Report of the Comptroller and Auditor General of India

for the year ended March 2008

Union Government (Civil)
Autonomous Bodies
No. CA 15 of 2008-09

CONTENTS

PREFACE

This Report for the year ended 31 March 2008 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 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. This Report includes 32 paras and three performance audit reports on:

a) Development of Commercial Horticulture through Production and Post-Harvest Management Scheme, National Horticulture Board, Gurgaon

b) Sant Longowal Institute of Engineering and Technology, Longowal

c) Functioning of Coir Board, Kochi

The audited organisations are autonomous bodies of varying character and discipline. These organisations are intended to perform certain specified services of public utility or to execute certain programmes and policies of the Government, essentially out of financial assistance from the Government. Such bodies and authorities include Coal Mines Provident Fund Organisation, Major Port Trusts and educational institutions.

The cases mentioned in this Report came to notice in the course of test audit during the year 2007-2008.

OVERVIEW

General

Annual accounts of autonomous bodies

In 2007-08, there were 276 Central autonomous bodies whose accounts were to be certified under Sections 19 (2) and 20 (1) of the CAG's (DPC) Act, 1971. Government of India released Rs. 16992.12 crore towards grants/loans to 220 bodies during 2007-08. Information on the amount of government grants released to three bodies was not available.

Accounts for 2006-07 of 264 Central bodies were to be made available for audit by 30 June 2007 and audited accounts were to be placed before the Parliament by 31 December 2007. Of these, accounts of 104 bodies were submitted for audit within the stipulated time. The accounts of 10 bodies were not submitted for audit by the concerned organisations as of December 2008.

(Paragraph 1.1)

Ministry of Agriculture

National Horticulture Board

Development of Commercial Horticulture through Production and Post-Harvest Management Scheme

The National Horticulture Board (NHB) was set up by the Government of India (GOI) in 1984 as an autonomous society under the Societies Registration Act, 1860, with a mandate to promote integrated development of horticulture in the country. In pursuance of this mandate, NHB implemented a major scheme of "Development of commercial horticulture through production and post-harvest management", during the IX Plan period.

Performance audit of the scheme revealed that there was no rational yardstick for measuring performance of the scheme as neither annual action plans nor physical and financial targets were formulated by NHB. There were inordinate delays in issuing Letters of Intent, resulting in delayed completion of projects. Cases of misappropriation of subsidy amounting to Rs. 10.30 crore in the North-Eastern States were noticed. Besides, subsidy of Rs. 4.23 crore was given to beneficiaries in respect of cultivation of seasonal/ short duration crops in open fields in contravention of the operational guidelines of the scheme.

The coverage of the scheme was uneven and some key horticulture producing States were neglected. Growth trends indicated that the scheme had only a marginal role in increasing horticultural production and increasing the areas under horticulture crops in the country. NHB did not achieve significant success in covering components relating to post-harvest management. It also failed to improve linkages between horticulture producers and marketers. The scheme was demand-driven and was dependent upon promoters approaching NHB for funding. NHB did not make concerted efforts to promote the scheme, especially in targeted areas and amongst targeted sections of society.

(Paragraph 2)

Ministry of Human Resource Development

Sant Longowal Institute of Engineering and Technology

Sant Longowal Institute of Engineering and Technology was established in 1989 by the Government of India for promoting an integrated system of technical education that provided an optimal mix of skills and knowledge at the certificate, diploma and degree levels, allowing for flexibility, modularity, multi-point entry and multi-point exit, with a view to harnessing and nourishing the energy and vigour of the youth of Punjab for economic development of the State.

Performance audit of the Institute disclosed that it did not make any assessment of the requirements of the local population in order to identify and prescribe new courses of studies and training in the fields of engineering and technology during the last five years. The system of financial management in the Institute was deficient as it prepared its budget estimates by incorporating its establishment expenditure on the basis of sanctioned strength instead of actual men-in-position and without exhibiting its entire internal receipts. No periodic assessment of academic programmes was conducted. The percentage of unsuccessful/dropout students increased from 32 in 2003-04 to 54 in 2007-08 in respect of certificate courses and from 24 in 2003-04 to 42 in 2007-08 in respect of degree courses. The Institute deviated from its original concept of multi-point entry and multi-point exit by providing reservation to candidates for vertical mobility to diploma and degree courses without considering their industrial experience.

The Institute had got accreditation from the National Board of Accreditation for only two degree courses as of date out of its 10 diploma courses, nine degree courses and four M.Tech programmes. The Institute did not adhere to the guidelines of the All India Council for Technical Education, resulting in enrolment of students over and above its intake capacity. A large number of sanctioned posts of various faculties were vacant. Besides, the internal control system of the Institute was deficient.

(Paragraph 3)

Ministry of Micro, Small and Medium Enterprises

Functioning of Coir Board

The Coir Board, constituted under the Coir Industry Act, 1953, was entrusted with the implementation of various promotional and developmental schemes such as the Integrated Coir Development Project, the Mahila Coir Yojana, the Brown Fibre Development scheme, the Rejuvenation, Modernisation & Technology Upgradation scheme (REMOT), and the Scheme of Fund for Regeneration of Traditional Industries (SFURTI), for sustainable development of the coir industry in India. Besides, the Board carried out various coir development activities in the North-Eastern States, promoted commercial activities such as operation of Hindustan Coir and showrooms/ sales depots and also conducted various research activities through research institutes.

Performance audit of the above schemes during 2003-04 to 2007-08 disclosed significant deficiencies in their implementation such as non-utilisation of funds, improper selection of beneficiaries, shortage of labour and yarn, supply of defective ratts, dependence on old machinery, inadequate training etc. Besides, the SFURTI and REMOT schemes, which were time - bound, also did not proceed as expected due to highly optimistic projections. Products and machinery developed by the research institutes of the Board were not commercially exploited to the fullest extent. The production of Hindustan Coir was 1.56 lakh sq m and 2.12 lakh sq m during 2003-04 to 2007-08 respectively, against the annual installed capacity of 4.07 lakh sq m. Even after spending around Rs. 29 crore on research activities during the period of the report, the development of new products and machinery and dissemination of technology to trade were far from satisfactory.

(Paragraph 4)

Ministry of Agriculture

National Agriculture Cooperative Marketing Federation of India (NAFED)

Audit examination of the Price Support Scheme (PSS) relating to mustard seeds for the Rabi season-2005 was made in pursuance of a request (January 2006) from the Ministry of Agriculture. Test-check of records relating to the purchase of mustard seeds by NAFED under PSS operations revealed that out of purchases of 2.11 lakh quintals of mustard seeds, there were discrepancies in respect of 1.16 lakh quintals valued at Rs. 19.64 crore. The deficiencies were attributable to excess purchases without fixing any limits, irregular purchases due to wrong addresses/non-land holding, tampering of Girdawaries etc.

(Paragraph 5.1)

Ministry of Coal

Coal Mines Provident Fund Organisation

Coal Mines Provident Fund Organisation (CMPFO) invested funds of Rs. 110.84 crore during February to November 1996 in four series of Industrial Finance Corporation of India securities. Due to inordinate delays in realisation of maturity proceeds despite directions from the Ministry of Coal to take up the matter with the Ministry of Finance, CMPFO incurred loss of interest of Rs. 8.34 crore.

(Paragraph 6.1)

CMPFO awarded the work of total computerisation of the organisation to a vendor at a cost of Rs. 8.02 crore. Although the availability of error-free data was a prerequisite for successful implementation of the project, CMPFO awarded the work without making arrangements for providing such data. As a result, the project could not be made operational even after the lapse of approximately two years.

(Paragraph 6.2)

Ministry of External Affairs

Indian Council for Cultural Relations

Indian Council for Cultural Relations made payments totalling Rs. 49.91 lakh to a public relations consultant without adequate justification and in contravention of Government policies.

(Paragraph 7.1)

Ministry of Finance

Security and Exchange Board of India

Securities and Exchange Board of India incurred unfruitful expenditure of Rs. 11.54 crore at the cost of investors by awarding the work of a database relating to investors without competitive bidding and without waiting for feedback from market participants regarding the project.

(Paragraph 8.2)

Ministry of Human Resource Development

Jawaharlal Nehru University

Jawahar Lal Nehru University suffered a loss of Rs. 1.32 crore during 2004-05 to 2007-08 due to under-recovery of water charges from its staff.

(Paragraph 9.2)

National Institute of Technology, Durgapur

In July 2005, the Government of India instructed all National Institutes of Technology to route their advertisements through the Directorate of Audio Visual Publicity (DAVP). Although DAVP rates were much lower than those charged by private agencies, NIT, Durgapur continued with its earlier practice of publishing advertisements through private agencies in disregard of the Government orders, resulting in avoidable extra expenditure of Rs. 84 lakh during April 2006 to March 2008.

(Paragraph 9.4)

Ministry of Information and Broadcasting

Prasar Bharati

Despite an assurance to the Public Accounts Committee to strengthen its internal control in respect of payments of royalty, Prasar Bharati made excess payments of royalty of Rs. 21 lakh to the National Film Development Corporation during May to November 2007 due to improper scrutiny of bills.

(Paragraph 10.1)

Ministry of Labour and Employment

Employees' Provident Fund Organisation

Deficiencies in the system design of the computerised employees' pension system adopted by the Employees' Provident Fund Organisation for computation of pension resulted in short payment of pension of Rs. 9.16 crore.

(Paragraph 11.1)

Ministry of Personnel, Public Grievances and Pensions

Indian Institute of Public Administration

Indian Institute of Public Administration (IIPA) invested its pension funds in bonds of loss-making organisations, which were guaranteed by respective State Governments. Although the organisations failed to pay the dues of principal and interest in time, IIPA did not invoke State Government guarantees and suffered loss of interest of Rs. 39 lakh and blockage of funds of Rs. 20 lakh.

