 45 *per cent* of net hours available out of which four yard cranes were utilised only between six and 20 *per cent* against Ministry's norms of utilisation are 40 *per cent.* Despite this, JNPT hired six yard cranes whose average utilisation was 69.74 *per cent.* Failure of the port to optimally utilise its own equipment led to an avoidable expenditure of Rs 26.70 crore on hiring of yard cranes from 1997-98 to 2000-01.

(g) In JNPT an expenditure of Rs 49.50 lakh was incurred on a scheme to augment the cargo handling capacity of Grab unloaded in Bulk Terminal which remained unfruitful as the system could not be utilised.

(h) PPT paid a sum of Rs 11.44 lakh towards hire charges of pay loader during the period 1996-99 although all the four of pay loaders owned by PPT were in working condition and the percentage availability was between 60.57 and 90.38 *per cent* during the same period.

Unnecessary procurement.

(i) In ChPT the percentage of utilisation in respect of wharf crane and fork lift truck was lower than the norm. Moreover, hasty action taken by ChPT on procurement of three wharf cranes resulted in blocking of Rs 30.55 crore with one crane remaining idle after taking over and two cranes remained to be formally handed over.

(j) TPT possessed four Top Lift trucks of 35 tonne capacity and one of 25 tonne capacity, the utilisation of which during the years 1996–97 and 1997-98 was only between 23.05 *per cent* and 26.06 *per cent* as against Ministry's norms of 35 *per cent.* TPT further commissioned another 35 tonne capacity Top Lift truck in July 1998 at a cost of Rs 189.10 lakh resulting in an avoidable expenditure.

2.1.5.4.2 Maintenance of cargo handling equipment

It was also noticed that in some of the ports there has been inordinate delay in getting the ports equipment repaired/condemned.

A detailed scrutiny revealed the following:

Delays in repairs and unfruitful repairs.

(i) There was delay in repair of equipment at HDC in 78 cases ranging between one month and five years five months. At HDC obsolete spare parts worth Rs 21.11 lakh have been lying in the Plant and Equipment division for more than four years. At VPT there were 15 items of equipment having book value of Rs 102.43 lakh which were either unserviceable or surplus awaiting disposal. At PPT two nos of equipment having book value of Rs 45.71 lakh was lying unserviceable since October 1998 awaiting disposal.

(ii) At TPT maintenance of outlived equipment resulted in loss of Rs 10.98 crore.

2.1.5.5 Storage facilities

(i) Storage space

Sample check of utilisation of storage space by the Ports revealed the following:

Only 29.14 *per cent* of storage space under the Ports possession could be utilised.

(a) The Major Ports under review except KDS of KoPT, MbPT and KPT had the total storage space of 1046.52 hectare as on 31 March 2001, out of which 622.82 hectare has been kept under the Port's own possession. The Ports could utilise only 181.52 hectare being 29.14 *per cent* of storage space kept under their possession.

While the space was fully utilised in HDC, in MPT and VPT, the space remained fully unutilised. In KPT the storage capacity has not been assessed. In JNPT the average percentage utilisation for last three years was only 18.05 *per cent.*

(b) In PPT three out of five warehouses measuring 3199 square metre remained completely idle during 1998-2001. These warehouses were expected to fetch revenue of Rs 3.20 lakh per month on the basis of their storage capacity. In June 2001 PPT decided to demolish two warehouses.

(c) In MbPT cargo worth Rs 2.61 core were stolen during the period 1996-2001 out of which only goods worth Rs 94.28 lakh was recovered.

(d) ChPT allotted an open space to a firm in April 1997 measuring 13750 sq. mts. laid up with Pre Cast Concrete Blocks over the Water Bound

Macadum at a cost of Rs 1900 per hundred sq. mts. per month as applicable for Water Bound Macadum only in violation of Ministry's guidelines of April 1995. Due to non-fixation of proportionately higher rate taking into account the return on capital invested there was non-realisation of Rs 27.50 lakh till March 2001.

Less collection of licence fee amounting to Rs 1.93 crore.

(e) ChPT failed to recover licence fee on railway track lengths used by a firm as per provisions of Scale of Rates resulting in non-collection of licence fee amounting to Rs 1.93 crore for the period from August 1994 to October 2001.

(f) In VPT the space under lease/licence has been on the decline from year to year and the space under ports own possession has not been utilised at all, the VPT added additional storage space in 1998-99 and 1999-2000.

(ii) Storage income

Apart from normal storage charges, demurrage charges are levied on the port users for using storage space beyond permissible free time.

The details of storage income *vis-a-vis* the total income of major ports except KDS of KoPT are as shown below :

(Rs in crore)

Year	Storage income	Total income	Storage as percentage to total income
1996-1997	367.96	1798.90	20.46
1997-1998	320.96	1978.17	16.23
1998-1999	286.04	2037.48	14.04
1999-2000	232.31	2053.53	11.31
2000-2001	179.73	2094.35	08.58

The above table shows that the storage income was low and fell from 20.46 *per cent* in 1996-97 to 8.58 *per cent* in 2000-01. The percentage was the lowest in HDC, MPT and VPT varying between 0.62 and 3.94 *per cent.*

High proportion of demurrage charges in storage income.

Detailed scrutiny revealed that in HDC portion of demurrage income to total storage income showed a steady rise. Space was occupied as transit by paying demurrage as HDC did not allot the oil company storage space asked by it.

Thus, substantial amounts of revenue earned on account of storage income by ports are on account of demurrage on cargo stored for a long time on port premises. This is nothing but a rent earned by the inefficiencies of whole logistics of port system and not due to any economic management.

It was also found that :

(i) In JNPT the storage income was Rs 49.71 crore in 1996-97 which came down to Rs 12.45 crore in 2000-01, a decline by 74.95 *per cent*.

ChPT failed to collect Premium and Security Deposit worth Rs 10.92 crore.

(ii) ChPT did not collect Premium and Security Deposit of Rs 3.64 crore in respect of open space/shed leased out/renewed to nine agencies during the period form April 1995 to March 2000 as per the stipulations in Ministry's guidelines. The premium and security deposit enhanced from April 2000 for leases renewed thereafter, amounting to Rs 7.28 crore were also not collected. Loss of interest on premium and security deposit not collected upto March 2000 alone worked out to Rs 1.46 crore.

KPT failed to recover demurrage dues amounting to Rs 4.10 crore.

(iii) KPT allowed three parties to remove cargo without payment of dues against the provisions of Major Port Trusts Act, 1963 resulting in non-recovery of demurrage dues to the extent of Rs 410.12 lakh.

2.1.6 Billing and realisation

The position of billing and realisation during the years 1996-97 to 2000-01 in respect of major ports is given in the table below:

(Rs in crore)

Year	Amount billed	Amount realised	Amount outstanding
1996-1997	655.33	635.59	19.74
1997-1998	748.18	733.09	15.09
1998-1999	1013.53	994.12	19.41
1999-2000	968.26	945.55	22.71
2000-2001	920.96	895.65	25.31

Note *:Figures in respect of KDS, ChPT, PPT and JNPT (1996-1998) have not been available.*

Port failed to realise outstanding bills amounting to Rs 25.31 crore for service rendered.

The above table reveals that amounts ranging between Rs 15.09 crore and Rs 25.31 crore were outstanding at the end of the year from 1996-97 to 2000-01 in respect of bills pertaining to the particular years out of which NMPT contributed the highest with Rs 10.39 crore at the end of 2000-01 and PPT did not have any outstanding dues as the services were provided on pre-deposit basis.

In VPT iron-ore handling charges for Rs 4.02 crore remained outstanding for long from MMTC. Further an amount of Rs 2.08 crore being wharfage charges for the period 1995-2000 remained un-realised from Tinna Oils and Chemicals.

2.1.7 *Scale of rates*

Delayed proposals for revision of scale of rates.

Rates for various services in the ports are implemented with the approval of the Tariff Authority for Major Ports. As per Ministry's instructions the revision of port 'Scale of rates' (Tariff Structure) needs to be made in every three years taking into account the escalations for the next three years.

A scrutiny of records revealed that :

(i) At HDC no cost schedule of different commodities was prepared taking into account the elements/operations including cost of labour and equipment involved in cargo handling. In the absence of the cost schedule, it could not be ascertained whether the rates fixed in the scale of rates meet the entire cost of handling of cargo and are profitable to the port. The scale of rates was revised in the year 2001 after a gap of five years.

(ii) In PPT the scale of rates was revised in the year 2000 after a gap of seven years and no cost schedule of different commodities was prepared taking into account the elements/operations including cost of labour and equipment involved in cargo handling. In the absence of the cost schedule, it could not be ascertained whether the rates fixed in the scale of rates meet the entire cost of handling of cargo and are profitable to the port.

Delay in proposing revision of rates led to loss of revenue of Rs 40.27 lakh by TPT.

(iii) TPT failed to effect appropriate revision in respect of copper concentrate resulting in loss of revenue of Rs 40.27 lakh during April 2000 to March 2001.

(iv) At KPT the scale of rates provide 50 *per cent* rebate in wharfage charges for export cargo as a result the cost incurred for handling of rice, soya, salt etc. could not be recovered. The wharfage rates fixed for commodities such as wooden logs, Polyvinyl Chloride/ High Density Poly Ethelene was not commensurate with the cost. The extent of subsidy on the commodities handled during 1996-97 to 1999-2000 worked out to Rs 14.69 crore.

2.1.8 *Other points*

(i) PPT undertook the upgradation of the Iron-ore handling plant to enhance the existing rated capacity of 2500 MT to 3200 MT per hour to handle five Million Metric Tonne per year. The investment of Rs 18.73 crore towards upgradation of Iron-ore handling plant to enhance its rated capacity was not justified as the traffic projection is to handle one million tonne iron-ore per year from 2000-01 to 2011-12.

KPT suffered a loss of Rs 7.10 crore due to its failure to fix rates.

(ii) Due to inaction of KPT to fix the rates and to collect deposit from IOC for the year 1998-99 immediately has resulted in loss of revenue of Rs 7.10 crore.

(ii) In May 1997 MbPT installed a VTMS at a cost of Rs 27.76 crore with the objective of providing greater efficiency of ship management and increase to cater to greater number of ships. The financial benefit accruing to the port was projected to be Rs 8.63 crore *per annum*. Scrutiny revealed that no additional traffic could be attracted by installation of VTMS thus rendering the investment unfruitful.

2.1.9 Audit conclusion

The major ports of India (10 ports) handled only 259.52 million tonne of cargo against the estimated target of 390 million tonne. The key areas of weakness of port operations can be identified as :

- Inefficient and non-optimal deployment of port equipment.
- Poor utilisation of port equipment due to maintenance of the same much in excess of average demand.
- Although it is believed that mechanisation of dry bulk cargo normally leads to more cost efficient cargo handling, overall trend of mechanisation was not encouraging.
- The port operations were not cost efficient as the average cost per tonne of cargo handled depicted increasing trend and the rate of return on net value on total port assets declined sharply in 2000-01 as compared to 1996-97.

The overall capacity estimated by the expert group as 325 million tonne in 2000-01 whereas the assessed capacity of the Major Ports in 2000-2001 was only 271.51 million tonne (10 ports). The average ship turn around time decreased from 6.30 days in 1996-97 to 4.00 days in 2000-01. The average berth occupancy was above the saturation level at major ports leaving no scope for handling higher volume of cargo until the port facilities are augmented. Augmentation of port capacity is therefore, of utmost importance to boost the efficiency of ports. The Ministry issued several guidelines from time to time for augmentation of port capacity by private participation within the ambit of Major Port Trusts Act, 1963. This has two aspects-leasing out of existing berths to private parties for more efficient operation and construction of additional berths by private participation. While there has been only some limited progress in respect of leasing out of existing berths, private sector participation in construction of additional berths is still underway in some of the ports.

The matter was referred to the Ministry in December 2001; their reply was awaited as of January 2002.

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The matter was referred to the Ministry in December 2001; their reply was awaited as of January 2002.

MINISTRY OF SHIPPING

DREDGING OPERATIONS AT KOLKATA PORT TRUST

2.2 Dredging operations at Kolkata Port Trust

The review on dredging operations revealed that these operations were being carried out without comprehensive planning. Major components of a comprehensive scheme involving capital dredging, river training works and maintenance dredging approved in 1982 were not implemented. Instead, ad-hoc targets from year to year for maintenance dredging alone were fixed. These ad-hoc targets failed to improve the navigation channels. Despite heavy recurring expenditure incurred on maintenance dredging by Kolkata Port Trust shipping channels leading to Kolkata Dock System and Haldia Dock Complex could not be made navigable for bigger ships thereby adversely affecting the revenue earning of the Port.

Kolkata Port Trust's own dredgers as well as hired dredgers performed poorly. Flawed contracts, poorly supervised operations and sheer negligence, caused large excess payments amounting to Rs 113.02 crore as revealed in test check. Instead of shore disposal, dredged material continued to be dumped in the river with consequent recycling.

Claims for dredging subsidy made by Kolkata Port Trust from the Ministry of Shipping were inflated, and certain items of expenditure unauthorised by the Ministry were claimed. In summary, the dredging operations seemed to have been carried out aimlessly without much advantage.

Highlights

- **Instead of implementing a comprehensive scheme which envisaged capital dredging and river training works, reliance was placed solely on maintenance dredging with ad-hoc targets.**

- **There was a shortfall of 19.28 million cubic metre (m.cu.m) of dredging against the ad-hoc targets during 1996-2001 and targeted minimum depth was not achieved despite an expenditure of Rs 1290.95 crore.**

- **The performance of KoPT's own dredgers was poor and the cost of deploying them was very high.**

- **Contracts for dredging by DCI based on time hire rates did not provide in the agreements for safeguards against non-performance occasioned by bottom door leakage of hoppers, residual quantum of dredged material remaining in hopper after disposal and slow speed of dredgers.**

- **In January 1998 a contract for payments based on actual quantity dredged was signed with HAM Dredging and Marine Contractors (HAM) despite the caution sounded by Dredging Corporation of India (DCI), at the instance of Ministry of Shipping, regarding**

ambiguities about depth guarantee and its relation to payments based only on quantity dredged as provided for in the contract . There was no specific stipulation of a guarantee of depth to be achieved and maintained by the contractor as claimed by the Chairman , Kolkata Port Trust (KoPT) in his letter seeking approval to the contract from the Ministry.

- **Since the objective of the contract with HAM was to increase depth by 1.5 metre, the incorporation of a clause for depth tolerance of 0.5 metre in the contract was not consistent. Ultimately, the deficient contract with HAM led to non-achievement of required depth despite expenditure of Rs 369.52 crore and a further liability of Rs 9.03 crore.**

- **Despite the experience gained in operating contracts based on actual quantity dredged with HAM, KoPT did not introduce any safeguards while awarding quantity based work to DCI since June 2000. No agreement was signed by KoPT with DCI though it was entrusted with the work of dredging. There was an excess payment of Rs 35.80 crore during June 2000 to March 2001 due to the bulk density of dredged material being below the effective bulk density of 1.55 gram per cubic centimetre (gm/cu.cm).**

- **During the execution of contract with HAM, KoPT certified and passed payment for 0.81 m.cu.m without adjustment for clay content which if adjusted amounted to only 0.38 m.cu.m of material actually dredged resulting in extra expenditure of Rs 7.43 crore ; out of 116 samples of dredged material test checked by experts, 64 samples checked in Audit had excess clay content . Besides , HAM was permitted to dredge 1.303 m.cu.m at Jellingham beyond the stipulations in the contract resulting in extra contractual payment of Rs 22.38 crore.**

- **The quantum of dredging required to attain the depth stipulated in the contract with HAM depended on average bulk density of dredged material to be 1.79 gms/cu.cm which was not provided for specifically in the contract. This resulted in avoidable payment of Rs 21.39 crore for material with average bulk density of 1.63 gm/cu.cm and again avoidable payment of Rs 68.24 crore for material with bulk density below 1.55 gm/cu.cm.**

- **Expenditure on dredging activities by KoPT is reimbursed by Ministry annually after verification of claims directly related to dredging by audit. Of Rs 1290.95 crore claimed by KoPT during 1996-2001 an amount of Rs 206.64 crore were not admitted by audit as reimbursable by Ministry since it was found that expenditure on idle dredgers, payments to contracting parties**

based on erroneous calculation of dredged material and expenditure not authorised by Ministry were wrongly included in claims by KoPT.

- **KoPT's continued practice of free dumping of dredged spoils within the river and failure to set up shore disposal terminal led to increased recirculation of dredged material rendering an expenditure of Rs 206.25 crore on dredging ineffective.**

- **Failure to utilise the survey vessels and launches led to idle expenditure of Rs 7.60 crore in 1996-2001.**

2.2.1. Introduction

Kolkata Port Trust (KoPT), maintains a riverine port which consists of two dock systems i.e. Kolkata Dock System (KDS) and Haldia Dock Complex (HDC). The two dock systems share a common shipping channel from Sandheads to Saugor. The channel bifurcates at this point, one leading to HDC via Auckland & Jellingham and the other leading to KDS via Maragolia crossing, Bedford, Nayachara channel and several other bars. There are 12 bars in the navigational channel between KDS and HDC (upstream of Auckland Bar) and four estuarine bars in the shipping channel leading to HDC. In order to facilitate shipping, the bars and other locations in the shipping channels are dredged throughout the year to maintain navigable depth. The Ministry reimburses the entire expenditure directly related to river dredging and river maintenance on the basis of claims submitted by KoPT after verification by Audit.

2.2.2 Scope of Audit

The dredging operations (both river dredging and port dredging) at KoPT was reviewed in audit between June and November 2001 to evaluate the port's performance regarding effective maintenance of navigable depth in the shipping channel and the docks and its cost effectiveness during the period 1996-2001.

2.2.3 Organisational set up

KoPT is under the administrative control of Ministry of Shipping. Its management is vested in a BoT with a Chairman appointed by Ministry as its administrative head. The Director, Marine Department is in charge of dredging operations in KoPT. The Hydraulic Study Department, headed by Chief Hydraulic Engineer (CHE) advises on technical matters for dredging activities and other river related works. The Superintendent, Dredger and Despatch Service carries out the actual dredging operations.

2.2.4 River dredging

KoPT carries out dredging in the shipping channels leading to HDC and KDS through dredging contractors and also through its own dredgers.

At HDC, the four estuarine bars in the navigational channel and other locations like Satish Samanta Oil Jetty (SSOJ) and Haldia Oil Jetty are dredged mainly by dredgers of the contractors like DCI and HAM. Dredging at these locations accounted for 85 *per cent* of the total dredging quantum and 82 *per cent* of the total dredging cost during 1996-2001. Of the total dredging done between 1996-2001 fifty *per cent* was accounted for by Jellingham Shoal section where dredging was done in all the five years. Five *per cent* of the dredging was done at Lower Jellingham Crossing in three years. The remaining 45 *per cent* of the total dredging was done at nineteen other locations.

2.2.4.1 Expenditure and Subsidy for river dredging

The expenditure on river dredging constituted a major share of the total operating expenditure of KoPT during the period 1996-2001. The Ministry reimburses hundred *per cent* of the costs directly related to river dredging, river maintenance as well as maintenance dredging of shipping channel leading to Haldia after verification of the claims of KoPT by audit. KoPT claimed every year the entire expenditure for reimbursement. However, the table below shows the yearwise details on river dredging expenditure and their reimbursement against the claims by KoPT after audit verification of claims.

(Rs in crore)

Year	Total expediture on river dredging	Amount reimbursable	Amount not admitted by audit	Total operating cost of KoPT
1996-1997	107.38	102.87	4.51	328.29
1997-1998	166.75	164.49	2.26	411.92
1998-1999	379.48	376.08	3.40	662.22
1999-2000	305.44	194.35	111.09	618.51
2000-2001	331.90	246.52	85.38	689.40
Total	**1290.95**	**1084.31**	**206.64**	**2710.34**

The yearly expenditure on dredging ranged between Rs 107.38 crore and Rs 379.48 crore during 1996-2001 increasing more than three times over the period.

Inflated claims by KoPT for reimbursement of directly related costs of dredging.

Of the total amount of Rs 1290.95 crore claimed by KoPT towards river dredging expenditure for the period from 1996-2001 an amount of Rs 1084.31 crore was admitted in audit for reimbursement after deducting Rs 206.64 crore being the amount not directly related to dredging activity, since it was found that items such as expenditure on idle dredgers, payment to contracting parties based on erroneous calculation of dredged material and expenditure not authorised by Ministry were wrongly included in the claims by KoPT.

Even after deduction, the subsidy by way of reimbursement constituted 26 *per cent* of the KoPT's income. As indicated in the table below, without dredging subsidy the deficit in KDS ranged between Rs 16.06 crore and Rs 159.15 crore during 1996-2001 and in HDC between Rs 76.44 crore and Rs 221.03 crore during 1998-2001. The position was , however, worse in KDS, where even with subsidy, there was a deficit of Rs 142.05 crore during 1996-2001.

(Rs in crore)

Year	Amount of subsidy		Surplus / Deficit		Surplus/Deficit without subsidy	
	KDS	HDC	KDS	HDC	KDS	HDC
1996-1997	30.25	72.62	14.19	129.07	(-)16.06	56.45
1997-1998	35.77	128.72	2.97	170.50	(-)32.80	41.78
1998-1999	42.22	333.86	(-)16.81	112.83	(-)59.03	(-)221.03
1999-2000	35.96	158.38	(-)38.30	81.94	(-)74.26	(-)76.44
2000-2001	55.05	191.47	(-) 104.10	96.57	(-)159.15	(-)94.90

2.2.4.2.1 Non-execution of Comprehensive scheme and consequent compromised navigability

Failure to evolve and implement a comprehensive policy on dredging operations necessitated fixing ad-hoc targets that hardly solved the problems.

The dredging rate for the navigation channel has to be greater than the siltation rate in order to achieve and maintain the required depth at different bars in the channel. This requires river regulatory measures, capital dredging at specific locations at periodical intervals when channels get completely blocked and continuous maintenance dredging of the riverine channel based on survey data.

Studies were conducted as early as 1978 by a high level team called Gole Committee under the Chairmanship of Shri C V Gole, Member CWC . Based on these studies, KoPT formulated a comprehensive scheme for improving the draught in Hooghly estuary , in 1981 at an estimated cost of Rs 76.88 crore, which was revised in August 1982. While the scheme included 10 components for execution including, inter alia, construction of two guidewalls at the northern and southern ends of Nayachara island and capital dredging over Balari bar, only the northern guidewall was constructed and capital dredging over Balari bar was not taken up. This caused spatial expansion of the bar and the adjoining Jiggerkhali flat. Consequently common shipping channel for KDS and HDC had to be discontinued through Haldia-Balari region from February 1987 and a new shipping channel (Rangafalla channel) which was not very stable had to be opened up for navigation for KDS through Bedford channel by-passing Balari.

Comprehensive scheme undertaken in 1981 but critical components deferred in 1990.

The Technical Advisory Committee (TAC) set up in 1982 for monitoring the comprehensive scheme, accorded (August 1987) priority to the recession of the Jiggerkhali flat and decided to defer the capital dredging over Balari bar till the conditions in this area of the estuary were restored to the position obtaining prior to commencement of the guidewall.

During the course of construction of guidewall, certain morphological changes occurred in the estuary consequent upon which the scheme was further revised (June 1990) to Rs 42.38 crore on the basis of TAC's recommendations covering only three components viz. (i) construction of northern guidewall (ii) additional tug and navigational aids and (iii) instrumentation. The revised scheme was completed in June 1992 at a cost of Rs 43.71 crore. The recessional dredging at Jiggerkhali flat which was intended to act synchronously with the northern guidewall for effective flow propagation through Haldia – Jellingham channel could not be implemented due to non-performance by the contractor in April 1993. A mention of this case was made in paragraph 30 of Comptroller and Auditor General's Report No. 11 of 1994. Trial dredging at Jiggerkhali flat started in March 1991 was abandoned due to breakdown of disposal lines of contractor.

In short, the comprehensive scheme of 1981 as revised from time to time was poorly implemented in an ad-hoc manner and seriously affected the health of the navigational channel for HDC and conditions of the Hooghly estuary. Therefore, the Ministry approached the PIB again which met in February and April 2001 to consider another scheme of River Regulatory Measures for improvement of draught in Hooghly scheduled to be completed by September 2002, at an estimated cost of Rs 350.84 crore with the objectives of reduction of annual maintenance dredging by three m.cu.m increase of depth in the shipping channel for HDC by one metre and arresting the deteriorating trend in the river morphology.

Two items of the earlier comprehensive scheme sanctioned in August 1982 namely, southern guidewall and bank protection near Sondia column were also included in the new scheme.

PIB considered these schemes in their meetings in February and April, 2001 and took the following decisions:

(i) The execution of River Regulatory Measures for the improvement of draught in Hooghly estuary of KoPT at an estimated cost of Rs 350.84 crore was recommended for approval of CCEA.

(ii) The actual net incremental revenue from the measures should be calculated as per principles adopted by PAMD, Planning Commission in their appraisal notes of January and March 2001.

(iii) Actual net incremental revenue should be shared in the ratio of 70:30 between Government of India and CPT and reduction of the annual non-plan grants to KoPT towards AMD by the equivalent amount of

70 *per cent* of the actual net incremental revenue from the project. This amount would not be less than Rs 40 crore.

(iv) The annual grants to KoPT was to be restricted to the cost of dredging for 15 m.cu.m minus the amount calculated as per (iii) above.

(v) Ministry of Shipping's proposal to intitiate preparatory action towards floatation of tenders etc was agreed subject to the condition that work order would be placed only on obtaining clearance of the project by CCEA.

The scheme was approved by CCEA in November 2001.

2.2.4.2.2 Ad-hoc Targets

New scheme for river regulatory works approved as late as November 2001, meanwhile, 1996 to March 2001 ad-hoc targets for maintenance dredging pursued.

Meanwhile, in the absence of river training works, an ad-hoc quantity target of 22 m.cu.m was fixed and kept throughout the period of 1996 to 2001 for achieving a 'manageable stability' of the river regime leading to HDC as well as KDS.

The breakup of targets for maintenance dredging *vis-a-vis* achievement in the entire navigational channel from Sandheads in the Bay of Bengal to the docks were as follows :

(in million cubic metres)

Year	Target		Actual		Excess(+)/Shortfall(-)	
	KDS	HDC	KDS	HDC	KDS	HDC
(1)	(2)	(3)	(4)	(5)	(6) [2-4]	(7) [3-5]
1996-1997	4.00	18.00	3.81	7.13	(-)0.19	(-)10.87
1997-1998	4.00	18.00	3.20	9.10	(-)0.80	(-)8.90
1998-1999	4.00	18.00	3.83	21.38	(-)0.17	(+)3.38
1999-2000	4.00	18.00	0.98	20.01	(-)3.02	(+)2.01
2000-2001	3.50	18.50	1.62	19.66	(-)1.88	(+)1.16
Total	**19.50**	**90.50**	**13.44**	**77.28**	**(-) 6.06**	**(-) 13.22**

It may be seen that the annual targets are the same throughout the period (except in 2000-2001) and evidently have no relationship to the differential between rates of siltation and dredging. These were ad-hoc targets resorted to as a result of non-implementation of the entire comprehensive scheme and, as seen from our comments above were inadequate to maintain the required depth for navigation. Even these ad-hoc targets were not fulfilled.

Shortfalls even against ad-hoc targets due to poor performance of KoPT's own dredgers and lack of safe-guards in contracts for hired dredgers.

During 1996-2001 against the total ad-hoc targeted dredging of 19.50 m.cu.m in KDS, only 13.44 m.cu.m was achieved and against 90.50 m.cu.m targeted dredging in HDC, only 77.28 m.cu.m was achieved. Total dredging shortfall *vis-a-vis* these ad-hoc targets during the period was 19.28 m.cu.m i.e. about 18 *per cent* of the targeted quantum. Thus, even the shortfalls in annual achievement against ad-hoc targets were not considered while fixing targets for subsequent years. These shorfalls were on account of poor performance of KoPT 's own dredgers, poor supervision of the operation of contracts with DCI, execution of faulty contracts without providing proper safeguards against poor performance and ineffective disposal of dredged material. These failures have been amplified in subsequent paras.

The non-achievement of targeted depths may be appreciated from the table given below.

(in metres)

Year	Targeted average minimum navigable depth		Average minimum navigable depth achieved		Excess(+)/ Shortfall(-)	
	KDS	HDC	KDS	HDC	KDS	HDC
1996-1997	3.00	6.4	2.2	4.5	(-) 0.8	(-) 1.9
1997-1998	3.00	6.4	1.1	4.6	(-)1.9	(-)1.8
1998-1999	3.00	6.4	3.1	4.6	(+) 0.1	(-) 1.8
1999-2000	3.00	6.4	1.9	4.9	(-) 1.1	(-) 1.5
2000-2001	3.00	6.4	1.3	4.8	(-) 1.7	(-) 1.6

Targeted depths in navigation channel not achieved.

The targeted navigable depth to be achieved over the bars in the shipping channel to KDS ranged between 3 metre (m) and 3.5 m in 1996-2001. However KoPT was unable to even achieve the minimum depth of 3m over the bars located between Kolkata and Hooghly point, except only in 1998. Similarly against the targeted navigable depth of 6.4 m to 7.1 m over the four bars in the HDC shipping channel, KoPT could not achieve the minimum depth of 6.4 m at the Jellingham bar.

Thus there was always shortfall in targeted minimum depth over all the bars in KoPT during 1996-2001 except the bars located between Kolkata and Hooghly point in KDS in 1998-99.

2.2.4.3 Dredging operations through KoPT's and DCI's dredgers

Working of KoPT 's and DCI's Dredgers

Maintenance dredging in the shipping channel was carried out by KoPT through the contractors, DCI and HAM, in addition to KoPT's own dredgers.

Availability *vis-a-vis* utilisation of KoPT dredgers engaged for river dredging during 1996-2001 are as follows:

Utilisation of dredgers by KoPT was woefully inadequate.

Year	Total fleet strength of dredgers with KoPT	Total available days	Actual utilisation (in days)	percentage of utilisation
(1)	(2)	(3)	(4)	(5) [4/3x100]
1996-1997	3	1095	94	9
1997-1998	3	1095	288	26
1998-1999	3	1095	242	22
1999-2000	3	1098	234	21
2000-2001	3	1095	408	37

Thus the utilisation of KoPT dredgers engaged for river dredging ranged between 9 and 37 *per cent* during 1996-2001 even, if allowance is made for number of days that the dredgers, may have required for their own repairs and maintenance, the percentage of utilisation would not be at desirable level considering the fact that maintenance dredging was required to be a continuous process. Out of three dredgers, one was always out of commission except in the year 1999-2000 when two dredgers were out of commission.

Delays in repairs of KoPT's own dredgers.

The Port Trust was amazingly slow to undertake action on repairs of its dredgers. A dredger 'Mahaganga', which was laid up for repair since January 1997 till August 2001 to complete its repairs. Since work order granted six months for repairs, the rest of the time was departmental delay. In this process , besides idle expenditure of Rs 6.31 crore during 1998-2001, KoPT also incurred an expenditure of Rs 230 crore for dredging of 18 m.cu.m by hired dredgers, which could have been done by Mahaganga.

Yet another instance of unplanned and careless use of the dredger was Suction Dredger (SD) Subarnarekha, which was deployed off SSOJ/Balari, Haldia region and other locations of river Hooghly from July 1998. Although HDC had bunkering arrangement, the dredger while operating in and around Haldia, was calling at Budge Budge for receiving fuel and fresh water travelling additional distance ranging between 67 and 152 kilometre. As a result effective dredging days were lost for every trip to Budge Budge in addition to consumption of fuel for the trip from Haldia region to Budge Budge.

It was only in October 1999, that the Chairman, KoPT directed the bunkering of the vessel at Haldia to avoid the wastage of dredging days. The vessel, however, continued bunkering at Budge Budge and only from February 2001 the vessel started receiving fuel at Haldia. During the period from July 1998 to January 2001 the vessel undertook 32 trips to Budge Budge for bunkering.

Scrutiny revealed that out of 32 trips, in 13 trips there was a total loss of 41 effective dredging days and thereby a loss of 99255 cu.m quantity of dredging occurred. In financial terms, these meant an extra expenditure of Rs 1.16 crore by way of loss of dredging days.

KoPT stated in November 2001 that the vessel needed High Speed Diesel (HSD) for the generators and Light Diesel Oil (LDO) for her main propulsion machinery and bunkering at Budge Budge was inescapable as LDO was not available at Haldia. But the fact remained that both HSD and LDO was being supplied to the vessel since February 2001 by tanker lorry as done for all other Haldia based vessels and this arrangement was not considered earlier in respect of SD Subarnarekha for reasons not on record. Hence the contention of KoPT is not tenable.

Performance of KoPT's dredgers vis-a-vis hired dredgers

Year	KoPT dredgers			Hired dredgers.		
	No.of dredgers worked	Qty.of dredging (in lakh cu.m.) / cost (Rs in lakh)	Qty.of dredging per dredger(in lakh cu.m) / cost per cu.m (Rs)	No.of dredgers	Qty.of dredging (in lakh cu.m.) / cost (Rs in lakh)	Qty. of dredging per dredger(in lakh cu.m) / cost per cu.m (Rs)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1996-1997	2	2.86/1057.87	1.43/369	4	106.56 /6520.66	26.64/61
1997-1998	2	4.87/783.10	2.44/161	4	118.17 /12624.33	29.54/107
1998-1999	2	4.09/881.73	2.04/216	8	248.02 /32810.39	31.00/132
1999-2000	1	4.18/752.90	4.18/180	10	205.72 /25476.69	20.57/124
2000-2001	2	5.67/1126.03	2.83/199	9	207.09 /26155.73	23.01/126
Average	2	4.33/920.33	2.41/212	7	177.11/ 20717.56	25.30/117

It is obvious from the table that the performance of hired dredgers was much better than KoPT's own dredgers. The average quantity of dredging per KoPT dredger was 2.41 lakh cu m whereas the same for hired dredger was 25.30 lakh cu.m. during the period 1996-2001. The average quantity of dredging per utilised day was 1.71 thousand cubic metres (t.cu.m) by KoPT dredgers and 14.11 t.cu.m. by hired dredgers during 1996-2001. The yearly average dredging per utilised day by KoPT dredgers also decreased by 46 *per cent* with reference to their performance in 1996-97.

The performance of KoPT dredgers *vis-a-vis* hired dredgers was very poor, cost wise this meant an extra outgo of Rs 20.67 crore during 1996-2001.

KoPT dredgers were also costlier to maintain and operate than that of the hired dredgers. Poor utilisation of fleet strength was the main contributory factor for higher dredging cost of KoPT dredgers. The obvious conclusion on such a dismal scenario by the departmental dredgers *vis-a-vis* the contractors' dredgers was to get the dredging done through contractors only. If that was done KoPT could have saved Rs 20.67 crore during 1996-2001.

The dismal record of KoPT dredgers gets highlighted more when one reckons the fact that the performance of the hired DCI dredgers was itself not satisfactory. The average dredging per utilised day decreased by 11 *per cent* during 1996-2001 with reference to the year 1996-97 whereas the cost of dredging per utilised day by DCI dredgers increased by 32 *per cent*. Despite engaging four dredgers per year during 1996-97 and 1997-98 for dredging operation, DCI could utilise only 1320 days out of 2920 days available for dredging which resulted in shortfall in dredging during 1996-98 at HDC.

2.2.4.4 Dredging operations through contracts

The methodology for measuring dredged quantities is a very important aspect of dredging. There are three basic methods of measuring the dredging done. These are :

Methods of measurement of work done.

(a) time duration measurement by fixation of daily rates which was followed by KoPT till May 2000.

(b) in situ measurement for determination of quantity dredged through pre and post dredging surveys by means of echo recorders fitted to survey launches and

(c) hopper volume measurement, whereby the quantity of soil taken on dredger is measured by applying a formula taking into account the bulk density of the dredged spoil determined through testing and a predetermined density of water alongwith the weight and quantity of dredged material determined through a computer fitted on the dredgers.

KoPT had only two big firms to whom contracts for dredging were awarded during this period viz. DCI and HAM. The table below describes the dredging work entrusted to these two firms during the period in question both on volume or unit rate basis and time rate basis.

Years	HAM		DCI	
	Mode of measurement	Quantity to be dredged by the contractor	Mode of measurement	Quantity to be dredged by the contractor
1996-1997	-	-	Time rate	Not provided in contract
1997-1998	-	-	-do-	-do-
1998-1999	Unit rate	8 m.cu.m	-do-	-do-
1999-2000	-do-	8 m.cu.m	-do-	-do-
2000-2001	-	-	Unit rate	-do-

All contracts with DCI till May 2000 were based on time rate for payments for dredging. The in-situ measurement of dredging i.e. the method for measuring pre and post dredging depths through surveys was used to identify bars to be dredged but was not used in any of the contracts to make payments. Hopper volume or unit rate measurement was followed in KoPT only from February 1998 to July 1999 for dredging contracts with HAM, a private company, and from June 2000 for dredging through DCI.