(Paragraph 12.1)

Ministry of Shipping, Road Transport and Highways

Cochin Port Trust

Due to delay in taking a decision on renewal of insurance coverage for a dredger, Cochin Port Trust had to incur expenditure of Rs. 1.04 crore on its repairs after it met with an accident.

(Paragraph 13.1)

Mormugao Port Trust

Non-utilisation of a cruise vessel terminal at Mormugao Port due to lack of requisite facilities for cruise passengers resulted in idle investment of Rs. 2.68 crore.

(Paragraph 13.2)

Mumbai Port Trust

Mumbai Port Trust (MbPT) suffered a loss of Rs. 62.63 lakh during October 2001 to December 2006 due to non-application of the rates for charging licence fees approved by the Tariff Authority for Major Ports (TAMP), for its space hired out to various Government and private parties.

(Paragraph 13.4)

MbPT suffered a loss of Rs. 53.10 lakh due to delay in implementation of new rates for water charges approved by TAMP.

(Paragraph 13.5)

Visakhapatnam Port Trust

By placing a purchase order after expiry of the validity period, Visakhapatnam Port Trust (VPT) incurred an avoidable extra expenditure of Rs. 40 lakh in the procurement of a locomotive from Diesel Locomotive Works, Varanasi.

(Paragraph 13.6)

Due to placement of a purchase order after the expiry of the validity period, VPT sustained a loss of Rs. 38.18 lakh on procurement of 1595.27 MT rails from the Steel Authority of India Limited.

(Paragraph 13.7)

Ministry of Statistics and Programme Implementation

Indian Statistical Institute

By not recovering rent from banks and a post office situated in its campus, at the rates prescribed by the Government of India, the Indian Statistical Institute sustained a loss of Rs. 59.51 lakh.

(Paragraph 14.1)

Ministry of Urban Development

Delhi Development Authority

Awarding of the work of construction of a parking lot without availability of a clear site and drawings by Delhi Development Authority (DDA), in contravention of codal provisions, resulted in an idle expenditure of Rs. 1.20 crore and consequential revenue loss of Rs. 22 lakh as the parking lot had not been completed as of November 2008.

(Paragraph 15.1)

Despite availability of in-house facilities, DDA got brochures of a housing scheme printed by a private press resulting in an irregular expenditure of Rs. 66.26 lakh.

(Paragraph 15.2)

DDA incurred an unfruitful expenditure of Rs. 41.19 lakh on the construction of a library-cum-recreation hall at Arjun Nagar, Delhi as the hall had not been handed over to the Delhi Public Library till January 2009, even after the expiry of around four years from its completion.

(Paragraph 15.3)

Ministry of Youth Affairs and Sports

Sports Authority of India

Sports Authority of India, New Delhi made an excess payment of Rs. 1.50 crore for electricity consumed by the Indira Gandhi Sports Complex, New Delhi during March 2004 to October 2007, due to excessive contracted demand.

(Paragraph 16.1)

CHAPTER I : GENERAL

1.1 Annual accounts of autonomous bodies

1.1.1 Grants and loans released to Central autonomous bodies

Bodies established by or under law made by the Parliament and containing specific provisions for audit by the Comptroller and Auditor General of India are statutorily taken up for audit under Section 19(2) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act 1971 (Act). Audit of other organisations (corporations or societies) is entrusted to the Comptroller and Auditor General of India in public interest under Section 20(1) of the Act ibid. The nature of audit conducted under these provisions is certification of annual accounts as well as value for money audit. Besides, Central autonomous bodies, which are substantially financed by grants/loans from the Union Government, are audited by the Comptroller and Auditor General of India under the provisions of Sections 14(1) and 14(2) of the Act ibid. Audit under these provisions is in the nature of value for money audit.

During 2007-08, the Ministries of the Union Government released grants/loans aggregating Rs. 20459.49 crore to 380 autonomous bodies. Of these, the Comptroller and Auditor General of India was the sole auditor[1] in respect of 220 autonomous bodies to whom grants/loans aggregating Rs. 16992.12 crore were released during 2007-08 **(Appendix-I).** The Comptroller and Auditor General was also the sole auditor of another 53 Central autonomous bodies to whom no grant or loan was released during 2007-08.

As per the information furnished by various Ministries, grants/loans aggregating Rs. 3467.37 crore were released to 160 bodies during 2007-08 for which financial/certification audit was entrusted to private auditors **(Appendix-II).** The compliance and performance audit of these bodies were the responsibility of the Comptroller and Auditor General of India.

Information in respect of three bodies was not furnished by the concerned Ministries. **(Appendix-III).**

1.1.2 Delay in submission of accounts by Central 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

[1] Financial, Compliance and Performance audit

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.

For the year 2006-07, audit of accounts of 264 Central autonomous bodies was to be conducted by the Comptroller and Auditor General of India. Out of these, the accounts of only 104 autonomous bodies were made available for audit within the prescribed time after the close of the financial year. While the accounts of 10 autonomous bodies were not submitted as of December 2008, the accounts of 150 autonomous bodies were furnished after the due date as indicated below:

Delay up to one month	64
Delay of over one month up to three months	37
Delay of over three months up to six months	32
Delay of over six months	17
Total	150

The details of autonomous bodies whose accounts were delayed beyond three months and those in respect of which accounts were not received as of December 2008 are given in **Appendix-IV.**

1.1.3 Arrears in submission of accounts

Four autonomous bodies have not submitted their accounts for several years ranging between three and six years **(Appendix-V).**

Due to non-submission of accounts and audit, it would not be possible to provide reasonable assurance as to whether;

- grants were utilised in accordance with the prescribed rules for the intended purposes;
- receipts were correctly assessed, received and accounted for;
- a proper system was in place for investment of surplus funds and unspent balances;
- creation of liabilities was legitimate and provisions were made for all known liabilities and losses;
- assets and other resources were in existence; and
- accounting records were accurate and complete.

This would indicate the lack of a financial reporting system and lack of control over these autonomous bodies.

Thus, non-submission of accounts by the autonomous bodies not only contravened the provisions of the Act but was also fraught with the possibility of fraud and mismanagement.

1.2 Delay in presentation of audited accounts in relation to accounts of Central autonomous bodies before both the Houses of Parliament

The audited accounts of Central autonomous bodies audited by the Comptroller and Auditor General of India are required to be presented to Parliament within nine months i.e. by 31 December of the following financial year. The Committee on Papers laid on the table of the House, in its First Report (1975-76), had recommended that the audited accounts of the autonomous bodies be laid before Parliament within nine months of the close of the accounting year.

Review of the status of laying of the audited accounts before the Parliament disclosed as under:

Year of account	Total number of bodies for which audited accounts were issued but not presented to Parliament	Total number of audited accounts presented after due date
2006-07	10	56*
2007-08	67	-

*includes two cases for the year 2005-06

It would, thus, be seen that a large number of audited accounts had not been placed before the Parliament within the prescribed time.

Statements containing the names of autonomous bodies, whose audited accounts had not been laid/laid after due dates before Parliament are included in **Appendix-VI** and **Appendix-VII**.

1.3 Utilisation certificates

As per the General Financial Rules, certificates of utilisation of grants in respect of grants released to statutory bodies/organizations are required to be furnished within 12 months from the closure of the financial year by the bodies/organisations concerned. Ministry/Department-wise details indicating the position of the total number of 41046 outstanding utilisation certificates, involving an amount of Rs. 19564.45 crore in respect of grants released up to March 2007 due by March 2008 (after 12 months of the financial year in which the grants were released) are given in **Appendix-VIII.** Ministry of Consumer

Affairs, Food and Public Distribution, Ministry of External Affairs, Ministry of Rural Development, Ministry of Social Justice and Empowerment, Ministry of Tourism, Ministry of Railways, Ministry of Corporate Affairs, Ministry of Coal, Ministry of Panchayati Raj, Ministry of Development of North-Eastern Region, Ministry of Science and Technology, Dadra and Nagar Haveli Administration and Central Board of Excise and Customs did not furnish the information of outstanding utilisation certificates.

Out of the total number of 17998 utilisation certificates aggregating Rs. 16807.15 crore, awaited from 10 major Ministries/Departments at the end of March 2008, 14007 certificates aggregating Rs. 5298.70 crore related to grants released up to March 2006 as shown below:

Utilisation certificates outstanding as on 31 March 2008

(Rupees in crore)

Sl. No.	Ministry/Department	For the period ending March 2007		For the period ending March 2006	
		Number	**Amount**	**Number**	**Amount**
1.	Family Welfare	2041	5509.42	1278	2012.71
2.	Department of Secondary Education and Literacy	1486	3137.17	1190	942.99
3.	Health	1834	1933.02	1004	553.63
4.	Heavy Industries	74	1284.92	35	140.18
5.	Department of Higher Education	2608	1121.93	2161	170.84
6.	Environment & Forests	8843	1013.80	7793	623.43
7.	Information Technology	481	857.32	320	423.77
8.	Commerce	220	846.34	77	102.70
9.	Agriculture	266	601.80	115	105.83
10.	Housing and Urban Poverty Alleviation	145	501.43	34	222.62
Total		**17998**	**16807.15**	**14007**	**5298.70**

Section A – Performance Audit Reports

MINISTRY OF AGRICULTURE

NATIONAL HORTICULTURE BOARD, GURGAON

DEVELOPMENT OF COMMERCIAL HORTICULTURE THROUGH PRODUCTION AND POST-HARVEST MANAGEMENT SCHEME

CHAPTER II : MINISTRY OF AGRICULTURE

Department of Agriculture and Co-operation

National Horticulture Board, Gurgaon

2 Development of Commercial Horticulture through Production and Post-Harvest Management Scheme

Highlights

- The National Horticulture Board (NHB) did not formulate any physical and financial targets for assessing the performance of the scheme.

  (Paragraph 2.7.1)

- There were inordinate delays of three to 23 months in finalization of cases for issue of Letters of Intent (LsOI) in 292 cases out of 1372 cases test-checked in audit. Delay in issuance of LsOI deprived the beneficiaries from receiving the subsidies in time, which in turn resulted in delayed completion of their projects.

  (Paragraph 2.7.3)

- There were cases of misappropriation of subsidy amounting to Rs. 10.30 crore in the North- Eastern States.

  (Paragraph 2.8.2)

- Subsidy of Rs. 4.23 crore was paid to beneficiaries in respect of cultivation of seasonal/ short duration crops in open fields in contravention of the operational guidelines of the scheme.

  (Paragraph 2.9.3)

- NHB released subsidy of Rs. 87.36 lakh in eight cases without adhering to the norms of term loans.

  (Paragraph 2.9.4)

- Although NHB succeeded in developing commercial horticulture through production in Maharashtra and Karnataka, it remained ineffective in implementing the scheme in many States and also in covering post-harvest management activities.

  (Paragraph 2.10.3 & 2.10.4)

- NHB could not make much headway in improving linkages between horticulture producers and marketers and creating integrated networks for marketing of horticulture produce.

  (Paragraph 2.10.5)

- **NHB failed to attract projects from priority areas *viz* export-oriented units, co-operative sectors etc.**

(Paragraph 2.10.6)

Summary of Recommendations

- ***NHB needs to prepare a perspective plan with clear formulation of physical and financial targets in order to assess the performance of the scheme.***
- ***NHB should review the scheme and put in place suitable systems and procedures to ensure that subsidies claimed by beneficiaries for any component are not claimed under any other schemes having a similar component.***
- ***A mechanism for proper coordination between NHB and banks should be devised to reduce the difficulties faced by the beneficiaries in getting loans.***
- ***NHB should make concerted efforts to reduce the procedural delays in issuance of LsOI so that the beneficiaries receive the subsidies in time.***
- ***NHB should review the system of providing advance subsidies before completion of projects.***
- ***NHB should devise a mechanism to ensure that adjustment of subsidy amounts in the loan accounts of promoters before 36 months, without ensuring successful implementation of projects, is not carried out by the banks/FIs/NCDC.***
- ***A system should be put in place to ensure that subsidy is released only after following due procedure and after exercising all prescribed checks.***
- ***NHB should ensure adequate participation of the co-operative sector; SC/ST, Ex-servicemen and women entrepreneurs in the scheme.***
- ***NHB should strengthen its internal control mechanism.***

2.1 Introduction

The National Horticulture Board (NHB) was set up by the Government of India (GOI) in 1984 as an autonomous society under the Societies Registration Act, 1860, with a mandate to promote integrated development of horticulture in the country. In pursuance of this mandate, NHB implemented some schemes during the VII and VIII Five Year Plans, the benefits of which were seen only in a few States/sectors. As a measure of new strategies, NHB formulated a set of new schemes during IX Plan period, which were broad-based and entrepreneur-driven. One of the major schemes was "Development of commercial horticulture through production and post-harvest management", which was approved by GOI in May 2000.

The objectives of the scheme are to:

- develop high quality horticultural farms in identified belts and make such areas vibrant with horticultural activity, which in turn would act as hubs for developing commercial horticulture by adopting high-tech horticulture techniques;
- develop post-harvest management infrastructure;
- improve linkages between horticulture producers and marketers;
- create integrated networks for marketing of horticulture produce;
- encourage networking of schemes for resource mobilization with all other related agencies/organisations, both of GOI and the respective States/UTs., financial institutions (FIs) and private agencies engaged in the field of horticulture promotion in the country.

The scheme includes two major components viz. production and post-harvest component.

The priority areas of the scheme are export-oriented units/projects; projects from the cooperative sector; new processes, products or markets including new technology/equipment; projects in the North-Eastern region, hilly and tribal areas and projects involving women entrepreneurs and Ex-servicemen.

2.2 Organisational structure

The Board of Directors (BOD) of NHB, which supervises its management, is headed by the Union Agriculture Minister as its President and the Union Minister of State for Agriculture as its Vice-President. The Management Committee is headed by the Union Secretary (Agriculture and Co-operation) as its Chairman. The committee has been assigned the role of general superintendence, direction and control over the affairs and the functions of NHB. The Managing Director is the principal executive of NHB. NHB's head office is located at Gurgaon and its 21 field offices and 36 Marketing Information Centres are located across the country.

2.3 Audit objectives

The audit objectives were to examine and assess whether:

- planning for the implementation of the scheme was based on proper surveys and was effective;
- allocation, release and utilisation of the funds earmarked for the scheme were adequate;
- the scheme was implemented in accordance with the prescribed guidelines in an efficient and effective manner;
- the scheme interventions resulted in development of high quality horticulture farms and post-harvest management infrastructure, improvement in linkages between horticulture producers and marketers, adequate coverage of priority areas of the scheme etc. and
- there existed a sound and effective internal control system.

2.4 Audit criteria

For the achievement of audit objectives, the following criteria were adopted:

- Provisions of financial rules;
- Operational guidelines of the scheme;
- Rules, regulations and instructions issued by GOI for execution of the scheme;
- Annual action plans and detailed project reports of beneficiaries and
- Monitoring mechanism set up by NHB.

2.5 Audit Scope

The performance audit of the implementation of the scheme for the period 2003-04 to 2007-08 was conducted during July-October 2008.

2.6 Audit Methodology

The performance audit commenced with an entry conference with the Managing Director, NHB, at Gurgaon in July 2008, in which audit objectives, criteria, scope of audit and methodology were discussed. Twenty five *per cent* of all the subsidy cases handled on a year to year basis were selected for detailed scrutiny on the basis of simple random sampling without replacement method. Out of 22095 subsidy cases, 5627 cases as given in **Annex-A** were scrutinised. Memoranda containing audit observations were issued to the Management and the audit findings were discussed in detail during the exit conference held in December 2008.

Audit Findings

The scheme envisaged back-ended capital investment subsidy* by NHB. The subsidy was either given to the project units by NHB or through its field offices in various States. The amount was not to exceed 20 *per cent* of the total project cost with a maximum limit of Rs. 25 lakh per project. However, for the North-Eastern/tribal/hilly areas, the maximum limit of subsidy was Rs. 30 lakh per project. The subsidy was to be released only on completion of the projects. The significant audit findings are discussed in the succeeding paragraphs:

2.7 Planning

As stated above, NHB provided back-ended capital investment subsidy either directly to the project units or through its field offices. Entrepreneurs/farmers were to apply to NHB for seeking letters of intent (LsOI). NHB considered their proposals and issued LsOI, if prima-facie, they were found to be eligible. Subsidy was sanctioned and released under the scheme through participating banks/FIs and the National Cooperative Development Corporation (NCDC) in the case of co-operative sectors. Field offices of NHB had been empowered to sanction LsOI for projects costing up to Rs. 20 lakh from 7 December 2006 onwards. They were earlier empowered to sanction subsidy for projects costing up to Rs. 10 lakh. The sanctioned subsidy was to be kept in a separate bank account called the 'Subsidy Reserve Fund' and adjusted as part of the recovery of last instalments. However, for projects costing up to Rs. 20 lakh, NHB was to release part of the subsidy in advance after release of the term loans by the banks/FIs. As per the operational guidelines (guidelines) of the scheme, the banks/FIs provided term loans which would be at least 25 *per cent* of projects costing Rs. 30 lakh and 40 *per cent* of the projects costing above Rs. 30 lakh.

2.7.1 Non-preparation of perspective plans and fixation of targets

NHB did not prepare any perspective plan for covering the various components/activities under the scheme in a phased manner, after taking into account the available inputs, in order to achieve the objectives of the scheme. Besides, no physical and financial targets were formulated to evaluate the implementation of the scheme. During the exit conference, NHB stated that

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* Under the back-ended subsidy scheme, beneficiaries avail of term loans from banks/FIs/NCDC for their projects and the subsidy given by NHB is adjusted against the repayment of the last instalments of the borrowers' term loan accounts on completion of their projects.

as the scheme was demand-based, no targets were fixed. The reply of the Management is not acceptable as the formulation of physical and financial targets was imperative for assessing the progress of the scheme.

Recommendation

- *NHB needs to prepare a perspective plan with clear formulation of physical and financial targets in order to assess the performance of the scheme.*

2.7.2 Duplication of scheme

The National Medicinal Plants Board (NMPB), set up by GOI in November 2000, provides financial assistance for cultivation of medicinal plants. To avoid duplication of financial assistance, NHB directed (July 2003) all its area officers and its Centres not to accept proposals relating to such cultivation i.e. cultivation of *safed musali* and other medicinal plants, with immediate effect. Test-check of records revealed that in 113 cases, subsidy amounting to Rs. 2.31 crore was released during 2003-04 to 2007-08 for cultivation of medicinal plants (i.e. aloe vera and stevia) in violation of the instructions of NHB. There was no mechanism with NHB to ensure that the same projects were not financially assisted by NMPB simultaneously.

It was also noticed that in the NHB field office, Shimla, three beneficiaries had availed of back-ended capital investment subsidy of Rs. 4.15 lakh for establishment of greenhouses for carnation projects besides availing subsidy of Rs. 3.04 lakh during 2006-07 and 2007-08 under the Horticulture Technology Mission. This resulted in inadmissible payment of back-ended capital investment subsidy to the tune of Rs. 4.15 lakh, mainly due to lack of coordination between the NHB Centre and the State Horticulture Department.

During the exit conference, NHB stated that under the scheme, it was mandatory for the promoter to submit an affidavit mentioning that no subsidy had been availed of by him/her for the same project from any other Central Government organisation. NHB was also issuing instructions to obtain certificates from the district horticulture authorities of the State Governments in this regard. However, it was seen in cases sampled by Audit that no such certificates had been obtained by NHB from the horticulture authority of the State Government and NMPB.