2.2.4.4.1 Time rated Contracts

These contracts were glaringly deficient on many counts: besides contract performance was shoddy and contract management by KoPT was virtually missing.

KoPT did not follow the Ministry's instructions of December 1994 regarding entrusting the dredging work on the basis of competitive bids to break the monopoly of DCI. Dredging contracts were continuously awarded to DCI from 1975-76 without evaluating its capabilities despite its poor performance as also cost-effectiveness through competitive bidding.. The only exception was in 1997-98 when the additional maintenance dredging was entrusted to HAM. HAM dredgers were more efficient than DCI dredgers which were unable to maintain the depth of 5.7 m and 6 m achieved by HAM at Jellingham and Auckland respectively.

The daily hire rate contracts did not specify the quantum of dredged material to be lifted per load, the number of dredging loads daily and the minimum bulk density of the dredged material. Nor did the contracts incorporate any performance guarantee clause regarding quantity to be lifted and depth to be achieved. The speed was specified only in respect of two dredgers. Thus KoPT did not ensure contractual obligation *vis-a-vis* achievement of depth and required quantum of dredging.

Scrutiny of bills for payment to DCI for dredging during the period 1996-2000, with reference to daily dredging reports revealed that despite deviation from contractual clauses and functional irregularities, KoPT took no action to make the necessary deductions which led to excess payment as detailed in subsequent paras. However, no safeguard against such unsatisfactory performance was provided in the contracts.

The contracts specified the speed of 13 knots for dredgers XII and XIV. However, KoPT made some deductions from the bills for slow speed taking an arbitrary average speed of 10 knots. There was thus excess payment of Rs 16.42 crore between 1996-2001 on this account in respect of the two dredgers. Even after taking into account the speed of 10 knots as considered by KoPT an amount of Rs 0.56 crore, as found on checking of bills and DDRs in respect of dredger XII for the year 1998-99, had not been deducted.

The dredgers had bottom door leakage because of which dredged material was discharged in the shipping channel itself during the journey from dredging site to dumping grounds.

Faulty operation of several hopper doors of two dredgers resulted in around 1000 cu.m. of mixture being retained in the hopper after dumping thereby reducing hopper capacity of each dredging cycle of the dredgers to approximately 3500 cu.m.

DCI Dredgers suffered from defects like bottom door leakage and non-operational hopper doors because of which KoPT made a payment of Rs 9.16 crore without getting desired results.

The financial implication of foregoing deficiencies viz. bottom door leakage of dredgers and non-operation of hopper doors in dredgers resulted in KoPT making excess payment of Rs 9.16 crore during 1996-2000 in the sample check in audit involving Rs 55.85 crore.

Dredging at Haldia Oil Jetty-I was carried out by a DCI dredger in January–February 2000, working 464.5 hours at daily hire rate of Rs 14.78 lakh. The contract provided for at least 16 hours dredging per day. Therefore, hire charges at the full rate were payable only for 16 hours work per day. It was seen that during the actual period of 41 days' dredging the dredger worked for more than 16 hours only on 11 days. Therefore, 30 days' payment should have been paid on pro-rata basis taking into account actual working hours against minimum working time of 16 hours as done by KoPT for dredging work at berths 4B and 12 of HDC. But payment was made to DCI at full rate for 29.03 days. No pro-rata deduction was made for the 30 days when dredgers failed to dredge for minimum of 16 hours daily. Due to non-application of the provision of agreement KoPT made an excess payment of Rs 43.86 lakh to DCI.

2.2.4.4.2 Quantity based contracts

2.2.4.4.2.1 Dredging contract with HAM

To clear the backlog of shortfall in dredging over past years, KoPT awarded the work of dredging in the Hooghly estuary in December 1997 to HAM through global tender at a tendered cost of Rs 280.45 crore for dredging 16 m.cu.m over a two year period. The work consisted of dredging at one main location (Jellingham) in the shipping channel to increase the depth of Jellingham to 5.8 metre below chart datum (MBCD) in the first year and to 6.3 MBCD in the second year. Limited dredging at another location (Auckland) was also to be done if required. The quantum of dredging as envisaged in the Bill of Quantities of the contract was 14 m.cu.m for Jellingham and two m.cu.m. for Auckland with the provision that requirement was approximate and it might vary subject to a limit of 20 *per cent*. Payment was to be made on the basis of actual quantity dredged. The KoPT assumed that the contractor had accepted their specification regarding the increase in depth and work would not be treated as complete unless the given depth was reached. The Chairman, KoPT while seeking sanction of the Ministry, also categorically mentioned that this was a depth guaranteed contract, unlike the existing dredging contracts, with provisions for safeguard against non-performance. However, this contention of KoPT was not borne out by facts subsequently when the issue of performance of the contract arose.

Work started in February 1998 and the contractor completed dredging of the requisite quantity by 22 June 1999 for which payment was made by KoPT even though, the contractor could achieve a depth of only 5.7 MBCD at Jellingham against the targeted depth of 6.3 MBCD stipulated in the contract. Work stopped on 18 July 1999 by which time the firm had dredged additional quantities without any **further improvement** in depth. The contractor claimed the performance of the contract and this was upheld by the Legal Advisor on account of deficiencies in contract conditions. A total amount of Rs 378.55 crore therefore became payable by KoPT. KoPT had paid Rs 369.52 crore till September 2001.

DCI pointed out ambiguities in proposed contract with HAM.

It was found by Audit that before entering into the contract with HAM, under the directions of Ministry, KoPT tried to obtain a price offer from DCI for the same scope of work, terms and conditions as in the Notice Inviting Tender (NIT) for global tender. In response, DCI expressed their apprehensions regarding the terms and conditions stating that achieving the stipulated depth was a theoretical assumption and might not be possible. Factors such as reshoaling would affect the problem of adhering to any equation relating volume of silt dredged to the depth to be achieved. They pointed out that if the desired depth was not achieved by dredging the estimated quantity, the eventual situation regarding performance of the contract would remain vague. Further, the DCI did not want to accept the clause on depth tolerance of 0.5 MBCD nor the clauses on Liquidated Damages and Warranty.

Advice of DCI disregarded.

Setting aside these apprehensions expressed by DCI in writing on 28 August 1997, KoPT entered into contract with HAM in January 1998 with the quantity and depth as well as provision for tolerance as stipulated in the NIT. In reality, the NIT itself was flawed in so far as the specification regarding the maintenance of a particular depth was concerned. On account of the fact that while estimating the required quantity of dredging , apart from bulk density and re-shoaling the side slope of the area to be dredged was not correctly estimated. A side slope of 1 in 15 was assumed while flatter side slopes of 1 in 55 and 1 in 75 should have been considered as per opinion of BE College.

In summary, therefore, despite expenditure of Rs 369.52 crore and additional liability of Rs 9.03 crore the objective of achieving requisite depth was not fulfilled.

2.2.4.4.2.1(a) Other Deficiencies in the Contract

(i) The Bill of Quantities which forms a part of the contract document stated that dredging of silted material amounting to 14 m.cu.m was to be done at Jellingham. The quantum of dredging was estimated assuming:

a) in-situ volume of the dredged material for the first year to be 3.5 m.cu.m with 100 *per cent* reshoaling. Therefore 7 m.cu.m would have to be dredged in the first year and 14 m.cu.m would be dredged in two years.

b) Average in-situ bulk density of dredged material was to be 1.79 gm/cu. cm.

Payments without regard for minimum stipulated bulk density of dredged material.

Bulk density is the density of the dredged material consisting of particles of variable sizes and characteristics. Bulk density is a deciding factor for working out the quantity of solids lifted from the river bed. The higher the bulk density, the greater is the weight of solids lifted indicating better achievement of depth. Dredged material having bulk density below 1.55 gm/cu.cm is mostly transient and colloidal in nature. Therefore dredging of material with this bulk density does not lead to any improvement of navigable depth.

The contract stipulated that the volume of dredged material would be computed considering its average bulk density, arrived at through random sampling.

Extra expenditure of Rs 7.43 crore on account of higher clay content in the dredged material.

BE College in its study reported that out of 116 samples of dredged material tested between November 1998 and June 1999, in 89 samples the clay content ranged between 15 *per cent* and 32.5 *per cent*. Test check of 64 samples in audit also showed that, as the clay content was more than 15 *per cent* KoPT certified and passed for payment 0.81 m.cu.m against 0.38 m.cu.m of material actually dredged resulting in extra expenditure of Rs 7.43 crore. This lapse occurred despite the fact that in the prescribed formats of daily dredging reports there are columns to separately note the sand, silt and clay contents of the material dredged which were not filled up at the time of measurement. Even after the mistake by pointed out by BE College study, KoPT did not deduct the excess payment already made from pending claims of the contractor.

KoPT did not incorporate any provision in the contract for proportionate adjustment of payable volume for variation of bulk density from 1.79 gm/cu.cm as it later date in the case of dredging by DCI from June 2000. Nor did it consider the fact that quantity to be dredged would increase if bulk density was lower than 1.79 gm/cu.cm. The actual bulk density of material dredged by HAM was found to be 1.63 gm/cu.cm on an average. Due to absence of any clause for proportionate adjustment of payable volume to in-situ bulk density in the contract an amount of Rs 21.39 crore could not be adjusted. KoPT also made an inadmissible payment of Rs 68.24 crore to HAM for dredging material with bulk density below 1.55 gm/cu.cm.

(ii) The contract did not contain any clause on liquidated damages nor any warranty clause, because the depth achievement clause itself was vague.

Though unit rates different for different locations, bulk density of material averaged for payments.

(iii) The unit rate of dredging for the two dredging locations, Jellingham and Auckland was different. For Auckland area, the rate was much lower. However the bulk density of material dredged at these two different locations was averaged in November, 1998 for computing the payable volume which resulted in net overbilling of Rs 13.80 lakh.

(iv) As per contractual stipulation payment was to be made on the basis of daily dredging and disposal record. But payment has been made only on the basis of daily dredging record and no record was maintained for disposal of dredged material. Thus there was no safeguard against the possibility of residual material remaining in the hopper after disposal thereby allowing for possibility of inflating the quantity dredged in the subsequent loads.

2.2.4.4.2.1(b) Payment beyond scope of contract and without sanction

HAM was permitted to dredge 1.303 m.cu.m at Jellingham beyond the contract stipulation. The Bill of Quantities in the contract clearly specified the quantity to be dredged at Jellingham (14 m.cu.m) and at Auckland (2 m.cu.m). Dredging at Auckland was mainly carried out through other agencies. The quantity specified in the contract i.e. 2 m.cu.m was to be dredged by HAM at Auckland only to maintain a 0.2 m higher draught at Auckland than at Jellingham. The rate of payment for dredging at Auckland was lower than at Jellingham. Thus the excess dredging at Jellingham should have been calculated on 14 m.cu.m$\pm$ 20 *per cent* which works out to 16.8 m.cu.m. Instead HAM was allowed to dredge 18.103 m.cu.m i.e. 1.303 m.cu.m above the stipulated quantity. This resulted in extra contractual payment of Rs 22.38 crore.

In November 1997 the Ministry approved KoPT's proposal for maintenance dredging through HAM at a total cost of Rs 280.45 crore. On the basis of the total quantity of spoil lifted by HAM the payable amount worked out to Rs 378.55 crore. This additional expenditure of Rs 98.10 crore being more than 10 *per cent* of sanctioned cost of the work required the approval of the Ministry in terms of section 93 of Major Port Trusts Act, 1963. But no approval from the Ministry was obtained by KoPT. Thus expenditure of Rs 98.10 crore was incurred without the sanction of the Ministry and was irregular.

2.2.4.4.2.2 Dredging entrusted without Agreement with DCI

Work order without agreement with DCI.

The dredging at unit rate was entrusted to DCI from June 2000 without executing any formal agreement. Although the requirement of dredging and depth was projected to DCI, KoPT have also failed to include any legal safeguards against non-performance despite the experience it had gained by then in dealing with the contract with HAM. DCI completed dredging in March 2001 but they also failed to achieve the required depth.

As mentioned in paragraph 2.2.4.4.2.1(a) earlier while commenting on contract with HAM, low bulk density of dredged material was largely responsible for the shortfall in the targeted depth.

Despite the significance of bulk density in assessing the quantity of dredged material in case of DCI bulk density was measured only from July 1999 although a column was provided for it in the DDR . Prior to this, KoPT calculated the total quantum of dredged material taking into account a predetermined bulk density of 1.79 gm/cu.cm across all dredging locations.

Payments however were made to DCI though effective bulk density was not achieved. In September 2000, KoPT assessed that 37.5 *per cent* of the total dredged material lifted by DCI during 19 July 1999 and 31 August 2000 had bulk density below 1.55gm/cu.cm. This would not have mattered for contracted payments to be made on the basis of time rate; however, for quantity based contract from June 2000 this amounts to excess payment. The port incurred an expenditure of Rs 75.80 crore in 2000-01 on dredging of material with bulk density below 1.55 gm/cu.cm. However it accepted a rebate of only Rs 40 crore from DCI for lifting material with low bulk density. This resulted in excess payment of Rs 35.80 crore.

Overall, comparison of daily hire rate with unit rate after KoPT started assessing bulk density, revealed that the unit rate of dredging from June 2000 was also not cost effective as the dredging cost per cu.m. during daily hire rate contract from July 1999 to March 2000 was Rs 77 whereas it was Rs 132 in case of unit rate during June 2000 to March 2001.

It was also found in audit that DCI entered into an agreement with a German dredger in March 2000 to supplement its dredging capacity against handling charges of five *per cent*. Had KoPT directly entered into the contract the amount of Rs 1.53 crore paid to DCI towards handling charges could have been saved.

Thus as a result of test audit it was found that excess payment amounting to Rs 113.02 crore as detailed below was made by KoPT to DCI and HAM during 1996-2001:

(i) Excess payment of Rs 16.42 crore on account of slower speed of dredgers than what has stipulated in the contract.

(ii) Excess payment of Rs 9.16 crore on account of bottom door leakage and reduction of hopper capacity of dredgers due to retention of undisposed materials in hopper.

(iii) Excess payment of Rs 43.86 lakh on account of hours not worked by the dredger.

(iv) Extra payment of Rs 7.43 crore on account of higher clay content in dredged material than tolerable leading to increase in volume paid for.

(v) Excess payment of Rs 21.39 crore on account of non-adjustment of actual bulk density to 1.79 gm/cu.cm.

(vi) Excess payment of Rs 22.38 crore on account of dredging more than the stipulated quantity.

(vii) Excess payment of Rs 35.80 crore on account of material dredged by DCI with bulk density below 1.55 gm/cu.cm.

In addition to excess payment as mentioned above, unfruitful expenditure of Rs 68.24 crore on account of material dredged by HAM with bulk density below 1.55 gm/cu.cm was also incurred.

2.2.4.5 Disposal of dredged material

Management of dredged material is an important aspect of dredging. The material can be beneficially utilised for some productive purpose, viz. habitat restoration/enhancement, aquaculture, agriculture, forestry, horticulture, port development, development of urban and residential areas among other things. However, the dredged material of KoPT is not being gainfully utilised and is being dumped in the river itself.

Dumping and disposal of huge quantities of dredged material (around 15 to 20 m.cu.cm *per annum*) is one of the serious problem facing KoPT. The practice of dumping the material in deep pockets inside the estuary could not be continued after January 1998 due to shoaling of all such pockets. From February 1998 the dumping is done at sea-face off Saugor dumping buoy to allow the dumped material to be taken into the deep bay. Since such dumping is done during flood tide as well as ebb tide there is always a strong possibility of the dredged material returning back to the estuary during flood tide.

Para 20 of Report no. 9 of 1988 of the Comptroller and Auditor General of India mentioned that deterioration of depth at Jellingham Shoal despite intensive dredging was seen from 1975. This was due to recirculation of a significant *per cent*age of the dredged material. A scheme for shore disposal at Jellingham was commissioned in December 1977 which envisaged pumping of four .m.cu.m of dredged spoil annually till August 1979. Of this 2.5 m.cu.m could be pumped ashore upto May 1986. The scheme was not cost effective and was finally abandoned in June 1986 due to non-availability of land.

Recommendations of experts continued to be disregarded.

KoPT formulated a comprehensive scheme for improvement of draught in the river in 1981 which included a shore disposal terminal at Nayachara based on the Consultant's report. However in 1990 the Ministry deferred work on this component of the scheme. There is nothing on record to indicate that KoPT took any further decision on shore disposal till 1995 when due to the alarming condition of the navigational channel, discontinuation of free dumping within the river and setting up a terminal at Nayachara was again considered. However, KoPT's efforts did not bear any fruit since no bids for alternative proposal for dredging with shore disposal at Nayachara was received. Nor did development of Nayachara Island as envisaged in the alternative proposal take place.

Despite Nayachara island being available of dumping, KoPT delayed decision till May 2001.

KoPT stated in September 1999 that Prof. Sundermann, a leading expert in this field, while examining the comprehensive river regulatory scheme also ruled out dumping of dredged material in the river. He had indicated the location of the disposal grounds which included Nayachara island. The Ministry of Environment gave the necessary clearance for shore dumping at these locations in May 2000. However, instead of setting up the terminal at Nayachara where land was already available, KoPT identified several other sites for shore disposal without carrying out the necessay surveys. It was only in May 2001 that KoPT in consultation with DCI finally decided upon Nayachara Island as the site for shore disposal terminal.

Thus though land at Nayachara for dumping of dredged material was available from July, 1980 and KOPT was also aware of the urgency of setting up a shore disposal terminal as early as 1978; till October 2001 the terminal has not been set up. In sum therefore this has not been given consideration it deserved despite its urgency.

In the absence of the necessary infrastructure KoPT could carry out shore disposal of material amounting to 6.16 lakh cu.m. only dredged at just one location during maintenance dredging in 1999-2000.

2.2.4.5.1 Adverse impact of lack of Shore Disposal

Dumping of dredged material in the river bed had adverse impact as detailed below :

(i) CHE in his report of April 1996 stated that free dumping of dredged spoils at deep locations within the river had contributed to the adverse developments in the estuary, specially in the Haldia-Balari channel. At least 10 to 15 *per cent* (22-33 m.cu.m) of the total quantity dredged in the last 15 years (225 m.cu.m) must have recirculated within Haldia-Balari channel resulting in accretion specially at the western face of

Nayachara Island, thus constricting the channel near Haldia anchorage. KoPT was aware of this from 1992-93 when radiotracer studies indicated that the dumped material had largely gone to the shallow side i.e. on the western face of the Nayachara island.

43 *per cent* of dredged material continuously circulating back to main channel.

(ii) In a survey carried out in May 2001, the Chief Hydrographer, KoPT, stated that 27.5 m.cu.m. of material constituting 43 *per cent* of the dredged spoil was circulating back to the main channel leading to Kolkata and Haldia as the Saugor dumping area was already saturated and could no longer hold the dredged spoil. Thus dredging of 27.5 m.cu.m. of material at an expenditure of Rs 206.25 crore was rendered ineffective. This re-circulation also resulted in substantial deterioration of the western channel.

(iii) The disposition of dredged material at 'Saugor buoy' involved a journey time of 18 to 19 hours daily, for covering an approximate distance of 40 kilometres. Effective dredging was thus limited to only 5 to 6 hours and 4 to 5 loads daily. This not only slowed down dredging but also increased reshoaling as rate of dredging has a direct impact on reshoaling.

(iv) Audit scrutiny revealed that 'Maragolia Buoy' was used as dumping site upto January 1998 but during the period 2000-2001 a quantum of 10.62 lakh cu.m of dredging was carried out 6-7 knots away in 'Maragolia Crossing'. Thus due to wrong selection of disposal site KoPT had to incur an expenditure of Rs 10.65 crore on dredging at this location.

Thus due to lack of effective action on part of KoPT the shore disposal terminal has not been set up thereby reducing actual dredging time and resulting in increased recirculation of dredged material. Moreover the objective of reducing annual maintenance dredging as recommended by Gole Committee as early as 1978 could not be achieved even till November 2001.

2.2.4.6 Impact of shortfall in depth on revenue earnings.

Failures to maintain channels impacted revenues of the Port.

KoPT admitted that due to non availability of draught, traffic was diverted to other ports resulting in loss of revenue to KoPT. The port assessed that every one metre increase in depth yielded revenue of Rs 66.95 crore on increased cargo handling in HDC. As the shortfall in navigable depth ranged between 1.5 m and 1.9 m in 1996-2001 HDC had to forego an increase of Rs 575.78 crore in its cargo handling income during this period as bigger vessels could not be accommodated. The port did not work out the corresponding increase in income in case of KDS.

Due to inadequacy of desired depth for accommodation of bigger vessels at Haldia, lighterage operation commenced from September 1997 alternately at Saugor and at Sandheads (only in winter) through transfer of cargo from bigger vessel to daughter vessel. But due to draft restriction at Saugor, during 1997-2001 Suez Max tankers had to lighterage at Vizag as the draft at Saugor permitted load of only around 50000 Metric tonne (MT) instead of the full tanker load of 140000 MT. Thus, inspite of lighterage operation, the vessel with full load could not be accommodated in HDC, thereby causing revenue loss to KoPT amounting to Rs 49.69 crore during September 1997 to January 2001. Moreover, to promote transhipment of crude traffic at KoPT, the BoT of KoPT sanctioned in August 1997 levy of single wharfage in supersession of scale of rates provision for 1.5 times wharfage. This resulted in decrease of revenue earnings by Rs 42.56 crore during the period from September 1997 to March 2001 apart from incurring expenditure of Rs 10.74 crore on hire charges of tugs deployed for lighterage operation.

It was seen in audit that due to decrease of depth by one metre in KDS during April to November, 1997 the POL traffic decreased by 0.88 Million metric tonne leading to revenue loss of Rs 7.52 crore.

2.2.5 Idle associated facilities for dredging

For the survey work connected with dredging KoPT maintained two survey vessels and ten survey launches during 1996-2001. The years when the survey vessels and launches were completely lying out of commission alongwith operating cost there against are shown below :.

Year	No. of survey vessels lying out of commission.	Operating expenditure of the vessel lying out of commission *(Rs in crore)*	No. of survey launches lying out of commission	Operating expenditure of the launches lying out of commission *(Rs in crore)*
(1)	(2)	(3)	(4)	(5)
1996-1997	1	0.75	3	0.24
1997-1998	1	0.53	5	0.39
1998-1999	2	1.31	9	0.68
1999-2000	2	2.56	9	0.65
2000-2001	-	-	7	0.49

Thus, failure to utilise the survey vessels and launches resulted in idle operating cost of Rs 7.60 crore during 1996-2001.

Two launches were attached with two KoPT dredgers for catering to any exigencies. Launches 'Satrughna' and 'Kush' were lying out of commission for the period of four and three years respectively during 1996-2001. Thus, failure to utilise the launches resulted in idle operating cost of Rs 0.72 crore during 1996-2001.

The matter was referred to the Ministry in November 2001; their reply was awaited as of January 2002.

Section B - Transaction Audit Paragraphs

CHAPTER III : MINISTRY OF COMMERCE

Department of Commerce

Export Inspection Agencies, Chennai, Kochi, Kolkata and Mumbai

3.1 Undercharging of monitoring fee

Failure on the part of Export Inspection Agencies, Chennai, Kochi, Kolkata and Mumbai to collect monitoring fee at the prescribed rates from processing Establishments/Factory Vessels resulted in undercharging of monitoring fee amounting to Rs 2.83 crore.

Ministry of Commerce vide its notification of August 1995 entrusted the work of regular monitoring of Processing Establishments/Factory Vessels to Export Inspection Agency (EIA) to ensure that the fish and fishery products intended for export were handled, processed at all stages of production, storage and transport under proper hygienic conditions. For this purpose monitoring fee at the rates prescribed in the notification were to be collected from the Processing Establishments/Factory Vessels as under:

Unit Export Turnover	Monitoring Fee
Under Rs 10 crore *per annum*	0.2 *per cent* of Free on Board (FOB) value of exports
Rs 10 crore and above *per annum*	0.15 *per cent* with a minimum of Rs 2 lakh and maximum of Rs 5 lakh *per annum*

It was noticed that EIA, Chennai was collecting monitoring fee at a flat rate of 0.075 *per cent* of FOB value of exports instead of at the rates as notified in August 1995. This resulted in undercharging of monitoring fee of Rs 1.61 crore from 101 Processing Establishments/Factory Vessels for the period from August 1995 to March 1997.

EIA, Chennai stated in August 2001 that the monitoring fee at 0.075 *per cent* of FOB value was collected as per the directives received from the Export Inspection Council. It was further stated in October 2001 that there was no progress in collection of differential amount of monitoring fee in view of the stiff opposition from the trade, which the Ministry was fully aware of. E1A, Chennai in their reply also admitted that the Head Office and most of the sub offices were charging monitoring fee at the prescribed rate from November 1996.

Audit scrutiny of EIAs at Kochi, Kolkata and Mumbai also disclosed under charging of monitoring fee to the extent of Rs 1.22 crore as of December 2001.

Thus, failure of the EIAs, Chennai, Kochi, Kolkata and Mumbai to collect the monitoring fee at the rate prescribed as per notification issued in August 1995 resulted in undercharging of monitoring fee amounting to Rs 2.83 crore from the Processing Establishments/Factory Vessels from August 1995 to March 1997.

The matter was referred to the Ministry in August 2001; their reply was awaited as of January 2002.

Rubber Board, Kottayam

3.2 Failure to claim exemption from payment of customs duty and central excise duty due on imported machinery

Rubber Board failed to obtain exemption from payment of customs duty/central excise duty due on imports for World Bank aided projects and thus incurred avoidable expenditure of Rs 1.13 crore.

Government of India (GOI) exempted (July 1999) payment of duty of customs and additional duty on all goods imported for execution of World Bank (WB) aided projects. Rubber Board (Board), Kottayam which executes the India Rubber Project with assistance of WB, imported machinery worth Rs 2.21 crore for its two factories during 1999-2000 and paid customs duty and additional customs duty of Rs 1.10 crore thereon. Reason for not availing of the exemption from customs duty were not intimated to audit.

Similarly, supplies to projects financed by WB were exempted (August 1995) from excise duty on production of a certificate from the nodal Ministry to the effect that the said project was a project financed by WB and duly approved by GOI. Two 320 KV generator sets costing Rs 19.95 lakh inclusive of excise duty of Rs 2.49 lakh were purchased by the Board in March and April 1999.

Thus, failure of the Board to avail the exemptions from payment of customs duty and excise duty, led to avoidable expenditure of Rs 1.13 crore.

Ministry stated (August 2001) that the Board was not aware of the notifications exempting payment of customs duty/central excise duty and that action was being taken to claim the refunds.

The fact remains that despite having a separate post of Director (Finance) in Board, it failed to keep a track of such notifications.

CHAPTER IV : MINISTRY OF FINANCE

Securities and Exchange Board of India, Mumbai

4.1 Avoidable loss in acquiring of office space

Securities and Exchange Board of India, Mumbai hired expensive office space without following normal procedures which resulted in blocking of deposit amount of Rs 4.60 crore for over four years after expiry of agreement for 'leave and licence' and loss of interest and extra expenditure on rent amounting to Rs 8.17 crore.

To meet the requirement of additional space, Securities and Exchange Board of India (SEBI), Mumbai with the approval of the Board decided in May 1994 to acquire office space on the 15 floor of Earnest House at Nariman Point, Mumbai on leave and licence basis. Without resorting to press advertisement seeking offers and/or tendering procedure the SEBI executed a leave and licence agreement with M/s 'A', Mumbai (licensor) on 1 July 1994 and took legal possession of the accommodation measuring 8000 sq.ft. on July 6, 1994 for a period of three years. As per agreement the SEBI paid a security deposit of Rs 4.60 crore . The agreement, *inter alia* included the following terms and conditions:

(i) that the licensor would provide the premises complete with furniture, fixtures, fittings and other amenities at the time of occupation;

(ii) that the licensor would pay annual interest of Rs 41.40 lakh on the security deposit of Rs 4.60 crore at the rate of 9 *per cent*;

(iii) that the licensee (SEBI) would pay a monthly rent of Rs 19.20 lakh inclusive of taxes;

(iv) that the licensee would pay Rs 2 lakh per day in the event of their not vacating the premises on expiry of the agreement i.e. from the day following June 30, 1997 and

(v) that the licensee shall be under no obligations either to vacate the premises or pay the liquidated damage in the event of failure by the licensor to refund the deposit amount of Rs 4.60 crore on the date of expiry of the period of licence.

Audit scrutiny revealed that as the licensor failed to refund the security deposit of Rs 4.60 crore, the SEBI did not vacate the premises in July 1997 as per the terms of the agreement. SEBI filed a law suit in May 1998 and since then stopped the payment of rent. The matter was still pending in the court (July 2001). Audit scrutiny revealed that the following irregularities:

1. SEBI while acquiring the premises did not go for open tendering nor did it make any attempt to get the property valued before venturing into such huge financial commitment with a private party.

2. SEBI could not occupy the premises immediately from July 1994 as the licensor did not provide amenities as per the terms and conditions of the agreement. It is only after protracted correspondence, that SEBI succeeded in getting those amenities and finally occupied the premises only from May 1995, after the delay of 10 months by which time the SEBI had to pay Rs 1.92 crore towards rent.

3. Though the agreed monthly rent payable was Rs 19.20 lakh inclusive of taxes, the actual outgo of rent per month from SEBI stood at Rs 22.65 lakh [Rs 19.20 lakh + Rs 3.45 lakh (18 *per cent* interest on security deposit of Rs 4.60 crore less Rs 3.45 lakh per month to be paid towards nine *per cent* interest, by the licensor)]. Further the market rate of rent for the premises was Rs 6.7 lakh per month. Taking this into account SEBI had paid excess rent of Rs 12.50 lakh per month (Rs 19.20 lakh minus Rs 6.7 lakh) amounting to Rs 4.50 crore for the total "leave licence" period as per the agreement from July 1994 to June 1997 and as against this, SEBI could accept the liability of Rs 3.22 crore which they would have otherwise paid as market rent for the subsequent period from July 1997 to June 2001 (Rs 6.7 lakh x 48 months).

4. The licensor defaulted in making payment of nine *per cent* interest on deposit of Rs 4.60 crore to SEBI from July 1996. The loss of interest at the differential rate between the market rate of 18 *per cent* and the interest of nine *per cent* paid by the licensor amounted to Rs 82.80 lakh for July 1994 to June 1996. In addition to this, the amount of interest as per the market rate of 18 *per cent* on this deposit for the period from July 1996 to June 2001 amounted to Rs 4.14 crore.

5. There was no enabling provision in the agreement to take possession of the property in case the SEBI wanted to do so to make good the loss on deposit.

In reply SEBI stated in February 2000 that matter was pending in a court of law and even an attempt to effect out of court settlement with the licensor failed as the licensor had no liquidity.

Thus, in addition to blocking of the deposit amount of Rs 4.60 crore for over four years, after expiry of agreement for 'leave and licence' SEBI had to suffer a financial loss of Rs 8.17 crore on account of interest forgone and excess rent paid as of June 2001.

The matter was referred to the Ministry in June 2000 and again in October 2001; their reply was awaited as of January 2002.

4.2 Irregularities in hiring of residential flats resulting in blocking of deposit amount and loss of interest

Securities and Exchange Board of India, Mumbai hired residential flats without following proper procedure. This resulted in a loss of Rs 3.66 crore on account of interest besides blocking of deposit Rs 8.05 crore up to February 2001 and Rs 7.45 crore as of July 2001.

SEBI hired five flats in prime locations at South Mumbai and Juhu on leave and licence basis for a period of three to five years. The terms and conditions of the agreement *inter-alia* included the following:

1. The licensor would pay prescribed rate of interest on the deposit.
2. The licensor would pay penal interest at prescribed rate if he fails to refund the deposit by due date.
3. The licensor would refund the deposit on vacation of the flats by the licencee (SEBI).

These flats were allotted to the officers of SEBI including three deputationists who had come from other Government departments.

I The analysis of rent paid together with interest earned on deposit paid to the owners revealed that the real rent per flat worked out between Rs 0.85 lakh and Rs 1.93 lakh per month. It was further noticed that SEBI did not go through the process of press advertisement before hiring the flats. Furthermore, the decision to hire the flats was taken by the Chairman alone and not by the Board. The total expenditure on rent incurred by SEBI on hiring these flats up to July 2001 worked out to Rs 28.16 lakh besides deposit of Rs 8.05 crore with licensors of the flats at much lower rates of interest than usual market rate which is adopted by audit at 18 *per cent*.

Following table indicates the analysis of rent paid, interest paid on the deposits, interest foregone due to adoption of unrealistic lower rates of interest and the effective monthly financial implications for hiring these flats.

(Rs in lakh)

Sl. No.	Location of the building	Date of occupation and period upto which hired	Rent per month (Rs)	Deposit and rate of interest on deposit	Deposit refunded date and amount	Cost of capital foregone i.e. 18 *per cent* less interest rate on deposit	Interest foregone upto July 2001	Rent upto July 2001	Total rent and interest foregone (upto July 2001)	Effective monthly equivalent
1.	Bhaveshwar Sagar, N. Sea Road	26.2.96 to 25.2.01 (Continued further)	10000	220 8 *per cent*	9.3.01 10.00	10 *per cent*	110..00 008.75 118.75	6.50	125.25	1.92
2.	Juhu Tara Road	23.11.96 to 30.11.01	3500	150 8 *per cent*	-	10 *per cent*	70	1.96	71.96	1.28
3.	161, 'B' Wing, Sky Scraper	14.1.97 to 13.1.02	10000	140 8 *per cent*	-	10 *per cent*	64.16	5.50	69.66	1.26
4.	Jolly Maker (Cuffe Parade)	1.4.98 to 31.3.01 (continued further)	7500	230 10 *per cent*	31.3.01 20.00 30.4.01 30.00	8 *per cent*	55.20 01.40 03.60 60.20	3.00	63.20	1.58
5	Sea Lord, Cuffe Parade	3.12.96 to 2.12.01	20000	65 6 *per cent*	-	12 *per cent*	36.40	11.20	47.60	0.85
Total				**805.00**	**60.00**		**349.51**	**28.16**	**377.67**	-

II Further, audit noticed the following points in the individual agreements for hiring of the flats:

1. In respect of hiring of flat at Sl.No.1 above the following points were noticed :

(a) the flat at Bhaveshwar Sagar was proposed by the occupant Shri Ashok Kacker himself and the same was considered and finalised by SEBI as per the practice. As per the guidelines of SEBI, the allottee was entitled for a total area of 1500 sq. ft. and according to the beneficiary occupant the area of the flat was 1500 sq. ft. only, however, SEBI did not get the area actually measured by any technical authority. SEBI stated that the requirement was noted for future.

(b) Though SEBI was satisfied about the reasonableness of deposit, interest and rent etc. no formal valuation certificate was obtained from any competent authority.

(c) SEBI had decided to surrender this costly residential accommodation as early as 25 February 2001 without further renewal but it had not yet been surrendered (September 2001). Further, Shri Kacker was repatriated to his parent department with effect from 26 April 2001, however, he continued to occupy the same premises upto September 2001 and likely to continue upto December 2001 as per the terms of the deputation and Government rules.

(d) Sanction of the Chairman for hiring of the accommodation on payment of heavy deposit of Rs 2.20 crore was obtained, however, specific sanction of the Board was not obtained.

2. In respect of residential accommodation at Sl.No.3 though the occupant Shri L.K.Singhvi was repatriated to his parent department with effect from 18 May 2001 he continued to occupy the same premises hired by SEBI, as of September 2001 and likely to continue further until January 2002.

3. The licensor of the flat "Sea Lord", Cuffe Parade failed to pay interest at the rate of six *per cent* as per the agreement, on the deposit amount from April 1997 amounting to Rs 16.90 lakh upto July 2001. SEBI filed a suit in the court in October 1999 for payment of interest. In the absence of any enabling provision in the agreement SEBI would not be in a position even to acquire the flat to redeem the deposit. Thus, SEBI had to face such situation on account of non-observance of proper procedure in regard to hiring of residential flats and drafting of agreements.

4. That there was no penal clause in the agreement to recover the interest nor was there any enabling clause to acquire the flats in the event of the licensor failing to pay the interest and/or to refund the deposit.

Section 4(3) of SEBI Act 1992 provides as under:

"Save as otherwise determined by regulations the Chairman shall also have powers of general superintendence and direction of the affairs of the Board and may also exercise all powers and do all acts and things which may be exercised or done by the Board". It was however noticed by Audit that there were no specific regulations regarding powers to be exercised by the Chairman for day-to-day functioning of the organization. Thus, there was no differentiation between the powers of the Chairman with that of the Board, as a result of which important decisions involving high financial implications were not placed before the Board.