Recommendation

- *NHB should review the scheme and put in place suitable systems and procedures to ensure that the subsidies claimed by beneficiaries for any component are not claimed under any other schemes having a similar component.*

2.7.3 Delay in issuance of Letters of Intent

The operational guidelines (guidelines) prescribed that entrepreneurs/farmers/ eligible applicants were required to apply to NHB in a prescribed format about their intent to set up a unit/project, on receipt of which, their proposals were to be considered. After examination, if they were found to be prima facie eligible, NHB issued LsOI to the applicants which were valid for one year from the date of issue. Meetings for approval of proposals for LsOI were to held once in a month. Although no separate time frame for issuance of LsOI had been prescribed, NHB stated (October 2008) that normally one month's time may be required for issuing LsOI in complete proposals. Test-check of records for the period from 2003-04 to 2007-08 revealed that there were abnormal delays in issuance of LsOI in 292 out of 1372 cases test-checked at the head office and at two Centres as shown in the table below:

Sl. No.	Name of the Centre	Location	Number of cases checked	Number of delayed cases	Percentage of delayed cases test-checked	Period of delay (in months)
1	Gurgaon	Head office	1,250	269	21.52	3 to 23 months
2	Chandigarh	Haryana	58	16	27.59	3 to 8 months
3	Thiruvananthapuram	Kerala	64	7	10.94	3 to 6 months
Total			**1,372**	**292**		

As may be seen from the above table, the percentage of cases of delay in issuance of LsOI was high in respect of the head office (21.52 *per cent*) and the Chandigarh Centre (27.59 *per cent*). Delays in issuance of LsOI deprived the beneficiaries from receiving the subsidies in time, which could further result in delayed completion of their projects.

During the exit conference, NHB stated that the delay was mainly due to change in the system from In Principle Approval (IPA)[1] to LOI for approval of projects from August 2004. It was further added that NHB had limited

[1] Under this system banks/FIs were required to appraise the applications of the entrepreneurs and approach NHB for subsidy. On receipt of the proposals, issue of IPA was to be considered by NHB. This system was replaced with the LOI system from August 2004, under which the entrepreneurs were required to apply directly to NHB for issue of LOI.

technical staff which caused delays in States with a large number of proposals. The reply is not acceptable as the delays were mainly at the head office. Further, the presence of more or less the same number of staff in all field offices, irrespective of their workload pattern, indicated that staff deployment needed rationalisation.

2.7.4 Issuance of Letters of Intent after completion of projects

Scrutiny of records of NHB revealed that IPAs/LsOI were issued after completion of the projects in 96 cases whereas the same were to be issued before the commencement of the projects. The issuance of IPA/LsOI after completion of the projects defeated the purpose of issuance of the same. Besides, the payment of subsidy amounting to Rs. 3.96 crore to these units was unjustified.

NHB stated (January 2009) that the beneficiaries were not prevented from implementing the projects as per the cropping season, after they had applied for LsOI. As per practice, a farmer/promoter, after submitting his proposal to NHB, could start availing of loans from banks. The approvals of IPA/LOI were sometimes conveyed to the applicants at a later stage considering that their applications had been received earlier by NHB. The reply is not in consonance with the guidelines of the scheme.

2.7.5 Low maturity rate of Letters of Intent into projects

As per the guidelines, the validity of an LOI was one year from the date of issue, and a promoter was to accordingly approach the bank/FI of his choice immediately and get his term loan sanctioned within a period of one year from the date of issue of the LOI.

Scrutiny of records revealed that out of 1.52 lakh applicants to whom LsOI were issued during 2004-08, only 21,000 applicants (14 *per cent*) successfully completed their projects and received subsidies. Such a low maturity rate was indicative not only of the poor success of the scheme but also reflected lack of co-ordination between NHB and banks/FIs regarding release of loans to promoters.

NHB stated that with the introduction of certain conditions to discourage non-serious applicants like charging of processing fees and the requirement of bank application forms/consent letters with the LOI applications, the level of maturity of LsOI had increased significantly. Though the percentage of success was very low in the beginning, the situation had improved to some extent. The reply was, however, silent about the reasons for the low maturity during the above period. It was found in Audit that the maturity rate was 31 *per cent* during 2007-08, which was still very low.

Recommendations

- *A mechanism for proper coordination between NHB and banks should be devised to reduce the difficulties faced by the beneficiaries in getting loans.*

- *NHB should make concerted efforts to reduce the procedural delays in issuance of LsOI so that the beneficiaries receive the subsidies in time.*

2.8 Financial Management

2.8.1 Allocation and expenditure

NHB is solely funded through grants-in-aid by the Government of India (GOI). The year-wise position of grants-in-aid received by NHB for implementation of its schemes from GOI during 2003-08 was as under:

(Rupees in crore)

Name of the scheme	2003-04	2004-05	2005-06	2006-07	2007-08	Total
NHB schemes including Technology Mission Scheme for N.E & Hilly States.	56.26	78.35	78.50	115.00	126.79	454.90

GOI released lump sum grants to NHB for all the schemes without giving scheme-wise allocations. However, NHB maintained scheme-wise details of expenditure. Year-wise expenditure on the scheme under review for the period 2003-04 to 2007-08 was as under:

(Rupees in crore)

Year	2003-04	2004-05	2005-06	2006-07	2007-08	Total
Expenditure on the instant scheme	21.15	28.43	66.37	99.16	99.94	315.05
Percentage of expenditure to total grants-in-aid	38	36	85	86	79	69

It would be seen from the above that from 2005-06 onwards, a significant percentage of grants-in-aid was spent on this scheme.

Details of disbursement of assistance under the scheme to various States under various components during the period 2003-04 to 2007-08 are given in **Annex-B.**

2.8.2 Misappropriation of subsidy

The guidelines stipulated pre and post-completion inspections by NHB officials to assess the physical and financial progress of the projects. As per directions issued (September 2005) by NHB, projects valued at less than Rs. 10 lakh, were to be inspected by the banks, and five *per cent* of these projects were to be randomly inspected by NHB.

Test-check of records revealed that although NHB carried out pre and post–completion inspections in Haryana and Punjab, no pre-inspections were conducted in the North-Eastern States. It was also noticed that NHB released subsidy amounting to Rs. 15.83 crore during 2005-08 to its field office at Guwahati, out of which numerous cases of misappropriation amounting to Rs.10.30 crore were observed. These cases had been referred to the Central Bureau of Investigation by filing six First Information Reports against the defaulting officials of the concerned banks and the field office at Guwahati.

During the exit conference, NHB accepted the audit observations and stated that the misappropriation could have been detected had the guidelines been followed.

2.8.3 Funds management

- Processing fees, at the rates prescribed in the operational guidelines were being charged from December 2003 from the beneficiaries who applied for subsidy under the scheme. NHB had not made any specific policy for utilisation of this amount. Consequently, funds ranging between Rs. 14.22 lakh and Rs. 3.45 crore were lying in the savings bank account of NHB during the period from 2002-03 to 2005-06. It started utilizing these funds only from September 2006 either for capital expenditure or investing in FDRs.
- NHB deposited (September 2006) an advance of Rs. 1.52 crore out of the processing fees collected from the beneficiaries with the National Buildings Construction Corporation for the construction of a Human Resource Development Complex at Nangloi in Delhi. The construction work had not been started due to non-receipt of approval of change of land use from residential to institutional, as of December 2008. Deposit of the advance for construction work without obtaining the approval for change of land use was not justified. This resulted in blockage of Rs. 1.52 crore besides loss of interest of Rs. 20.52 lakh (at the rate of six *per cent per annum*).

- An expenditure of Rs. 1.63 crore was incurred as legal charges for court cases under NHB's erstwhile schemes[2] during 2002-08 whereas the expenditure was booked under the scheme under review. NHB, in its reply, stated (January 2009) that the Managing Committee had decided (March 2000) that all expenses incidental to any scheme/ programme of NHB, whether concerning defending of cases in the court of law or otherwise should be charged under that particular scheme/programme. Since the expenses were incidental to earlier schemes, the legal charges should have been met from its Non-Plan funds.

2.9 Implementation of the scheme

NHB had not devised suitable controls to ensure that the subsidy under the scheme was paid in accordance with the prescribed guidelines. Audit scrutiny revealed the following deficiencies in implementation of the scheme.

2.9.1 Release of extra subsidy in violation of cost norms

As per the terms and conditions of the LOI, the quantum of subsidy was to be decided after taking into account the recommendation of a Joint Inspection Team (JIT) consisting of officials from the concerned bank/FI and NHB and on the basis of the cost norms of NHB in respect of different admissible items of expenditure. In cases of variation between the cost approved by the bank and the cost norms of NHB, the lower cost was to be considered.

Audit observed that these norms were flouted in 80 cases in the head office and the Hyderabad, Raipur, Shimla, Nashik, Pune and Nagpur Centres of NHB, resulting in payment of excess subsidy of Rs. 20.35 lakh as exhibited in **Annex-C.**

2.9.2 Release of subsidy to couples

NHB introduced a provision for granting subsidy to husbands and wives separately from January 2007, provided both of them were separately and individually income tax payers/assessees. Prior to January 2007, there was no provision of treating the spouse as a separate entity. It was observed that the NHB head office released subsidy of Rs. 25 lakh to husbands and wives

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[2] Prior to introduction of scheme under review, NHB had released soft loans under two erstwhile schemes, namely "Integrated Project on Management of Post-harvest Infrastructure of the Horticultural crops" and "Scheme for Development of Marketing of Horticultural Produce".

separately before January 2007, resulting in release of excess subsidy of Rs. 25 lakh. Further, NHB Centres at Shimla, Pune and Nagpur released subsidy of Rs. 7.65 lakh to husbands and wives, without verifying whether both were income tax payers. These instances are detailed below:

Sl. No.	Name of the Centre	Amount of excess subsidy (*Rupees in lakh*)	Remarks
1.	Head Office, Gurgaon	25.00	Subsidy released prior to January 2007, before provision for granting subsidy to both spouses came into effect.
2.	Shimla	0.88	Subsidy released without ascertaining that both were income tax payees.
3.	Pune and Nagpur	6.77 in 5 cases	-do-

NHB stated (October 2008) that in the absence of any provision prior to January 2007, subsidy had been granted separately to husbands and wives.

The reply is not acceptable as grant of such subsidy should have been allowed only after introduction of the provision in January 2007 and after observing the conditions mentioned therein.

2.9.3 Payment of subsidy on cultivation of seasonal/short duration crops

Projects where seasonal/short duration horticulture crops were envisaged in open fields did not qualify for subsidy under the scheme. Test-check of records of NHB revealed that subsidy amounting to Rs. 4.23 crore in 874 cases (Pune Centre: Rs. 4.17 crore: 868 cases and Chandigarh Centre: Rs. 0.06 crore: 6 cases) was released for cultivation of strawberry crops in open fields during 2005-08 in contravention of the guidelines. NHB stated (October 2008) that the BOD, in its meeting held on 2 November 2004, had decided to include strawberry as an eligible crop because of its high-tech production technology and high investment per acre. The reply, however, does not explain as to how the cultivation of strawberry was considered as high-tech technology when it was cultivated in open fields.

2.9.4 Irregular payment of subsidy without following the conditions of term loans

The guidelines prescribed that for sanction and release of subsidies under the scheme, term loans should be at least 25 *per cent* of the project cost where the project cost was up to Rs. 30 lakh. In cases of proposals above Rs. 30 lakh, the term loan was to be at least 40 *per cent* of the project cost. Scrutiny of project files revealed that total subsidy of Rs. 87.36 lakh was released in eight cases in contravention of the guidelines:

- A beneficiary of Tamil Nadu applied for issuance of LOI to NHB, Gurgaon on 6 January 2005. In the pre-inspection conducted in January 2005, it was found that the project was completed by utilising money from private investors and other sources without availing of any term loan from a bank/FI and that the case had been rejected by the project approval committee of NHB. However, subsidy amounting to Rs. 23.40 lakh was released to the beneficiary in August 2006 for the same project after admitting his application dated 28 March 2005 under the 'In Principle Approval' (IPA) system as the bank had sanctioned a term loan for this project during March-April 2005. This resulted in irregular payment of subsidy amounting to Rs. 23.40 lakh to the beneficiary.
- NHB stated (October 2008) that the loan disbursement had been delayed due to procedural reasons. Considering the spirit of the scheme, the project approval committee had approved the subsidy. The reply is not convincing as the subsidy was not admissible after completion of the project in terms of the operational guidelines of NHB. The reply is also silent as to why the application was entertained under the IPA system after the introduction of the LOI system in August 2004.
- Subsidy amounting to Rs. 23.26 lakh was released by the head office of NHB in four cases without fulfilling the conditions of the term loans, resulting in irregular release of subsidy of Rs. 23.26 lakh.
- Subsidy amounting to Rs. 40.70 lakh was released in three cases by the head office of NHB where requisite conditions of term loans were fulfilled by the beneficiaries after the completion of the projects. This resulted in irregular release of subsidy amounting to Rs. 40.70 lakh.

During the exit conference, NHB stated that the condition of 40 *per cent* loan was with respect to the appraised cost by the bank instead of the total project cost of the promoter and instructions had already been issued in this regard. The reply is not acceptable as no such instructions were available with NHB.

2.9.5 Release of subsidy to banks/FIs on behalf of the promoters

As stated in Para-2.7, the subsidy released by NHB to banks/FI/NCDC on behalf of the individual units was to be kept in a separate account called the

"Subsidy Reserve Fund" account, borrower-wise. The schedule for repayment was to be drawn up in such a way that the subsidy amount was adjusted after the bank loan portion (excluding the subsidy) was liquidated. Such adjustment was not to be made prior to 36 months from the date of release of the term loan.

In this regard, Audit observed the following:

2.9.5.1 Premature closure of borrowers' term loan accounts

Scrutiny of records of term loan accounts and SRF accounts of promoters with various banks under the jurisdiction of the Pune and Nashik Centres revealed that the banks had closed borrowers' term loan accounts before completion of their projects in 385 cases, involving an amount of Rs. 1.74 crore.

Adjustment of subsidy amounts in the loan accounts of promoters without ensuring successful implementation of the project resulted in irregular payment of subsidy in the cases of projects which had not been completed successfully.

NHB stated (December 2008) that the Management Committee had decided (August 2006) that banks could consider closure of term loan accounts prior to the lock-in-period.

The contention of the Management is not justified as adjusting of subsidy amounts in the loan accounts of promoters without ensuring the successful implementation of the projects would defeat the very purpose of giving back-ended subsidies. Besides, foreclosure of loan accounts would show that the promoters were obtaining loans only for the sake of availing of the subsidy.

2.9.5.2 Subsidy not kept in separate borrowers' Reserve Fund Account

NHB Centre, Thiruvananthapuram released subsidy amounting to Rs. 9.62 lakh to HDFC bank in favour of four promoters. The bank, instead of parking the subsidy amounts in separate borrowers' Reserve Fund accounts, adjusted them against the term loan accounts of the promoters. Adjustment of subsidy amounts in the loan accounts of promoters without ensuring successful implementation of scheme could lead to irregular payment of subsidy in case the projects were not implemented successfully.

Recommendation

- *NHB should ensure strict compliance with the scheme guidelines so that no extra and irregular subsidies are given to beneficiaries.*

2.9.6 Unfruitful expenditure on payment of subsidy on incomplete projects

As stated in Para No.2.7, part/advance subsidy could be released where the project cost was up to Rs. 20 lakh. The balance subsidy was to be released on completion of the projects. Further, as per operational guidelines, projects were to be implemented/completed within a period of two years from the date of sanction of the loans. In cases of non-compliance of LOI and non-implementation of the scheme as per guidelines, NHB was empowered to recover the full amount of the subsidy. The guidelines did not, however, provide for levy of penalty on the defaulters. Scrutiny of project files revealed that 232 projects involving advance subsidy of Rs. 1.15 crore had not been completed by the promoters even after the lapse of two years as detailed below:

Sl. No.	Name of the Centre	Name of the State	Number of cases	Amount of subsidy released *(Rupees in lakh)*
1	Gurgaon	Head office	2	9.06
2	Raipur	Chhattisgarh	16	8.58
3	Bengaluru	Karnataka	29	11.42
4	Chandigarh	Haryana, Punjab	15	8.29
5	Bhopal	Madhya Pradesh	61	17.64
6	Bhubaneshwar	Orissa	53	35.12
7	Jaipur	Rajasthan	5	2.74
8	Lucknow	Uttar Pradesh	19	7.23
9	Jammu	Jammu & Kashmir	6	3.94
10	Chennai	Tamil Nadu	15	6.02
11	Shimla	Himachal Pradesh	3	1.40
12	Gangtok	Sikkim	8	3.39
Total			**232**	**114.83**

Thus, despite providing advance subsidy of Rs. 1.15 crore to the promoters, the projects had not been completed even after the lapse of two years. Besides, no efforts had been made by NHB to recover the amount till date (December 2008).

NHB stated (January 2009) that part subsidy was released by the Centres in cases where the project cost was less than Rs. 20 lakh. Wherever the projects had not been implemented and the banks had not released any term loans, NHB had recalled the advance subsidy. The Management did not furnish the details of recovery in this regard. It was found that advance subsidy of Rs. 1.15 crore paid to 232 beneficiaries had not been recovered as of date.

Recommendation

- *NHB should review the system of providing advance subsidy before completion of projects.*

2.9.7 Undue benefit of subsidy on projects executed on land taken on unregistered lease/without adhering to the norms regarding land lease

As per the guidelines, the period of land lease for projects was to be a minimum of 10 years and the lease was to be registered with the competent registration authority. It was observed that subsidy amounting to Rs. 53.04 lakh was released in violation of these guidelines as detailed below:

Sl. No.	Name of Centre	Number of cases	Amount *(Rupees in lakh)*	Remarks
1	Head office	6	40.24	Lease deeds were not registered with the competent authority.
2	Head office	1	6.98	Lease deed was for nine years against the requirement of 10 years.
3	Hyderabad	1	1.49	There was discrepancy in the size of land between the records of the bank and that furnished by promoters.
4	Pune	2	1.76	The locations of the projects as per land records and bank inspection Reports were different.
5	Nashik	2	1.66	
6	Nashik	1	0.91	The land was in the name of a person other than the promoter of the project.
Total		**13**	**53.04**	

In the absence of proper land lease documents, the possibility of non-implementation of the projects for the full production period could not be ruled out.

2.9.8 Non-submission of utilisation certificates by banks/FIs/NCDC

As per the guidelines, banks/FIs/NCDC were to submit utilisation certificates (UCs) of the subsidies released by NHB.

Scrutiny of records revealed that subsidies amounting to Rs. 100.57 crore were released to banks/FIs/NCDC under the scheme up to the end of March 2005. The banks/FIs/NCDC were to adjust the subsidy amounts in the borrowers' term loan accounts against the last instalments of their term loans which were to be repaid within 36 months of their release. On completion of this process, they were to furnish to NHB. It was, however, observed that no UCs against the above subsidies had been received from these institutions by NHB even after lapse of more than nine to 57 months after the completion of the aforesaid process, as of December 2008. In the absence of UCs from these institutions, NHB could not ensure whether the subsidy released to them had been properly utilised by the beneficiaries.

NHB stated (December 2008) that at the time of releasing the subsidies, utilisation of funds was ensured by the Joint Inspection Teams/banks. The reply is not in consonance with the provisions of the operational guidelines as well as the terms and conditions of letters issued to the banks, which stipulated that UCs should have been submitted to NHB.