SEBI while admitting the facts stated that the flats had to be leased for very senior executives, decision to take flats on lease basis was advantageous when compared with the capital outflow involved in purchasing flats, their surplus funds carried maximum interest of 11 *per cent per annum* and loss of interest pointed out was notional.

The contention is not tenable. In the absence of its own rules and procedures for hiring accommodation SEBI should have followed rules and procedures for hiring accommodation by a Government organization which should have afforded better financial option with less financial commitment while meeting the needs. The simple interest @ 18 *per cent per annum* has been adopted for working out the interest foregone based on the rate of interest payable by the licensor in case of default as per terms of the lease agreement.

Thus SEBI had to suffer financial loss of about Rs 3.66 crore (Rs 3.49 + Rs 0.17 crore) besides blocking of funds to the extent of Rs 8.05 crore up to February 2001 and Rs 7.45 crore as of July 2001, besides litigation in one case.

The matter was referred to the Ministry in June 2000 and again in November 2001; their reply was awaited as of January 2002.

CHAPTER V : MINISTRY OF HEALTH AND FAMILY WELFARE

Department of Health

National Institute of Biologicals

5 Wasteful expenditure

Needless hiring of additional space by National Institute of Biologicals led to wasteful expenditure of Rs 51.05 lakh.

The Government of India, Ministry of Health and Family Welfare, set up National Institute of Biologicals (NIB) for testing of vaccines and biological products and it started functioning in a hired building at Jhandewalan Extension, Rani Jhansi Road, New Delhi pending completion of its permanent building complex at NOIDA.

Scrutiny of records revealed that NIB hired an additional space of 780 sq.ft. for a period of five years on the ground floor of its rented premises in September 1997, for installation of an electrical sub-station of Delhi Electric Supply Undertaking (DESU) in order to augment the power supply required for interim facility laboratory and an air-conditioning plant. NIB got the terms and conditions of the lease agreement approved from the Ministry in May 1997 while proposal for hiring ground floor was not even placed before its Governing Body (GB). When the proposal came up before the GB in their meeting on 28 April 1998 it was not approved. Instead the GB decided that the buildings nearing completion at the NOIDA campus of NIB should be put to use and in order to save the expenditure of rent, the laboratories should also be shifted to NOIDA.

Before submitting the proposal to its GB, NIB had incurred an expenditure of Rs 2.73 lakh for construction of plant room, Rs 2.45 lakh for seepage treatment and Rs 4 lakh for renovation/alteration (paid to land lord) on rented ground floor besides recurring payment of monthly rent @ Rs 85 per sq. ft. (with 10 *per cent* annual increase).

After a year of the decision taken by the GB, NIB asked the landlord, in March 1999 to terminate the said lease agreement and take back physical possession of vacant premises of ground floor. The landlord did not comply on the plea that the agreement was made for five years and as per Clause 13 of the agreement NIB would not terminate the lease at any time before the expiry of first term of five years. NIB formed a committee to negotiate with the lessor and ultimately handed over the premises to landlord on 15 May 2001 after paying six months rent in lieu of six months notice with effect from 16 May 2001. In all NIB paid a sum of Rs 38.87 lakh to the landlord on account of rent alone (including six months rent in lieu of notice) for the additional space, which was not used even for a single day for the period from 16 September 1997 to 15 November 2001. In addition NIB paid Rs 3 lakh to bring the premises to its original condition before handing over possession.

Thus, improper planning on the part of NIB led to wasteful expenditure to the tune of Rs 51.05 lakh.

The Ministry while confirming the facts in November 2001 stated that the ground floor was used for accommodating emergency Diesel Generating Set and Storing Engineering goods and that the issue of acquisition of ground floor on rent was within the knowledge of GB, though it did not have their specific approval.

CHAPTER VI : MINISTRY OF HUMAN RESOURCE DEVELOPMENT

Department of Culture

Indira Gandhi Rashtriya Manav Sangrahalaya Bhopal

6.1 Loss due to non-execution of agreement

Loss of Rs 4.41 crore due to non-execution of agreement with capital project administration for construction of Indoor Museum.

The Executive Council, Indira Gandhi Rashtriya Manav Sangrahalaya (IGRMS) vide its resolution passed in the year 1988, resolved to construct an Indoor Museum at an estimated cost of Rs 6 crore inclusive of building work, water supply, sanitary and internal electrification. After completion of design and cost estimates IGRMS short listed two Government Agencies, viz. Capital Project Administration (CPA) of Madhya Pradesh (MP) Government and Madhya Pradesh Housing Board (MPHB), a Government of Madhya Pradesh (GOMP) undertaking and requested them to submit their offers for the above work. Accordingly, both these agencies after due and careful consideration of design finalisation submitted their rates for carrying out the work.

The estimate for Rs 7.50 crore submitted by CPA was duly considered and accepted by the Finance Committee (FC) of IGRMS, headed by the Financial Advisor of the Department of Culture of Ministry in its meeting held on 8.3.92 and administrative approval was accorded by the Executive Council (EC) in its meeting held on 16.3.92. CPA also agreed to complete the museum building within 13 months from the date of commencement of the work.

IGRMS however, did not execute any agreement with CPA but entrusted the work in July 1992 with the stipulation to complete the work by August 1993 and released an advance of Rs 15 lakh on 4.9.92. CPA in turn, after a gap of one year six months entered into an agreement on 20.1.94 with M/s 'A' (Bhopal) on the basis of item rate tender at an estimated cost of Rs 5.42 crore. IGRMS had released an advance of Rs 4.48 crore upto 31.1.96 to CPA.

According to clause 2.6 read with clause 13 of the agreement between CPA and the contractor, the Superintending Engineer (SE), CPA was not competent to sanction any rate/amount over and above the sanctioned item or amount, except upto 10 *per cent* for such items.

It was observed that the contractor was paid item rates at exhorbitant rates beyond the permissible limit mentioned in Schedule of Rates (SOR) and approved estimate and in 10 such cases though these 10 items were available in SOR, different nomenclature was used to disguise the item as extra and non-scheduled items. This has resulted in avoidable excess payment of Rs 140.47 lakh to the Contractor.

A reference was made vide paragraph No 5.2 in Comptroller and Auditor General's Audit Report (Civil) of GOMP for the year 1996-97 pointing out the irregularities in execution of agreement and sanction of rates for extra items indicating (i) that though an agreement in terms of MPWD manual was supposed to be executed between CPA, Bhopal and IGRMS the same could not be entered because of insistence of IGRMS for inclusion of arbitration clause (ii) sanction of exorbitant rates for extra/modified items.

(a) SE, CPA sanctioned (August 1994) rates for "Form work for star type octagonal/ornamental columns" at Rs 414 per sq. mt. against of Rs 35 per Sq. mt. provided in agreement, resulting in extra expenditure of Rs 17.37 lakh. The Architect however, stated (March 1996) that construction drawings hardly varied from the tender drawings. (b) the agreement provided an item for centering and shuttering for suspended floors, roofs, landings, shutters and their supports, balconies, chhajjas etc. @ Rs 125 per Sq. mt. SE sanctioned (August 1994) rate of Rs 450 per sq mt. for this item. (c) Estimate provided for "Form work for waffle slab upto 3.5 mts. height as per architectural drawings with 12 MM thick shuttering etc. complete" with a condition that the expenditure on this item should not exceed Rs 17.70 lakh. However, it was noticed that an amount of Rs 65.40 lakh was spent on this item against the estimates of Rs 17.70 lakh resulting in excess expenditure of Rs 47.70 lakh. It was further observed that nomenclature of an extra item could not change the basic fact that this was a centering for roof slab. The architect (March 1996) in this case also observed that the construction drawings hardly varied from tender drawings. (d) Similarly rates for centering and shuttering for vaults and dome, was sanctioned (March 1996) much exhorbitantly at Rs 1401.50 per Sq. mt. as against of Rs 200 per Sq.mt. attracting an extra cost of Rs 24.62 lakh. While sanction for centering and shuttering for shell was awaited (February 1996), the rate for providing and removing staging for columns for height above 3.5 mt. was sanctioned by SE at Rs 328 per Sq.mt. with financial limit of Rs 16.28 lakh. This sanction was irregular because schedule of quantities did not contain any limitation of height for this item of work.

At the instance of IGRMS and CPA, the contractor stopped the construction work on 22.3.96 and the construction remained stand still for more than two years. IGRMS was compelled to engage M/s 'B' for completion of the left over work after approaching the Government agencies like CPWD, NBCC. The left over work was awarded to M/s 'B' for an amount of Rs 5.20 crore plus supervision charge of 16 *per cent* which comes to Rs 0.83 crore i.e. Rs 6.03 crore. Thus IGRMS was required to pay a total sum of Rs 6.03 crore to M/s 'B' for the remaining left over work for which an advance of Rs 6.30 crore was released to M/s 'B' as on 31.3.2001.

IGRMS went into litigation (June 1998) against the CPA for appointment of Arbitrator in the Hon'ble High Court of MP, Bench Jabalpur and the case was dismissed with the reasons that in the absence of agreement with CPA the writ petition was not maintainable. IGRMS then filed a civil suit in June 1999 against CPA for recovery of Rs 3.98 crore.

FC which had approved the estimates was chaired by Financial Advisor of the Ministry and EC who had approved the recommendation of FC for award of work to CPA was chaired by the President, Rashtriya Manav Sangrahalaya Samiti also failed to point out the lapse in award of work without entering into written agreement with CPA.

Had IGRMS entered into proper agreement with CPA before awarding the work and release of advance, the loss of Rs 4.41 crore, as detailed below could have been avoided.

Amount of loss ***(Rs in lakh)***

1	Excess amount required to be paid to M/s 'A' towards the cost paid for completion of left over work with supervision charges @ 16 *per cent*	287.00
2	Excess amount paid by CPA to the contractor	140.47
3	Court fee paid	12.54
4	Legal fee paid	0.55
	Total	**440.56**

Besides this legal fee Rs 0.65 lakh yet to be paid.

The matter was referred to the Ministry in September 2001 in reply Ministry stated (January 2002) that matter was subjudice.

6.2 Undue favour to producer

Undue benefit to private film maker resulted in blocking of Indira Gandhi Rashtriya Manav Sangrahalaya funds of Rs 12.11 lakh besides loss of interest of Rs 14.96 lakh on blocked amount.

IGRMS, Bhopal decided in March 1993 to produce a 40 minutes documentary film on the Society, Culture, Customs of the HILL KORWA TRIBE of Madhya Pradesh at an estimated cost of Rs 10 lakh. Accordingly, an agreement was entered by the IGRMS with Shri 'A', Bombay in March 1993.

The payment clause of agreement envisaged release of payment in four instalments of 10, 40, 30 and 20 *per cent* at various stages of film ending viz first stage script, commencement of shooting, after rough cut approval and within 15 days of delivery of the release prints respectively.

According to agreement the work was to be completed and handed over alongwith Hindi and English version of film to IGRMS by the end of March 1994. IGRMS released Rs 5 lakh on 31.3.93. The producer, without completing the film by March 1994, suggested increasing the duration of film from 40 to 65 minutes which was accepted by IGRMS who entered into revised agreement on 15 December 1994 enhancing the cost at Rs 14 lakh with increased duration from 40 to 65 minutes; it released further advance of Rs 5 lakh on 17 December 1994. The film was to be completed within one year from the date of revised agreement. In the meantime Shri 'A' died in 1995 and IGRMS entered into another revised agreement with Shri 'B' on March 1997 again reducing the length from 65 to 50 minutes at a cost of Rs 12.61 lakh with a completion date of 31 July 1997.

IGRMS in violation of the terms of payments of agreement and before completion of film had already paid Rs 10 lakh and further agreed as per new agreement to pay Rs 1.30 lakh immediately and the balance Rs 1.31 lakh within 15 days of the delivery of the release print. The amount of Rs 1.30 lakh was paid on 31 March 1997.

The Hindi version of film was handed over to IGRMS on 23 June 1998. However in the absence of censor certificate the film could not be considered as released and after retaining Rs 0.50 lakh for censor certificate and English version of the film IGRMS further paid Rs 0.81 lakh in March 1999. The film was yet to be released as the producer had not submitted the censor certificate and English version so far (August 2001).

Thus, the release of Rs 5 lakh on 31 March 1993 and Rs 5 lakh on 17 December 1994 without completion of film in contravention of the terms and conditions of the agreement not only resulted in undue benefit to a private film maker but also resulted in blocking of IGRMS funds from 31 March 1993 to 31 August 2001. Even after spending an amount of Rs 12.11 lakh besides foregoing an interest of Rs 14.96 lakh on blocked amount IGRMS could not make use of the film for publicity purpose thereby defeating the very purpose of making the films.

The reply of IGRMS that the Museum's intention behind making of this film was the documentation of various aspects related to the life and culture of the Korwa people in visible format besides screening of film, was not tenable because that intention remained a paper intention only even after spending Rs 12.11 lakh which has remained blocked for periods ranging from 31 March 1993 to 31 August 2001.

The matter was referred to the Ministry in September 2001; their reply was awaited as of January 2002.

Department of Elementary Education and Literacy

National Council for Teacher Education

6.3 Recovery at the instance of audit

Payment of rent of the hired building without getting the measurement done by the competent authority resulted in excess payment of Rs 17.03 lakh. At the instance of audit the measurement was got done and excess payment recovered.

The Headquarters Office of National Council for Teacher Education (NCTE) was housed in a portion of Bharat Scouts and Guides Building at I.P. Estate, New Delhi since January 1995. Space of 8644 sq. ft. (covered area) was occupied for the office at a rent of Rs 33 per sq. ft. Due to increase in the activities of NCTE both regulatory and academic and in view of its future expansion, the existing space was found inadequate for smooth working of the Council. Accordingly, the process of hiring an alternate accommodation was initiated in November 1997 by inviting offers and a Committee headed by the Chairman of NCTE was constituted for the purpose. Out of 52 offers received, buildings in the preferred areas viz. Kasturba Gandhi Marg, Jhandewalan Extension and Jangpura Extension having areas between 10000-17600 sq. ft. were shortlisted but none of these was found suitable to meet the requirements of the Council's office. In the meantime, in March 1998 an Estate Agent proposed two other buildings out of which the building at Safdarjung Development Area was found suitable. NCTE without getting the measurement of the building done by the competent authority executed an agreement with the owner of the building M/s 'A' on 21 May 1998 for payment of rent @ Rs 50 per sq. ft. for plinth area of 13200 sq. ft. Audit, however, worked out (September 2000) plinth area of the building as 8716 sq. ft. on the basis of drawings made available to it. Consequently, NCTE withheld payment of rent with effect from 22 September 2000 and got measurement of the building done by the School of Planning and Architecture (SPA) in October 2000 who worked out the plinth area as 11983.5 sq. ft. When pointed out by Audit, the Ministry stated in December 2000 that the matter had been referred to Central Public Works Department (CPWD) and NCTE was being asked to effect appropriate recoveries, if any, due after the receipt of report of CPWD. CPWD admitted in January 2001 the correctness of the area as measured by the SPA.

Thus, at the instance of audit measurement of area of the building was got done and excess payment of rent at the rate of Rs 0.61 lakh per month detected. Consequently, excess rent of Rs 17.03 lakh paid for the period from 22 May 1998 to 21 August 2000 alongwith interest of Rs 2.87 lakh compounded @12 *per cent* was recovered by adjustment against rent payable to the owner beyond 21 August 2000. NCTE vacated the building on 4 August 2001 and shifted its office to Indira Gandhi Sports Complex, I.P. Estate, New Delhi owned by Sports Authority of India.

Department of Secondary and Higher Education

Banaras Hindu University

6.4 Unauthorised aid to the contractor

Award of Work without inviting tenders and the payment of quarterly advance and interest free mobilisation advance in violation of codal provision led to undue financial aid to contractor to the tune of Rs 2.88 crore.

University Works Accounts Rules provided for inviting sealed tenders for work exceeding the estimated cost of Rs 10000.

Test check (August 2000) of the records of Works Department, Banaras Hindu University (BHU) revealed that an agreement was entered into (January 1997) with M/s 'A' by the University for construction of two girls hostels and drugs addiction centre at an estimated cost of Rs 2.36 crore without inviting sealed tenders.

According to Central Public Works Accounts (CPWA) Code, advances to contractor are, as a rule, prohibited except secured advance up to an amount not exceeding 75 *per cent* of imperishable material actually brought at site, petty advance up to Rs 50, advance payment for work actually done but not measured and mobilisation advance and advance against plant and machinery. It was found further that a separate clause was provided in the agreement for payment of advance under a new terminology as "quarterly advance" for procurement of material and execution of work in contravention to the provision of CPWA Code. Scrutiny also revealed that "quarterly advance" to the tune of Rs 1.56 crore was continuously paid to the contractor in five instalment during April 1997 to May 1998 on the basis of the claims made by the executing agency. However, neither the detailed measurement had been done nor the bill of the contactor finalised as of May 2001 although, the work was completed in May 1998. As a result entire amount of advance was lying unadjusted as of May 2001.

In reply, Ministry stated in October 2001 that the payment was made after examining the cash flow chart of M/s 'A' for works already executed.

The reply is not tenable as no extant rules/orders provide for payment of quarterly advance. Thus, the payment of quarterly advance of Rs 1.56 crore and non-recovery of interest of Rs 99.28 lakh (computed @ 18 *per cent per annum* as applicable on mobilisation advance) was not only irregular but amounted to unauthorised aid to the contractor.

In terms of CPWD manual, mobilisation advance is payable in respect of certain specialised and capital intensive works costing not less than Rs 1 crore limited to a maximum of 10 *per cent* of the estimated cost put to tenders or Rs 1 crore whichever is less. Manual also prescribes that rate of interest to be charged on such mobilisation advance and mode of recovery shall be incorporated in the agreement executed with the contractor. Further as per general conditions of the contract for CPWD, simple interest at the rate of 18 *per cent per annum* was to be charged on mobilisation advance on works from date of payment to the date of its recovery.

It was also noticed that no clause of recovery of the interest on mobilisation advance had been incorporated by the BHU in the agreement executed (January 1997) with M/s 'A' for the construction of two girls hostels and drugs addiction centre (estimated cost Rs 2.36 crore). Instead, the University made provision in the contract for payment of interest free mobilisation advance, against the codal provision of CPWD and paid Rs 18.68 lakh as mobilisation advance to the contractor in March 1997. As a result, University had to suffer consequential loss of Rs 13.65 lakh as of March 2001.

In reply, Ministry stated (October 2001) that BHU was permitted (by Ministry of Urban Development) in December 1998 for awarding the works to CPWD as deposit work. On the same analogy, a provision for payment of mobilisation advance made in the contract bond.

The reply is not tenable as mobilisation advances are payment to contractors whereas "deposit work" refer to a transfer from one user department to CPWD. There is no provision in the rules for payment of interest free mobilisation advance against capital work. Moreover, the work was awarded on contract basis for which general conditions applicable for execution of contract bond could not be relaxed.

Thus, non-adherence to the CPWD codal provisions by the University led to undue financial benefit to the contractor to the tune of Rs 2.88 crore.

Indira Gandhi National Open University

6.5 Avoidable wasteful expenditure on warehousing

Indira Gandhi National Open University incurred an expenditure of Rs 63.83 lakh in warehousing study materials without examining the economy or utility and this resulted in rendering the entire expenditure wasteful and unproductive.

In 1998, Indira Gandhi National Open University (IGNOU) had on its rolls 4.25 lakh students, offering 460 courses. With the steady expansion of enrolment and proliferation of courses, IGNOU encountered the problem of storage and timely distribution of study materials to students throughout the country. In order to frame strategies to cope up with the problem of delay in distribution of study material, it was decided in a meeting held in April 1997, chaired by the Vice-Chancellor, to decentralize storing and distribution of study material by setting up six Regional Ware Houses (RWHs) at Bhopal, Calcutta, Delhi, Lucknow, Hyderabad and Pune by hiring necessary space from Central/State Ware-housing Corporations where study material was to be stored and distributed to Regional Centres, Study Centres of IGNOU and other partner institutions with the objective of providing study material before commencement of academic session for timely distribution to students. Since the bulk of enrolments (i.e. over 70 *per cent*) were in Management, Computer and Bachelor Degrees, study material for these courses were identified for storing in RWHs at the first instance. Accordingly, six RWHs were set up in October 1997 by providing ad-hoc staff (Ware-house Assistant, Computer Operator and Attendant). The scheme was dispensed with in September 1998 after reviewing its operation.

Audit scrutiny of the circumstances leading to the closure of the scheme brought out that the scheme was introduced hastily without examining the time schedule of production of study materials and without proper study of problems of logistics mapping and cost benefit analysis of alternatives of transportation and distribution of study material. The scheme was also not got approved or ratified by the Board of Management. Even a post-decisional ratification was not sought. This constituted a violation of statute seven framed under IGNOU Act. Besides, the scheme was implemented without any budget provision. It was provided for in revised budget for 1997-98 and budget estimates for 1998-99 were approved in February-March 1998 without making a reference to Finance Committee in violation of the statutory and financial requirements. Further due to lack of proper planning, the system of timely dispatch of study material could not be streamlined as even in Delhi, material for most of the courses/programmes, which were required to reach students in December 1997, could be received at RWHs of Delhi only in January-February 1998. Failure of the scheme led to closure of RWHs in

September 1998 after incurring avoidable expenditure amounting to Rs 63.83 lakh on rent, transportation, salaries and other charges.

The matter was referred to the Ministry in August 2001; their reply was awaited as of January 2002.

Kendriya Vidyalaya Sangathan

6.6 Lack of coordination in the construction of school building

Kendriya Vidyalaya Sangathan released payment to Railways for construction works without sorting out the issue regarding mode of payment which resulted in cancellation of the work order and extra liability of Rs 34.05 lakh being cost of escalation. Also, another project escalated by Rs 53.41 lakh due to delay in its completion.

On the basis of estimates submitted (November 1993) by the Railway Engineering Wing, Chakradharpur (Bihar), Kendriya Vidyalaya Sangathan (KVS) accorded administrative approval and expenditure sanction in March 1994 for construction of an 'A' type school building and 21 staff quarters for Kendriya Vidyalaya, Jharsuguda, Orissa at a cost of Rs 103.38 lakh and Rs 31.19 lakh respectively. While submitting the estimates the Railways had clearly stated that the work on the project would start only after deposit of entire estimated cost as per extant rules of Deposit Works. KVS without acknowledging this fact and working out any fresh modalities of payment released the first instalment of Rs 40 lakh (Rs 30 lakh for building and Rs 10 lakh for staff quarters) in March 1994 but the Railways did not start the work for want of entire amount of estimated cost. While requesting the Railways in October 1995 to start the work immediately KVS expressed its inability to release further payment on the ground that in accordance with the guidelines issued by the Railway Board, only progressive payments could be made after receipt of physical/financial report of the project. The matter remained under correspondence till July 1999 when the Railways agreed to start the work after receipt of at least 50 *per cent* of the sanctioned estimate. This proposal was not acceptable to KVS, so work order was cancelled in January 2000. Thereafter, the work was allotted to another agency UP Rajkiya Nirman Nigam Limited in June 2000 at a total cost of Rs 168.62 lakh.

It was observed in audit that KVS had not taken effective steps to obtain refund of deposit as the Railways had refunded only Rs 17 lakh in February 2001 though the work order was cancelled in January 2000. Balance of Rs 23 lakh remain unrecovered so far.

KVS erred in advancing money to Railways without prior settlement of parameters of payment in conformity with the rules governing the execution of Deposit Works by the Railways. Railways being a Government agency, the modalities of payment could have been worked out to mutual satisfaction of each party but for intransigence of the parties. This is an exemplary case where the students lost benefit of a facility by more than seven years due to lack of coordination between two agencies. Lack of coordination has also caused cost escalation of the project by Rs 34.05 lakh which would be additional liability on KVS. The school building is yet to be constructed.

In another case based on the estimates submitted by the Divisional Railway Manager (Engineering), North Eastern Railways, KVS sanctioned (March 1994) construction of an 'A' type school building and 11 staff quarters for Kendriya Vidyalaya, Izzatnagar, Barielly (UP) at a cost of Rs 111.41 lakh. First instalment of Rs 20 lakh was released to the Railways in March 1994. The work of construction of school building was allotted to a contractor in December 1994 at a cost of Rs 45.95 lakh with stipulated date of completion as December 1995. After executing the work of the value of Rs 15.41 lakh upto November 1996, the Railways terminated the contract on contractor's account in March 1997 due to contractual problems. Without seeking approval of KVS the Railways re-tendered the left over work costing Rs 30.54 lakh and allotted it to another contractor in August 1998 at a cost of Rs 65.57 lakh. In September 1999 the Railways revised the cost of the project to Rs 233.39 lakh and asked KVS to release the balance amount to get the work completed. After discussing the matter with KVS in October 1999 the Railways re-revised the estimate to Rs 168.71 lakh in November 1999. KVS accorded in January 2000 revised administrative approval and expenditure sanction for Rs 164.82 lakh.

It was seen in audit that KVS released Rs 160 lakh in eight instalments without obtaining periodical progress reports of work from Railways. As a result KVS could not monitor/watch the physical/financial position of the work from time to time. Consequently, they had to bear not only the extra expenditure of Rs 53.41 lakh, but also failed to recover Rs 35.03 lakh the value of risk and cost of first contractor. KVS stated in October 2001 that construction was completed and the school building and staff quarters were handed over to it. KVS also stated that it had no option but to approve revised cost of the project at an extra expenditure of Rs 53.41 lakh as it had no privity of contract and contractual problems which forced the Railways to terminate the contract of first contractor.

The Ministry confirmed the facts (October 2001) and stated that the modalities of payment had been settled way back in 1989 and it was the fault of Railways not to follow the instructions of their Headquarters.

However, the fact remains that KVS failed to sort out the issue before advancing part payment to the Railways against its demand of advance payment of entire estimated cost of the project. KVS also failed to obtain periodical progress reports of works entailing non-monitoring of works and suffered losses.

Maulana Azad College of Technology, Bhopal

6.7 Failure to utilise grants to establish as a centre of excellence and irregularities in purchase of stores

Maulana Azad College of Technology, Bhopal failed to utilise grants to establish itself as a centre of excellence; there were irregularities in purchase of stores worth Rs 2.05 crore.

The Maulana Azad College of Technology (Institute), Bhopal one of the first eight Regional Engineering Colleges (RECs) of the country, was established in September 1960, as a joint venture of Government of India (GOI) and State Government, with the objectives of (i) attracting bright students from all over the country and imparting quality training to them in various branches of engineering and technology and (ii) for developing a "Centre of Excellence" in technical education in the central region as a "pace setter" for other institutions.

The Institute was registered as a society under Societies Registration Act XXI of 1860 in 1960 and was conferred autonomous status from 1997-98 by Barkatullah University, Bhopal. From 22 August 2000 the Institute has been affiliated with the Rajiv Gandhi Proudyogiki Vishwavidyalaya, Bhopal.

While one of the main objectives of the Institute was to carry out research in various fields so that it might always keep itself abreast of various developments in advanced countries in the relevant areas, it was found that actual expenditure on research was negligible and showed that no emphasis was laid on this important objective.

(i) Research projects

GOI sanctioned non-recurring grants of Rs 2.4 crore for 34 different schemes for research work in different faculties of the Institution during 1996-2001 as per details given in the Table:

(Rs in lakh)

Year	Grant received	No. of projects	No. of projects taken up	Expenditure incurred	Percentage of utilisation
1996-1997	29.75	5	3	8.67	29
1997-1998	15.18	4	3	3.87	25
1998-1999	34.18	7	6	16.18	47
1999-2000	103.50	13	5	10.18	10
2000-2001	21.70	5	Nil	Nil	Nil
Total	**204.31**	**34**	**17**	**38.90**	

According to the terms and conditions of the orders sanctioning grants, amount of grants was to be utilized within 18 months from the date of sanction. However, it was noticed that out of 34 research schemes, only two schemes were completed at a cost of Rs 10.18 lakh and the research work in 15 schemes for which Rs 81.38 lakh was allotted had not been started even after the stipulated period of 18 months for completion of schemes were over. In respect of 17 schemes for which amount of Rs 110.39 lakh was allotted, the research work was partly executed.

The Institute had neither taken any action for completion of schemes, nor for refund of unutilised amount of grant Rs 165.41 lakh. Besides, funds amounting to Rs 28.72 lakh spent on incomplete research work were rendered unfruitful as the schemes were pending since 1996-97.

(ii) Indo-UK RECs project: Energy Theme

To strengthen the technical education system in RECs, the GOI and Government of UK had signed an agreement (January 1994) under which the selected eight RECs out of 17 in India had a collaboration with 12 important Universities of Northern Consortium of UK for four years (upto January 1999). Four thrust themes had been identified which were to be developed as multi disciplinary topics across several areas of development. Each theme covered two colleges, with Energy theme at Bhopal and Trichi. Under this project the GOI had provided grant of Rs 303.37 lakh during 1994-95 to 1998-99, out of which the Institute had incurred expenditure as detailed below:

(Rs in lakh)

Year	Opening balance	Receipt	Total	Expenditure	Closing balance
1994-1995	Nil	75.00	75.00	—	75.00
1995-1996	75.00	75.00	150.00	11.96	138.04
1996-1997	138.04	62.50	200.54	93.28	107.26
1997-1998	107.26	37.50	144.76	45.04	99.72
1998-1999	99.72	53.37	153.09	22.75	130.34
1999-2000	130.34	Nil	130.34	22.07	108.27
2000-2001	108.27	Nil	108.27	3.83	104.44

It is evident from the table that the Institute had an unspent balance of Rs 104.44 lakh as on March 2001.

Test check of records relating to the project revealed that the Institute had framed an action plan (March 1999) for the implementation of the project. The main contents of action plan were providing clean and sustainable energy for agricultural, domestic, industrial and transportation needs of rural community fully, continuously and as per their needs. However it was observed that the Institute had so far not taken any action for implementation of above action plan.

On being pointed out in audit, the Institute stated that though the project was sanctioned in 1994, it started late due to late receipt of grants. During the period the project had created permanent infrastructure in the form of building, laboratories of energy conservation, wind energy, solar energy. To utilise the unspent balance of grants the action to procure remaining equipment and laboratory facilities was on progress. Further it was stated that the Institute had arranged seminars, workshops, conferences, training of faculties, research and other activities.

The reply is not tenable as the Institute had not taken any action during stipulated period according to action plan and even after preparation of action plan in March 1999. Due to inordinate delay in execution of the project the aims, objectives and benefits of the project could not be achieved.

(iii) Irregular purchases

The Institute framed its Purchase Rules (1992). According to purchase rules, purchases should be made in most economical manner and periodical indents should be made for as many articles as required and purchase order should not be split up to avoid the necessity of obtaining the sanction of higher authority required with reference to the total amount of purchase order.

Test check of records revealed that purchases of stores worth Rs 68.44 lakh was made by the Institute for which no indents were collected. However, the purchases were made by different faculties without indents as and when funds were provided to them.

It was also observed that the purchases worth Rs 17.83 lakh were made piecemeal to avoid the sanction of higher competent authority.

As per store purchase rules, it is obligatory for all Government departments/autonomous bodies to purchase the reserved items from Madhya Pradesh Laghu Udyog Nigam (MPLUN) without inviting tenders and by placing direct supply orders to MPLUN. In case the MPLUN expresses its inability to supply, purchases should be made from other agencies in accordance with the rules.

Test check (August 2001) of the records of Institute revealed that articles worth Rs 50.62 lakh reserved for purchases through MPLUN were purchased during the year 2000-01 from private firms without obtaining the non availability certificate from MPLUN on the basis of limited quotations.

According to store purchase rules, purchases in excess of Rs 25000 are to be made by inviting open tenders through advertisement in news papers. Head of Department of a faculty is competent to make purchases upto Rs 10000 on the basis of limited tenders. However, the purchase orders were split up for avoiding the necessity of open tenders and purchases of Rs 68.45 lakh were made on the basis of quotation collected from the open market personally. Thus, the Institute had made purchases worth Rs 68.45 lakh in contravention of the provision of Rules.

The matter was referred to the Ministry in October 2001, their reply was awaited as of January 2002.

Punjab University

6.8 Avoidable exependiture on advertisements

Punjab University incurred an extra expenditure of Rs 36.28 lakh on publication of advertisements through selective private agencies without calling for the quotations/tenders or at Director of Advertising and Visual Publicity rates.

Each head of Department is supposed to enforce financial order of strict economy at every step. He is responsible for the observance of all financial rules and regulations to comply with the canons of financial propriety.

In audit (September 2000) of the Punjab University (PU) it was noticed that 212 advertisements were got published from July 1998 to August 2000 in different newspapers through selective private advertising agencies for which neither quotations/tenders were invited nor the work was got done at the rates approved by Director of Advertising and Visual Publicity (DAVP), who finalises yearly rate contracts with some leading newspapers of Punjab and Chandigarh for publication of advertisements. The rates paid to the private agencies were higher than the rates approved by the DAVP and resulted into an extra expenditure of Rs 36.28 lakh by PU.

On being pointed out in audit (December 2000) PU stated (January 2001) that some newspapers were approached in December 1995 who refused to give any concession and as such advertisements were got published through the agencies approved by the Vice Chancellor. The reply is not tenable as

University had not reviewed the position in view of the annual rate contracts executed by the DAVP and the work to private advertising agencies were given without calling competitive tenders involving avoidable expenditure of Rs 36.28 lakh.

The matter was referred to the Ministry in March 2001; their reply was awaited as of January 2002.

School of Planning and Architecture

6.9 Loss of consultancy fees on account of undue benefit given to the Consultants

Non-observance of Government rules regarding equal sharing of consultancy income between the School of Planning and Architecture and the Consultants resulted in undue benefit to the Consultants thereby depriving the School of its due share by Rs 16.09 lakh.

The School of Planning and Architecture (School) had been undertaking individual consultancy and institutional consultancy since its inception in 1956. In respect of individual consultancy (Type I) the faculty members were authorised to enter into agreement with the clients and to receive fees directly with the permission of the Director of the School. In the case of institutional consultancy (Type II), the consultancy job was undertaken by the School for which fees etc. was received directly by the School and expenditure, including remuneration to the faculty members, was incurred by the School.

In August 1993, the Ministry approved the Consultancy Rules for the School superseding all the earlier rules and procedures. According to these rules, in respect of Type II consultancy, the Consultant-in-charge would submit the proposal for distribution of consultancy earnings alongwith necessary details of expenditure and supporting vouchers etc. to the Director of the School. The earnings on account of consultancy would be shared equally between the School and the Consultant.

It was noticed in audit (July 2000) that in contravention of the Consultancy Rules approved by the Government, the School adopted a procedure of its own for working out share of consultancy earnings as would be seen from the following:

The School received Rs 406.60 lakh on account of consultancy fees (Type II) during the period from 1993-94 to 2000-2001 out of which Rs 40.66 lakh (10 *per cent*) was retained by the School in advance as its share. However, with effect from 1 April 1998 the School started retaining additional 0.25 *per cent* to 1 *per cent* of the gross consultancy fees to meet administrative expenses of the supporting staff. The School retained Rs 0.42 lakh, Rs 0.46 lakh and Rs 0.84 lakh on this account during 1998-99, 1999-2000 and 2000-01 respectively. The remaining amount of Rs 364.22 lakh (i.e 90 *per cent* of the total consultancy fee of Rs 406.60 lakh minus Rs 1.72 lakh) was placed at the disposal of the Consultant-in-charge (Faculty Members). Rs 291.38 lakh i.e 80 *per cent* of Rs 364.22 lakh was treated as deemed expenditure by the School without obtaining any supporting vouchers etc. from the Consultant. The balance of Rs 72.84 lakh i.e 20 *per cent* of Rs 364.22 lakh was treated as income of the Consultants. Thus the total income of consultancy fees works out to Rs 113.50 lakh (Rs 40.66 lakh + Rs 72.84 lakh) which was to be shared in equal amount of Rs 56.75 lakh between the School and the Consultants.

Thus, non-observance of the Government of India rules regarding equal sharing of consultancy income between the School and the Consultant resulted in undue benefit to the Consultants thereby depriving the School of its due share by Rs 16.09 lakh (Rs 72.84 lakh minus Rs 56.75 lakh). Further, in absence of details of expenditure and supporting vouchers, the amount of Rs 291.38 lakh placed at disposal of the Consultant-in-charge cannot be treated as actual expenditure. On having pointed out this, the School stated in August 2000 that (i) 10 *per cent* of the gross receipts retained by the School represented 50 *per cent* of the net earnings of consultancy, and (ii) decision to treat the entire amount kept at the disposal of the Consultants as deemed expenditure without calling for details of expenditure and supporting vouchers had been taken by the competent authority (School). The reply is not tenable as (i) 50 *per cent* of the total net income works out to Rs 56.75 lakh whereas the School received only Rs 40.66 lakh; and (ii) any amendment to the Consultancy Rules could be done only by the Government.

The matter was referred to the Ministry in January 2001; their reply was awaited as of January 2002.