Recommendation

- *NHB should devise a mechanism to ensure that adjustment of subsidy amounts in the loan accounts of promoters before 36 months, without ensuring successful implementation of projects, is not carried out by the banks/FIs/NCDC.*

2.9.9 Release of subsidy without proper documents

As per the guidelines, after completion of the projects, banks/FIs were to furnish to NHB, brief profiles/fact sheets on the projects along with copies of sanction letters, appraisal notes, statements of release of loans and dates of completion after inspection of projects. Besides, the banks were to indicate activities under the projects, the promoters' profiles and technical feasibility and financial viability of the projects.

Test-check of records revealed that in 329 out of 1841 cases, the Pune Centre had released subsidy without getting the complete details required in the fact sheets. The banks had not furnished details like sanctions and release of term loans, project completion reports, technical feasibility and financial viability of projects etc. for release of subsidies. Further, it was also noticed that the banks had taken the last dates of release of instalment of loans as the completion dates of the projects without actual inspection of the projects. In the absence of detailed appraisal notes, along with all the above-said documents, sanction of subsidy was irregular. This practice was also fraught with the risk of non-implementation of the projects by the promoters and misutilisation of subsidy as no inspection was conducted by the banks to whom NHB had left the responsibility of carrying out the inspections.

Recommendation

- *A system should be put in place to ensure that subsidy is released only after following due procedure and after exercising all prescribed checks.*

2.10 Results of intervention of the scheme

The objectives of the scheme were to develop high quality horticultural farms in identified belts and make such areas vibrant with horticultural activity, which in turn would act as hubs for developing commercial horticulture. Besides the development of post-harvest management infrastructure, NHB was to promote the linkages between horticulture producers and marketers. Audit scrutiny revealed the following deficiencies in the achievement of these objectives:

2.10.1 Non-fixation of component-wise targets

Since no physical targets in terms of the number of beneficiaries, the area to be covered under horticulture and production had been fixed, Audit could not ascertain the extent to which NHB had succeeded in achieving its objectives.

2.10.2 Identification of horticulture belts

NHB had not identified any horticulture belts during the period 2003-04 to 2007-08. However, it stated (January 2009) that an annual database generated by it in respect of areas and production of horticulture crops was being maintained.

NHB developed belts of 15 crops including grape belts in Sangli, Nasik and Bijapur a banana belt in Anand, a pomegranate belt in Sholapur, mousami belts in Ananthapur and Nalgonda, mango belts in Hoshangabad and Kutch and flower belts in Pune, Bengaluru and Nilgiris in the States of Maharashtra, Karnataka, Gujarat, Andhra Pradesh, Madhya Pradesh and Tamil Nadu. It was observed that NHB had failed to develop belts in other States. It was also noticed that although the total horticulture production in the country showed an increasing trend from 2003-04 to 2007-08, the area-wise coverage fluctuated and did not register a perceptible increase as is evident from the following data:

Years	Area in thousand hectares	Production in thousand M.T.
2003-04	19449.00	157834.90
2004-05	20198.90	169828.80
2005-06	19327.20	185206.90
2006-07	19392.80	191831.30
2007-08	20086.60	207012.10

From the above, it was evident that NHB could not achieve a major breakthrough in extending the area under horticulture production during the period of report.

2.10.3 Development of commercial horticulture through production

NHB released subsidies amounting to Rs. 314 crore to 22,185 beneficiaries across the country during 2003-04 to 2007-08 under the scheme. An analysis of the subsidies released revealed that a major portion amounting to Rs. 227.17 crore (72 *per cent*) was released to 15,490 beneficiaries (70 *per cent*) in five States i.e. Maharashtra, Karnataka, Andhra Pradesh, Tamil Nadu and Gujarat. It was also observed that with 8525 beneficiaries, Maharashtra alone had more than 38 *per cent* of the beneficiaries with a subsidy of Rs. 110.35 crore which constituted 35 *per cent* of the total subsidy across the country. Karnataka had the second largest share of subsidy with an amount of Rs. 37.90 crore (12.07 *per cent*) and 3,417 beneficiaries (15.40 *per cent*). On the other hand, in seven States such as Delhi, Goa, Jammu & Kashmir, Jharkhand, Mizoram, Sikkim and Tripura as well as all the UTs., subsidy amounting to only Rs. 4.09 crore (1.27 *per cent*) was disbursed. This indicated regional imbalances in the development of commercial horticulture across the country.

An analysis of the extent of coverage of the scheme in key horticulture States in the country revealed that there was very little intervention of the scheme in some of the major horticulture States like Uttar Pradesh, West Bengal and Bihar, which had the highest horticulture production in the country and also had substantial areas under horticulture crops as detailed below:

State	No. of projects funded during 2003-08	Amount of subsidy released by NHB during 2003-08 *(Rupees in crore)*	Percentage of total projects	Percentage of total subsidy	Average area of horticulture crops during 2003-04 to 2007-08 (in thousand hectare)	Average horticulture production during 2003-04 to 2007-08 (in thousand MT)
Maharashtra	8525	110.35	38.43	35.14	2123.68	16343.54
Karnataka	3417	37.90	15.40	12.07	1582.98	11023.34
Andhra Pradesh	1633	27.47	7.36	8.75	1620.24	15190.10
Tamil Nadu	1013	23.74	4.57	7.56	1133.50	15828.40
Gujarat	902	27.72	4.07	8.83	1009.20	10737.46
Uttar Pradesh	855	6.28	3.85	2.00	1298.74	20478.46
Bihar	505	1.75	2.28	0.56	1151.70	16801.58
West Bengal	400	3.26	1.80	1.04	1607.86	21845.52
Kerala	292	5.18	1.32	1.65	1826.34	10545.58
Orissa	175	6.23	0.79	1.98	1262.14	9981.12

It was further observed that the compounded annual growth rate of horticulture production and the area under horticulture crops during the period from 2003-04 to 2007-08 **(Annex-D)** in Maharashtra and Karnataka, which cornered a major share of the benefits of this scheme, was 5.64 *per cent* and 3.47 *per cent* (Maharashtra) and 3.27 *per cent* and 2.15 *per cent* (Karnataka) respectively. As against this, the respective growth figures for Uttar Pradesh and West Bengal, which had a miniscule share in the scheme, were 8.20 *per cent* and 6.56 *per cent* (Uttar Pradesh) and 5.00 *per cent* and 5.77 *per cent* (West Bengal) respectively. This was indicative of the fact that the horticulture growth in major horticulture belts of the country could not be attributed solely to the scheme.

The coverage of the scheme was lopsided both in terms of the area and various components of the scheme as discussed in the succeeding paragraphs.

2.10.4 Uneven coverage of different components of the scheme

The scheme had two critical vertically integrated aspects, i.e. the production aspect and the post-harvest management (PHM) aspect. Though the production aspect was taken care of by release of subsidy to promoters bringing in projects of cultivation of horticulture produce, NHB did not take adequate care of the various components of PHM. Out of 22185 projects undertaken during the period of report, only 422 projects (two *per cent*) were covered under PHM. The details are given below:

Name of the component	Number of beneficiaries					
	2003-04	**2004-05**	**2005-06**	**2006-07**	**2007-08**	**Total**
Grading/packing/washing/waxing/sorting/drying centre.	0	0	16	0	6	22
Pre-cooling unit/cool stores	Nil	Nil	Nil	Nil	Nil	Nil
Reefer van/container (with multi-chamber, multi-product facility)	1	0	6	0	7	14
Specialised transport vehicle	Nil	Nil	Nil	Nil	Nil	Nil
Retail outlet	Nil	Nil	Nil	Nil	Nil	Nil
Auction platform	Nil	Nil	Nil	Nil	Nil	Nil
Ripening/curing chamber	Nil	Nil	Nil	Nil	Nil	Nil
Market yards/ropeway	Nil	Nil	Nil	Nil	Nil	Nil
Radiation unit/dehydration unit/vapour heat treatment unit	Nil	Nil	Nil	Nil	Nil	Nil
Primary processing of products, fermentation, extraction, distillation, juice vending, pulping, dressing, cutting, chipping etc.	15	24	47	79	57	222
Horticulture ancillary industry e.g. tools, equipment plastics, packaging, etc.	Nil	Nil	Nil	Nil	Nil	Nil
Plastic crates, cartons, baskets, aseptic packaging & nets.	35	57	41	19	12	164
Total	**51**	**81**	**110**	**98**	**82**	**422**

As may be seen from the above table, out of 12 components of PHM, eight components were not proposed for financial assistance during 2003-04 to 2007-08. This indicated lack of vertical integration between production and PHM. Besides, as horticulture produce is perishable in nature, projects of PHM such as packing, storage, transportation and marketing of produce should have been taken up vigorously.

Even under the production aspect which included 10 components, the progress was skewed as thrust was given to two components, *viz* 'high quality commercial horticulture crops' and 'indigenous crops/produce'. Out of the 21624 projects, 19368 projects constituting 90 *per cent* of the total number were covered under these two projects during 2003-04 to 2007-08.

2.10.5 Linkage between horticulture producers and marketers

NHB did not make concerted efforts to create linkages between horticulture producers and marketers as projects relating to the components such as 'Pre-cooling unit/cool stores', 'Specialised transport vehicle', 'Retail outlets', 'Auction platform', 'Market yards/ropeways', 'Radiation units/dehydration unit/vapour heat treatment units', 'Horticulture ancillary industry' etc. were not taken up for financial assistance.

During the exit conference, NHB stated that since the scheme of NHB was demand-driven and credit-linked, the banks had to play a major role in sanctioning term loans. NHB had made efforts to integrate PHM components wherever it was required, keeping in view the crops and their necessity. Many projects included components like proper grading/sorting and packing which were parts of PHM. NHB had played a pivotal role in creation of cold storage facilities across the country which was a critical link of PHM for perishable commodities.

The reply is not acceptable in view of the fact that only two *per cent* of the projects were covered under PHM. Further, cold storage facilities had been created under a different scheme of NHB and hence could not be shown as an achievement under this scheme.