University of Delhi

6.10 Recurring losses in running the University Press

Poor management of the University Press resulted in loss of Rs 91.55 lakh during 1997-98 to 1999-2000 even after modernisation of the Press at a cost of Rs 42.05 lakh during 1996-98.

On the basis of a decision taken by the Executive Council of Delhi University in 1960 to establish a printing press of its own the University Press was acquired from a private party in April 1961 with assets worth Rs 1.62 lakh out of grants received from the University Grants Commission. The Press is a service department catering to important printing work of degree certificates, answer books, annual reports and other departmental jobs.

The Press was running in heavy losses since inception excepting the years 1973-74, 1974-75, 1975-76, 1987-88 and 1988-89 when it showed marginal profits. To examine overall administrative set up and improve functioning of the Press, a High Power Committee appointed in April 1982 recommended (August 1983) that the Press should continue to run on commercial lines. Out of the losses accumulated to the tune of Rs 94.18 lakh upto 1996-97 Rs 42.71 lakh was written off by the Executive Council in June 1992. The Committee appointed by the University to look into bottlenecks in running the Press on commercial lines attributed the heavy losses to enhanced establishment charges, ageing machinery and manpower and obsolete technology.

A Technical Committee appointed to look into modernisation of Press recommended in January 1997 for immediate modernisation of the Press as it had reached the point of no return due to its obsolete technology. The Committee also recommended for running the Press in two shifts with most of the staff absorbed in new technology. After modernisation, the Committee anticipated an annual turnover of around Rs 86 lakh and expenditure of Rs 78 lakh thereby leaving a profit margin of Rs 8 lakh. The modernisation of the Press was carried out at a cost of Rs 42.05 lakh during 1996-98.

It was observed in audit (June 2001) that despite incurring Rs 42.05 lakh on switching over from hand composing to off-set printing technology the quantum of losses increased considerably. A comparison of pre and post modernisation losses showed that while these accumulated to Rs 91.55 lakh in just three years of modernisation, the accumulations of these in approximately 35 years of pre-modernisation were Rs 94.18 lakh. The losses were mainly due to:-

(i) heavy expenditure of Rs 207.02 lakh on pay and allowances of the staff alone during the period from 1997- 98 to 1999-2000 against work done of the order of Rs 152.33 lakh (total value of work done-Rs 217.03 lakh minus Rs 64.70 lakh on account of work got done from outside agencies).

(ii) running of Press in single shift instead of double despite recommendation of the Technical Committee.

(iii) lack of monitoring and supervision which is evident from non-maintenance of records regarding utilisation of manpower and machinery.

(iv) non-assessment of printing work by various departments of the University resulting in the necessity of getting it done from outside agencies as emergency though there was enough capacity in the Press itself provided assessments were done in time. Out of total work done of Rs 217.03 lakh during 1997-98 to 1999-2000, work to the tune of Rs 64.70 lakh was got done from outside agencies.

On being pointed out in audit the University while confirming non-maintenance of record of machinery and manpower since 1995 stated (July 2001) that maintenance of such record had since been started. The University also stated that some printing work was got done from outside agencies due to urgency and non-availability of trained manpower. The University was yet to consider the issue of closing down the Press.

The matter was referred to the Ministry in September 2001; their reply was awaited as of January 2002.

Vallabhbhai Patel Chest Institute

6.11 Short recovery of electricity and water charges

Inaction on the part of the Institute to get individual meters installed in staff quarters resulted in short recovery of Rs 14.33 lakh on account of electricity and water charges from the occupants.

The Vallabhbhai Patel Chest Institute had allotted 92 quarters of Type I to V to its staff for residential purposes. However, electricity and water charges were being recovered from the occupants not as per actual consumption and as per the rates paid to Delhi Vidyut Board (DVB) and Municipal Corporation of Delhi (MCD) but at flat rates ranging from Rs 30 to Rs 190 per month (electricity) and Rs 19.50 to Rs 37 per month (water) for different type of staff quarters. The electricity and water charges recovered from the occupants during 1995-96 to 1999-2000 were much less than those paid to DVB and MCD as shown under:

Year	Electricity charges paid to DVB	Charges recovered from occupants	Shortfall	Water charges paid to MCD	Charges recovered from occupants	Shortfall
1995-96	263614	78405	185209	54425	26481	27944
1996-97	173572	46525	127047	51269	26961	24308
1997-98	270192	27720	242472	55801	22585	33216
1998-99	180958	31776	149182	181338	21154	160184
1999-2000	300230	39690	260540	248438	24881	223557
Total	**1188566**	**224116**	**964450**	**591271**	**122062**	**469209**

The Institute recovered only Rs 3.46 lakh from the occupants of the staff quarters on account of electricity and water charges during 1995-96 to 1999-

2000 whereas it paid Rs 17.79 lakh to DVB and MCD. This resulted in short recovery of Rs 14.33 lakh.

When pointed out in audit the Institute stated (May 2001) that due to non-installation of individual meters in the staff quarters recovery was being effected at flat rates prevalent in Delhi University in similar cases. The Institute further stated in September 2001 that flat rates were revised ranging from Rs 390 to Rs 1080 per month that is an increase ranging from 468 *per cent* to 1200 *per cent*. The Institute further stated that individual electricity meters had recently been got installed through DVB in 12 flats in December 1999 and efforts were on to get these installed in remaining flats.

Thus, inaction on the part of the Institute to get individual meters installed in staff quarters resulted in short recovery amounting to Rs 14.33 lakh for the period from 1995-96 to 1999-2000.

The matter was referred to the Ministry in September 2001; their reply was awaited as of January 2002.

CHAPTER VII : MINISTRY OF LABOUR

Employees' State Insurance Corporation

7 Poor cash management

Failure of Employees' State Insurance Corporation to get the missing credits of Rs 33.29 lakh traced and credited into their accounts by their banker until 13 October 2001 resulted in loss of interest of Rs 45.19 lakh besides non-accountal of the amount deposited in the bank by 295 employers of various factories during May 1988 to July 1990.

The Employees' State Insurance Act 1948 applies to all non-seasonal factories using power and employing ten or more persons and non-power using factories employing twenty or more persons. According to provisions of the Act, all employees in factories or establishments shall be insured in the manner prescribed. The contribution payable under the Act in respect of an employee shall comprise contribution by the employer as well as by employee and shall be paid to the corporation through a Bank duly authorised by the Corporation within 21 days of the last day of the calendar month in which the contributions fall due.

During the course of audit of Delhi region of Employees' State Insurance Corporation (ESIC), audit noticed that 295 employers deposited a sum of Rs 33.29 lakh into the State Bank of India (SBI), Shahdara, Delhi during May 1988 to July 1990. But the bank failed to credit this amount in the account of ESIC. To resolve this, three meetings between officers of SBI and ESIC were held during May 1988 and March 2001 viz. in July 1995, August 2000 and in February 2001. All these meetings were taken in a routine manner in which the Bank assured that the missing credit of Rs 33.29 lakh would be looked into on priority basis to facilitate credit immediately. But the decisions taken in these meetings were not implemented by bank and the amount was not credited in the accounts of ESIC. After the fact was pointed out by Audit, ESIC moved fast and was able to get a credit of Rs 24.54 lakh from SBI on 13.10.2001 leaving the balance and interest still to be credited. Timely credit of this amount would have also fetched interest of Rs 45.19 lakh calculated @ of 12 *per cent* during 1990-91 to 1999-2000, @ 11 *per cent* during 2000-01 and @ 9.5 *per cent* from April 2001 to September 2001 as prescribed by the Reserve Bank of India for investment of funds under Special Deposit Account.

Thus failure of ESIC to protect its financial interests resulted not only in non-accountal of Rs 33.29 lakh but also loss of interest of Rs 45.19 lakh.

The Ministry confirmed the facts in November 2001 and stated that Corporation has been vigorously pursuing the matter to get the remaining amount and interest credited to the ESIC account.

CHAPTER VIII: MINISTRY OF RURAL AREAS AND EMPLOYMENT

Department of Rural Development

8 Misutilisation of funds

Jawahar Rozgar Yojana funds amounting to Rs 96.67 lakh were misutilised for purchase of Jeeps for use by Block Development Officers in the state of Orissa in violation of scheme guidelines and Government of India instructions.

According to the guidelines issued by Government of India governing utilisation of funds under Jawahar Rozgar Yojana (JRY), only rural works which would result in creation of durable productive assets providing employment on a sustained basis should be taken up. Ministry of Agriculture, Department of Rural Development (DRD) also prohibited (December 1989) use of JRY resources for purchase of vehicles.

Scrutiny of records of (Secretary to Government) Panchayati Raj Department of Government of Orissa (May 2000) revealed that an amount of Rs 96.70 lakh had been released out of two *per cent* administrative charges of JRY relating to the year 1994-95 for procurement of 30 diesel driven Jeeps of Mahindra and Mahindra make each costing Rs 3.22 lakh for use by thirty Block Development Officers (BDOs) in eighteen districts of the State. The Jeeps were purchased during 1997-98 at a cost of Rs 96.67 lakh in violation of the guidelines under JRY. The expenditure incurred towards purchase of Jeeps out of the funds under JRY earmarked for contingent and administration expenses amounted to misutilisation of funds under the scheme.

The matter was referred to the Ministry (May 2001) who replied (October 2001) that the purchase of vehicles was permissible in terms of the Ministry's letter of December 1994. The reply of the Ministry was not tenable since the said letter pertained to purchase of vehicles by DRDAs whereas the para deals with purchase of vehicles by BDOs.

CHAPTER IX : MINISTRY OF SHIPPING PORTS WING

Chennai Port Trust

9.1 Excess payment of escalation charges

Incorrect computation of cost escalation without deducting the cost of rocks supplied at fixed rate from the value of work done resulted in excess payment of Rs 8.72 crore.

As part of the major construction of Ennore Port near Chennai undertaken by Chennai Port Trust (ChPT), the work of 'construction of breakwaters' was entrusted to a contractor for a value of Rs 232.87 crore. The work involved dredging and filling of foundation trench, placing of rocks on these trenches and reinforcement with concrete structure. As per the conditions of the contract, the rock required for the work was to be supplied by ChPT at a fixed rate of Rs 250 per tonne. The cost of the rock consumed in the work was to be recovered at this rate from the periodical part payments made to the contractor on the value of work done. The contract also provided for adjustment for price variation to accommodate the charges in the basic cost of materials, labour and other inputs to the work. As the rocks were supplied at fixed rate, no price variation was payable on this item on par with similar procedure to be followed in the case of departmental supply of cement, etc. Therefore, while arriving at the price variation, the cost of rocks supplied by ChPT ought to have been deducted from the value of work done.

However, a scrutiny of the connected records revealed that the Port Trust calculated the cost escalation payable due to price variation on the value of work done without deducting the value of rocks supplied and made payments accordingly.

Incorrect computation of cost escalation resulted in excess payment of Rs 8.72 crore, on part payments made upto December 2000.

Confirming the excess payment pointed out, Ministry stated (December 2001) as follows:

"The escalation clause of the contract for construction of breakwater was finalised by the Consultant with the approval of Asian Development Bank (ADB) in which Port Authority had a limited role. No provision was made in the escalation clause to exclude cost of rock from the gross value of the work to calculate escalation amount. While releasing the running bills as per the certificate issued by the Consultant, this issue came to the notice of ChPT which was accordingly brought to the notice of the Consultant to take corrective measure. This was not accepted by the Consultant. As any further action by Port Trust might be construed as interference in Consultant's independent working leading to stoppage of work as per the clauses of the agreement, Port Trust preferred to take further action towards end of the completion of the project. The Port Trust had encashed a bank guarantee of Rs 2.41 crore and had also withheld Rs 6.64 crore from final pending bills of the Contractor".

It is observed that as per the terms of reference between the Consultant and the Port Trust, the conditions of contract were to be finalised by the Consultant only after a review by the Port Trust for incorporation of appropriate comments/corrections. Port Trust's role in the process was therefore not "limited" as stated in the reply.

Further the escalation was payable only in respect of items involving changes in cost as expressly provided already in the contract conditions (vide sub-clause 70.3). Financial prudence would therefore require that the cost of rock supplied departmentally at fixed rate should have been automatically excluded from the value of work done before calculating the amount of escalation and as such no specific clause is necessary for exclusion of the same from the value of work done. The irregular payment of escalation ought to have been disallowed by the Port Trust while admitting payment on the running account bills. Any failure to arrest the irregular payment at the appropriate time in such cases might lead to the risk of losing the hold on the recovery at a later date.

The reply also states that " any further action by Port Trust might be construed as interference in Consultant's independent working leading to stoppage of work". The Port Trust could have very well ensured the inclusion of adequate protective clause in the contract conditions enabling immediate control on such apparent incorrect payments. The reply is therefore not tenable.

9.2 Injudicious acceptance of tender

The delay in evaluation of the lowest bid for the supply of tugs and pilot crafts and irregular acceptance of the revised higher offer of the second lowest tenderer after negotiation, resulted in extra expenditure of Rs 2.32 crore to Chennai Port Trust.

Tenders were called for (October 1997) by ChPT, for supply of three tugs and two pilot crafts for operation at the new Ennore Port under construction near Chennai with the aid of ADB. After pre-qualification, final bids were received from five firms. The bids were opened in January 1998 for evaluation by the

Consultant appointed for the construction of Ennore Port. The price quoted by the bidders was to be valid for 90 days i.e. upto 20 April 1998. The bids were evaluated by the Consultant and the evaluation report was submitted on 5 May 1998. The Consultant proposed the lowest offer of M/s 'A' for 'cycloidal propulsion system' with a qualification stating that the offer was technically questionable as the bid did not satisfy the 'dynamic stability requirement' and for the tugs with "azimuth propulsion" system, recommended the next higher offer of M/s 'B'. The Tender Committee preferred (June 1998) the cycloidal propulsion system but sought a firm opinion from the Consultant on the stability aspects of the bid of M/s 'A', a Public Sector Enterprise, after obtaining all the additional information required for the purpose. The Consultant based on further information from the firm, finally recommended (26 June 1998) that the offer of M/s 'A' at a contract price of Rs 52.32 crore (excluding taxes) could be accepted as technically suitable. Further details regarding contract price, foreign exchange fluctuations etc., sought for by the Tender Committee could be obtained from the Consultant only on 7 July 1998. Though the firm had extended the period of offer upto 20 July 1998, as more time was required to complete all the formalities before putting up the proposal to the Board for approval, further extension of validity of the bid was sought, but, M/s 'A' refused to extend the validity further.

Therefore the Port Trust decided (August 1998) to consider the offer of M/s 'B' for 'azimuth propulsion' system at the contract offer of Rs 57.03 crore. This firm had already extended the validity upto 19 August 1998. With a view to narrow down the gap with reference to the lowest offer of M/s 'A', Port Trust invited (29 July 1998) the firm for negotiation. After negotiation, the revised offer of Rs 55.14 crore (excluding taxes) was accepted. The tugs and crafts were delivered by the firm in January 2001 and payment was made to the tune of Rs 63.93 crore including sales tax.

Scrutiny of records in audit amongst other things revealed that :

(i) The conditions of the contract between the Consultant and ChPT, inter-alia, stipulated a maximum period of four months for conducting a detailed evaluation of contract packages, covering all the aspects involved in the analysis and for furnishing the final tender evaluation report. However, the Consultant took more than five months to submit the final evaluation report. The delay in technical evaluation of the lowest tender for Rs 52.32 crore subsequently led to the award of contract to the higher tenderer for Rs 55.14 crore.

(ii) The offer by M/s 'B', comprised Rs 309646000 + US $ 2489640 + DM 4859380 + NLG 3140017. The Consultant arrived at the Rupee equivalent as Rs 57.03 crore based on the exchange rates prevailing on the date of tender. M/s 'B' specifically clarified in April 1998 to the Consultant that their offer included the elements of Sales Tax at five *per cent* and turnover sales tax at 2.5 *per cent*. The Consultant accordingly arrived at the basic price after excluding this tax component, at Rs 52.75 crore in his evaluation report whereas, as worked out in audit, it would be Rs 53.05 crore.

During negotiation M/s 'B', reduced the price component in terms of NLG from 3140017 to 2140017. However, while communicating the reduced offer (July 1998), the firm indicated that the revised offer was exclusive of any tax component. The Port Trust awarded the contract to the firm (August 1998) for Rs 55.14 crore accepting the revised offer.

Audit observed that the contract price of Rs 55.14 crore after negotiation was more than the earlier basic price evaluated before negotiation. Acceptance by Port Trust of the revised offer after negotiation leading to further increase in basic price was not justified. This finally led to an unnecessary additional expenditure of Rs 2.32 crore to Port Trust (reckoned on increase in basic cost - Rs 2.09 crore + corresponding increase in sales tax Rs 0.23 crore).

The Ministry in their reply stated (January 2002) that the delay in evaluation was due to unavoidable technical complexities of the work and delay in submission of required technical details by the bidder. However, Audit observes that the specific time limit of four months for evaluation of bids by the Consultant would have been stipulated only after taking into account all the complexities in such contracts.

As regards the resultant increase in the contract price after negotiation, the Ministry stated that as per tender conditions, the taxes were to be paid extra and that only the basic price was negotiated and reduced while other terms and conditions including the payment of taxes as extra remained unaltered. This reply is not tenable as M/s 'B' had specifically stated to the Consultant that their initial offer included the elements of sales tax and accordingly the Consultant worked out the overall basic price. After negotiation, though the price in terms of one component (NLG) was reduced, the firm indicated that the final price did not include any tax component. As a result, there was an overall increase in the basic price after negotiation.

9.3 Improper evaluation of tender

Evaluation of tender offers without reckoning the cost of spares led to the award of contract to the tenderer who quoted a price that was eventually higher by Rs 0.99 crore.

ChPT invited tenders (June 1998) for supply of two tugs of 32 tonne bollard pull with telescopic fire monitors. Of the seven offers received, six were found to be valid. The Tender Committee, constituted for evaluation and finalisation of tenders, recommended (25 November 1999) the offer of M/s 'A' whose rate was the lowest at Rs 32.52 crore. After getting the approval of the Board, ChPT placed (January 2000) the order with the M/s 'A' for supply of the tugs along with the classification spares and other spares at a cost of Rs 32.52 crore. M/s 'A' subsequently represented in February 2000 that their rate was for supply of two tugs with classification spares only and that they had indicated the cost of other spares referred to in clauses 10.1, 10.2 of tender documents separately and therefore, requested for issue of an amendment to the supply order deleting the word 'other spares'. The Port Trust accepted the contention of the supplier and issued (December 2000) an amendment deleting the word 'other spares' from the supply order. The Port Trust however, preferred to defer the procurement of 'other spares'. The construction of tugs was in progress and payment of Rs 12.78 crore has been made so far (April 2001).

A scrutiny of the connected records at ChPT revealed the following:

(i) The tender conditions, *inter-alia*, stipulated the furnishing of the yard details, depth of water-front etc., by the tenderers and documentary evidence for having constructed a minimum five units of more than 20 tonne bollard pull tractor tugs along with their performance reports. M/s A' did not have the required depth of water-front for the construction of the tugs intended and had not manufactured any tugs of their own, but had manufactured only a few floating crafts like barges, launches and buoys. However, the tender committee recommended the award of the work to M/s 'A' on the grounds that (a) Ocean Engineering Centre, IIT, Madras had certified the feasibility of construction of the tugs by the firm with the help of a floating dock despite the non-availability of adequate water depth on their own and that (b) the firm had entered into an Memorandum of Understanding (MoU) with M/s 'B', Holland and this collaborator was a renowned manufacturer of tugs.

It was observed from the MoU that M/s 'B' had only agreed to provide M/s 'A' sufficient documentation consisting of design and drawings of the tugs to make the necessary bid before the Port Trust on certain specific payment (five *per cent* of contract price). Otherwise the MoU did not contain any apparent commitment or involvement by the collaborator in the construction of tugs conforming to the specification of the Port Trust. Moreover, when the tender conditions contemplated the award of the contract only to firms of proven performance background, the award of contract to M/s 'A' who were to commence the construction afresh that too under make-shift arrangement was not justified.

(ii) As per the general rules and directions indicated for the guidance of the tenderers under the contract, the rates quoted in the tender were to include everything required to be done as per the instructions, conditions of contract and specifications referred to in the tender document. The specifications for design and construction, delivery afloat and handing-over of tugs contained in 10 Chapters included a Chapter (Chapter 10) on supply of spares along with the tugs. As per this Chapter 10, all spares including classification spares and other spares listed therein under clauses 10.1 and 10.2 should be supplied. In the price schedule, it was required that the price of tugs with classification spares be quoted and that the item-wise cost of other spares as per the Clauses 10.1, 10.2 to be supplied indicated separately.

The cost of tugs with classification spares quoted by M/s 'A' was presumed by the Port Trust to have included the cost of other spares also. The tender evaluation was made accordingly and the Board was also informed that the price offered by M/s 'A' included the cost of other spares. Supply order was finally placed with M/s 'A' for the supply of the two tugs along with the classification spares and other spares at the quoted rate.

But M/s 'A', in February 2000, stated that their quoted offer did not include the cost of other spares but only the cost of tugs and classification spares as expressly stated in the price schedule and therefore requested for issuing amendment, deleting the word 'other spares' from the supply order. Port Trust, accepting the contention, issued the amendment. Port Trust, did not, however, place any fresh order for the supply of other spares with M/s 'A' but deferred the procurement.

It was seen that in the case of the next lowest tenderer M/s 'C', a Government of India Undertaking, who had not furnished the cost of other spares separately, Port Trust sought specific clarification, on this aspect. M/s 'C', while confirming their readiness to supply all the spares mentioned in the tender document indicated that the cost included, in addition to classification spares, the other spares as per tender specification. But no such confirmation was obtained by the Port Trust from the M/s 'A' that the cost of 'other spares' also was included in their tender offer. Port Trust merely relented when M/s 'A' later sought an amendment to the supply order to the effect that the price was only for the two tugs with "classification spares".

If the cost of 'other spares' (Rs 1.13 crore) indicated separately by M/s 'A' had also been added to the cost of tugs and the total price (Rs 33.65 crore) compared with the offer of M/s 'C' (Rs 32.66 crore) which included the cost of all spares, the offer of M/s 'C' would have become the lowest, in which case the supply order should have been placed on M/s 'C' only. This has not been done.

Thus, the improper evaluation of the tender offers by Tender Committee led to the award of contract to the higher tenderer by Rs 0.99 crore, who also had no previous experience in construction of tugs.

The Ministry in their reply (December 2001) justified the selection of M/s 'A' for the supply of tugs reiterating the same reasons as already brought out and suitably commented upon.

In regard to improper evaluation, Ministry stated in their reply as follows:

(i) "As M/s 'C' had neither indicated cost of spares separately nor stated that their price was inclusive of other spares while submitting the bids, any reconsideration of the offer later based on the subsequent confirmation from the firm for inclusion of the cost of other spares in the quoted price, would amount to post-tender revision.

(ii) M/s 'C' was insisting, during tender committee meeting, for opening of Letter of Credit (LoC) in favour of suppliers of major items like steel, propulsion system, etc. This indicated the financial status of the firm which also had to be taken into account while finalising the supply order. If the likely interest liability on account of this LoC opening requirement were reckoned, the total cost of tugs supplied by M/s 'C' would be much higher than that of M/s 'A' even after adding the cost of other spares"

The reply of the Ministry appears to ignore the Port's specific requirement included in the tender documents that all the other spares should be supplied along with the tugs and the rate quoted in the tender should include all these requirements. Moreover, the clarification in regard to the inclusion of the cost of other spares in the quoted offer was given by M/s 'C' only at the instance of Port Trust. Therefore, no "post-tender revision" was involved.

Regarding the requirement of opening of LoC attributed to M/s 'C' it may be recalled that the tender committee earlier recommended the offer of M/s 'C' only as lowest with sales tax at four *per cent* as against the offer of M/s 'A' with sales tax at 1.5 *per cent* (However, the offer of M/s 'A' with reduced sales tax at one *per cent* became the lowest and was accepted subsequently). While so recommending, it was indicated that the payment terms of the Port Trust had been accepted by the firm. In such circumstances, the Ministry's projecting the interest liability on the "LoC terms" of M/s 'C' is irrelevant and hypothetical. Also, no such grounds formed the basis of rejection of the offer of M/s 'C' as seen from records perused by Audit.

In view of the above, the reply of the Ministry is not tenable.

Cochin Port Trust

9.4 Imprudent investment decision

Acquisition of one transfer crane on lease for 10 years instead of its outright purchase was an imprudent financial decision that resulted in loss of Rs 7.46 crore.

In November 1997, Cochin Port Trust (CoPT) approved purchase of one 35.5 tonne Rubber Tyred Gantry (RTG) crane for Rs 7 crore to augment yard handling equipment at Rajiv Gandhi Container Terminal commissioned in September 1993. While the tenders received were being processed, CoPT decided (July 1998) to procure the RTG crane on lease from a Mumbai firm for a period of ten years paying lease charges at Rs 2.20 crore for the first year from the date of commissioning and at 3 *per cent* cumulatively increasing rates for the next nine years. The lease also envisaged transfer of the equipment to CoPT in good working condition on expiry of the ten year lease period It was stated that the acquisition of the equipment through leasing was preferred to its outright purchase mainly on grounds of (i) inadequate plan allocation of Rs 10 crore for 1998-99, (ii) shorter delivery period of nine months compared to 18 months to purchase and (iii) guaranteed 88 *per cent* availability per quarter.

Lease agreement and work was awarded to the firm in August 1998 and the transfer crane commissioned in December 1999 involving a time overrun of 30 weeks. Even though Net Present Value (NPV) analysis disclosed that purchase option was cheaper by Rs 74 lakh than the lease option, CoPT opted for the latter on the score that guaranteed minimum availability of the equipment for 88 *per cent.*

Audit scrutiny disclosed that NPV analysis was incorrect and unbalanced for the reason that cash outflow under purchase option was arrived at including the element of cost of capital at 12 *per cent per annum* whereas it was excluded while computing NPV under the lease option. If interest at 12 *per cent per annum* was also reckoned, NPV for lease option would be Rs 21.28 crore as against Rs 13.82 crore for purchase resulting in excess cash outflow of Rs 7.46 crore.

CoPT stated (August 2000) that cash outflow in the case of lease option consisted of only lease rentals and being a revenue expenditure, interest thereon need not be reckoned. Ministry endorsed (September 2001) the views of CoPT. The contention is not acceptable as in a rational and equitable comparison of cash outflows under both the options, for taking an investment decision, the crucial factors having financial implications should be applied uniformly. Either the actual cash flow arising out of the two options or cash flow plus the opportunity cost in respect of both the options should be taken into consideration. Further, the Board of Directors was apprised in June 1998 that purchase option was indeed cheaper though lease option was preferable due to guaranteed availability, penal provisions and squeeze on plan funds. Evidently, lease option was adopted on supposed operational considerations ignoring the financial implications.

9.5 Unfruitful expenditure on purchase of diesel generator set

Because of Cochin Port Trust's failure to ensure the operational feasibility before effecting the purchase, Rs 4.54 crore invested on a diesel generator is rendered wasteful.

With a view to augment power supply during peak load hours and to supply at times of power interruptions, CoPT procured (April 1998) one 2.5 MW Diesel Generator (DG) set at a cost of Rs 5.24 crore from an Indian firm and installed it in May 1999. During trial runs, it was noticed (July 1999) that the generator was not compatible with the quay side gantry cranes, as tripping of the crane controls recurred.

As suggested by the supplier of the DG Set, CoPT installed (August 2000) a ballast system (cost: Rs 20.50 lakh) in one crane for making it operational. It also did not help in avoidance of the tripping of the crane controls. In view of the problems of non-adaptability of the DG set, CoPT engaged (November 2000) Central Power Research Institute (CPRI) for conducting preliminary investigation (cost: Rs 0.75 lakh) to find a way out of the recurring problems of tripping. Though CPRI recommended installation of LC Filter Bank to reduce trippings in February 2001. CoPT had not taken steps for installation of a Filter Bank as of June 2001 and the DG set had remained idle for the last three years. Till February 2001, Rs 4.54 crore had been spent on the DG set. The following points were noticed in audit.

i) CoPT did not conduct any study regarding smooth operation of the sophisticated imported gantry cranes with the power supplied by the DG set. Had the suitability/adaptability of DG set been ascertained from the crane manufacturers before-hand, the huge unproductive investment of Rs 4.54 crore on the DG set could have been avoided.

ii) The cranes were operated feeding power drawn from the general pool and non-availability of electricity for container handling led to complaints from trade during power shortages. As the main objective for the acquisition of the costly DG set was not met, expenditure of Rs 4.54 crore did not serve any purpose and CoPT did not derive any benefit from the huge investment.

Ministry stated in December 2001 that the DG set has not been taken over by CoPT since it was not compatible with the gantry crane and that as advised by the crane manufacturers, CoPT was considering upgradation of the cranes to make them compatible for working with the power fed from the DG set. Thus, failure to sort out the problems beset in working the gantry cranes along with DG set led not only to idle investment of Rs 4.54 crore for nearly four years but also the necessity of early upgradation of the cranes themselves.

9.6 Infructuous expenditure on repairs of an indigenous transfer crane

Defective agreement resulted in investment of Rs 3.38 crore on repairs of the crane infructuous.

One Braithwaite Krupp transfer crane (cost: Rs 1.68 crore) commissioned in April 1986 went out of order in October 1990 due to failure of its various electric and electronic control systems. CoPT decided to revamp the control system and the work of supply and installation of a new programmable logic control system was entrusted in March 1994 to the single tenderer viz., M/s ‘A’, Bangalore, on a turn-key basis, for Rs 1.70 crore (including sales tax), stipulating the date of completion of revamping and re-commissioning as March 1995. Due to delays in import of components and material for the hydraulic system, problems with sub-contractors, etc. M/s ‘A’ could not commission the crane by the due date and extension of time was granted up to December 1997. Though the crane was taken over in December 1997 after repairs, its commercial operation on a regular basis was blocked due to frequent breakdowns. CoPT issued show cause notices in April 1998/August 1998/February 1999. After completing the revamping works, the firm finally handed over the crane to CoPT in August 1999.

Even after revamping at a cost of Rs 1.70 crore, the crane was not performing satisfactorily and the revamping also did not yield the desired result. As against the norm for utilisation viz. 40 *per cent,* the revamped crane's utilisation ranged between 1 *per cent* and 13 *per cent* during 2000-01.

As the crane was sick and not performing satisfactorily from the very beginning, suitable provisions guaranteeing trouble-free and smooth commercial operations for a reasonable period should have been incorporated in the revamping agreement with the lone bidder to safeguard the financial interest of CoPT. This was not done.

Ministry stated (December 2001) that CoPT has been advised to be cautious while dealing with M/s ‘A’ in future and also to explore the scope for any further action against the firm, notwithstanding realisation of the maximum liquidates damages of Rs 25.51 lakh.

9.7 Loss of revenue due to non-acceptance of highest premium offer

Negotiated leasing out of property led to revenue loss of Rs 80 lakh.

CoPT invited tenders (July 2000) for leasing out three plots for storage of dry bulk cargo. Out of seven offers received, three were called for negotiation. After negotiation, Board of Trustees (BoT) allotted (December 2000) one plot each to the three firms at a total premium amount of Rs 14.21 crore.

Firm 'A' had occupied the allotted plot in March 2001 and the other two firms have not yet occupied the plots (July 2001). Due to non-takeover of the two allotted plots by firms 'B' and 'C', CoPT had lost revenue of Rs 8.20 crore. It was further noticed in audit that while the combined allotment of the plots to the three firms fetched income of Rs 14.21 crore only, firm 'A' had quoted in its individual offer a higher premium of Rs 15.01 crore for all the three plots. As such, CoPT had incurred a loss of Rs 80 lakh by not allotting all the three plots to firm 'A'.

The following irregularities were also noticed :

(i) Post-tender negotiations have been banned (November 1998) by Government of India except in the case of highest bidder in the case of lease. As firm 'A' was the highest bidder, negotiations with the other two firms 'B' and 'C' were unwarranted and unjustified.

(ii) The contention that negotiations were confined to the three firms which quoted the highest premia for the individual plots 'A' to 'C' was untenable in as much as premium (Rs 3.28 crore) quoted by firm 'B' was not the highest for plot 'B'. Original offers from firms 'A' and 'C' for plot 'B' were for Rs 4.50 crore and Rs 4.05 crore respectively. Thus inviting the firms for negotiations was irregular.

(iii) Ministry had stipulated (February 2000) that premium rental offered should not be less than the commercial value of land either obtained through the tender in the vicinity or rates notified by Port. As such, the premium offered by firm 'A' being the highest should have been considered

(iv) According to tender conditions and allotment order premia had to be paid by the allottees within 30 days or else the allotment would stand cancelled. Though more than four months had already elapsed, neither the allotments to the firms 'B' and 'C' had been cancelled nor earnest money deposited (Rs 5 lakh) by them forfeited.

Thus, leasing out of prime property at a lesser rate caused financial loss to the port to the extent of Rs 80 lakh. CoPT stated (April 2001) that the highest offer of firm 'A' for all the three plots was not accepted because it was not possible to get higher Minimum Throughput Guarantee (MTG) from the firm. This is not tenable as the aforementioned orders of February 2000 precluded Port Trusts from insisting on MTG.

The matter was referred to the Ministry in August 2001; their reply was awaited as of January 2002.

Jawaharlal Nehru Port Trust

9.8 Imprudent decision to lease out buffer yard

Jawaharlal Nehru Port Trust leased out buffer yard to an outside agency inspite of having sufficient infrastructure to operate and maintain it with idle manpower and equipment, this has led to loss of revenue of Rs 19.79 crore (approx).

With a view to develop a buffer yard the Jawaharlal Nehru Port Trust (JNPT) constructed a paved area of 40000 sq.mts. adjacent to the existing container freight station at a cost of Rs 4.66 crore in 1996. The purpose was to ensure that fully documented and customs cleared containers enter the Port premises to facilitate exports and ease congestion in the Port. The main activities carried out in the buffer yard included lift on/lift off by crane and transportation of the containers by tractor-trailer and managing the yard.

The BoT of the Port decided in March 1996 to engage Contractor 'A' to operate and manage the newly constructed buffer yard for handling undocumented factory stuffed containers. No tenders were called from the prospective bidders to conduct such operations, which was in contravention of the Ministry's guidelines. The area developed by the Port Trust was leased out to the contractor for a rent @ Rs 16 per sq. mt. with Rs 2.6 per sq.mt. per month towards maintenance charges in addition to a royalty of Rs 120 per Twenty Foot Equivalent Unit (TEU) on containers handled in the buffer yard. The basis for the royalty being 10 *per cent* of the amount collected by the contractor in respect of the containers handled in the buffer yard. Since the contractor was allowed to charge an amount of Rs 1300 per TEU, the actual royalty chargeable by the Port was Rs 130 instead of Rs 120 per TEU. In addition to this, the contractor was empowered to charge ground rent charges for loaded containers beyond free period and empty containers stored in the buffer yard as per the tariff approved by the Port. The contractor started the operation in August 1997. In June 1999 the work was again tendered and awarded to the same contractor for a period of five years along with the contract for management of container freight station despite having received complaints from the users in respect of poor quality of services rendered by the contractor.

As the Port had sufficient infrastructure facilities viz. equipment and manpower (124 technical and non-technical surplus staff as per report of Staff Inspection Unit of Ministry of Finance) to carry out operational activities the rationale behind engagement of a contractor for the management of the buffer yard is not justified. While Port incurred huge expenditure of Rs 4.66 crore on developing "buffer yard", letting out of the yard on a paltry rental resulted in an approximate loss of revenue of Rs 19.79 crore to the Port up to March 2001.

The matter was referred to the Ministry in August 2001; their reply was awaited as of January 2002.

9.9 Unproductive expenditure

The Port procured equipment worth Rs 8.93 crore merely on the recommendations of the consultant without analysing the actual need. The equipment/machinery could not be put to use/worked satisfactorily right from the beginning which resulted in unproductive expenditure.

(a) JNPT procured two bag stacker re-claimers with associated conveyors at a cost of Rs 809.44 lakh in 1989 on the recommendations of the Consultant M/s 'A'. The equipment installed were to handle fertilizer raw materials, food grains, through grab, continuous unloaders and associated conveyers system. These equipments were meant to receive fertilizer/food grains bags and stack them in a systematic manner in storage shed and also to reclaim them for loading purpose to the wagon loading platform.

The entire system did not work satisfactorily since installation due to design deficiency. As the system was abinitio defective, it could not be commissioned successfully. It was also found that for regular operations, such equipment was not considered necessary. The Port did not take any action to make the system functional nor did it fix any responsibility on the consultant. However in 1997, the Port formed a committee to study the status of the equipment. It was recommended by the committee that all the major ports would be asked to take over the assets on the basis of reserve price within one month's time, or else to dispose of them following tender procedure.