2.10.6 Priority areas

Although the guidelines stipulated that priority should be given to projects relating to export-oriented units, co-operative sectors and women entrepreneurs, it was observed that NHB had not followed the same. The position of year-wise details of projects and subsidy released under priority areas during 2003-04 to 2007-08 are given below:

Year	Total no. of projects	Total expenditure on subsidy *(Rupees in crore)*	Export- oriented units		Women entrepreneurs		Percentage of women entrepreneurs with respect to:	
			No.	Expenditure *(Rupees in crore)*	No.	Expenditure *(Rupees in crore)*	Total Number of projects	Total Expenditure on projects
2003-04	965	20.62	1	0.25	58	1.01	6	5
2004-05	1086	28.22	-	-	90	1.89	8	7
2005-06	4662	66.30	-	-	235	3.95	5	6
2006-07	7138	99.05	-	-	537	8.63	8	9
2007-08	8334	99.80	-	-	763	11.26	9	11
Total	**22185**	**313.99**	**1**	**0.25**	**1683**	**26.74**	**8**	**9**

The above table indicated that:

- Although 30 *per cent* of the funds were to be earmarked for women beneficiaries, NHB had released only nine *per cent* subsidy to women beneficiaries under the scheme during 2003-04 to 2007-08.

- Subsidy amounting to Rs. 25 lakh was released to only one export-oriented project during 2003-04.

This indicated that NHB did not make concerted efforts to attract projects from these priority areas. NHB stated (January 2009) that subsidy claims generally did not remain pending due to shortage of grants and therefore, sectoral priority was not required. The reply of NHB did not address the issue raised by Audit as priority sectors were identified for realisation of social and economic objectives and were not solely meant for utilisation of available funds. Moreover, the reply also underlined the fact that NHB's approach to the scheme was not proactive but reactive and demand-driven.

2.10.7 Non-maintenance of data base of SC/ST/Ex-Servicemen

While according administrative approval for providing grants to NHB, GOI had stipulated a condition that NHB would ensure that 16 *per cent* and 8 *per cent* of the funds would be earmarked for SC and ST beneficiaries respectively. Although the guidelines prescribed a specific column recording 'Category: SC/ST/OBC/Ex-Servicemen' in the application for LOI, the column was found to be blank in all the test-checked cases. In the absence of the aforesaid data, Audit could not assess the extent of participation of SC/ST/ex-servicemen in the scheme. An evaluation study of the scheme conducted by M/s Global Agri System revealed that only one *per cent* SC and two *per cent* ST beneficiaries had been covered under the scheme.

Recommendation

- *NHB should ensure adequate participation of the co-operative sector; SC/ST, Ex-servicemen and women entrepreneurs in the scheme.*

2.11 Internal Control Mechanism

Internal control is a mechanism designed to provide reasonable assurance regarding the achievement of the objectives of an organisation regarding compliance with rules and regulations, efficiency and effectiveness of operations and sound financial reporting.

- NHB did not maintain important requisite records such as registers for proposals received, inspections, receipt of applications for issuance of LOI/IPA, watching utilisation certificates from banks/FIs/NCDC etc. Maintenance of these registers could have facilitated better monitoring of the scheme.
- NHB did not put in place any system for inspecting the projects after their completion, for ascertaining their further progress. One-time post-inspection prescribed for only five *per cent* of the total projects

was inadequate and a significant number of projects remained uninspected.

- NHB did not maintain any records in respect of the five *per cent* post-inspections carried out by it. Consequently, the adequacy of these inspections could not be ascertained in audit. There was no follow-up mechanism to ensure that the shortcomings noticed during the inspections were rectified.
- NHB did not devise any system to collect feedback from its field offices regarding the extent of horticulture production by the beneficiaries.
- No Internal Audit wing had been established by NHB.

Recommendation

- *NHB needs to strengthen its internal control mechanism for ensuring proper implementation of the scheme.*

2.12 Conclusion

There was no rational yardstick for measuring the performance of the scheme as neither annual action plans nor physical and financial targets were formulated by NHB. There was a low maturity rate of Letters of Intent into projects. There were cases of misappropriation of subsidy and payment of subsidy in contravention of operational guidelines. The coverage of the scheme was uneven and some key horticulture producing States were not adequately covered under the scheme. Growth trends indicated that the scheme had only a marginal role in increasing horticultural production and increasing the area under horticulture crops in the country. NHB did not achieve much success in covering components relating to post-harvest management. It also failed to improve linkages between horticulture producers and marketers and create integrated networks for marketing horticultural produce. The scheme was demand-driven and was dependent upon promoters approaching NHB for funding. NHB did not make concerted efforts to promote the scheme, especially in targeted areas and targeted sections of society. The internal control system of NHB was deficient.

Acknowledgement

We acknowledge the co-operation and assistance rendered by NHB to Audit during the course of this performance audit.

The matter was referred to the Ministry in December 2008; their reply is awaited as of February 2009.

Annex-A

(Referred to in paragraph 2.6)

Details showing No. of cases selected for review

Sl. No.	Name of the Centre	Name of the State	Total number of cases	Number of cases selected for checking
1	Gurgaon	Head office	5056	1250
2	Hyderabad	Andhra Pradesh	1156	321
3	Patna	Bihar	493	123
4	Raipur	Chhattisgarh	111	32
5	Ahmedabad	Gujarat	432	108
6	Chandigarh	Haryana, Punjab	212	54
7	Ranchi	Jharkhand	59	15
8	Bengaluru	Karnataka	2648	663
9	Thiruvananthapuram	Kerala	249	64
10	Bhopal	Madhya Pradesh	633	164
11	Pune	Maharashtra	3860	965
12	Nashik		2627	658
13	Nagpur		92	23
14	Bhubaneshwar	Orissa	212	54
15	Jaipur	Rajasthan	359	87
16	Chennai	TamilNadu	754	188
17	Lucknow	UttarPradesh	590	143
18	Baraut		242	61
19	Dehradun	Uttarakhand	420	124
20	Shimla	Himachal Pradesh	164	42
21	Jammu	Jammu and Kashmir	161	40
22	Guwahati	Assam	1174	349
23	Gangtok	Sikkim	139	33
24	Kolkata	West Bengal	252	66
Total			**22095**	**5627**

Annex-B

(Referred to in paragraph 2.8.1)

Details showing the number of beneficiaries and disbursement of assistance under the scheme

Sl. No.	Name of the State	2003-04		2004-05		2005-06		2006-07		2007-08		Total	
		No.	*Rupees in lakh*	No.	*Rupees in lakh*	No.	*Rupees in lakh*	No.	*Rupees in lakh*	No.	*Rupees in lakh*	No.	*Rupees in lakh*
1	Andhra Pradesh	179	445.37	111	353.76	272	529.94	664	873.76	407	544.08	1633	2746.91
2	Bihar	1	0.57	8	4.74	57	30.84	166	60.02	273	79.28	505	175.45
3	Chhattisgarh	36	89.71	36	55.15	84	97.32	33	61.62	36	43.88	225	347.68
4	Gujarat	99	285.73	79	350.57	132	375.82	310	796.22	282	963.84	902	2772.18
5	Haryana	8	15.42	13	49.54	45	77.85	56	88.62	44	57.09	166	288.52
6	Jharkhand	1	0.45	3	2.31	5	9.72	25	22.00	35	16.15	69	50.63
7	Karnataka	172	223.63	154	436.20	608	577.11	1370	1417.03	1113	1135.63	3417	3789.60
8	Kerala	12	26.92	15	20.32	21	47.57	99	118.58	145	304.22	292	517.61
9	Madhya Pradesh	67	36.71	67	58.14	268	145.03	265	271.90	197	213.81	864	725.59
10	Maharashtra	253	551.67	372	866.83	1503	2300.55	2404	3699.79	3993	3616.35	8525	11035.19
11	Delhi	1	2.42	4	25.37	3	12.63	-	-	4	42.00	12	82.42
12	Orissa	6	42.22	4	13.30	30	99.18	62	250.77	73	217.14	175	622.61
13	Punjab	1	1.59	6	9.59	27	25.28	109	78.34	87	72.01	230	186.81
14	Rajasthan	12	31.11	34	76.17	78	168.47	234	451.30	191	410.24	549	1137.29
15	TamilNadu	36	108.68	55	142.14	153	304.57	368	801.98	401	1016.16	1013	2373.53
16	Uttar Pradesh	3	8.57	1	0.59	89	63.97	398	230.05	364	324.97	855	628.15
17	West Bengal	3	7.92	10	34.24	163	129.02	99	92.11	125	62.67	400	325.96
18	Goa	1	0.17	-	-	1	25.00	-	-	-	-	2	25.17
19	Andaman & Nicobar Islands	-	-	-	-	-	-	1	5.19	-	-	1	5.19
20	Jammu and Kashmir	4	11.77	3	7.88	44	50.05	74	49.90	50	53.11	175	172.71
21	Himachal Pradesh	13	82.96	16	62.05	23	55.86	97	80.23	73	198.31	222	479.41
22	Uttarakhand	34	52.84	23	40.94	71	77.81	201	362.68	186	378.74	515	913.01
23	Assam	5	3.40	9	18.38	71	104.19	33	43.66	255	230.71	373	400.34
24	Nagaland	15	29.49	53	117.71	143	167.87	4	21.33	-	-	215	336.40
25	Sikkim	3	2.78	2	12.43	17	9.97	66	28.00	-	-	88	53.18