In January 2001, Port disposed of the system for Rs 39.85 lakh incurring huge loss of Rs 769.59 lakh.

(b) The Port also acquired automobile machineries worth Rs 83.92 lakh during the project stage in 1989 on the basis of the recommendations of the project consultants M/s 'A'. These machineries included brake drum lathe, brake shoe grinder, crankshaft grinder, cylinder boring machine etc. which were meant for repairs/testing of diesel engines, cylinder heads, piston cylinders etc. in the auto garage.

The above automobile machineries were not used by JNPT right from the date of procurement for the purpose for which they were procured due to lack of expertise in such specialised field. Moreover with the nature of work to be performed in the auto garage, such special type of machineries were not considered necessary. Neither did the Port take up the matter with the Consultants nor did it explore any alternate venue/party to use the equipments. Finally, port disposed of the machinery during the period January to July 2001.

The port procured these items merely on the basis of recommendations of the Consultant without analysing the actual need for such items and without proper technical assessment of equipment. Procurement of defective system/equipments of high cost and inadequate follow up at the initial stage thus resulted in unproductive expenditure of Rs 8.93 crore. The Port Trust has not fixed any responsibility for such gross negligence.

The matter was referred to the Ministry in June 2001; their reply was awaited as of January 2002.

9.10 Avoidable expenditure on construction of electrical substation and loss on account of lease rent of land handed over to NSICT.

Jawaharlal Nehru Port Trust showed an undue favour to a Contractor and thus incurred an avoidable net expenditure of Rs 1.16 crore in construction of a new electrical substation. It further handed over a strip of land to the Contractor free of cost causing another loss of Rs 28.22 lakh to the Port.

(a) JNPT constructed an electrical substation E6 during the project stage in 1989 at a cost of Rs 2.57 crore. The substation was intended to feed 156 reefer sockets in the container terminal of the Port. Due to increased refrigerated container traffic in 1994-95, the Port developed another 88 reefer sockets to meet the additional traffic. In order to meet the power requirement for these 88 reefer sockets, another electrical substation E5 was modified at a cost of Rs 36 lakh. Again, in April 1996, the Port approved construction of a new electrical substation along with 192 reefer sockets at a cost of Rs 3.6 crore anticipating growth in refrigerated container traffic.

In July 1997, JNPT entered into a license agreement with NSICT to build, operate and transfer a container terminal for a period of 30 years. Although, the license agreement had specified that the licensee should install their own substation, the Port handed over the existing E6 substation to NSICT at cost of Rs 2 crore in January 1999.

Due to declining trend in the refrigerated container traffic, the projected traffic did not materialise during 1996-2001. Audit scrutiny revealed that container traffic in the Port had decreased from 6.69 lakh TEUs in 1998-99 to 5.45 lakh TEUs in 1999-2000. During 2001, the container traffic was only 4.95 lakh TEUs. In view of this, the new substation constructed at a cost of Rs 3.6 crore was not optimally utilised. If the Port had not handed over the E6 substation to NSICT , expenditure of Rs 3.6 crore on the construction of new substation could have been avoided.

The Ministry in their reply (September 2001) stated that the substation was constructed to feed the newly constructed yard of 192 reefer sockets and was in anticipation of increase in traffic in the future, gradually 88 sockets behind E5 would be disconnected and the area would be made available for the steady growing ICD traffic to ensure faster turn round of railway racks and the decline in the reefer traffic is purely a temporary phenomenon due to diversion of traffic to NSICT. The reply of the Ministry is not tenable as the reefer container traffic in the Port was at the peak during 1998-99, which could have been easily met with existing facilities. The container traffic in the Port declined steadily from the year 1998-99 to 2000-01 and the number of reefer containers connected in the new yard constructed in September 1999 had never reached its installed capacity of 192 reefer sockets but had crossed 100 only on one day (5.1.2000) during the period from September 1999 to March 2001. Moreover, when the license period of NSICT is 30 years, the decline in traffic cannot be considered as temporary but a defective assessment of traffic level by not anticipating the diversion of traffic from the Port. The logical conclusion is that the Port had shown undue favours to NSICT and incurred an avoidable net expenditure of Rs 1.6 crore in constructing new substation.

(b) While finalising the cost of substation NSICT proposed to JNPT that it should hand over a strip of developed land admeasuring 6000 sq.mts. along with the substation. JNPT acceded to the proposal without analysing the cost of land and its prospective use by NSICT and handed over the substation along with a strip of developed land of 6000 sq.mts. in January 1999 on the express condition that the subject land would be developed by the licensee as a green belt latest by end of 1999. Since NSICT had sought the land for some specific purpose, the rationale behind handing over land by the Port for some other purpose was not clear. However, verification by Audit on 10.5.2000 alongwith the officers of electrical maintenance section (Deputy Manager and Assistant Manager) revealed that the licensee had not fulfilled the above conditions, instead the area was being used for other purposes.

The rate of lease rent prevailing for undeveloped land inside the port during January 1999 was Rs 16 per sq.mt. per month with 10 *per cent* escalation every two years. Port should have included specific conditions in the allotment order for charging lease rent as the land was allotted to them at their specific request. Hence the action to hand over the land to NSICT free of cost resulted in extension of undue benefit to a private operator. The loss to the Port in this account worked out to Rs 28.22 lakh from January 1999 to March 2001.

The Ministry in their reply stated that the area was reserved for greening, hence it cannot be considered for revenue generation. Reply of the Ministry is not tenable due to the fact that when NSICT had requested the land for some specific purpose to facilitate for their operation, handing over the land for greening purpose was not in order and it amounted to showing undue favour to a private operator who was also a competitor of the Port in the field.

9.11 Avoidable expenditure

Improper technical planning and lack of coordination led to incorrect decision which resulted in an avoidable expenditure of Rs 1.27 crore.

JNPT introduced computerisation during the project stage in 1989 with 5 DEC VAX 6210 systems which were supplied by Digital Equipment Corporation USA. The systems were installed, commissioned and maintained by Computer Maintenance Corporation Ltd. till March 1993 and there after, the operation and maintenance was entrusted to M/s 'A' at an annual cost of Rs 65 lakh with effect from April 1993 onwards. Since the system was not deriving the maximum efficiency, an agency M/s 'B' was engaged to conduct a technical audit of the system to evaluate the adequacy of the software and hardware configuration of the system at a fee of Rs 4 lakh in 1993. The main objective of the technical audit was to identify the problem areas in the applications causing poor performance of the system with reference to the configuration. The findings and the suggestions made by the technical audit clearly mentioned that the prime reasons for poor performance of the system was sub-optimal design strategies of the software, database and lack of co-ordination in implementation of computerisation. The users were also reluctant to use the system. The report concluded that 'the computerisation was not effective in the Port' and the poor performance of the system was not at all attributable to the hardware configuration, but due to inadequacies in the software system.

Instead of taking steps to remove the anomalies in the software system, the Port procured two new DEC Alpha Systems, one in 1995 and another in 1997 at a total cost of Rs 110 lakh for augmenting the systems in both Container Terminal Computer Centre (CTCC) and Port Management Computer Centre (PMCC). In PMCC the new system was introduced with a view to reduce the processing time of payroll of all the employees of JNPT from 16 hours to 8 hours by "Porting in" the existing payroll and financial software to the new system. It was also stated that the migration of data into the new system could be achieved without affecting the existing software and running applications. However, it was revealed from the records that the Port could not migrate the data into the new system due to some technical reasons thereby defeating the main purpose for which the system was procured in PMCC. The Port engaged in 1999 another contractor M/s 'C', to develop a new Application Software at a cost of Rs 16.50 lakh, as the earlier supplier could not migrate the data. As the contractor was already engaged for software and hardware maintenance at a fee of Rs 65 lakh per annum, the Port should have got the inadequacies rectified in the software by the contractor as suggested by the Consultants.

The Ministry in their reply (November 2001) stated that the Port has purchased two Alpha 1000 servers in 1995 and 1997 for CTCC and PMCC as suggested by Tata Consultancy Services (TCS) in the long term plan for improving the performance of the system and the entire PMCC applications could not be ported in directly to the new system as the old applicantions were not Y2K complaint. The Ministry's reply is not tenable as the TCS report clearly indicated that sub-optimal design strategies of the software and data base and lack of co-ordination towards implementation of computerised system as prime reasons for the situation prevails in the Port and also in the long term plan Port has to replace the old systems as the same was not Y2K complaint. Since the port had replaced the old systems with new hardware and software at a cost of Rs 8.25 crore, an investment on purchase of hardware and software at that stage could have been avoided had the port been planned properly anticipating the huge investment in revamping the entire system due to Y2K problem.

Thus improper technical planning, lack of co-ordination led to incorrect decision of the port which resulted in an avoidable expenditure of Rs 1.27 crore on augmentation of new systems and development of software packages.

9.12 Irregular expenditure

Jawaharlal Nehru Port Trust incurred an irregular expenditure of Rs 38.50 1akh on encashment of Casual Leave.

As per the Central Civil Service (Leave Rules) encashment of casual leave is not permissible. In JNPT, a proposal for encashment of 50 *per cent* of casual leave subject to maximum of 10 days per year to the employees was submitted to the BoT on 31st January 1992. The proposal was withdrawn being not in tune with the practice followed in other Government departments. However, in December 1998, the Chairman exercising powers beyond his jurisdiction approved the proposal allowing encashment to all employees upto 10 days out of 20 days of casual leave admissible to them. The practice was continued in 1999 and 2000 also.

During the period 1998-2000 the Port had allowed encashment of casual leave to various categories of employees involving an irregular and avoidable expenditure of Rs 38.50 lakh.

The matter was referred to the Ministry in August 2001; their reply was awaited as of January 2002.

9.13 Loss on hiring of pilot launches

Failure in obtaining the launches for pilotage operations resulted in loss of Rs 18.40 lakh.

JNPT commenced its operations in the year 1989. In order to conduct pilotage operations, Port acquired three pilot launches in 1989 during the project stage and one in 1998. The manning, operation and maintenance of all these launches were entrusted to various private parties by the Port since inception. As per the conditions of the contract, it was the prime responsibility of the contractor to keep the launches in commission at all times so as to ensure that the launches with crew were made available round the clock. In case of non availability of the launches, the Port reserved the right to engage substitute launches on hire as required by the Port operations and deduct the entire cost from the bills payable under the contract or from any other bills payable to the contractor. Monthly manning and maintenance charges were paid to the contractors as per the conditions of the contract.

The contractor failed to perform as per the provision of the contract conditions and he did not provide the launches during August 1998 to January 2001 and the Port had to hire launches incurring an expenditure of Rs 21 lakh.

Failure of the Marine department of the Port in obtaining the launches for pilotage operations had resulted in loss of Rs 21 lakh on hiring of launches which had not been recovered from the contractor as per terms and conditions of contract. The penalty for downtime period as per contract provisions was recovered by the Port.

Ministry stated (September 2001) that an amount of Rs 22.31 lakh has been recovered towards non-availability of launches and hence double penalty need not be considered towards hiring of launches.

The reply cannot be accepted in audit due to the fact that recovery towards penalty and recovery towards hiring charges are two separate stipulations in the contract. The recovery of Rs 22.31 lakh included only Rs 2.6 lakh towards hiring charges. Thus, non-recovery of hiring charges resulted in loss of revenue of Rs 18.40 lakh.

Kolkata Port Trust

9.14 Avoidable expenditure

Without ensuring guaranteed supply of thermal coal, Haldia Dock Complex procured three bulldozers against two as recommended by the consultant and thereby incurred an avoidable and wasteful expenditure of Rs 1.58 crore on procurement of the third bulldozer.

To prevent, control and fight spontaneous fire in the coal stack yard, Haldia Dock Complex (HDC) engaged Central Mine Planning and Design Institute Limited (CMPDIL) in July 1998 to undertake a study and to suggest remedial measures. CMPDIL in their study report recommended (August 1998) the services of minimum two BD355 (heavy duty) bulldozers for fire fighting purposes. The proposal of CMPDIL was based on the fact that HDC was handling around four million tonne of thermal coal in a year. This was projected to increase to five million tonne by 1999-2000 and to 7.5 million tonne from April 2002 due to routing of thermal coal traffic of Tamil Nadu Electricity Board (TNEB).

Therefore, HDC, in September 1998 proposed to procure one heavy duty bulldozer to meet its immediate requirement. It was decided that after final assessment, further procurement of such bulldozers could be made if required. TNEB was to confirm their projections of increased coal handling by November 1998. However, in October 1998 without ensuring the supply of projected quantity, HDC revised and finalised the proposal for procuring three heavy duty bulldozers as the existing fleet of bulldozers was considered inadequate for fire fighting purposes in view of the anticipated augmentation of thermal coal handling at HDC. Accordingly, in October 1998 HDC placed an order with Bharat Earth Movers Ltd. (BEML) for manufacture and supply of three BD355 bulldozers at an estimated cost of Rs 4.65 crore including taxes and duties. The bulldozers were to be delivered within June 1999.

Two bulldozers were delivered in January and February 1999 respectively and commissioned in February 1999. Meanwhile (during January to March 1999) handling of thermal coal of TNEB at HDC sharply decreased to 2.5 lakh tonne per month (three million tonne per year). In January 1999, HDC in their plan review meeting, therefore, decided to keep the procurement of the third bulldozer in abeyance. In March 1999, HDC, in view of reduction in the ground stock of TNEB coal, decided to drop the procurement of the third bulldozer and intimated BEML accordingly.

As BEML had already manufactured the bulldozer for HDC by January 1999 and there was no scope for diverting it to any other customer, HDC accepted the third bulldozer. The despatch clearance for the same was given in November 1999 and it was delivered in January/February 2000. HDC paid a total amount of Rs 4.67 crore for three bulldozers between March 1999 and December 2000. Out of Rs 4.67 crore, Rs 1.58 crore had been incurred against the third bulldozer. Till June 2000 the bulldozer was working in locations other than the coal berth. Records also revealed that during February 1999 to September 2001 utilisation of the three BD355 type bulldozers was only 33 *per cent.* Of this, deployment of the bulldozers under fire division was only five *per cent.* Moreover, the quantity of thermal coal handled during 2000-01 had also come down to 3.67 million tonne *per annum* as against anticipated augmentation to five million tonne.

HDC stated in September 2001 that TNEB was indicating movement of thermal coal through HDC upto a level of five lakh tonne per month and in March 1999 Chairman, TNEB also indicated that in any case movement of thermal coal through HDC would not be less than four lakh tonne per month and hence HDC procured three bulldozers, however, HDC had no formal confirmation from TNEB. Though the bulldozers were also being used at iron ore stack yard, total utilisation remained only 33 *per cent.*

The matter was referred to the Ministry in July 2001; their reply was awaited as of January 2002.

Mormugao Port Trust

9.15 Avoidable expenditure on construction of road

Avoidable expenditure of Rs 1.35 crore was incurred to construct a road of 0.748 kms to a destination already connected by an existing road.

A proposal to construct a new road, 0.748 kms. in length, leading from the new administrative building of Mormugao Port Trust (MPT), Goa to the signal station was approved by the Chairman on 28 August 2000. Even before the approval, without preparing an estimate of its own or inviting open tenders, the Port Trust awarded the work on 31 July 2000 to Border Roads Organisation (BRO) who were already executing other works for the MPT at their estimated cost of Rs 1.26 crore. The completion cost of the work was Rs 96.12 lakh. However, Completion Certificate is yet to be issued by BRO.

Further, contracts for providing illumination for the road providing parapet wall all along the road and provision for storm water drainage were also awarded to three private firms at their tendered cost of Rs 4.57 lakh, Rs 4.29 lakh and Rs 29.69 lakh respectively.

The total estimated expenditure on the work therefore worked out to Rs 1.35 crore.

It was observed in audit that the signal station was already connected to the new administrative office by a well maintained road. The work of upgrading this road to National highway specification by providing hotmix bitumen carpeting was also seen awarded and completed by the BRO in November 2000 at a cost of Rs 36.28 lakh. Therefore, construction of another road to the same destination at a cost of Rs 1.35 crore was unnecessary.

The MPT stated in February 2001 that it had taken up this work to improve internal communication with a view to develop the 'westerly slopes' for future development of the Port colony since there was shortage of space.

The reply of the Port is not tenable as the Port colony already has a well laid road network and the existing road could well be extended if and when the 'westerly slopes' are taken up for development. Moreover, most of the land on the western side of the Port colony belonged to the Navy and hence there was no scope for the MPT to develop land on that side.

The matter was referred to the Ministry in June 2001; their reply was awaited as of January 2002.

Mumbai Port Trust

9.16 Avoidable expenditure

Non-initiation of timely action to procure tugs resulted in hiring of tugs and incurring avoidable expenditure of Rs 31.38 crore.

Mumbai Port Trust (MbPT) was in possession of nine tugs with a life span of 30 years. As per the Trustees Resolution of November 1991, life span of tugs were reduced from 30 years to 20 years. By this downward revision, seven tugs had exhausted the economic life span by 1988. All the nine tugs were however laid up during 1997-2000 and awaiting final disposal. Utilisation of MbPT tugs for the last three years was below 35 *per cent.*

Despite knowing that the economic life of seven tugs had been exhausted in the year 1988, MbPT did not initiate any action for replacement. Board's approval was obtained in September 1997 for replacement of two tugs. Though the approval was obtained in September 1997, the contract was awarded in August 1998, to M/s 'A' for design, construction and delivery of two tugs at a cost of Rs 2682 lakh and the delivery date was fixed as December 1999 and February 2000 respectively.

In January 1999, the contractor submitted revised drawings with fresh specifications in order to avoid recurring maintenance as port failed to specify the thickness of hull plates in tender specification and the revised proposal was approved in March 1999. The revised delivery date was fixed as February 2000 and April 2000 and but the actual delivery was made in October and November 2000 only.

In the mean time MbPT hired two tugs from July 1998 till June 2001 and one thereafter incurring an expenditure of Rs 31.38 crore.

Thus, the delay in initiating action for procurement of tugs despite the downward revision of economic life in the year 1991, necessitated alternate arrangement by the Port to hire two tugs from private parties. The incorrect technical evaluation of the requirement and inadvertent tender specification and corresponding change in delivery schedule also necessitated the extension of the hiring of the tugs, incurring an avoidable expenditure of Rs 31.38 crore.

Ministry stated (November 2001) that Port had to hire the tugs to meet the requirement of berthing operations at Jawahar Deep and Pir Pau. Initial period of one year for hiring was extended by one more year prior to date of delivery schedule of the tug. Hence it is not correct to say that due to dealy in delivery schedule, MbPT had to make alternate arrangement for hiring of tugs.

The reply is not tenable due to the fact that MbPT delayed in taking action for procurement of new tugs for about six to seven years despite knowing that economic life of seven out of nine tugs had exhausted. Moreover, though approval was taken in 1997 , the contract was awarded after one year which itself forced the Port to hire the tugs. Also there was delay in delivery schedule due to change in thickness of hull plates, midway through the contract period.

Thus due to defective technical evaluation of the requirement and inadvertent tender specification resulted in avoidable expenditure of Rs 31.38 crore on hiring of tugs.

9.17 Irregular inclusion of House Rent Allowance

Loss of revenue due to irregular inclusion of element of House Rent Allowance in calculation of Over Time Allowance resulting in extra/avoidable expenditure of Rs 30.14 crore.

Ministry constituted a Bipartite Wage Negotiations Committee on 31.12.1992 on wage revision and liberalization of terms and conditions of employment of Port and Dock Workers at the Major Ports of India. On arriving at the settlement over the demands of wage revision, wages of Class III and IV employees of port trust were revised from January 1993. Implementing the revision, MbPT issued a circular in December 1994. wherein it was specified that for the purpose of computation of Over Time (OT), element of House Rent Allowance (HRA) was to be included for employees who were covered under Minimum Wages Act (MWA) and not to be included for those who covered under Major Port Trusts (MPT) Act. However for the purpose of overtime under MWA, the element of HRA notionally is to be computed even in the case of employees in occupation of Port Trust Quarters (PTQ).

Though under MWA, covering manual workers, wages include HRA, for the computation of Over Time Allowance (OTA), the element of HRA should not have been included. Staff members like Senior Clerks, Stenographers of different grades, Inspectors, Assistant Superintendent etc. are not covered under MWA. Hence the inclusion of HRA in computation of OT for their emoluments was irregular.

As the pay revision of Class III and IV employees was made under MPT Act, the inclusion of HRA for calculation of OTA was irregular and erroneous which resulted in extra/avoidable expenditure of Rs 30.14 crore to the port during 1996-97 to 2000-2001.

On being pointed out, Port excluded HRA element in OTA in respect of employees residing in PTQ from 1.1.1998. However, Port continued to include HRA in OT in respect of staff who were not in occupation of PTQ.

Port authorities stated in July 2000 that the Board decided to include the element of HRA for computation of OTA being a benefit enjoyed by the staff for long period. It was also counted for OT payment being the requirement of MWA, as the same is unavoidable unless the MbPT staff is excluded from the ambit of that Act.

The reply is not tenable as the Port had adopted this practice despite clear orders of Government to the contrary. Moreover, none of the other ports are including HRA while calculating OTA.

The matter was referred to the Ministry in June 2001; their reply was awaited as of January 2002.

9.18 Blocking of funds

Inordinate delay in completion of civil work resulted in blocking of funds amounting to Rs 16.36 crore.

MbPT awarded contract of electrical work to M/s 'A' for Rs 13.43 crore in five parts in February 1996 for providing main/distribution transformers and substation equipments in MbPT docks and estates with a completion period of twelve months i.e. February 1997. A contract for civil work i.e. construction of substation was awarded to another contractor, M/s 'B' in April 1996 at a cost of Rs 2.93 crore also with the same stipulated period i.e. April 1997.

Though the civil work was awarded in April 1996, MbPT applied for permission from Municipal Corporation only in May 1996 and the permission was obtained in May 1997. Thus Port had failed in making application for permission before award of work which was a statutory requirement.

The civil work was mainly delayed due to non receipt of approval from Municipal Corporation of Greater Mumbai and also due to some soil investigation and pile foundation work. The delay of two years in completion of civil work resulted in delay in releasing the site for electrical work and hence the contractor could not complete the work in time. A total of Rs 13.24 crore was paid for the electrical work during the period April 1996 to December 1999 and Rs 3.12 crore was paid for civil work. The electrical contract work had been completed on 31 July 1999 though the scheduled date was February 1997. The system has been commissioned between August 1999 and March 2000, though as per the original time table it was to be completed by February 1997.

The port awarded civil work as well as electrical work simultaneously without taking the necessary approval from Municipal Corporation. This resulted in inordinate delay in completion of civil work and consequently delay in completion of electric work. Hence award of civil and electrical contract without proper assessment of required time has resulted in delay in commissioning of the entire system by two years and blocking of funds to the tune of Rs 16.36 crore for three years.

Ministry stated (October 2001) that the delay was due to non receipt of approval from Municipal Corporation in time and also due to poor soil conditions encountered during construction work. The electrical work was awarded simultaneously due to the fact that procurement of equipments requires about 8 to 10 months time. Ministry also stated that Port Trust has been requested to take appropriate action to fix responsibilities as to why there was no clearances taken/no soil investigations done prior to the award of contract.

Ministry's reply is not tenable because it was a failure on the part of MbPT to award civil work without obtaining statutory permission from Municipal Corporation and also due to non conducting of soil investigation of the site. Moreover, electrical work was awarded even prior to civil work.

9.19 Loss due to incorrect levy of dues

Mumbai Port Trust suffered a loss of Rs 3.27 crore due to incorrect application of Trustees resolution for levying pier dues.

By a Trustees Resolution (TR) in May 1996, effective from 1 November 1996, MbPT revised the rates of pier dues for vessels berthed at or using the bulk oil piers, at Jawahar Dweep and Pir-Pau, at Rs 3.50 for coastal vessels and 24 cents for foreign going vessels per Gross Registered Tonnage (GRT), per day or part thereof. This meant that any vessel remaining berthed for even a part of the day i.e. less than 24 hours, should be charged at full rate.

Scrutiny of records revealed that during the period November 1996 to December 1999, MbPT had levied pier dues to a vessel remaining berthed, by computing each 24 hours as a day and ignoring part of a day. In respect of 148 vessels, MbPT levied pier dues on the basis of 24 hours instead of per day or part thereof as specified in the notification. This resulted in short levy of pier dues to the extent of Rs 3.27 crore.

In reply, Ministry stated (January 2001) that the levy of pier dues was made on the pattern of "berth hire charges" as specified in the dock scale of rates, which states that "berth hire charges shall be leviable from the time a vessel takes berth till the time it leaves berth". The term "day" was not specifically defined either in the TR or in the respective section of scale of rates. The term "per day or part thereof" had been provided in the scale of rates that was effective prior to revision under TR NO. 154 of 1996.

Ministry's reply is not tenable and acceptable as the notification of November 1996, clearly indicates the charges leviable "per day or part thereof", and not on the basis of 24 hours resulting in incorrect levy and loss of revenue of Rs 3.27 crore.

9.20 Avoidable loss due to negligence

Mumbai Port Trust suffered a loss of Rs 1.41 crore due to negligence of Port to communicate the navigational warning resulting in sunken of dredger procured at the cost of Rs 1.67 crore.

(a) MbPT procured, dredger 'Vishal' in 1971 at a cost of Rs 166.88 lakh. The dredger sank on 5 December 1987 while proceeding to the dumping ground. The salvage work was initially entrusted in 1988 to M/s 'A' for Rs 1 lakh being the lowest tenderer while second lowest tenderer was M/s 'B' (Rs 64.90 lakh). The reasons for approving the unusually low and unviable tender was not on record. Being only a trading firm M/s 'A' were inexperienced and ill equipped for the said work and could not complete the task. The contractor was discharged and fresh tenders were invited in 1992 and the work was awarded to M/s 'B' at a cost of Rs 83 lakh. Had MbPT awarded the work after investigation of the capability and technical competency at the initial stage itself, it could have saved an amount of Rs 18.10 lakh (Rs 83lakh minus Rs 64.90 lakh).

(b) The work, although, awarded in 1992, was completed in 1998 and Port had as per the terms of the contract recovered liquidated damages amounting to Rs 15.22 lakh from the contractor. The contractor applied for extension of time on various occasions attributing the delay to extraneous reasons like modification of barge, emergency salvage work at JNPT and awaiting a heavy crane from a foreign firm. The port granted extension and refunded the amount of Rs 15.22 lakh.

As the reasons were extraneous to the contract the extension and refund of Rs 15.22 lakh was irregular.

(c) The actual loss worked out by the Port on the sunken dredger was Rs 57.60 lakh. The dredger had completed only 17 years of its useful life of 30 years and the depreciated value was Rs 72.60 lakh. The write off was proposed on the basis that the accident had been caused by factors beyond human control. The BoT approved the write off in September 2000 subject to Government's approval.

It was seen that there was a navigational warning on the notice board on the day of the accident. Due to non-communication of this warning to the dredger, the accident took place and hence the Government did not approve the write off, and instead directed Port to fix responsibility on the officials concerned.

Thus, the negligence of the Port resulted in loss of dredger procured at a cost of Rs 166.88 lakh, with a depreciated value of Rs 72.60 lakh. With an additional unproductive expenditure of Rs 83 lakh on salvage operation, the port was able to realize only Rs 15 lakh on salvaged material incurring a net loss of over 140.60 lakh. Further the incorrect award of the contract to the inexperienced and incompetent contractor also resulted in further avoidable expenditure of Rs 18.10 lakh.

The matter was referred to the Ministry in August 2001; their reply was awaited as of January 2002.

9.21 Irregular expenditure

Mumbai Port Trust incurred an expenditure of Rs 1.13 crore on reimbursement of medical expenses of retired employees on specified private hospitals without the approval of the Ministry.

The medical facilities to the employees of MbPT were governed by Bombay Port Trust Rules 1956 as amended in 1967 which had no provision for giving benefits to retired employees. Subsequently in 1983 a resolution was passed by BoT extending contributory outdoor medical benefit scheme for retired employees and their spouses and in 1985 in-patient treatment facility was also made available to them.

In the year 1993, based on recommendations of a committee, Chairman approved, subject to Government sanction, certain liberalisations in the medical facilities to the employees entitling them for full reimbursement of expenses incurred in specified hospitals for special treatment in connection with heart surgery, kidney transplant etc. The expenditure on reimbursement of medical facilities from private/specified hospitals approved in 1993 was to be met from Employees Welfare Fund. Since this fund was meant for serving employees, it was not to be extended for retired employees.

Even though there was no specific indication about the benefits to retired employees in the decision of 1993, MbPT extended the same benefits to the retired employees also in respect of treatment availed in the specified hospitals. During September 1993 to March 2000, the Port incurred an unauthorised expenditure of Rs 1.13 crore on retired employees for treatment in these specified hospitals. Normally the retired employees are authorised to avail the medical facility in the Port's well-equipped hospital with 255 beds with modern equipments like nuclear scan, endoscopy etc. This was ratified by the Board later on. However the decision was not sent to Government for ratification as per rules.

The matter was referred to the Ministry in August 2001; their reply was awaited as of January 2002.

9.22 Loss of revenue due to inordinate delay in getting the goods cleared

Non-clearance of goods for a period of four years resulted in loss of revenue of Rs 19.77 lakh together with interest of Rs 7.41 lakh.

As per Section 61 and 62 MPT Act, 1963, the Port Trust's Board may, after the expiry of two months from the time any goods have passed into its custody, sell it by public auction, if any rates or rent payable to the Board in respect of such goods have not been paid.

Scrutiny of records revealed that a consignment of 1600 bags of Sodium Naphthionate were brought in July 1995 in the MbPT premises at Wadala. The shipping agent obtained customs permission for re-shipment of goods to Hong Kong in March 1996 but due to non-receipt of permission from Hong Kong Port authorities to discharge the cargo in Hong Kong, the transaction did not materialise and thus the goods were lying in docks/yard till July 1999.

The goods were sold and cleared in July 1999. After allocation of sale proceeds towards Port dues the deficit amounted to Rs 19.77 lakh.

The Port accepted the facts as "generally correct" and stated (May 2000) that in view of the fact that no computerised system of monitoring of containers was available in the Port in 1996-97, there was delay in tracking of goods. Port also stated that action would be taken to recover the balance amount of Rs 19.77 lakh. Demand notice was issued to the consignee in November 2000. He has not paid. So far no suit for recovery has been filed by the Port.

Thus, delay in clearing the goods resulted in loss of revenue of Rs 19.77 lakh together with interest of Rs 7.41 lakh from August 1999 to August 2000.

In September 2001 Ministry repeated the reply of the Port and also stated that the papers have been sent to Chief Law Officer and Advocate for filing suit.

New Mangalore Port Trust

9.23 Loss of Revenue due to delay in revision of water rates

Due to delay by the Secretary of the Board and Civil Engineering Department of New Mangalore Port Trust to follow up action on the resolution in subsequent meeting of the Board, New Mangalore Port Trust suffered a loss of Rs 44.80 lakh as revision of water charges approved by Board in its meeting of May 1998 could not be implemented till October1999.

Karnataka Water Supply and Drainage Board (KWSDB) with effect from 15.10.1996 and the Mangalore City Corporation (MCC) with effect from 5.4.1997 and 1.12.1997 increased the water charges for the water supplied to New Mangalore Port Trust (NMPT) from Rs 1.86/KL to Rs 7.60/KL, Rs 8.00/KL and Rs 12/KL respectively. As a sequel to these increases, the BoT of NMPT also decided (May 1998) to revise the Port water tariff for coastal ship from Rs 38/KL to Rs 100/KL and for overseas ships from US $ 2.38 to $ 3.50/KL, subject to the approval of Tariff Authority for Major Ports (TAMP) in terms of Section 48 read with Section 49B (2) of MPT Act, 1963. Though the revised rates were approved by the Board in its meeting during May 1998, these were however sent to TAMP for their approval only during June 1999, after delay of over a year. It was observed in audit that though in normal course the Board reviews the action taken on its resolutions of the previous meeting in the subsequent meeting, but it failed to review the action taken on this particular resolution. The revised rates were approved by TAMP (Septembcr 1999) and became effective from October 1999. Thus the inordinate delay to get the revised rates approved by TAMP had resulted in a loss of revenue of Rs 44.80 lakh, due to levy of water charges at old rates during the period from October 1998 to September 1999.

Ministry replied (June 2001) that the main reason for the delay was misunderstanding about the interdepartmental procedure in forwarding such proposals to TAMP and due care will be taken in future to avoid such mistakes.

Paradip Port Trust

9.24 Unauthorised payment of advance

Unauthorised payment of interest free advance amounting to Rs 15 crore beyond the powers of Paradip Port Trust and non-adherence to payment schedule.

For fulfilling the needs of Paradip Port Trust (PPT), the existing 132 KV line from Jajpur to Paradip, which was loaded to its full capacity was not considered sufficient and the construction of 220 KV line from Duburi to Paradip and 220/132 KV substation at Paradip by Orissa State Electricity Board (OSEB), now GRIDCO, was contemplated. The investment on infrastructure development for such power supply to the users, of which the PPT was one, was the responsibility of the OSEB.

Scrutiny of the records (September 1999) of the PPT revealed that an interest free advance of Rs 15 crore was paid to OSEB/GR1DCO in five instalments between February 1996 and June 2000 for construction of 220 KV double circuit transmission line from Duburi to Paradip. An agreement to that effect was entered into in March 1996 with the erstwhile OSEB, now called GRIDCO wherein it was stated that the project would be completed by September 1998 and the advance was to be paid, depending upon the progress of work. The advance paid by PPT would be adjusted by GRIDCO from the energy bills raised against PPT from the month of September 1998 and onwards. Accordingly, the advance was adjusted between September 1998 and September 2000. Audit scrutiny revealed that the project which was to be completed by September 1998 as per the agreement had not been completed as of October 2001 even after a lapse of a period of three years.

The purpose for which the payment of Rs 15 crore interest free advance was made stood defeated. The powers of the PPT did not allow for such advances and constituted undue financial aid to GRIDCO, while burdening finances of PPT itself. Such an arrangement was beyond the brief of PPT to adopt. No such powers have been delegated either to the BoT or to the Chairman, PPT by the Ministry under the MPT Act, 1963. In this regard PPT's reply of October 2001 that sections 88 and 90 read with the section 35 of the MPT Act, 1963 provide for such payment was not borne out to be true. Scrutiny further revealed that the agreement entered into was devoid of punitive clause for safegurading the interest of the PPT in situations of delay in completion of the project. In violation of the agreement which stipulated payments in instalments depending upon the progress of work, the entire payment of Rs 15 crore had been made eventhough the work was incomplete as of October 2001.

On this being pointed out in audit (September 1999) the PPT stated (October 1999) that the payment of interest free advance was approved by the BoT with a view to meeting the increasing power demand and ensuring stable power supply to the PPT. The reply is not tenable since there had been violation of the agreement by PPT and payment made was beyond the scope of the Board. Besides, excess advances amounting to Rs 4 crore led to loss of interest of Rs 28 lakh.

The matter was referred to the Ministry in August 2001; their reply was awaited as of January 2002.

9.25 Diversion of super cyclone damage repair grants

Paradip Port Trust had diverted Rs 1.80 crore from the super cyclone damage repair grants received from the Ministry.

A super cyclone occurred on 29 and 30 October 1999 and hit Paradip Port causing loss to port properties. An assessment of damage was made for Rs 68.50 crore and sent to Ministry in November 1999. The Government sanctioned Rs 68.50 crore grants-in-aid for relief and reconstruction in November 2000.

Scrutiny of the records regarding utilisation of these funds revealed that there had been diversion of Cyclone Damage Repair (CDR) funds as evident from the following :

1. Expenditure on procurement of new machinery and materials

As per conditions attendant on Ministry sanction order of November 2000, the grants should be utilised only to repair/ reconstruct the damage to the PPT properties/assets, which have suffered damages due to super cyclone in 1999.

It was noticed that as many as nine purchases of machineries/materials involving cost of Rs 73.28 lakh were made by the Port in violation of the terms and conditions of the grant. The machinery purchased had not been identified as damaged by PPT. This was, therefore, a case of using the grants for normal expenditure of the Port.

On this being pointed out, the Port furnished no reply.

2. Expenditure on dry docking of tug not affected by cyclone

Scrutiny of dry docking file of tug 'Vimala' revealed that before the cyclone, the Port had already finalised the seventh dry docking and its repair. Tender Committee meeting held on 14.8.1999 had pre-qualified three firms for participation in tender of dry docking of the tug and decided upon awarding the work to a firm. The work order was issued on 26 October 1999 and finally the tug sailed for dry docking on 5 December, 1999 i.e. after cyclone. No damage report of the tug was found in the file. After the tug reached for dry docking and during the course of dry docking the Port added some items to the original defect list. The tug returned on 11 March 2000 and the port spent a sum of Rs 46.44 lakh towards dry docking.

Since the dry docking decision of the tug was taken up even before cyclone and work order for Rs 34.97 lakh was initially issued to the firm, the entire expenditure should have been debited to normal expenditure of port account instead of CDR grants being debited.

3. Expenditure on execution of new works

Scrutiny of the CDR files of Port Electrical Division and IOHP Division showed that an amount of Rs 60.25 lakh was diverted from CDR grants for execution of 17 new works, like fabrication, workmanship for structural change, replacement of cross conveyer, electrical installation of existing residential quarters, construction of approach road, fixing of MS grill, construction of compound wall, site development etc.. These works did not find place in the report of damage caused by super cyclone 1999.

Thus, PPT had diverted Rs 1.18 crore from CDR grants despite Ministry directives.

The matter was referred to the Ministry in July 2001; their reply was awaited as of January 2001.

Visakhapatnam Port Trust

9.26 Non-recovery of outstanding dues from payments made to a company

Visakhapatnam Port Trust failed to recover the advances paid to a supplier company and other dues aggregating to Rs 93 lakh from the payments made to it.

Visakhapatnam Port Trust (VPT) placed a work order on West Bengal Government owned company M/s 'A', Kolkata in April 1992 for design, manufacture and supply of 30 tonne bollard pull tractor tug-Vazra, for a basic value of Rs 8.27 crore, reduced to Rs 7.77 crore in October 1992. The tug was to be delivered within 18 months. The contract price was payable in seven stages, on certification by Indian Register of Shipping, of each stage of completion of work. The work order provided *inter alia*, for levy of liquidated damages at one *per cent* of the contract value for every month of delay in completion of the work , subject to a maximum of five *per cent.*

As the tug was not delivered by the due date. VPT released, based on a request of the Company, Rs 2 crore in May 1994 as special advance, against an indemnity bond for speeding up the work. Though the advance was recoverable from V, VI and VII stage payments to be made, VPT recovered only Rs 1.78 crore out of the gross payments of Rs 3.50 core made in these bills, leaving a balance of Rs 0.22 crore unrecovered. Further, though the balance contract price payable after VI stage (Rs 0.39 crore) in June 1995 was itself not adequate to recover the outstanding advance of Rs 0.61 crore, VPT compounded the matters further, by releasing in December 1995 another advance of Rs 25 lakh. VPT thus ended up with unrecovered advances of Rs 0.47 crore from the company. In addition it also did not levy the liquidated damages of Rs 38.84 lakh for belated delivery of the tug in May 2000 as also the penal interest of Rs 92.30 lakh (as per the terms of advance) on the portion of advance of Rs 2 crore outstanding from time to time up to June 2000. The total amount remaining unrecovered by the time the final bill was settled, thus worked out to Rs 1.78 crore, of which VPT could realize only Rs 85.45 lakh by encashing a bank guarantee in July 2001 at the instance of audit.

VPT sought to justify (July 2001) the part recovery on grounds of allowing liquidity to the company and to motivate it for early delivery. This assessment of the VPT does not lend itself to any credibility because VPT was fully aware that it would not have adequate assets for enforcing recovery after release of all the stage payments and as far as motivating the company for early delivery, that also was a failed mission since the delivery materialised only after a delay of over six years.

The Ministry stated in October 2001 that amount would be recovered through legal proceedings initiated in August 2001. The contention is not acceptable since VPT lost the opportunity available to it to effect recovery from the Company's bill and later started a belated and time consuming effort through legal proceedings.

CHAPTER X : MINISTRY OF SOCIAL JUSTICE AND EMPOWERMENT

National Institute for the Visually Handicapped, Dehradun

10 Blocking of funds

Non-construction of administrative block and staff quarters despite availability of funds deprived the intended facilities to the staff of the Regional Centre besides blocking of Rs 35.71 lakh.

With a view to accommodating the officers and staff of the Regional Centre of National Institute for the Visually Handicapped (NIVH), Executive Council of NIVH, Dehradun, approved (June 1992), the construction of office complex consisting of administrative block, vocational training block, hostel block and staff quarters for its Regional Centre, Chennai at an estimated cost of Rs 1.23 crore prepared by Chief Engineer (Building), Public Works Department (PWD) Tamil Nadu for the year 1992-93. The detailed estimates for each building were prepared between January 1994 and July 1998 for the total cost of Rs 1.71 crore. The construction work was entrusted to PWD of Tamil Nadu. Out of Composite Grants-in-aid received by the Institute from the Ministry a sum of Rs 100.65 lakh was paid to State PWD for the construction of office complex during the period from March 1992 to March 1995.

Test-check (July 2000) of records of NIVH, Dehradun and subsequent information collected (July-October 2001) revealed that the construction work was started in the year 1992 in a phased manner keeping in view the availability of the funds. PWD spent Rs 64.94 lakh upto August 1996 on construction of vocational training centre and hostel block whereas the balance amount of Rs 35.71 lakh for construction of administrative block and staff quarters was lying unutilised with it as of October 2001 due to ban on construction activities imposed (1995) by Tamil Nadu Government owing to the reason that the campus of NIVH was adjacent to a high security prison. Though, the ban on construction works was lifted by the Tamil Nadu Government (January 1998), no construction work was restarted as of October 2001.

In reply to the audit query, NIVH stated that sanction for revised cost of project was being obtained from higher authorities to enable the State PWD to start the work. Reply is not tenable as non-start of the work even after a lapse of period of more than 3 ½ years since the lifting of ban on construction activities indicated lack of seriousness of NIVH towards the objective of the project, besides, blockage of Rs 35.71 lakh with State PWD without serving any meaningful purpose.

The matter was referred to the Ministry in August 2001; their reply was awaited as of January 2002.

CHAPTER XI : MINISTRY OF TEXTILES

Department of Sericulture

11 Unfruitful expenditure

Unfruitful expenditure of Rs 3.93 crore on Poorvanchal Sericulture Development Project.

In order to develop Sericulture in non-traditional States, Ministry of Textiles sanctioned (June 1993) implementation of 'Poorvanchal Sericulture Development Project', jointly by the Central Silk Board (CSB) and the Director of Sericulture (DoS), Uttar Pradesh (UP) at a cost of Rs 564.16 lakh, which was shared by CSB and DoS at Rs 301.39 lakh and Rs 262.77 lakh respectively. The project with a life span of five years from 1993 but was extended up to June 2000 and was to be implemented in the districts of Varanasi, Ghazipur and Bhadohi.

The project envisaged raising of 3000 acres of mulberry plantation and production of 77 tonne raw silk after the project period. CSB and DoS had to implement various components as per the Memorandum of Understanding. CSB had to provide research and development support and technical guidance apart from funding some of the components of the project. The responsibility of DoS was limited to Host Plant Development (HPD), establishment of Chawkie Rearing Centres, establishment of service centres, providing credit component and crop diversification assistance in addition to implementing the components funded by CSB.

CSB incurred an expenditure of Rs 297.19 lakh up to March 1999 (i.e. 99 *per cent* of its share) comprising, HPD (Rs 15.22 lakh), Cocoon Market (Rs 25.77 lakh), margin money for cocoon purchase (Rs 50 lakh), strengthening of exisiting grainages (Rs 48 lakh), Project Sub-Offices (Rs 9.74 lakh), Project Monitoring Cell (Rs 10.41 lakh), Research Extension Centre and Training Study Tour for farmers (Rs 138.05 lakh), DoS, UP incurred an expenditure of Rs 95.42 lakh (Upto March 1999) towards HPD (Rs 4 lakh), Chawkie Rearing Centre (Rs 4.28 lakh), Technical Service Centre (Rs 42.41 lakh) and Margin Money Assistance (Rs 44.73 lakh) i.e. 36.31 *per cent* of it's share. Regarding credit component and crop diversification assistance the expenditure incurred by UP Government was a mere Rs 0.87 lakh as against Rs 135 lakh provided in the scheme.

Implementation of the scheme was evaluated by a three member team constituted by CSB (February 1999). There was 100 *per cent* achievement in almost all the components except under mulberry plantation and raw silk production- two critical ones. Achievements under these components were 1934.57 acres against 3000 acres to be developed and 1.27 tonne against 1.48 tonne during the project period respectively. While the development of mulberry plantation accounted for 64.5 *per cent* against the target, details of raw silk production after the project period was not available. Reasons attributed for the shortfall were (i) uprooting/deserting of plantations by the farmers (ii) delay in supply of mulberry cutting from Karnataka (iii) insufficient manpower (iv) wide gestation period between plantation of mulberry and silkworm rearing, besides various other reasons such as difficulties to bring the farmers into the fold of sericulture, and lack of motivation of the beneficiaries for taking up sericulture etc.

CSB stated in May 2000 that in so far as the activities of CSB are concerned, there is almost 100 *per cent* achievement. The lapses in activities of the Government of UP could be looked into by the Government of UP. Even the Government of UP acknowledged that though an area of 1935 acres was covered, the effective plantation was less than five *per cent* of the reported figure. In June 2000, Ministry also endorsed the views of CSB and stated that though the project had fallen short of its target of mulberry cultivation and production of raw silk, it had made an impact in the area. It was not understood in audit what 'impact' was being referred to by Ministry. Regarding the establishment of cocoon market by the CSB, the evaluation committee noticed that it was away from the city and quite remote which was likely to cause dificulty to farmers and reelers.

Thus the shortfall in the basic component viz. mulberry plantation and also lack of good marketing facilities rendered the other infrastructure developed at cost of Rs 392.61 lakh redundant, and the project had to be wound up on 31.3.2000.

The Joint Survey Team (JST) while recommending the Sericulture Development in the Districts of Ghazipur and Varanasi had kept in view all the factors such as climate, soil, irrigation, proximity to market, present cropping pattern and its return etc., and finally recommended the two districts subject to proper and suitable technical, administrative and financial support with proper and strong backward and forward linkages necessary for development of Sericulture. The evaluation team however noticed that in Varanasi the general community farmers occupied dominating position than the SC/ST community and held large land holdings of which substantial acreage was under cash crops and horticultural crops that fetched remunerative income and the land available for sericulture was a fraction of the total. acreage and thus Sericulture had to face tough competition. Thus, JST has failed to appreciate the land distribution pattern which is an obvious factor affecting cropping patterns and accounted for the failure of the project. In the post project outlook also the committee took note of the shortfall in the fulfillment of the objective under the prevailing circumstance.

CHAPTER XII : MINISTRY OF TOURISM AND CULTURE

Asiatic Society

12 Unfruitful expenditure on acquisition of space

The Asiatic Society failed to assess its requirement of space and went ahead to acquire on lease from the Kolkata Municipal Corporation space to accommodate its Publication Department and open an exhibition-cum-sales counter. The space remained for 72 months without use resulting in unfruitful expenditure of Rs 20.95 lakh besides loss of interest of Rs 26.61 lakh.

To accommodate its Publication Department and also to open an exhibition-cum-sales counter the Asiatic Society (Society) approached the Kolkata Municipal Corporation (KMC) in June 1994 for acquisition on lease basis 143.978 sq.mt. floor area at the annexe building of the New Market. The Society, however, did not examine the feasibility of accommodating the Publication Department in the proposed location considering the fact that existing space at New Market in the same floor remained partly unutilised. The KMC allotted the space to the Society in July 1994. The Society entered into an agreement with the KMC in March 1995 at an initial one time payment of Rs 14.40 lakh and monthly rent of Rs 20 per sq. mt. from March 1995 to July 1996 and then enhanced rate of Rs 25.50 per sq. mt. from August 1996 onwards. The space was handed over by the KMC to the Society in October 1995.

The Society made one time payment of Rs 14.40 lakh between July 1994 and August 1994. The Society also paid an amount of Rs 7.17 lakh to CPWD in March 1995 for providing electrification and air-conditioning in the space and an amount of Rs 1.66 lakh between September 1995 and June 1996 to a firm for interior decoration. All the works remained incomplete as of October 2001.

The space remained unutilised since the date of taking possession. In November 1998, the Council of the Society decided to dispose of the space as it was not found fit for housing the Publication Department. Besides this it was felt by society that (a) area was bad and poorly lit. (b) No ladies staff were willing to work there due to incongenial atmosphere. (c) The place was not fit for habitation. (d) the Diana shutter which was the entrance to the hall could not be opened easily and required a lot of effort. Accordingly, the

Society in January 1999 sought permission of KMC for disposal of the premises. But the permission has not been received till December 2001. The Society also approached the CPWD in November 1999 for refund of the deposited amount of Rs 7.17 lakh and ultimately closed the work before completion in January 2000 after CPWD incurred an expenditure of Rs 2.09 lakh. Out of the balance Rs 5.08 lakh, an amount of Rs 2.68 lakh has been expended by CPWD on other works of the Society and the remaining amount of Rs 2.40 lakh is yet to be received.

Thus, lack of proper planning and assessment of requirement of space resulted in unfruitful expenditure of Rs 20.95 lakh including undischarged liability of Rs 2.80 lakh towards monthly rent apart from loss of interest of Rs 26.61 lakh. The Publication Department and exhibition-cum-sales counter continues to function from the Society's existing building.

The matter was referred to the Ministry in September 2001; their reply was awaited as of January 2002.

CHAPTER XIII : MINISTRY OF URBAN DEVELOPMENT AND POVERTY ALLEVIATION

Department of Urban Development

Delhi Development Authority

13.1 Blockade of funds

Delay in providing basic amenities made the Narela Housing Scheme unpopular resulting in blockade of funds of Rs 36.08 crore.

The Master Plan for Delhi, 1962 had recommended the development of Narela as one of the ring towns around Delhi Metropolitan area owing to its location and development potential. It proposed a township with Government offices and industries to make the town a self contained unit. The sub-city was designed to provide housing opportunities to over 2.7 lakh families of all income groups. It was proposed to have different residential densities with rail line identified as the major high-density corridor. The development of residential areas was designed to provide for housing in public, co-operative and private sector. The type of housing conceived in Narela included housing for its registrants in the form of built up flats, expandable housing, Janta housing in terms of one room tenements etc.

Delhi Development Authority (DDA) constructed 6039 houses under different categories between December 1993 and July 1998 by incurring an expenditure of Rs 115.39 crore. While approving the water supply scheme in June 1992 for this project, the Delhi Water Supply and Sewage Disposal Undertaking (now Delhi Jal Board) demanded 200 acres of land free of cost for the development of a water treatment plant. The land was not handed over up to February 2001 i.e. 31 months after completion of construction of the houses. As a temporary measure the Delhi Jal Board started supplying water through their main lines in March 2000. Similarly, electricity was provided by Delhi Vidyut Board for some of the pockets only in December 1997 and the work of electrification of streetlights was not taken up till May 2000.

Due to non-availability of these basic amenities, the scheme became unpopular resulting in request by allottees for cancellation of allotments of houses. Out of 6039 houses constructed 2003 remained unallotted after cancellation. The position of houses constructed and lying unallotted as of September 2001 under different categories was as under :

(Rs in lakh)

Category	No. of houses constructed	Year of construction	No. of unallotted houses	Construction cost per house	Cost of vacant houses
LIG	1408	3/94 to 9/96	216	1.65	356.80
LIG (expandable)	2258	12/93	1329	1.43	1894.73
MIG	920	3/94 to 9/96	56	2.43	136.17
MIG(expandable)	1313	8/93 to 12/93	306	2.27	695.01
SFS	140	7/98	96	5.47	524.91
Total	**6039**		**2003**		**3607.62**

It was imperative that building bye-laws applicable for occupation of any house in the city be complied by DDA. In fact, DDA's circular No. 440 of December 1994 also stated that housing branch should issue possession letters only after the receipt of certificate regarding availability of all services from the Chief Engineers (CEs) concerned. Therefore, allotment of flats by DDA in violation of such bye-laws was illegal. The resultant cancellation of allotment led to blockade of funds totaling Rs 36.08 crore during the last three to seven years as of September 2001 besides defeating the objective of providing housing to the public.

In fact in August 2001, the Lt. Governor of Delhi (Chairman of DDA) directed DDA to take steps to popularise the Narela township and to study the possibility of floating a new housing scheme, specifically for Narela, with the old units having differential costing norms. The Scheme was yet to be launched as of January 2002. However, DDA in their circular of October 2001, have now clarifed that no draw of flats would be held unless basic amenities were provided.

The matter was referred to the Ministry in October 2001; their reply was awaited as of January 2002.

13.2 Delay in completion of housing scheme

Delhi Development Authority had to incur extra expenditure of Rs 7.20 crore due to delay in supply of layout plans and materials, thereby losing the benefit of using time saving technology and projected savings.

DDA launched a scheme for shifting of jhuggi dwellers from Motia Khan to reclaim its valuable land. In order to rehabilitate these jhuggi dwellers, it was decided in October 1997 to construct 3456 single room tenements and 864 shops in Sector 4, Rohini with hollow concrete block technology at an estimated cost of Rs 28.61 crore. Tenders were invited on 25.11.97 for completion of work within 12 months. Due to encroachment on the proposed site, it was decided in December 1997 that only 2016 houses and 504 shops would be constructed at an estimated cost of Rs 14.58 crore which was further revised to Rs 14.42 crore. A corrigendum notice inviting tenders was issued in December 1997 for the completion of work within 15 months from specialized firms having hollow block manufacturing machine/plant.

While recommending the award of work for approval to Work Advisory Board (WAB), the Executive Engineer (EE), RPD-I recommended the use of hollow block technology at the rate of Rs 3256 per sq.mt. as against the conventional system of construction costing Rs 2643 per sq.mt. on the ground that the former process (i) is less time consuming and would result in savings of Rs 1.09 crore per six monthly period on early returns of finances, (ii) possessed greater durability and structural soundness than the conventional system, (iii) would mean saving of payment under clause 10-CC of agreement due to early completion of houses.

The WAB awarded the work to M/s 'A' at a negotiated amount of Rs 19.06 crore in September 1998 which was 32.19 *per cent* higher than the estimated cost. The time allowed for completion was 15 months as against 12 months in the notice inviting tenders, which involved constructing large number of flats. The stipulated date of completion was 14.12.1999.

As of October 2001, only 88 *per cent* physical progress was achieved. The delay was mainly attributable to DDA as layout plans for different blocks were handed over to the contractor between September 1998 and December 1999. Further, there was hindrance to the work due to short supply of steel by DDA between June and October 1999. The Superintending Engineer (SE), Civil Circle-6 granted extension of time limit upto June 2000 without levy of compensation since no fault on the part of the agency was found by them. Out of the total amount of Rs 68.17 lakh that had to be paid to the contractor as compensation under clause 10-CC of the agreement due to increase in the cost index of labour and material, Rs 28.69 lakh was on account of extension of time.

As a result, DDA had to suffer loss on three accounts. The projected savings of Rs 3.27 crore (Rs 1.09 crore per six monthly period for three six monthly periods w.e.f 15.12.1999 to 14.6.2001) did not materialize due to delay in completion. In addition, it incurred extra expenditure of Rs 3.64 crore as detailed below, due to adoption of expensive technology. Finally, payment amounting to Rs 28.69 lakh had to be made under clause 10-CC of the agreement during the extended period.

Plinth Area	59379 sq. meters
Rate of conventional system	Rs 2643 per sq. meter
Total cost for conventional system	**Rs 15.69 crore (A)**
Rate for hollow block technology	Rs 3256 per sq. meter
Total cost for Hollow block technology	**Rs 19.33 crore (B)**
Difference of (A) and (B)	**Rs 3.64 crore**

Therefore, though DDA had to incur extra expenditure of Rs 7.20 crore (Rs 3.27 crore + Rs 3.64 crore + Rs 29 lakh), it neither reaped the benefit of time saving technology nor of projected savings. Further, the main purpose for which the scheme was launched i.e. rehabilitation of jhuggi dwellers also could not be achieved as the project was yet to be completed (October 2001).

In summary this case highlights one of the more common and perennial problems that plague DDA viz. not ensuring timely supply of either drawings/plans or materials or site which shows gross negligence and very poor supervision and monitoring by higher authorities. The senior management of DDA may well look into this and similar other cases to remedy the situation and also fix responsibility for such lapses.

The matter was referred to the Ministry in September 2001; their reply was awaited as of January 2002.

13.3 Cost overrun

Non-adherence to the advice of the quality control wing and arbitrary rescission and foreclosure of works resulted in cost overrun of Rs 1.59 crore.

DDA planned the construction of 320 SFS Multistoried flats in five blocks at Motia Khan in 1982. The piling work with RCC bored cast in situ pile foundation for block one and two was awarded to M/s 'A' in December 1984 at a negotiated cost of Rs 47.04 lakh with stipulated date of completion as May 1985. While finalising the design of pile, Chief Design Officer (CDO) envisaged the socketing of the pile in hard rock of one meter which the contractor was not able to provide. Even DDA failed to include use of sulphate resistance cement in the scope of work/agreement, which was suggested by the CDO. DDA issued 16 reminders between April 1985 and May 1988 for slow progress and unsatisfactory execution of work and rescinded the contract in July 1988. Work worth Rs 7.60 lakh in block one was completed till the date of rescission.

The balance work was awarded to M/s 'B' in February 1990 at a cost of Rs 52.15 lakh at the risk and cost of M/s 'A'. While awarding the work DDA rectified their mistake and stipulated the use of sulphate resistance cement but the technical specification of providing the socketing of pile at the depth of one meter was retained. However, during the review of work in May 1990, the department felt that socketing at the depth of one meter was not practicable and reduced the depth according to the length and diameter of the pile. Since the contractor did not find even this reduced length practicable, CE further reduced the depth of socketing of pile to 30 cm for block one and approved raft foundation for block two in December 1990.

During the execution of work, the contractor was allowed to use *10 per cent* extra cement for work under sub-soil water level in addition to payment through extra item for filling of cavity portion with CC 1:1.5:3. In May 1992, both excess consumption of cement and payment of extra item were objected to by the Quality Control Wing (QCW) of DDA on the grounds that protection of bore holes was the responsibility of the contractor and no extra payment was admissible. It suggested that bore holes could be protected by providing temporary casing to the pile before full depth. However, in May 1993 SE, CC-7 informed CE that provision of temporary casing was not possible because of the soil strata and meeting of rock and boulders in between, resulting in non-piercing of the casing. DDA could not decide the final course of action in the light of objection raised by Quality Control and kept the matter pending upto January 1994 when it was decided to foreclose the contract. M/s 'B' had done work for Rs 15.48 lakh in block one against which an amount of Rs 9.22 lakh was paid.

The balance work was again awarded in September 1998 to M/s 'C' at a negotiated cost of Rs 183.25 lakh for block one after obtaining technical opinion from CBRI Roorkee and CPWD. The stipulated date of completion was 4.7.1999. Both these authorities suggested provision of M.S. Linear of 16 mm thick sheet to protect the bore holes. However, DDA decided to adopt the method of M.S. casing as suggested by the QCW in May 1992. Thus, the argument given by SE in May 1993 was not found justified. In October 2001, the work was still in progress and an amount of Rs 86.07 lakh has been paid.

Non-stipulation of sulphate resistance cement in the agreement of first contractor, defective design of socketing of pile in the drawings supplied to first and second contractors and non-adherence to the advice of QCW in the first instance and arbitrary rescission and foreclosure of works of M/s 'A' and M/s 'B' respectively resulted in cost over run of Rs 1.59 crore for one block alone.

The matter was referred to the Ministry in September 2001; their reply was awaited as of January 2002.

13.4 Extra expenditure due to departmental delays

Delhi Development Authority had to incur an extra expenditure of Rs 1.18 crore on account of delay in supply of drawings and belated decisions at various stages of construction.

DDA awarded two works for construction of houses and shops at Nagin Lake Apartments, Paschim Vihar. The construction of 148 MIG houses and 36 shops was awarded to M/s 'A' and that of 59 SFS Category III and 118 SFS category II houses was awarded to M/s 'B' in May 1993 and June 1993 at a cost of Rs 3.34 crore and Rs 4.95 crore respectively. The works were required to be completed in June 1995 and October 1995 but were actually completed in September 1997 and December 1997.

The delay of more than 27 and 26 months in completion of the works was mainly due to non-approval of pile agencies for two months, delay in supply of various drawings by 11 months and belated decisions on construction activities by 11 months. In September 1998, SE granted extension of time upto September 1997 and December 1997 without levy of compensation as delays were attributable to the department. DDA had to pay the contractor Rs 1.18 crore as compensation for the increased index of labour and material during the extended period.

As per Para 17.3.1 of CPWD Manual Volume II, tender documents comprising essential architectural drawings and adequate structural drawings for commencing the work are to be prepared and approved by an authority before inviting tender for the work. The delay in completion of work was on account of inadequate planning before call of tenders as stipulated in the para ibid, and non-submission of drawings in time. Such deficient and often negligent actions have been a cause of unavoidable outgo from DDA to contractors in quite a few cases test checked in audit and it seems the malady is not being addressed at all by DDA. They need to take a serious view of such basic lapses and fix responsibility on the concerned Engineers.

Besides, delay in completion of housing scheme, DDA had to incur an extra expenditure of Rs 1.18 crore on account of delay in supply of drawings and belated decisions at various stages of construction.

The matter was referred to the Ministry in September 2001; their reply was awaited as of January 2002.

13.5 Avoidable expenditure

Delhi Development Authority had to incur avoidable expenditure of Rs 65.26 lakh due to delay in supply of layout plans/drawings and stipulated departmental material.

DDA awarded the work of construction of 128 and 120 MIG houses in Kondli Gharoli, Phase II in November and December 1992 at a cost of Rs 2.18 crore and Rs 2.26 crore respectively to M/s 'A'. The works which were required to be completed in March 1994, were actually completed in July 1996 and April 1997 respectively. In the process, the work was delayed and DDA had to pay Rs 65.26 lakh as compensation to the contractor due to department's failure to fulfil their part of obligations.

The delay of more than 27 and 37 months in completion of the works was mainly due to non-availability of layout plans/drawings, delayed issue of stipulated material viz. cement, steel, and G.I. pipes and belated decisions at various stages. SE granted the extension of time upto the actual date of completion of both works without levy of compensation as delays were attributable to the department. The delay on the part of department was inexplicable, for EE while recommending the award of work, certified that layout plans have been approved and stipulated materials were available.

Further, as per para 4.24 of CPWD Manual, Volume-II, estimates are to be prepared and approved by the competent authority based on drawings of the scheme. Since the estimate of this work was approved by CE, therefore hindrance due to non-availability of drawings was unjustified.

Besides delay in completion of housing scheme, DDA had to pay Rs 65.26 lakh to contractor as compensation for the increased index of material and labour during the extended period. The facts stated above, call for full investigation into the matter to fix responsibility for the delay that caused avoidable expenditure of Rs 65.26 lakh on this scheme.

The matter was referred to the Ministry in September 2001; their reply was awaited as of January 2002.

13.6 Avoidable extra expenditure

Delhi Development Authority had to incur avoidable expenditure of Rs 21.11 lakh due to non-conducting of proper survey, delay in supply of drawings/site and stipulated departmental material.

DDA awarded the work of internal peripheral storm water drains in Sector-4 and 12, Dwarka to M/s 'A' in May 1996 at a cost of Rs 3.83 crore. The work that was required to be completed in May 1998 was actually completed in March 2001.

The delay of more than 34 months in completion of the scheme was mainly due to non-availability of drawings/site for six months, belated decision on sewer and water lines by nine months and delayed issue of stipulated material viz. cement and steel by 11 months. In October 1999, SE granted extension of time upto 27.11.1999 without levy of compensation as delays were attributable to the department. Accordingly, DDA had to pay Rs 21.11 lakh to the contractor as compensation for the increased index of material and labour during the extended period.

As per para 4.24 of CPWD Manual, Volume-II, estimates are to be prepared and approved by the competent authority based on drawings of the scheme. Since the estimate of this work was approved by CE, therefore, hindrance due to non-availability of drawings was unjustified. Further, the sanction for award of work conveyed by CE to EE emphasized that drawings to be issued to the contractor must be available before formal award.

While justifying the delay, it was stated that being a low-lying area in segment, RCC box drain was constructed in place of brick drain, delaying the completion of work. This substitution indicates that proper survey of the site was not conducted by the division before finalisation of drawings for drain work.

Besides delay in completion of storm water drain, DDA had to incur avoidable expenditure of Rs 21.11 lakh on account of failure to conduct proper survey, delay in supply of drawings/site and departmental material.

The matter was referred to the Ministry in October 2001; their reply was awaited as of January 2002.

CHAPTER XIV

14 Follow up action on Audit Reports-Summarised Position

The Lok Sabha Secretariat issued instructions in April 1982 to all Ministries requesting them to furnish to the Ministry of Finance (Department of Expenditure) notes indicating remedial/corrective action taken on various paragraphs, contained in the Audit Reports, soon after these were laid on the Table of the House.

Public Accounts Committee (PAC) reviewed the position of submission of Action Taken Notes (ATNs) during 1995-96 and observed inordinate delays and persisting failure on the part of a large number of Ministries in reporting ATNs on audit paragraphs. In their Ninth Report (Eleventh Lok Sabha) presented to the Parliament on 22 April 1997, PAC desired that submission of pending ATNs pertaining to Audit Reports for the years ended March 1994 and 1995 be completed within a period of three months and recommended that ATNs on all paragraphs pertaining to the Audit Reports for the year ended March 1996 onwards be submitted to them duly vetted by Audit within four months from the laying of Reports in Parliament.

A review of the position of receipt of ATNs on paragraphs included in Audit Reports (Autonomous Bodies) upto the period ended 31 March 1999 (**Appendix-XIII**) revealed that the Ministries did not submit remedial/corrective ATNs in respect of a large number of paragraphs relating to them inspite of above instructions. Out of 60 paragraphs on which ATNs were required to be sent, final ATNs in respect of 10 paragraphs were awaited while ATNs in respect of 50 paragraphs had not been received at all.

Out of 50 paragraphs on which ATNs were awaited, 37 paragraphs pertaining to Reports for the year ended March 1989 to March 1995 which relate to Ministry of Urban Development and Poverty Alleviation.

CHAPTER XV : GENERAL

15.1 Annual accounts of autonomous bodies

As on 31 March 2001 there were 226 central autonomous bodies (other than those under Scientific Departments) including 17 universities, whose annual accounts were to be audited by the Comptroller and Auditor General of India as the sole auditor under Section 19(2) and 20(1) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act 1971. During 2000-01 grants and loans amounting to Rs 6686.62 crore and Rs 300.57 crore respectively were paid by the Union Government to 203 autonomous bodies (**Appendix-XIV**). Of these, grants to the extent of Rs 539.22 crore were received by 12 universities from University Grants Commission/Central Government as detailed in (**Appendix-XV**). The annual accounts/information for 2000-01 in respect of the balance 23 bodies were not furnished by the concerned bodies and thus, the amount of Government grants received by them was not available as of December 2001 (**Appendix-XVI**).

(i) As on 31 March 2001, there were 139 central autonomous bodies whose annual accounts were initially audited by Chartered Accountants and supplementary audit was to be conducted by the Comptroller and Auditor General of India under Section 14(1) and 14(2) of the Act. As per information available up to December 2001, 40 of these bodies received grants amounting to Rs 193.16 crore from the Union Government during 2000-01 (**Appendix-XVII**). The annual accounts/information in respect of 99 bodies were not furnished by the concerned bodies (**Appendix-XVIII**).

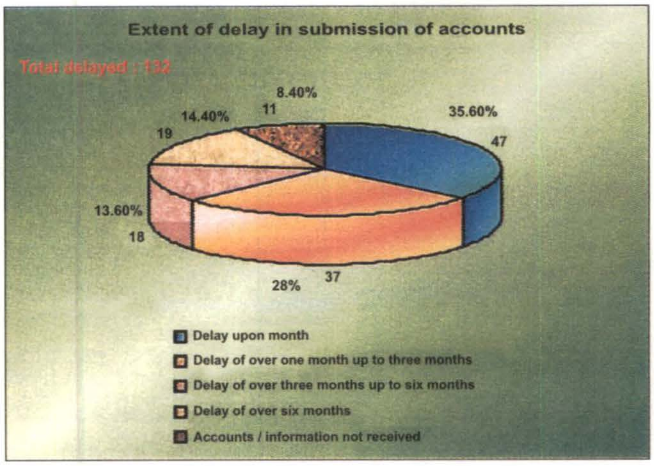
(ii) The position in regard to number of autonomous bodies whose accounts were to be audited by CAG under section 19(2) & 20(1) and 14(1) & 14(2) of the CAG Act and the position of grants/loans received by these bodies during 1999-2000 and 2000-01 is given below:

Abstract of grants/loans received by central autonomous bodies during 1999-2000 and 2000-01

Year	Total No. of Central Autonomous Bodies	Grants	Loans	Remarks	CAG's DPC Act, 1971, Section under which audited
		(Rs in lakh)			
1999-2000	218	396201.88	44818.23	The amount relates to 203 bodies only. Annual accounts/information of remaining 15 bodies had not been furnished	19 (2) and 20 (1)
1999-2000	126	6651.33	Nil	The amount relates to 32 bodies only. Annual accounts/information of remaining 94 bodies had not been furnished	14 (1) and 14 (2)
2000-2001	226	668661.94	30057.36	The amount relates to 203 bodies only. Annual accounts/information of remaining 23 bodies had not been furnished	19 (2) and 20 (1)
2000-2001	139	19315.53	Nil	The amount relates to 40 bodies only. Annual accounts/information of remaining 99 bodies had not been furnished	14 (1) and 14 (2)

(iii) Delay in submission of accounts by autonomous bodies

The Committee on Papers Laid on the Table of the House recommended in its First Report (5th Lok Sabha) 1975-76 that after the close of the accounting year every autonomous body should complete its accounts within a period of three months and make them available for audit and that the reports and the audited accounts should be laid before Parliament within nine months of the close of the accounting year.



Out of 223 Central Autonomous Bodies whose audit of accounts for 1999-2000 was to be conducted under Section 19(2) and 20(1) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 and these audited accounts were to be placed before the Parliament by 31 December 2000, the accounts of 91 autonomous bodies only, were made available for audit within the prescribed time limit of three months after the close of the accounting year. Submission of accounts of 132 autonomous bodies was delayed as indicated in the chart.

In **Appendix-XIX**, the position of Autonomous Bodies whose accounts were delayed between three to six months and for over six months is given. The list of bodies whose accounts were not received is given in **Appendix-XX**.

15.2 Results of certification audit

Separate audit reports for each of the autonomous bodies audited under sections 19(2) and 20 (1) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 are appended to the certified final accounts required to be tabled by Ministries in Parliament. Some of the important cases in which major comments were issued to the Organisations/Ministries concerned are mentioned below :

15.2.1 Defaults in repayment of loans by Port Trusts

(a) Jawaharlal Nehru Port Trust

Capital debt of the Port were understated by Rs 43545.96 lakh by not providing for the defaulted payment of Rs 5361.42 lakh towards principal and Rs 38184.54 lakh towards interest on the World Bank loan (Separate Audit Report for 2000-01).

(b) Visakhapatnam Port Trust

Rs 167.92 lakh being interest payable on Government of India loans was not provided for in the accounts. The omission has resulted in overstatement of net surplus for the year and understatement of accrued expenses by Rs 167.92 lakh (Separate Audit Report for 2000-01).

(c) Cochin Port Trust

During 2000-01 CoPT had defaulted in repayment of loan from Government of India to the extent of Rs 872.24 lakh. The total amount of repayment defaulted upto 31 March 2001 was Rs 7239.88 lakh and interest Rs 17554.06 lakh. Penal interest amounting to Rs 20609.15 lakh on defaulted repayment as on 31 March 2001 had not been disclosed in the accounts (Separate Audit Report for 2000-01).

15.2.2 Accounts not certifiable as true and fair

(a) Lal Bahadur Shastri Sanskrit Vidyapeetha, New Delhi

Scrutiny of Annual accounts of the Lal Bahadur Shastri Sanskrit Vidyapeetha, New Delhi for the year 1999-2000 revealed that Annual Accounts had glaring deficiencies and the accounts of 1999-2000 could not be certified by Audit as true and fair as the publications amounting to Rs 52.52 lakh received from Ministry of Education and Culture had not been taken into account, receipts of admission fee were short accounted for by Rs 4.98 lakh and hostel fees of Rs 0.88 lakh were not accounted for. The Vidyapeetha did not also produce to Audit admission fee register and assets registers of the assets amounting to Rs 2.49 crore.

(b) Indira Gandhi National Centre for Arts, New Delhi

In November 1984, the Government of India decided to set up the Indira Gandhi National Centre for Arts (IGNCA) as a National Institution. IGNCA Trust came into existence in March 1987 under the Chairmanship of the then Prime Minister. A corpus fund of Rs 50 crore was to be sanctioned, the interest from which would meet the expenditure requirements of the Trust. The aims and objectives of IGNCA are to serve as a major resource centre for the arts, undertake research and publication programmes of reference works, glossaries, dictionaries, encyclopaedias etc.

It was noticed in audit that:

Vital records viz. Measurement Books, Site Order Books and Hindrance Registers required for execution, supervision and payment of works were not maintained.

Assets and equipment worth Rs 408.90 lakh procured from the UNDP have not disclosed in the annual accounts.

Current liabilities of Rs 29.67 lakh for payment to suppliers were not provided for in the annual accounts. IGNCA did not provide for the liability of Rs 31.68 lakh in the annual accounts on account of outstanding demand of NDMC.

Capital commitment amounting to Rs 45.69 crore was not disclosed in the annual accounts.

Liability of Rs 608.54 lakh on account of escalation and other claims has neither been provided for nor disclosed in the accounts.

In view of the above and other serious observations as commented in the Separate Audit Report, the accounts of the IGNCA for the years 1995-96 to 1998-99 could not be certified by Audit as true and fair.

15.3 Utilisation certificates

Consequent to the departmentalisation of accounts in 1976, certificates of utilisation of grants were required to be furnished by the Ministries/Departments concerned to the Controllers of Accounts in respect of grants released to statutory bodies, non-government organisations etc to ensure that grants had been properly utilised for the purpose for which they were sanctioned. The Ministry/Department-wise details indicating the position of total number of 53041 outstanding utilisation certificates involving amount of Rs 6692.75 crore in respect of grants released upto March 1999 due by September 2001 (after 18 months of financial year in which grant was released) at the end of March 2001 are given in **Appendix-XXI**.

Out of a total number of 52201 utilisation certificates amounting to Rs 6495.85 crore awaited from 10 major Ministries/Departments at the end of March 2001, 44558 certificates amounting to Rs 4769.71 crore related to grants released upto 1997-98 are as shown below:

Utilisation certificates outstanding as on 31 March 2001

(Rs in crore)

Sl. No.	Ministry/Department	For the period ending March 1999		For the period ending March 1998	
		Number	Amount	Number	Amount
1.	Social Justice and Empowerment				
	(i) Social Justice and Empowerment	19163	746.67	16658	567.80
	(ii) Tribal Affairs	853	40.02	475	17.55
2.	Enviornment and Forest				
	(i) Enviornment and Forest	3804	451.51	3371	446.72
	(ii) Ocean Development	696	60.97	577	28.48
3.	Food Processing Industries	425	54.95	244	29.84
4.	Health and Family Welfare				
	(i) Health	1484	652.51	1154	384.44
	(ii) Family Welfare	1567	342.98	1227	164.74
5.	Human Resource Development				
	(i) Women and Child Development	7730	530.76	6853	383.34
	(ii) Youth Affairs and Sports	4065	414.80	3198	224.30
	(iii) Education				
	A. Secondary and Higher Education	3601	683.34	3300	590.61
	B. Elementary Education and Literacy	2007	1852.93	1684	1491.17
	(iv) Culture	5094	301.04	4449	231.19
6.	Labour	467	10.28	419	8.83
7.	Non-Conventional Energy Sources	243	18.15	181	11.09
8.	Space	263	6.59	166	1.77
9.	(i) Textiles	10	19.32	Nil	Nil
	(ii) Development Commissioner of Handicrafts, Delhi	449	18.51	371	12.86
10	Urban Affairs and Employment	280	290.52	231	174.98
	Total	**52201**	**6495.85**	**44558**	**4769.71**

Thus, authorities in Government of India before releasing grants to statutory bodies and non-government organisations did not satisfy themselves about utilisation of grants in 85.36 *per cent* cases involving 73.43 *per cent* of the total grants released.

Even as huge number of utilisation certificates were pending receipts, the following Ministries/Departments released fresh grants to the defaulting statutory bodies/non-government organisations etc. during 2000-01 without insisting for the utilisation certificates in respect of grants released in the previous years:

Fresh grants released during 2000-01

(Rs in crore)

Sl. No.	Ministry/Department	No. of utilisation certificates outstanding by Sep. 2000 at the end of March 2001	Amount	Amount of fresh grants released without obtaining utilisation certificates of previous year
1.	Agriculture and Cooperation	105	41.51	34.75
2.	Space	263	6.59	1.98
3.	Planning	59	6.30	0.05
4.	Tourism	13	10.51	11.79
5.	Non-Conventional Energy Sources	243	18.15	0.07
6.	Andaman and Nicobar Administration	23	12.86	11.30
7.	Small Scale Industries and Agro Rural Industries	21	8.48	0.85
8.	Finance (i) Economic Affairs	4	6.34	2.43
	(ii) Revenue	3	0.88	1.62
	Total	**734**	**111.62**	**64.84**

This indicated that the authorities releasing grants to statutory bodies, non-government organisations etc. who released the fresh grants without ensuring that the previous grants were utilised for the purpose for which they were sanctioned, violated one of their own essential conditions for release of further instalments.

The Ministries/Departments of Health and Family Welfare, Human Resource Development, Social Justice and Empowerment, did not furnish the information about fresh grants released during 2000-01 without obtaining utilisation certificates for the previous years.

(H.P. DAS)
Director General of Audit
Central Revenues

New Delhi
Dated: 1 March 2002

Countersigned

(V.K. SHUNGLU)
Comptroller and Auditor General of India

New Delhi
Dated: 4 March 2002

[illegible]

[illegible] Ministries/Departments of Health and Family Welfare, Human Resource Development, Social Justice and Empowerment, [illegible] the information about funds released during 2000-01 [illegible] previous years.

New Delhi (V.K. SHUNGLU)

Dated: 4 March 2002 Comptroller and Auditor General [illegible]

APPENDIX- I

(Referred to in Paragraph 1.1.4.1)

Statement of Receipt and Payment

I. Receipt

(Rs in lakh)

Sl. No.	Particulars	1996-97	1997-98	1998-99	1999-2000	2000-01
1.	**Opening balance**	**205.08**	**110.23**	**176.90**	**159.17**	**689.18**
2.	**Grants**					
	(a) Recurring grant for under graduate courses					
	(i) From GOI (including hostel and quarter rent	223.30	359.38	337.30	644.49	478.46
	(ii) From GOR	283.18	317.48	382.94	376.26	449.00
	(b) Recurring grant for post-graduate courses	24.07	4.93	40.33	84.44	46.27
	(c) Non-recurring grant (including cadre of excellence)	256.47	521.21	263.05	489.08	375.26
	(d) Grant for land and site development from GOR	21.00	18.00	51.50	14.74	-
	Total	**808.02**	**1221.00**	**1075.12**	**1609.01**	**1348.99**
3.	Other Income viz. College fee, Light and water charges interest etc.	30.57	47.57	55.80	67.28	89.50
4.	Deposit and other transaction/transfer	167.99	381.49	532.68	672.09	1040.45
	Total	**1211.66**	**1760.29**	**1840.50**	**2507.55**	**3168.12**

II. Payment

(Rs in lakh)

Sl. No.	Particulars	1996-97	1997-98	1998-99	1999-2000	2000-01
1.	**Expenditure**					
	(a) Recurring Expenditure					
	(i) for undergraduate	608.78	654.50	849.65	869.48	999.61
	(ii) for Postgraduate	24.55	26.24	33.25	35.65	61.29
	(b) Non-Recurring expenditure					
	(i) Building (including UK REC Centre of excellence equipment, books furniture,	78.59	201.06	95.53	59.61	105.29
	(ii) Vehicles(including UK REC, Centre of excellence scheme)	82.46	55.76	212.48	392.86	202.33
	(iii) Land and Development of site for GOR grant	17.26	18.00	9.15	14.34	46.66
	(c) Miscellaneous	289.79	627.83	481.27	446.43	1190.93
	Total	**1101.43**	**1583.39**	**1681.33**	**1818.37**	**2606.11**
2.	Closing balance	110.23	176.90	159.17	689.18	562.01
	Total	**1211.66**	**1760.29**	**1840.50**	**2507.55**	**3168.12**

APPENDIX- II

(Referred to in paragraph 1.1.4.1)

Separate accounts maintained by Malaviya Regional Engineering College, Jaipur

(Rs in lakh)

Sl. No.	Name of activity	Period	Cash and Bank	FDR	Other net current assets	Fixed assets	Total net assets
1.	Pre Engineering Test	1997-98	48.43	84.00	(-) 0.37	6.94	139.00
2.	UK India REC Project	1995-96 to 2000-01	1.46	15.29	27.57	1.76	46.08
3.	Centre for Management Studies and industrial Collaboration	up to March 2001	13.68	6.57	1.46	45.19	66.90
4.	Industrial Consultancy Cell	up to March 2001	13.74	28.00	NA	NA	41.74
5.	M.E. Part Time Courses	26.3.97 to 2000-01	13.75	22.48	0.10	-	36.33
6.	Design Centre Resources Generation Scheme	7.12.99 to 31.3.2001	1.12	20.00	-	-	21.12
7.	Information Technology Training Cell	1998-99 to 2000-01	2.37	15.05	-	-	17.42
8.	Project SSS Computer Stream	up to March 2001	4.55	-	0.25	6.70	11.50
9.	Project SSS Electronic Stream	up to March 2001	0.83	-	0.92	8.14	9.89
10.	Non Society Fund	up to 2000-01	41.77	157.50	3.48	37.93	240.68
	Total		**141.70**	**348.89**	**33.41**	**106.66**	**630.66**

APPENDIX- III

(Referred to in Paragraph 1.1.8.1)

Statement showing the details of land transferred to private parties and Government institutions

Sl. No.	Name to whom land transferred	Area		Khasra details with reference to old Khasra	
		in hectare	in Bigha/Biswa	Old khasra	New khasra No. (with area in hectare)
1.	Bhagwan Das, Puroshotam Das, Benidas etc. S/o Dwarka Das Agrawal	14.24	56 – 06	61 95	67/(0.78), 41/71/448/(9.53), 68/466/(0.06), 72/467/(0.13), 95/468/(0.20) 128/(0.85), 129/415/(1.24), 127/426/(1.10), 129/427/(0.35),
2.	Trilok Das Sahni, S/o Charan Das Sahni	2.10	8 – 06	22	52/441/(0.15), 52/443/(0.95), 102/440/(1.00)
3.	Central School, MREC Campus	5.05	19 – 19	29	57/461/(5.05)
4.	Engineering Staff Training Institute , Jaipur	8.64	34 – 03	29 28 66	57/453/(5.42) 36/453 Min/(3.82) 56/453/(0.82) Total 10.06 less transferred to Serial No. 5 as 1.42 Net 8.64
5.	Health and Family Welfare Institute, Jaipur	4.30	17 -.00	From above old khasara not available	1.42 2.88
6.	PWD	1.77	7 – 00	29 69	61/447/(0.69) 115/(0.80), 123 Min/(0.28)
7.	JDA	6.73	26 – 12	22 22/818 22/816 67 80/825 61	53/(1.87), 101/(0.53), 109/(0.33) 104/(0.93) 107/(0.35), 110/(0.25), 113/(0.14), 114/(0.06), 116/(0.13) 55/421/(1.17) 146/425/(0.30) 70/(0.67)
8.	HCM, Jaipur	21.27	84 – 01	22 67 old khasra not available	54/420/(0.11), 55/422/(1.28) 55/452/(12.69), 99/454/(1.63) 47/2/(5.56)

APPENDIX-IV

(Referred to the Para 1.1.9)

Statement showing the purchase cases exceeding Rs 1 lakh

Sl. No.	Purchase order No. and Date	Name of Goods/Items	Quantity	Amount
1.	F5(100)ST/ELE/97	Model ITS-85 Automatic CT/PT Test set with built RS 232 Serial interface inclusive of Sl No. 981104	1	284500
2.	F5/(479)ST/MREC/98	Water filter cum Purifier	1	102763
3.	F5(473)ST/MREC/98 68 (A dated 23.4.98)	AC Videocon 1.5 ton	4	114700
4.	F5(623)ST/MREC/97 dated 31.3.98	RPG RICOH Copier Model CT4015 plus installation	2	216604
5.	F5(117)ST/E&C/97 324 dated 21.7.98	AC window type	8	211520
6.	F5(46)ST/Chem/98 328 dated 22.7.98	AC 2 ton plus Installation	4	1484242
7.	F5(95)ST/Ele/97	INFINITI Pentium Pro/150 MHz/36 Code/32MB ECC RAM/1.44MB/FDD 2GBwith 14" Colour Monitor	1	107140
8.	F5(76)ST/Procter/98	RPG RICOH Automatic Plane paper copier Model FT 4015	1	105840
9.	F5(301)STRUCT/96 1992-10.7.97	Sub soil Exploration Trolley Mounted Drilling Machine	1	1126866
10.	F5(114)ST/98 646 dated 3.11.98	Air Conditioner 2.5 ton	5	188370
11.	F5 (28)MREC/2000 787 dated 2.12.2000	Modi Xerox Photo Copier Model 5223 ST 12	1	102949
12.	F5(860) Comp/2000 1052 dated 28.2.2001	Intel Pentium III Processor	20	625000
13.	F5 (518C) CMSIC/99 F5(1149) CMSI/99 9329 dated 8.1.2001	P III computers	20	979200
14.	F5(220) ST/DC/2000 898 dated 27.12.2000	Modi Xerox Model No. 5834	1	164393
15.	F5(515)ST/CMSIC/99/ 123 and 126 dated 20.5.2000	Air Conditioner	4	103600
16.	F5(851)ST/Compn/2000	Online 1.5 KVA	17	657900
17.	F5(68)ST/Comp/2000 265 dated 22.6.2000	Printer LJ 2100 Laser Jet 2100	15	594484
		Total		**5834071**

APPENDIX- V

(Referred to in paragraph 1.2.4)

Details of sample check

Sl. No.	Name of State/UT	Total No. of JNVs	Total No. of JNVs test checked	Location of JNV test checked
1.	Andhra Pradesh	22	08	Anantapur, Chittoor, East Godawari, Guntur, Medak, RangaReddy, Vishakhapatnam, Warangal
2.	Assam	20	06	Kamrup, Sonit pur, Tinsukia, Barpeta, Anglong, Golpara
3.	Bihar and Jharkhand	50	09	Begusarai, Darbhanga, Dumka, Gumla, Lohardaga, Nalanda, Nawada, Ranchi, Sheikhpura
4.	Gujarat and Dadar and Nagar Haveli	20	04	Targhadi, Alibada, Roopnagar valia, Porbandar
5.	Haryana and Chandigarh	16	04	Niwarsi, Titram, Pabra , Butana
6.	Himachal Pradesh	11	04	Dungri, Nahan, Pekhubela, Theog
7.	Karnataka	27	04	Bangalore Rural, Gulbarg, Dharwad, Mandya
8.	Kerala	13	05	Kollam, Thrissur, Palakkad, Kozhikod, Malappuram
9.	Madhya Pradesh and Chattisgarh	50	09	Ratibad, Datia, Devas, Manpur, Bargi, Rakhikwara, Shamshabad, Malhar, Mana
10.	Maharashtra and Goa	31	11	Amrawati, Aurangabad, Buldana, Jalna, Gondia, Wardha, Ratnagiri, Kolhapur, Thane, Valopi, Daman
11.	Manipur	08	02	Khumbong, Tuinom
12.	Orissa	18	03	Narla, Bagudi, Goshala
13.	Punjab	13	05	Ferozpur, Gurdaspur, Kapurthala, Nawanshahar, Ropar
14.	Rajasthan	30	06	Dausa, Rajasamand, Jaipur, Alwar, Bikaner, Chittorgarh
15.	Sikkim	03	02	Rothak (W. Sikkim), Phodong (N. Sikkim)
16.	Uttar Pradesh (53) and Uttranchal (8)	61	13	Allahabad, Baharinch, Barabanki, Etawah, Faizabad, Kanpur Ngr., Kanpur Dehat, Mau, Meerut, Sitapur, Sultanpur, Haridwar, Rudrapur
17.	Delhi	02	02	Mungeshpur, Jaffarpur Kalan
18.	Pondicherry	04	01	Pondicherry

APPENDIX- VI

(Referred to in paragraph 1.2.6.1.2)

Details of yearly dropouts of students in JNVs

Year	Dropouts						Total No. of students	Percentage of dropouts
	VI to VII	VII to VIII	VIII to IX	IX to X	XI to XII	Total dropouts		
1995-1996	818	1245	1882	786	472	5203	83832	6.21
1996-1997	895	1242	1840	1016	424	5417	85314	6.35
1997-1998	881	1415	1250	980	NA	4526	80087	5.65
1998-1999	651	1051	1537	1250	181	4670	90316	5.17
1999-2000	934	1163	1582	1143	613	5435	95560	5.69
2000-2001	1967	1940	1774	1733	763	8177	97540	8.38

NA-- Not available

APPENDIX-VII

(Referred to in paragraph 1.2.6.3.2)

Details of meetings of the committees at JNVs level

Sl. No.	Name of State/UTs	No. of JNVs test checked	Vidyalaya Management Committee				Vidyalaya Advisory Committee			
			No. of meetings to be held	No. of meetings held	Shortfall in meetings		No. of meetings to be held	No. of meetings held	Shortfall in meetings	
					No.	*per cent*			No.	*per cent*
1.	Andhra Pradesh	08	168	NA	NA	NA	168	NA	NA	NA
2.	Assam	06	126	23	103	81.74	126	03	123	97.61
3.	Bihar and Jharkhand	09	NA	NA	NA	NA	NA	NA	NA	NA
4.	Gujarat	04	84	33	51	60.71	84	21	63	75
5.	Haryana and Chandigarh	04	NA	NA	NA	NA	NA	NA	NA	NA
6.	Karnataka	04	NA	NA	NA	NA	NA	NA	NA	NA
7.	Kerala	05	105	09	96	91.42	105	NA	NA	NA
8.	Madhya Pradesh and Chattisgarh	09	189	39	150	79.36	189	19	170	89.94
9.	Maharashtra and Goa	11	231	77	154	66.67	231	77	154	66.67
10.	Manipur	02	NA	NA	NA	NA	NA	NA	NA	NA
11.	Orissa	03	NA	NA	NA	NA	NA	NA	NA	NA
12.	Punjab	05	105	17	88	83.80	105	08	97	92.38
13.	Rajasthan	06	126	10	116	92.06	126	01	125	99.20
14.	Sikkim	02	42	Nil	42	100	42	NA	NA	NA
15.	Uttar Pradesh and Uttaranchal	13	NA	NA	NA	NA	NA	NA	NA	NA
16.	Delhi	02	84	29	55	65.47	84	14	70	83.33
17.	Pondicherry	01	21	03	18	85.71	21	Nil	21	100

NA--Not available

APPENDIX-VIII

(Referred to in paragraph 1.3.6.3)

Details of maintenance grant

(Rs in lakh)

Year	Central University	Deemed University	State University for spl. purpose	Delhi Colleges	BHU Colleges	Grand total
1992-1993	18552.10	3919.76*	198.58	6902.67	51.67	29624.78
1993-1994	22250.11	1813.72	291.34	7543.42	54.29	31952.88
1994-1995	22293.12	2208.44	211.49	8053.09	62.72	32828.86
1995-1996	27695.31	3042.24	222.11	10030.75	96.40	41086.81
1996-1997	29516.37	3118.91	250.46	10717.38	120.98	43724.10
1997-1998	35005.82	3459.56	248.94	12054.78	98.57	50867.67
1998-1999	62332.59	5624.30	319.81	24930.29	111.02	93318.01
1999-2000	59419.36	4910.79	291.13	26056.47	177.53	90855.28
2000-2001	62169.33	5940.53	359.25	22422.87	403.01	91294.99
Total	**339234.11**	**34038.25**	**2393.11**	**128711.72**	**1176.19**	**505553.38**

* Included grant of Rs 2211.22 lakh to the Indian Institute of Science, Bangalore, which was given grant by the Ministry of HRD in the subsequent years.

APPENDIX- IX

(Referred to in paragraph 1.3.6.3)

Details of development assistance grant (under various schemes)

(Rs in lakh)

Sl. No.	Heads	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-2000	2000-01	Total
1.	Basic Amenities in Universities and Colleges*	7614.29	5214.37	7058.55	11189.58	11042.28	22407.19*	20702.72*	25603.05	26715.69	137547.72
2.	Promotion of excellence and Research	2139.14	3402.37	4390.41	3446.05	3169.25	1727.14	4531.23	3823.91	6892.57	33522.07
3.	Manpower Development	1500.98	2157.53	2370.35	1444.40	1686.79	--	--	--	--	9160.05
4.	Non Formal Education	308.78	366.33	243.67	521.56	397.29	--	--	--	--	1837.63
5.	Inter University Centres	1748.24	1843.96	2087.78	2616.14	3042.95	--	--	--	--	11339.07
6.	Innovation courses in emerging areas	948.43	1069.03	3787.43	2132.40	3014.71	--	--	--	--	10952.00
7.	International Cooperation	105.01	86.37	136.06	119.45	97.95	--	--	--	--	544.84
8.	Management of UGC	108.26	122.25	150.01	196.01	220.35	--	--	--	--	796.88
9.	Sports and Physical Education	65.14	70.41	44.93	43.78	14.52	--	--	--	--	238.78
10.	Engineering and Technology	1575.70	1760.47	2122.27	2485.24	2404.89	3153.88	2874.47	2894.28	2802.73	22073.93
11.	Promotion of Relevance	--	--	--	--	--	3851.71	4462.59	4034.48		12348.78
12.	Inter-University Resources for Promotion of Quality	--	--	--	--	--	3376.08	2587.84	2847.65	2998.48	11810.05
13.	Enhancing Access and Equity	--	--	--	--	--	1204.05	1896.82	1657.02	1528.62	6286.51
14.	Improvement in Management of Education	--	--	--	--	--	290.25	355.12	466.89	326.92	1439.18
15.	Strengthening of UGC Administration	--	--	--	--	--	174.40	215.70	211.71	158.97	760.78
16.	Prog. To strengthen Schentific Research (SACC)	--	--	--	--	--	2928.56	2760.83	2857.28	2776.69	11323.36
	Total	**16113.97**	**16093.09**	**22391.46**	**24194.61**	**25090.98**	**39113.26**	**40387.32**	**44396.27**	**44200.67**	**271981.63**

* Scheme was renamed in the IXth Plan Period as "Development of Universities and Colleges"

APPENDIX- X

(Referred in paragraph 1.3.6.5.1)

Academic staff colleges

Sl. No.	Name of ASC	Year	No. of days in a year during which courses were conducted	Percentage of shortfall	Range of shortfall in *per cent*
1.	University of Allahabad	1997-98	107	50.00	24.77 to 50.00
		1998-99	161	24.77	
2.	Calcutta University	1997-98	98	54.21	54.21
3.	Guwahati University	1995-96	144	32.71	32.71
4.	Kashmir University	1992-93	130	39.25	37.85 to 55.14
		1993-94	115	46.26	
		1994-95	96	55.14	
		1995-96	118	44.86	
		1996-97	128	40.19	
		1997-98	133	37.85	
5.	Delhi University	1992-93	182	14.95	14.02 to 54.21
		1993-94	175	18.22	
		1994-95	174	18.69	
		1996-97	184	14.02	
		1997-98	154		
		1998-99	163	23.83	
		1999-00	98	54.21	
6.	J.N. Vyas University	1992-93	171	20.09	13.55 to 72.90
		1994-95	185	13.55	
		1995-96	143	33.18	
		1996-97	132	38.32	
		1997-98	67	68.69	
		1998-99	102	52.34	
		1999-00	58	72.90	
7.	Calicut University	1997-98	123	42.52	20.09 to 42.52
		1998-99	171	20.09	
8.	Nagpur University	1992-93	160	25.23	21.96 to 50.93
		1994-95	157	26.64	
		1995-96	105	50.93	
		1996-97	137	35.98	
		1997-98	127	40.65	
		1998-99	167	21.96	
9.	Bharathiar University	1997-98	130	39.25	10.75 to 39.25
		1998-99	164	23.36	
		1999-00	191	10.75	
10.	Banaras Hindu University	1992-93	86	59.81	7.94 to 59.81
		1993-94	140	34.58	
		1994-95	117	45.33	
		1995-96	92	57.01	
		1996-97	175	18.22	
		1997-98	133	37.85	
		1998-99	197	07.94	
		1999-00	121	43.46	

APPENDIX- XI

(Referred to in paragraph 1.3.6.6)

Expenditure on Research Projects

(Rs in lakh)

Year	Expenditure on departmental researches	Expenditure on individual researches
1992-1993	4174.24	1234.47
1993-1994	5125.71	2510.15
1994-1995	8376.40	3073.05
1995-1996	7225.28	3784.97
1996-1997	8088.24	3149.54
1997-1998	6067.37	3364.28
1998-1999	5494.11	4519.36
1999-2000	6700.88	5145.88
2000-2001	5899.54	6815.21
Total	**57151.77**	**33596.91**

(Average Annual Expenditure on departmental researches : 63.50 crore)
(Average Annual Expenditure on individual researches : 37.33 crore)

APPENDIX- XII

(Referred to in paragraph 1.3.6.9)

Details of Receipts and Expenditure incurred on NET (Secret Expenditure)

Year	Opening Balance	Funds transferred during the year	Interest earned on S/B	Refund of unspent Misc. Receipts	Total	Expenditure	Closing Balance
1998-1999	8385.75	6000.00	36.31	11743.04	26165.09	5576.15	20588.95
1999-2000	20588.95	6000.00	971.30	30997.67	58557.92	6874.40	51683.52
2000-2001	51683.52	14200.00	1606.77	52218.08	119708.38	10067.50	109640.88

APPENDIX - XIII

(Referred to in paragraph 14)

Outstanding Action Taken Notes upto the year ended March 1999 as of October 2001

Sl. No.	Name of the Ministry/Department	Report of the year ended	Due	Not received at all	Under correspondence
1.	Health and Family Welfare	1999	2	2	
2.	Human Resource Development	1997	1		1
	(Department of Secondary and Higher Education)	1998	1	-	1
		1999	3	1	2
	(Department of Culture)	1997	1	1	-
		1998	4	1	3
3.	Industry	1999	4	4	
4.	Labour	1997	1	-	1
		1998	1	-	1
5.	Law Justice and Company Affairs	1998	1	-	1
6.	Rural Employment and Poverty alleviation	1999	2	2	-
7.	Surface Transport	1998	2	2	-
8.	Urban Development and Poverty Alleviation	1989	1	1	
		1990	5	5	
		1991	8	8	
		1992	9	9	
		1993	12	12	
		1994	1	1	
		1995	1	1	
Total			**60**	**50**	**10**

APPENDIX - XIV

(Referred to in paragraph 15.1)

Grants/loans received during 2000-2001 by central autonomous bodies audited under section 19(2) and 20(1) of CAG's (DPC) Act, 1971

(Rs in lakh)

Sl. No.	Ministry /Name of Body	Grant	Loan
	Agriculture and Co-operation		
1.	Coconut Development Board, Kochi	7000.00	Nil
2.	National Co-operative Development Corporation, New Delhi	1242.10	5681.00
3.	National Institute for Management of Agricultural Extension, Hyderabad	740.69	Nil
4.	National Oil Seeds and Vegetable Oil Development Board, Gurgaon	660.00	Nil
5.	Veterinary Council of India, New Delhi	80.00	N.A.
	Civil Supplies, Consumer Affairs and Public Distribution		
6.	Bureau of Indian Standards, New Delhi	160.00[1]	Nil
	Chemicals and Fertilizers		
7.	National Institute of Pharmaceutical Education and Research, Mohali	700.00	Nil
	Commerce		
8.	Agricultural and Processed Food Products Export Development Authority, New Delhi	4577.00	Nil
9.	Coffee Board (General Fund Accounts), Bangalore	3302.00	N.A
10.	Coffee Board (Pool Fund Accounts), Bangalore	776.74	1495.36[2]
11.	Export Inspection Agency, Chennai	5.23	Nil
12.	Export Inspection Agency, Cochin	30.95	N.A
13.	Export Inspection Agency, Delhi	2.42	N.A
14.	Export Inspection Agency, Kolkata	Nil	Nil
15.	Export Inspection Agency, Mumbai	Nil	Nil
16.	Export Inspection Council, Kolkata	321.88	Nil

[1] Training Institute Fund
[2] Development loan

Sl. No.	Ministry /Name of Body	Grant	Loan
17.	Marine Products Export Development Authority, Kochi	2425.00	Nil
18.	Rubber Board, Kottayam	4500.00	Nil
19.	Spices Board, Kochi	1684.00	Nil
20.	Tea Board, Kolkata	6951.71[3]	Nil
21.	Tobacco Board, Guntur	4.00	N.A
	Defence		
22.	Himalayan Mountaineering Institute, Darjeeling	191.86	Nil
23.	Jawahar Institute of Mountaineering and Winter Sports, Pehlagam	20.16	Nil
24.	Nehru Institute of Mountaineering, Uttarkashi	40.97	Nil
	Finance		
25.	Securities and Exchange Board of India, Mumbai	Nil	Nil
	Health and Family Welfare		
26.	All India Institute of Medical Sciences, New Delhi	24612.00	Nil
27.	Central Council for Indian Medicine, New Delhi	94.26	Nil
28.	Central Council for Research in Ayurveda and Siddha, New Delhi	2564.00	Nil
29.	Central Council for Research in Unani Medicine, New Delhi	1507.15	Nil
30.	Central Council for Research in Yoga and Naturopathy, New Delhi	208.96	Nil
31.	Central Council of Homoeopathy, New Delhi	61.50	Nil
32.	Central Council of Research in Homoeopathy, New Delhi	705.00	Nil
33.	Chittaranjan National Cancer Institute, Kolkota	555.00	Nil
34.	Dental Council of India, New Delhi	43.00	Nil
35.	Indian Nursing Council, New Delhi	13.00	Nil
36.	Medical Council of India, New Delhi	134.00	Nil
37.	Morarji Desai National Institute of Yoga, New Delhi	187.05	Nil
38.	National Board of Examination, New Delhi	20.00	Nil

[3] Includes subsidy of Rs 4319.67 lakh

Sl. No.	Ministry /Name of Body	Grant	Loan
39.	National Institute for Mental Health and Neuro Sciences, Bangalore	3460.00	Nil
40.	National Institute of Ayurveda, Jaipur	776.60	Nil
41.	National Institute of Health and Family Welfare, New Delhi	1065.12	Nil
42.	National Institute of Homoeopathy, Kolkata	580.28	Nil
43.	National Institute of Naturopathy, Pune	77.00	Nil
44.	Pharmacy Council of India, New Delhi	12.00	Nil
45.	Post Graduate Institute of Medical Education and Research, Chandigarh	11320.00	Nil
46.	Rastriya Ayurveda Vidyapeeth, New Delhi	40.58	Nil
	Home Affairs		
47.	National Human Rights Commission, New Delhi	498.37	Nil
	Human Resource Development		
48.	Aligarh Muslim University, Aligarh	13512.35	Nil
49.	All India Council for Technical Education, New Delhi	8599.00	Nil
50.	Allahabad Museum Society, Allahabad	127.00	Nil
51.	Asiatic Society, Kolkata	452.50	Nil
52.	Assam University, Silchar	2260.74	Nil
53.	Auroville Foundation, Auroville	233.15	Nil
54.	Bal Bhavan Society, New Delhi	472.19	Nil
55.	Banaras Hindu University, Varanasi	13431.05	Nil
56.	Board of Apprenticeship Training, Chennai	654.95	Nil
57.	Board of Apprenticeship Training, Kanpur	503.26	Nil
58.	Board of Apprenticeship Training, Mumbai	482.38	Nil
59.	Board of Practical Training, Kolkata	268.76	Nil
60.	Central Institute of Budhist Studies, Leh	Nil	Nil
61.	Central Institute of Higher Tibetan Studies, Sarnath, Varanasi	706.25	Nil
62.	Central Tibetan Schools Administration, New Delhi	1651.78	Nil
63.	Pondicherry University, Pondicherry	891.08	Nil

Sl. No.	Ministry /Name of Body	Grant	Loan
64.	Centre for Cultural Resources and Training, New Delhi	703.37	Nil
65.	Delhi Library Board, New Delhi	556.00	Nil
66.	Dr. B.R. Ambedkar Regional Engineering College, Jallandhar	363.30	Nil
67.	Eastern Zonal Cultural Centre, Kolkata	42.58	Nil
68.	Gandhi Samriti and Darshan Samiti, New Delhi	250.00	Nil
69.	Indian Council of Historical Research, New Delhi	425.00	Nil
70.	Indian Council of Philosophical Research, New Delhi	219.64	Nil
71.	Indian Institute of Advanced Studies, Shimla	516.55	Nil
72.	Indian Institute of Information Technology and Management, Gwalior	1983.00	Nil
73.	Indian Institute of Information Technology, Allahabad	1650.00	Nil
74.	Indian Institute of Management, Bangalore	1135.56	Nil
75.	Indian Institute of Management, Indore	750.00	Nil
76.	Indian Institute of Management, Kolkata	1181.00	Nil
77.	Indian Institute of Management, Kozikode	300.00	Nil
78.	Indian Institute of Management, Lucknow	706.25	Nil
79.	Indian Institute of Technology, Chennai	8241.25	Nil
80.	Indian Institute of Technology, Kanpur	8895.00	Nil
81.	Indian Institute of Technology, Kharagpur	9184.53	Nil
82.	Indian Institute of Technology, Mumbai	8800.00	Nil
83.	Indian Institute of Technology, New Delhi	8400.00	Nil
84.	Indian Museum, Kolkata	947.51	Nil
85.	Indira Gandhi Rashtriya Manav Sangrahalaya, Bhopal	524.88	Nil
86.	Jamia Millia Islamia, New Delhi	3522.00	Nil
87.	Jawaharlal Nehru University, New Delhi	5990.99	Nil
88.	Kalakshetra Foundation, Chennai	226.86	Nil
89.	Kendriya Hindi Shikshan Mandal, Agra	779.00	Nil
90.	Kendriya Vidyalaya Sangathan, New Delhi	57238.25	Nil

Sl. No.	Ministry /Name of Body	Grant	Loan
91.	Khuda Baksh Oriental Public Library, Patna	128.25	Nil
92.	Lal Bahadur Shastri Rashtriya Sanskrit Vidyapeeth, New Delhi	388.71	Nil
93.	Lalit Kala Academy, New Delhi	463.25	Nil
94.	Mahatma Gandhi Antarashtriya Hindi Vishwavidyalaya	276.97	Nil
95.	Malviya Regional Engineering College, Jaipur	923.02	Nil
96.	Maulana Azad College of Technology, Bhopal	760.00	Nil
97.	Maulana Azad National Urdu University, Hyderabad	430.74	Nil
98.	Motilal Nehru Regional Engineering College, Allahabad	1301.00	Nil
99.	National Book Trust, New Delhi	860.78	Nil
100.	National Commission for Women, New Delhi	350.00	Nil
101.	National Council for Promotion of Sindhi Language, Vadodra	10.00	Nil
102.	National Council for Promotion of Urdu Language, New Delhi	550.00	Nil
103.	National Council for Teachers Education, New Delhi	400.00	Nil
104.	National Council of Educational Research and Training, New Delhi	3625.00	Nil
105.	National Council of Science Museum, Kolkata	1592.80	Nil
106.	National Culture Fund, New Delhi	1.00	Nil
107.	National Institute of Adult Education, New Delhi	74.50	Nil
108.	National Institute of Educational Planning and Administration, New Delhi	526.00	Nil
109.	National Institute of Foundary and Forge Technology, Ranchi	637.50	Nil
110.	National Institute of Public Co-operation and Child Development, New Delhi	695.00	Nil
111.	National Institute of Training in Industrial Engineering, Mumbai	1175.00	Nil
112.	National Museum Institute of History of Art Conservation and Museology, New Delhi	80.25	Nil
113.	National Open School, New Delhi	237.00	Nil

Sl. No.	Ministry /Name of Body	Grant	Loan
114.	National School of Drama, New Delhi	755.00	Nil
115.	Navodaya Vidyalaya Samiti, New Delhi	43313.00	Nil
116.	Nehru Memorial Museum and Library, New Delhi	457.98	Nil
117.	Nehru Yuvak Kendra Sangathan, New Delhi	4940.36	Nil
118.	North Zone Cultural Centre, Allahabad	93.37	Nil
119.	North Eastern Hill University, Shillong	4405.63	Nil
120.	North Eastern Regional Institute of Science and Technology, Shillong	2006.08	Nil
121.	Project of History of Indian Science , Philosophy and Culture, New Delhi	139.49	Nil
122.	Raja Ram Mohan Roy Library Foundation, Kolkata	633.00	Nil
123.	Rampur Raza Library Board, Rampur	154.00	Nil
124.	Rashtriya Sanskrit Vidyapeeth, Tirupati	376.26	Nil
125.	Regional Engineering College, Hamirpur	539.76	Nil
126.	Regional Engineering College, Kozikode	1219.45	Nil
127.	Regional Engineering College, Kurukshetra	800.00	Nil
128.	Regional Engineering College, Rourkela	753.65	Nil
129.	Regional Engineering College, Srinagar	607.46	Nil
130.	Regional Engineering College, Warangal	1169.00	Nil
131.	Regional Institute of Technology, Jamshedpur	644.57	Nil
132.	Sahitya Academy, New Delhi	698.61	Nil
133.	Salarjang Museum Board, Hyderabad	635.00	Nil
134.	Sangeet Natak Akademi, New Delhi	911.00	Nil
135.	Sant Longowal Institute of Engineering and Technology, Sangrur	500.00	Nil
136.	Sardar Vallabh Bhai Regional College of Engineering and Technology, Surat	472.50	Nil
137.	School of Planning and Architecture	1065.00	Nil
138.	Technical Teachers Training Institute, Bhopal	337.84	Nil
139.	Technical Teachers Training Institute, Chandigarh	342.00	Nil
140.	Technical Teachers Training Institute, Kolkata	252.67	Nil

Sl. No.	Ministry /Name of Body	Grant	Loan
141.	Technical Teachers Training Institute, Taramani, Chennai	282.13	Nil
142.	Tezpur University, Tezpur	1639.35	Nil
143.	University Grants Commission, New Delhi	146438.43	Nil
144.	University of Hyderabad, Hyderabad	4036.61	Nil
145.	Victoria Memorial Hall, Kolkata	326.84	Nil
146.	Vishva Bharati University, Shantiniketan	3524.69	Nil
147.	Visvesvaraya Regional College of Engineering, Nagpur	726.89	Nil
148.	West Zone Cultural Centre, Udaipur	102.64	Nil
	Industries		
149.	Coir Board, Kochi	1621.00	Nil
150.	Khadi and Village Industries Commission, Mumbai	29576.00	825.00
	Information and Broadcasting		
151.	Press Council of India, New Delhi	203.50	Nil
152.	Prasar Bharati, New Delhi	96231.74	13930.00
	Labour		
153.	Central Board of Workers Education, Nagpur	1729.00	Nil
154.	Employees Provident Fund Organisation, New Delhi	Nil	Nil
155.	Employees State Insurance Corporation, New Delhi	Nil	Nil
156.	Insurance Regulatory and Development Authority of India	Nil	Nil
157.	V.V. Giri National Labour Institute, Noida	403.00	Nil
	Law		
158.	National Judicial Academy, New Delhi	1000.00	Nil
159.	State Legal Services Authority, Chandigarh	40.00	Nil
	Mines		
160.	Coal Mines Provident Fund Organisation, Dhanbad	2815.00	Nil
161.	Indian School of Mines, Dhanbad	1671.00	Nil
	Power		
162.	National Power Training Institute, Faridabad	668.00	Nil

Sl. No.	Ministry /Name of Body	Grant	Loan
	Railways		
163.	Centre for Railway Information Systems, New Delhi	2140.00	Nil
	Rural Areas and Employment		
164.	Council for Advancement of People's Action and Rural Technology, New Delhi	2965.19	Nil
165.	National Institute of Rural Development, Hyderabad	1277.45	Nil
	Social Justice and Empowerment		
166.	Ali Yavar Jung National Institute for the Hearing Handicapped, Mumbai	727.85	Nil
167.	Animal Welfare Board, Chennai	756.80	Nil
168.	Central Wakf Council, New Delhi	180.00	Nil
169.	Institute for Physically Handicapped, New Delhi	443.00	Nil
170.	National Institute of Mentally Handicapped, Secunderabad	549.00	Nil
171.	National Institute of Rehabilitation Training and Research, Olatpur	875.48	Nil
172.	National Institute of Visually Handicapped, Dehradun	625.00	Nil
173.	Rehabilitation Council of India, New Delhi	655.90	Nil
	Shipping		
174.	Bomaby Dock Labour Board	Nil	N.A
175.	Chennai Port Trust, Chennai	Nil	8126.00
176.	Cochin Port Trust , Cochin	Nil	N.A
177.	Jawahar Lal Nehru Port Trust, Mumbai	Nil	N.A
178.	Kandla Dock Labour Board, Kandla	Nil	N.A
179.	Kandla Port Trust, Gandhidham	Nil	N.A
180.	Kolkata Dock Labour Board, Kolkata	Nil	N.A
181.	Kolkata Port Trust, Kolkata	Nil	N.A
182.	Madras Dock Labour Board, Chennai	Nil	N.A
183.	Mormugao Port Trust, Goa	Nil	N.A
184.	Mumbai Port Trust, Mumbai	Nil	N.A
185.	New Mangalore Port Trust, New Mangalore	Nil	Nil
186.	Paradip Port Trust, Paradip	Nil	N.A

Sl. No.	Ministry /Name of Body	Grant	Loan
187.	Seaman's Provident Fund Organisation, Mumbai	Nil	N.A
188.	Tuticorin Port Trust, Tuticorin	Nil	N.A
189.	Vizag Dock Labour Board, Vishakapatnam	Nil	N.A
190.	Vizag Port Trust, Vishakapatnam	Nil	N.A
	Telecommunications		
191.	Telecom Regulatory Authority of India, New Delhi	2300.00	Nil
	Textile		
192.	Central Silk Board, Bangalore	9390.00	Nil
193.	Jute Manufactures Development Council, Kolkata	2364.33	Nil
194.	National Institute of Fashion Technology, New Delhi	2786.00	Nil
195.	Textile Committee, Mumbai	1428.63	Nil
	Urban Development		
196.	Delhi Development Authority, New Delhi	Nil	Nil
197.	Delhi Urban Arts Commission, New Delhi	75.50	Nil
198.	National Capital Region Planning Board, New Delhi	4610.00	Nil
199.	Rajghat Samadhi Committee, New Delhi	164.00	Nil
	Water Resources		
200.	Betwa River Board, Jhansi	Nil	Nil
201.	Brahamputra Board, Guwahati	4542.00	Nil
202.	Narmada Control Authority, Indore	Nil	Nil
203.	National Water Development Agency	1330.00	Nil
	Total	**668661.94**	**30057.36**

APPENDIX - XV

(Referred to in paragraph 15.1)

Grants received during 2000-2001 by the Central Universities

(Rs in lakh)

Sl. No.	Name of the University	Grant
1.	Aligarh Muslim University, Aligarh	13512.35
2.	Assam University, Silchar	2260.74
3.	Banaras Hindu University, Varanasi	13431.05
4.	Jamia Millia Islamia, New Delhi	3522.00
5.	Jawaharlal Nehru University, New Delhi	5990.99
6.	Mahatma Gandhi Antarashtriya Hindi Vishwavidyalaya	276.97
7.	Maulana Azad National Urdu University, Hyderabad	430.74
8.	North Eastern Hill University, Shillong	4405.63
9.	Pondicherry University, Pondicherry	891.08
10.	Tezpur University, Tezpur	1639.35
11.	University of Hyderabad, Hyderabad	4036.61
12.	Vishva Bharati University, Shantiniketan	3524.69
Total		**53922.20**

APPENDIX - XVI

(Referred to in paragraph 15.1)

Bodies whose accounts/information for 2000-2001 not received as of December 2001 audited under section 19(2) and 20(1) of the CAG's (DPC) Act 1971

Sl. No.	Name of the Bodies
	External Affairs
1.	Indian Council for Cultural Relations, New Delhi
2.	Indian Council of World Affairs, New Delhi
	Health and Family Welfare
3.	National Illness Assistance Fund, New Delhi
	Human Resource Development
4.	Baba Saheb Bhimrao Ambedkar University, Lucknow
5.	Central Agricultural University, Imphal
6.	Delhi University, New Delhi
7.	Indian Council of Social Sciences Research, New Delhi
8.	Indian Institute of Technology, Guwahati
9.	Indira Gandhi National Centre for Arts, New Delhi
10.	Indira Gandhi National Open University, New Delhi
11.	Lakshmibai National Institute of Physical Education, Gwalior
12.	Nagaland University, Kohima
13.	North East Zone Cultural Centre, Dimapur
14.	North Zone Cultural Centre, Patiala
15.	Rashtriya Sanskrit Sansthan, New Delhi
16.	South Central Zone Culture Centre, Nagpur
17.	South Zone Cultural Centre, Tanjavur
18.	Sports Authority of India, New Delhi
	Rural Areas and Employment
19.	National Council of Rural Institutes, Hyderabad

Sl. No.	Name of the Bodies
Social Justice and Empowerment	
20.	National Commission for Minorities, New Delhi
21.	National Commission for Backward Classes, New Delhi
22.	National Institute for Orthopaedically Handicapped, Calcutta
23.	National Trust for Welfare of Persons

APPENDIX - XVII

(Referred to in paragraph 15.1(i))

Grants/loans received during 2000-2001 by central autonomous bodies audited u/s 14(1) and 14(2) of CAG's (DPC) Act, 1971

(Rs in lakh)

Sl. No.	Ministry/Name of Body	Grant
	Agriculture and Co-operations	
1.	National Co-operative Union of India, New Delhi	365.00
2.	National Council for Co-operative	Nil
3.	National Council for Co-operative training, New Delhi	722.00
4.	National Horticulture Board, Gurgaon	7889.00
5.	Small and Marginal Farmers Development Agency, Dimapur	N.A
	Commerce	
6.	Engineering Export Promotion Council, Kolkata	515.64
7.	Indian Institute of Foreign Trade, New Delhi	250.00
8.	National Institute for Entrepreneurship and Small Business Development	N.A
9.	Shellac Export Promotion Council, Kolkata	24.02
10.	Sports Goods Sport Promotion Council, New Delhi	30.00
	Finance	
11.	Indian Instrument Centre, New Delhi	245.00
12.	National Council of Applied Economic Research, New Delhi	50.00
	Industries	
13.	Central Pulp and Paper Research Institute, Saharanpur	367.00
14.	Fluid Control Research Institute Palakkad	420.00
15.	Indian Diamond Institute, Surat	10.75
16.	Indian Institute of Packaging, Mumbai	170.00
17.	Khadi and Village Industries Commission, Dimapur	N.A
18.	National Productivity Council, New Delhi	842.00
19.	Quality Council of India, New Delhi	15.00
	Information and Broadcasting	
20.	Children Film Society of India, New Delhi	3291.00
21.	Indian Institute of Mass Communication	584.80
	Health and Family Welfare	
22.	Lala Ram Swaroop Institute of Tuberculosis and Allied Diseases, New Delhi	399.00
23.	National Institute of Biologicals	1132.00

Sl. No.	Ministry/Name of Body	Grant
24.	New Delhi T.B Centre	93.00
25.	Pariwar Sewa Sansthan	16.91
	Human Resource Development	
26.	Bharat Scouts and Guides, New Delhi	108.67
27.	Punjab University, Chandigarh	N.A
28.	Sports Authority of India, Dimapur	N.A
	Power	
29.	Energy Management Center	25.00
	Social Justice and Empowerment	
30.	Andhra Pradesh Mahila Samta Society, Hyderabad	130.00
31.	Central Manufacturing Technology, Vellore	783.68
32.	District Rehabilitation Centre, Vijayawada	N.A
33.	Institute of Economic Growth	
34.	Libenshilfe Visakhapatnam, Association for the mentally handicapped	84.33
35.	Manasika Vikasa Kendra Vijayawada	82.73
	Surface Transport	
36.	National Institute of Training for Highway Engineerings, New Delhi	N.A
	Textile	
37.	Bombay Textile Research Association	140.00
	Tourism	
38.	Institute of Hotel Management Catering Technology and Applied Nutrition, New Delhi	N.A
	Urban Development	
39.	Building Material Technology Promotion Council, New Delhi	N.A
	Water Resources	
40.	National Institute of Hydrology, Roorkee	529.00
	Total	**19315.53**

APPENDIX - XVIII

(Referred to in paragraph 15.1(i))

Bodies whose accounts/information not received audited u/s 14(1) and 14(2) of CAG's (DPC) Act, 1971 during 2000-2001

Sl. No.	Ministry/ Name of Body
	Agriculture and Co-operation
1.	Indo German Nilgiries Development Agency-Udhagmandalam
2.	National Co-operative Consumer Federation, Bhiwani
	Commerce
3.	National Institute for Enterpreneurship and Small Business Development
	Chemical and Fertilisers
4.	Central Institute of Plastics Engineering Technology, Chennai
5.	Central Institute of Plastics Engineering Technology, Hyderabad
6.	Central Institute of Plastic Engineering and Technology, Mysore
	Civil Aviation
7.	Indira Gandhi Rashtriya Udan Academy, Raibareli
	Finance
8.	National Institute of Public Finance and Policy
	Food Processing Industries
9.	Paddy Processing Research Centre Thanjavur
	Health and Family Welfare
10.	Gandhigram Institute of Rural Health and Family Welfare Trust, Ambathurai Dingigual District
11.	Parivar Seva Santhan, New Delhi
	Human Resource Development
12.	All India Women Conference, New Delhi
13.	Association of Indian University
14.	Bhagavathula Charitable Trust Gelamonchili Visakahapatnam
15.	Bharat Gyan Vigyan Samiti, New Delhi
16.	Central Civil Services Sports Board, New Delhi
17.	Dr. Ambedkar Foundation, New Delhi
18.	Grih Kalyan Kendra, New Delhi
19.	Harijan Sewak Sangh, New Delhi

Sl. No.	Ministry/ Name of Body
20.	Indian Council of Education, New Delhi
21.	Indian Institute of Public Administration, New Delhi
22.	Indian National Trust for Cultural Heritage
23.	Indian Olympic Association, New Delhi
24.	Indian Society for Technical Education, New Delhi
25.	Indian Statistical Institute, Kolkata
26.	Maulana Abul Kalam Azad Institute of Asian Studies, Kolkata
27.	Maulana Azad Education Foundation
28.	National Gandhi Museum, New Delhi
29.	Rajeev Gandhi National Institute of Youth Development, Sriperumbudur
30.	Ram Krishna Mission, Institute of Culture, Kolkata
31.	Sri Aurobindo Society, New Delhi
32.	State Resource Centre for Adult Education, Hyderabad
33.	West Bengal Schedule Caste/Schedule Tribe and Minority Association Calcutta
34.	Youth Hostel Association of India, New Delhi
	Industries
35.	Automotive Research Association of India, Pune
36.	Central Footware Training Institute, Chennai
37.	Central Institute of Tool Design, Balanagar, Hyderabad
38.	Central Manufacturing Technology of Insitute
39.	Central Tool Room Training Centre, Kolkata
40.	Institute for studies in Industrial Development
41.	National Institute of Small Industries Extension Training, Hyderabad
	Information and Broadcasting
42.	Satyajeet Ray Film and Television Institute, Calcutta
	Labour
43.	Central Instructional Media Institute-Guindy, Chennai
	Planning
44.	Institute of Applied Manpower Research, New Delhi
	Power
45.	Central Power Research Institute Bangalore

Sl. No.	Ministry/ Name of Body
46.	Centre for Wind Energy Technology, Chennai
	Rural Area and Development
47.	District Rural Development Agency, Car Nicobar
48.	District Rural Development Agency, Port Blair
49.	DRDA, Coimbatore
50.	DRDA, Cuddalore
51.	DRDA, Dindigul
52.	DRDA, Erode
53.	DRDA, Kancheepuram
54.	DRDA, Karur
55.	DRDA, Madurai
56.	DRDA, Nagapattinam
57.	DRDA, Nagarcoil
58.	DRDA, Namakkal
59.	DRDA, Perambalur
60.	DRDA, Pondicherry
61.	DRDA, Pudukottai
62.	DRDA, Ramnathapuram
63.	DRDA, Salem
64.	DRDA, Sivaganga
65.	DRDA, Thanjavur
66.	DRDA, Theni
67.	DRDA, Thiruvallur
68.	DRDA, Thiruvannamalai
69.	DRDA, Thiruvanur
70.	DRDA, Tirunelveli
71.	DRDA, Trichey
72.	DRDA, Tuticorin
73.	DRDA, Udhagmandalam
74.	DRDA, Vellore
75.	DRDA, Villuperam
76.	DRDA, Virudhunagar

Sl. No.	Ministry/ Name of Body
Social Justice and Empowerment	
77.	All India Association for Social Health in India, New Delhi
78.	Andaman Adim Janjati Vikas Samiti, Port Blair
79.	Andhra Pradesh Mahila Samatha Society, Hyderabad
80.	Bhartiya Adim Jati Sewak Sangh, New Delhi
81.	Centre for Studies in Social Science, Kolkata
82.	District Rehabilitation Centre, Vijayawada
83.	Indian Council for Child Welfare, New Delhi
84.	Rashtriya Sewa Samiti, Tirupati
85.	Shoshan Unmoolan Parishad, New Delhi
86.	Social Welfare Advisory Board, Port Blair
87.	Zilla Vikalangula Sangam, Vinu Konda
Textiles	
88.	Handloom Export Promotion Council, Chennai
89.	Handloom House, Hyderabad
90.	Handloom House, Visakhapatnam
91.	Indian Jute Industries Research Association, Kolkata
92.	Khadi Village Industries Board, Port Blair
93.	National Centre for Jute Diversification
94.	South India Textile Research Association, Coimbatore
Tourism	
95.	Institute of Hotel Management and Catering Technology, Kovalam
96.	Institute of Hotel Management Catering Technology and Applied Nutrition , Hyderabad
97.	Institute of Hotel Management Catering Technology and Applied Nutrition , Chennai
98.	Institute of Hotel Management Catering Technology and Applied Nutrition, Kolkota
Urban Development and Poverty Alleviation	
99.	National Institute of Urban Affairs

APPENDIX - XIX

(Referred to in paragraph 15.1 (iii))

Delay in submission of annual accounts for 1999-2000 by autonomous bodies

Sl. No	Name of the Autonomous Body	Date of Receipts of accounts
(A)	Over three to six months	
1.	Assam University	8.12.2000
2.	Central Council for Research in Ayurveda and Siddha	5.12.2000
3.	Central Institute of Higher Tibetan Studies	4.12.2000
4.	Coir Board	30.10.2000
5.	Indian Institute of Information Technology and Management, Gwalior	12.12.2000
6.	Indian Institute of Information Technology, Allahabad	20.11.2000
7.	Indira Gandhi National Centre for Arts, New Delhi	11.10.2000
8.	Kendriya Hindi Shikshan Mandal, Agra, New Delhi	16.10.2000
9.	National Book Trust, New Delhi	18.10.2000
10.	National Institute for Orthopedic Handicapped, Kolkata	23.10.2000
11.	National Institute of Mentally Handicapped, Secunderabad	21.11.2000
12.	National Museum of National History Art and Culture, New Delhi	28.11.2000
13.	Rashtriya Manav Sangrahlaya, Bhopal	19.10.2000
14.	Salarjung Museum Board, Hyderabad	8.11.2000
15.	School of Planning and Architecture, New Delhi	22.11.2000
16.	South Central Zone Cultural Centre, Nagpur	17.11.2000
17.	Technical Teachers Training Institute, Madras	17.10.2000
18.	Telecom Regulatory Authority of India, New Delhi	13.12.2000

Sl. No	Name of the Autonomous Body	Date of Receipts of accounts
(B)	**Delay of over six months**	
1.	Ali Yavar Jung National Institute for Hearing Handicapped, Mumbai	1.1.2001
2.	Chittranjan National Cancer Institute, Kolkata	22.8.2001
3.	Coal Mines Provident Fund Organisation, Dhanbad	6.2.2001
4.	Coffee Board General Fund, Bangalore	15.1.2001
5.	Coffee Board Pool Fund, Bangalore	29.6.2001
6.	Delhi University	12.3.2001
7.	Indian Institute of Management, Indore	22.10.2001
8.	Indira Gandhi National Open University, New Delhi	15.1.2001
9.	Insurance Regulatory Development Authority	30.8.2001
10.	Lakshmibai National Institute of Physical Education and Sports, Gwalior	7.2.2001
11.	Nagaland University	15.1.2001
12.	National Culture Fund, New Delhi	1.2.2001
13.	National Institute of Adult Education, New Delhi	11.6.2001
14.	National Institute of Mental Health and Neuro Sciences, Bangalore	7.2.2001
15.	National Institute of Pharmaceutical Education and Research	2.5.2001
16.	National Institute of Rehabilitation Training and Research, Olatpur	19.1.2001
17.	Nehru Yuvak Kendra Sangathan	15.1.2001
18.	South Zone Cultural Centre Tanjavur	13.8.2001
19.	Sports Authority of India	4.4.2001

APPENDIX - XX

(Referred to in paragraph 15.1 (iii))

Non-submission of annual accounts for the year 1999-2000 by autonomous bodies

Sl. No.	Name of the Autonomous Body	Date of receipt of accounts
1.	Babasaheb Bhimarao Ambedkar University	Nil
2.	Central Agricultural University, Imphal	Nil
3.	Central Insitute of Budhist Studies, Leh	Nil
4.	Delhi Development Authority	Nil
5.	Indian Institute of Technology, Guwahati	Nil
6.	Mahatama Gandhi Antarrashtriya Hindi Vishvavidyalaya	Nil
7.	National Commission for Backward Classes	Nil
8.	National Commission for Minorities	Nil
9.	North East Zone Cultural Centre, Dimapur	Nil
10.	Prasar Bharati, New Delhi	Nil
11.	National Council of Rural Institutes, Hyderabad	NA

APPENDIX - XXI

(Referred to in paragraph 15.3)
Outstanding utilisation certificates

(Rs in lakh)

Ministry/Department	Period to which grants relate (upto March 1999)	Utilisation Certificates outstanding in respect of grants released upto March 1999,which were due by September 2000 at the end of March 2001	
		Number	Amount
Agriculture and Cooperation	1979-80	3	74.65
	1980-81	2	42.35
	1990-91	4	15.00
	1991-92	10	20.50
	1992-93	1	2.50
	1993-94	3	377.85
	1994-95	1	274.00
	1996-97	13	336.55
	1997-98	27	44.60
	1998-99	41	2963.02
		105	**4151.02**
Andaman and Nicobar Administration	1997-98	8	741.38
	1998-99	15	544.60
		23	**1285.98**
Atomic Energy	1985-86	1	1.50
	1988-89	2	2.96
	1989-90	1	0.21
	1991-92	1	2.51
	1992-93	2	0.75
	1994-95	3	2.22
	1995-96	3	2.07
	1996-97	15	16.33
	1997-98	26	47.35
	1998-99	30	82.43
		84	**158.33**
Central Board of Direct Taxes	1997-98	1	0.01
	1998-99	1	0.04
		2	**0.05**
Civil Supplies, Consumers Affairs and Public Distribution	1983-84	3	1.62
	1985-86	1	0.37
	1987-88	1	3.00
	1988-89	1	3.70

Ministry/Department	Period to which grants relate (upto March 1999)	Utilisation Certificates outstanding in respect of grants released upto March 1999,which were due by September 2000 at the end of March 2001	
		Number	Amount
	1989-90	2	11.50
	1994-95	1	4.00
	1996-97	1	100.00
	1997-98	1	11.00
		11	**135.19**
Environment and Forest	1981-82	15	5.79
(i) Environment	1982-83	21	41.00
	1983-84	90	58.50
	1984-85	143	229.80
	1985-86	121	495.40
	1986-87	74	533.77
	1987-88	290	8909.92
	1988-89	359	2543.18
	1989-90	549	194.23
	1990-91	70	123.30
	1991-92	91	1539.88
	1992-93	232	3026.11
	1993-94	64	74.18
	1994-95	142	1204.24
	1995-96	12	24.50
	1996-97	485	15815.12
	1997-98	613	9852.70
	1998-99	433	479.09
		3804	**45150.71**
(ii) Ocean Development	1983-84	8	101.52
	1984-85	22	22.66
	1985-86	45	40.26
	1986-87	23	27.20
	1987-88	21	221.63
	1988-89	66	59.25
	1989-90	97	114.60
	1990-91	17	227.46
	1991-92	30	242.46
	1992-93	8	3.00
	1993-94	16	40.20
	1994-95	12	179.47
	1995-96	53	58.77
	1996-97	61	211.41
	1997-98	98	1297.80

Ministry/Department	Period to which grants relate (upto March 1999)	Utilisation Certificates outstanding in respect of grants released upto March 1999,which were due by September 2000 at the end of March 2001	
		Number	Amount
	1998-99	119	3249.43
		696	**6097.12**
External Affairs	1991-92	3	2.35
	1997-98	10	64.51
	1998-99	16	40.67
		29	**107.53**
Finance	1996-97	1	31.38
(i) Economic Affairs*	1997-98	1	16.27
	1998-99	2	586.00
		4	**633.65**
(ii) Revenue	1998-99	3	87.75
		3	**87.75**
Food and Consumer Affairs	1995-96	5	52.81
		5	**52.81**
Food Processing Industries	1990-91	1	4.19
	1991-92	6	65.08
	1992-93	19	185.46
	1993-94	26	154.34
	1994-95	33	209.08
	1995-96	47	540.16
	1996-97	51	693.61
	1997-98	61	1131.61
	1998-99	181	2511.05
		425	**5494.58**
Health and Family Welfare	1977-78	21	1.29
(i) Health	1979-80	8	3.34
	1980-81	2	1.46
	1981-82	2	0.34
	1982-83	6	7.15
	1983-84	9	27.04
	1984-85	13	92.35
	1985-86	28	6.13
	1986-87	27	5.98
	1987-88	5	0.97
	1988-89	31	3.50
	1989-90	30	47.95
	1990-91	30	8.07

* Does not include utilisation certificate in respect of Banking Division PAO, Emergency Risk Insurance scheme and Banking

Ministry/Department	Period to which grants relate (upto March 1999)	Utilisation Certificates outstanding in respect of grants released upto March 1999,which were due by September 2000 at the end of March 2001	
		Number	Amount
	1991-92	32	1.21
	1992-93	5	0.51
	1993-94	62	1743.99
	1994-95	78	3038.16
	1995-96	200	5347.50
	1996-97	230	4151.00
	1997-98	335	23956.11
	1998-99	330	26807.35
		1484	**65251.40**
(ii) Family Welfare	1981-82	4	29.46
	1982-83	4	2.85
	1986-87	8	14.28
	1987-88	7	18.92
	1989-90	11	39.96
	1990-91	8	13.00
	1991-92	2	14.57
	1992-93	2	7.79
	1993-94	55	221.44
	1994-95	152	226.08
	1995-96	364	1611.61
	1996-97	357	7852.02
	1997-98	253	6421.77
	1998-99	340	17824.05
		1567	**34297.80**
Home Affairs (i) PAO (Sectt)	1990-91	1	0.10
	1998-99	1	0.05
		2	**0.15**
	1992-93	1	5.00
(ii) RPAO (I.B. Shillong)	1995-96	1	200.00
	1997-98	3	93.00
	1998-99	1	100.00
		6	**398.00**
Human Resource Development	1986-87	203	728.93
(i) Women and Child Development	1987-88	268	878.66
	1988-89	385	1393.26
	1989-90	442	3443.94
	1990-91	463	2022.35
	1991-92	498	2654.19
	1992-93	596	6515.20
	1993-94	814	4589.92

Ministry/Department		Period to which grants relate (upto March 1999)	Utilisation Certificates outstanding in respect of grants released upto March 1999,which were due by September 2000 at the end of March 2001	
			Number	Amount
		1994-95	922	4881.28
		1995-96	501	2834.20
		1996-97	1036	4116.27
		1997-98	725	4275.57
		1998-99	877	14741.95
			7730	**53075.72**
(ii)	**Youth Affairs and Sports**	1987-88	20	10.04
		1988-89	103	76.02
		1989-90	161	66.89
		1990-91	188	102.09
		1991-92	142	118.78
		1992-93	470	865.74
		1993-94	444	1445.62
		1994-95	368	992.67
		1995-96	426	1557.00
		1996-97	514	8723.79
		1997-98	362	8471.78
		1998-99	867	19049.87
			4065	**41480.29**
(iii)	**Education**			
(A)	**Secondary and Higher Education**	1977-78	50	96.00
		1978-79	147	108.00
		1979-80	55	83.00
		1980-81	40	96.00
		1981-82	48	145.00
		1982-83	62	152.00
		1983-84	68	209.00
		1984-85	92	354.00
		1985-86	218	1183.00
		1986-87	95	443.00
		1987-88	339	2531.00
		1988-89	425	2562.00
		1989-90	285	3070.00
		1990-91	52	139.00
		1991-92	156	1264.00
		1992-93	202	2295.00
		1993-94	254	3373.00
		1994-95	130	5487.00
		1995-96	169	7885.00
		1996-97	164	11996.00

Ministry/Department	Period to which grants relate (upto March 1999)	Utilisation Certificates outstanding in respect of grants released upto March 1999,which were due by September 2000 at the end of March 2001	
		Number	Amount
	1997-98	249	15590.00
	1998-99	301	9273.00
		3601	**68334.00**
(B) Elementary Education and Literacy	1978-79	16	4.00
	1979-80	53	15.00
	1980-81	5	3.00
	1982-83	24	13.00
	1983-84	28	14.00
	1984-85	75	37.00
	1985-86	91	57.00
	1986-87	99	65.00
	1987-88	36	53.00
	1988-89	83	111.00
	1989-90	108	189.00
	1990-91	50	398.00
	1991-92	51	298.00
	1992-93	51	794.00
	1993-94	86	1810.00
	1994-95	114	4083.00
	1995-96	179	7659.00
	1996-97	231	83467.00
	1997-98	304	50047.00
	1998-99	323	36176.00
		2007	**185293.00**
(iv) Culture	1982-83	2	0.45
	1983-84	4	0.53
	1984-85	11	2.59
	1985-86	3	0.60
	1986-87	8	2.57
	1987-88	5	1.38
	1988-89	14	2.68
	1989-90	14	2.71
	1990-91	75	12.86
	1991-92	102	834.00
	1992-93	830	3296.30
	1993-94	802	5757.00
	1994-95	497	1397.00
	1995-96	550	4229.00
	1996-97	772	3647.00
	1997-98	760	3932.00

Ministry/Department	Period to which grants relate (upto March 1999)	Utilisation Certificates outstanding in respect of grants released upto March 1999,which were due by September 2000 at the end of March 2001	
		Number	Amount
	1998-99	645	6985.00
		5094	**30103.67**
Industry			
(i) Department of Industrial Policy and Promotion	1997-98	1	303.00
		1	**303.00**
(ii) Small Scale Industries and Agro and Rural Industries	1996-97	3	27.34
	1997-98	5	125.50
	1998-99	13	695.50
		21	**848.34**
Information and Broadcasting	1982-83	1	4.22
	1983-84	2	3.37
	1995-96	1	600.00
	1996-97	1	279.50
	1998-99	1	64.04
		6	**951.13**
Information Technology	1992-93	6	10.00
	1993-94	3	11.00
	1994-95	9	60.00
	1995-96	8	37.00
	1996-97	11	13.00
	1997-98	31	1597.00
	1998-99	56	910.00
		124	**2638.00**
Labour*	1979-80	1	0.01
	1982-83	2	0.13
	1985-86	6	1.81
	1987-88	4	3.19
	1988-89	5	6.60
	1989-90	15	15.89
	1990-91	14	19.29
	1991-92	8	26.59
	1992-93	3	0.71
	1993-94	15	36.59
	1994-95	5	5.61
	1995-96	48	250.85
	1996-97	280	502.51

* Does not include Child Labour cell

Ministry/Department	Period to which grants relate (upto March 1999)	Utilisation Certificates outstanding in respect of grants released upto March 1999,which were due by September 2000 at the end of March 2001	
		Number	**Amount**
	1997-98	13	12.88
	1998-99	48	145.27
		467	**1027.93**
Law, Justice and Supreme Court of India			
(i) Department of Legal Affairs (NALSA)	1982-83	2	1.00
	1983-84	5	1.52
	1984-85	5	1.30
	1986-87	1	0.15
	1987-88	1	0.05
	1989-90	4	1.35
	1990-91	1	0.25
	1991-92	8	1.58
	1992-93	10	0.95
	1993-94	16	4.55
	1994-95	13	12.45
	1995-96	22	16.00
	1996-97	34	49.71
	1997-98	45	58.60
	1998-99	61	246.09
		228	**395.55**
Non-Conventional Energy Sources	1983-84	3	13.17
	1984-85	1	2.19
	1993-94	2	53.43
	1994-95	6	88.23
	1995-96	47	437.98
	1996-97	42	82.20
	1997-98	80	432.17
	1998-99	62	705.50
		243	**1814.87**
Personnel, Public Grievances and Pensions			
Personal and Training	1996-97	2	5.10
	1997-98	2	17.00
	1998-99	3	24.20
		7	**46.30**
Planning and Statistics			
	1990-91	7	9.74
Planning Commission	1991-92	8	7.16
	1992-93	3	1.45
	1993-94	1	2.00
	1994-95	7	138.85

Ministry/Department	Period to which grants relate (upto March 1999)	Utilisation Certificates outstanding in respect of grants released upto March 1999,which were due by September 2000 at the end of March 2001	
		Number	Amount
	1995-96	7	81.21
	1996-97	6	8.00
	1997-98	11	374.31
	1998-99	9	6.83
		59	**629.55**
Power	1998-99	1	0.65
		1	**0.65**
Rural Areas and Employment			
Rural Development	1997-98	10	1157.50
	1998-99	43	4479.75
		53	**5637.25**
Social Justice and Empowerment	1987-88	696	941.00
(i) Social Justice and Empowerment	1988-89	1081	2112.00
	1989-90	1070	2019.00
	1990-91	1479	2093.00
	1991-92	1617	4019.00
	1992-93	1754	3011.00
	1993-94	1872	3892.00
	1994-95	2637	8303.00
	1995-96	2228	4978.00
	1996-97	1285	5141.00
	1997-98	939	20271.00
	1998-99	2505	17887.00
		19163	**74667.00**
(ii) Tribal Affairs	1988-89	40	55.00
	1989-90	41	159.00
	1991-92	12	345.00
	1992-93	53	28.00
	1993-94	50	207.00
	1994-95	62	117.00
	1996-97	73	88.00
	1997-98	144	756.00
	1998-99	378	2247.00
		853	**4002.00**
Space	1976-77	1	0.05
	1977-78	1	0.15
	1979-80	2	0.21
	1980-81	3	0.61
	1981-82	2	0.27
	1982-83	17	6.12

Ministry/Department	Period to which grants relate (upto March 1999)	Utilisation Certificates outstanding in respect of grants released upto March 1999,which were due by September 2000 at the end of March 2001	
		Number	Amount
	1983-84	8	1.35
	1984-85	15	3.96
	1985-86	6	1.58
	1986-87	12	4.05
	1987-88	8	5.08
	1988-89	3	3.43
	1989-90	3	3.08
	1990-91	4	5.64
	1991-92	1	1.24
	1992-93	2	1.75
	1993-94	7	2.97
	1994-95	11	15.42
	1995-96	7	6.94
	1996-97	25	51.54
	1997-98	28	61.17
	1998-99	97	481.98
		263	**658.59**
Surface Transport	1997-98	3	5.59
	1998-99	5	26.25
		8	**31.84**
(i) Textiles	1998-99	10	1931.58
		10	**1931.58**
(ii) Development Commissioner of Handicrafts, Delhi	1978-79	9	52.49
	1979-80	6	18.64
	1980-81	3	4.63
	1982-83	6	5.93
	1983-84	1	0.53
	1984-85	9	4.44
	1985-86	6	3.55
	1986-87	5	2.88
	1987-88	1	0.94
	1988-89	2	0.60
	1989-90	4	4.64
	1990-91	5	5.68
	1991-92	7	27.01
	1992-93	14	36.04
	1993-94	26	100.07
	1994-95	52	61.89
	1995-96	88	421.43
	1996-97	49	291.35

Ministry/Department	Period to which grants relate (upto March 1999)	Utilisation Certificates outstanding in respect of grants released upto March 1999,which were due by September 2000 at the end of March 2001	
		Number	Amount
	1997-98	78	243.10
	1998-99	78	564.81
		449	**1850.65**
Tourism	1996-97	1	6.00
	1997-98	7	241.40
	1998-99	5	804.03
		13	**1051.43**
Urban Affairs and Employment	1983-84	4	1.20
Urban Development	1984-85	5	3.52
	1985-86	8	5.20
	1986-87	3	0.86
	1987-88	3	1.65
	1988-89	10	2.81
	1989-90	15	17.32
	1990-91	13	19.14
	1991-92	6	13.51
	1992-93	15	75.11
	1993-94	38	1964.64
	1996-97	48	6258.49
	1997-98	63	9134.94
	1998-99	49	11553.26
		280	**29051.65**
Water Resources	1985-86	1	1.27
	1986-87	3	27.01
	1987-88	4	11.89
	1988-89	3	8.80
	1989-90	7	11.46
	1990-91	3	7.17
	1991-92	1	10.29
	1992-93	1	0.03
	1993-94	1	0.25
	1994-95	1	5.13
	1995-96	4	22.66
	1996-97	1	4.71
	1997-98	3	8.90
	1998-99	12	29.77
		45	**149.34**
Grand Total		**53041**	**669275.40**