Sl. No.	Name of the State	2003-04		2004-05		2005-06		2006-07		2007-08		Total	
		No.	*Rupees in lakh*	No.	*Rupees in lakh*	No.	*Rupees in lakh*	No.	*Rupees in lakh*	No.	*Rupees in lakh*	No.	*Rupees in lakh*
26	Manipur	-	-	6	43.62	94	134.19	-	-	-	-	100	177.81
27	Mizoram	-	-	2	19.93	-	-	-	-	-	-	2	19.93
28	Arunachal Pradesh	-	-	-	-	660	1010.37	-	-	-	-	660	1010.37
Total		**965**	**2062.10**	**1086**	**2821.90**	**4662**	**6630.18**	**7138**	**9905.08**	**8334**	**9980.39**	**22185**	**31399.65**
Legal and professional expenses			**52.49**		**20.80**		**6.51**		**11.04**		**13.12**	-	**103.96**
Grand Total			**2114.59**		**2842.70**		**6636.69**		**9916.12**		**9993.51**	-	**31503.61**

Annex-C

(Referred to in paragraph 2.9.1)

Details showing release of extra subsidy in violation of cost norms by Centres

Name of the Centre	No. of cases	Extra amount of subsidy *(Rupees in lakh)*	Remarks
Gurgaon	2	12.58	➢ In the case of a beneficiary of Uttarakhand, the subsidy was enhanced from Rs. 6.43 lakh to Rs. 17.58 lakh after considering other expenses in deviation of the guidelines. ➢ Excess payment of subsidy of Rs. 1.43 lakh in case of a beneficiary of Nagaland.
Hyderabad	3	0.82	Inclusion of the cost of a submersible pump already included in the cost of property and excess counting of land development and farm equipment.
Raipur	20	3.00	Non- following of the rates and norms prescribed by NHB.
Shimla	1	0.19	-Do-
Nashik	26	2.20	Non- following of the rates and norms prescribed by NHB and inadmissible components.
Pune and Nashik	25	1.26	Land development cost was not to be considered as more than 15 *per cent* of the project cost. In cases of waste land and hill region, the land development cost was to be considered as 30 and 40 *per cent* respectively. But, these Centres had allowed more than 15 *per cent* of the expenditure on land development other than waste land, hilly region.
Nashik	1	0.10	Estimated Project Cost of all components worked out to Rs. 2.76 lakh whereas the same was wrongly taken as Rs. 3.26 lakh leading to excess EPC of Rs. 0.50 lakh and excess subsidy of Rs. 0.10 lakh.
Nagpur	2	0.20	NHB had sanctioned subsidy for drip irrigation even though the beneficiaries had produced certificates to the effect that subsidy for the same had been released from NHM.
Total	**80**	**20.35**	

Annex-D

(Referred to in paragraph 2.10.3)

Details showing area under cultivation, production and annual compounded growth rates of horticulture crops in key States of the country during 2003-04 to 2007-08.

States	Area under cultivation in thousands hectare					Compounded Annual Growth Rate (CAGR) over four years	Production in thousand MT					Compounded Annual Growth Rate (CAGR) over four years
	2003-04	2004-05	2005-06	2006-07	2007-08		2003-04	2004-05	2005-06	2006-07	2007-08	
Maharashtra	1926.8	2010.8	2326.9	2145.1	2208.8	3.47 %	14460.7	15192.8	17075.2	16982.7	18006.3	5.64 %
Karnataka	1491.4	1508.1	1662.1	1629.5	1623.8	2.15 %	10147.9	10569.9	10699.3	12158.3	11541.3	3.27 %
Andhra Pradesh	1498.6	1506.1	1605.5	1713.9	1777.1	4.35 %	12525.1	13668.8	14667.4	17200.9	17888.3	9.32 %
Tamil Nadu	1026.3	1061.1	1150.0	1209.9	1220.2	4.42 %	11252.2	13681.6	16734.2	17652.8	19821.2	15.21 %
Gujarat	887.4	1023.3	1103.6	983.2	1048.5	4.26 %	6981.3	9402.6	11632.7	11912.5	13758.2	18.48 %
Uttar Pradesh	1144.5	1173.1	1351.7	1348.7	1475.7	6.56 %	17325.3	18850.6	20650.3	21821.5	23744.6	8.20 %
West Bengal	1484.8	1501.9	1553.2	1641.4	1858.0	5.77 %	21115.2	20725.6	21495.9	20225.6	25665.3	5.00 %
Bihar	1222.1	1192.6	1107.3	1115.1	1121.4	Negative growth	16822.2	16189.0	16608.0	17053.9	17334.8	0.75 %
Kerala	1680.9	1689.1	2034.1	1851.4	1876.2	2.79 %	9453.1	9323.3	13090.6	10282.9	10578.0	2.85 %
Orissa	1298.0	1304.9	1211.1	1239.3	1257.4	Negative growth	9915.3	9997.7	9936.6	10080.1	9975.9	0.15 %

MINISTRY OF HUMAN RESOURCE DEVELOPMENT

SANT LONGOWAL INSTITUTE OF ENGINEERING AND TECHNOLOGY, LONGOWAL

CHAPTER III : MINISTRY OF HUMAN RESOURCE DEVELOPMENT

3 Sant Longowal Institute of Engineering and Technology

Highlights

- **The Institute did not make any assessment of the requirements of the local population in order to identify and prescribe new courses of studies and training in the fields of engineering and technology during the last five years.**

  (Paragraph 3.7)

- **The Institute prepared its budget estimates by incorporating its establishment expenditure on the basis of sanctioned strength instead of actual strength and without exhibiting its entire receipts under internal resource generation.**

  (Paragraph 3.8.1)

- **No periodic assessment of academic programmes was conducted by the Institute. Besides, continuation of a degree programme despite its very low demand not only reflected disregard of the requirements of the local population but also resulted in potential loss of internal resources of Rs. 1.41 crore.**

  (Paragraph 3.9.1)

- **The percentage of unsuccessful/dropout students increased from 32 in 2003-04 to 54 in 2007-08 in respect of certificate courses and from 24 in 2003-04 to 42 in 2007-08 in respect of degree courses.**

  (Paragraph 3.9.2)

- **With the provision of reservation for vertical mobility to diploma and degree courses without considering the students' industrial experience, the purpose of conducting the certificate and diploma courses appeared to be the providing of a soft entry into the degree courses of the Institute. Consequently, the mandate of the Institute regarding multi-point entry and multi-point exit could not be achieved.**

  (Paragraph 3.9.3)

- **Out of 10 diploma courses, nine degree courses and four M. Tech programmes, only two degree courses of the Institute had been accredited by National Board of Accreditation as of date.**

  (Paragraph 3.9.4)

- **The Institute did not adhere to All India Council for Technical Education (AICTE) guidelines resulting in enrolment of students over and above its intake capacity.**

(Paragraph 3.9.5)

- **The Institute could not ensure proper utilisation of the grants received for upgradation and modernisation of its laboratories and research projects.**

(Paragraph 3.10)

- **Forty five-50 *per cent*, 19-40 *per cent* and 10-17 *per cent* of the sanctioned posts of Professors, Assistant Professors and Lecturers respectively, were lying vacant during the last five years.**

(Paragraph 3.11.1)

- **The Internal control system of the Institute was deficient. Meetings of the Board were not being held regularly and no internal audit cell had been established even after a lapse of more than 17 years.**

(Paragraph 3.12)

Summary of recommendations

- ***The Institute should devise a system to conduct comprehensive assessment of the requirements of the local population in order to identify and prescribe new courses of studies.***
- ***The Institute should prepare its budget estimates by incorporating its establishment expenditure on the basis of men-in-position instead of sanctioned strength and exhibiting its entire receipts under internal resource generation.***
- ***The Institute should carry out periodic assessments of academic courses at regular intervals so that unpopular courses should be replaced with fresh courses, keeping in view the requirements of the local population.***
- ***Reservations for vertical mobility of certificate holders to diploma and diploma holders to degree courses should be allowed only to those having minimum industrial experience.***
- ***The Institute should identify and analyse the reasons for its poor academic performance and should take remedial measures to improve it.***
- ***Concerted efforts should be made by the Institute for accreditation of all its diploma, degree and M.Tech programmes from National Board of Accreditation so that academic quality is maintained.***
- ***The Institute should ensure full compliance with AICTE guidelines.***

- ***The Institute should ensure proper utilisation of grants received for research and development projects so that their intended benefits could be obtained by the beneficiaries.***
- ***The Institute should fill up the vacancies in its various faculties in order to improve its academic performance.***
- ***The Institute should strengthen its internal control mechanism.***

3.1 Introduction

Sant Longowal Institute of Engineering and Technology (Institute) located at Longowal, District Sangrur in Punjab State was established in 1989 by the Ministry of Human Resource Development (Ministry) of Government of India (GOI). It was conceived as an "institution of difference" with a mandate to promote an integrated system of technical education that provides an optimal mix of skills and knowledge at the certificate, diploma and degree levels, allowing for flexibility, modularity, multi-point entry and multi-point exit with a view to harnessing and nourishing the energy and vigour of the youth of Punjab for economic development of the State. The Institute is a Central autonomous body, fully funded by GOI and was accorded (April 2007) the status of a "Deemed-to-be-University" under Section 3 of the University Grants Commission (UGC) Act, 1956, by the Ministry provisionally for a period of five years from June 2007.

3.2 Organisational set-up

The Institute is managed by a Society registered under the Societies Registration Act, 1860. The general governance, direction and control of the affairs of the Institute are vested in the Board of Management[1] (the Board). The Chairman of the Board is appointed by GOI. There are five committees *viz.* Finance Committee, Building and Works Committee, Academic Council/Senate, Planning and Monitoring Board and Advisory Committee to assist the Board. Day-to-day administrative control of the Institute is vested in the Director appointed by the Chairman/the Board for tenure of five years. The Director is the principal executive and academic officer of the Institute and is assisted by a Registrar, three Deputy Registrars, an Estate Officer and two Librarians.

[1] Formerly it was known as Board of Governors and its Chairman was appointed by the State Government in consultation with the Central Government. On declaration of the Institute as a "Deemed-to-be-University", a modified Memorandum of Association has been filed (May 2007) with the Registrar of Firms and Societies and the name has been changed to Board of Management.

3.3 Scope of Audit

The audit of the Institute is conducted under Section 20(1) of Comptroller and Auditor General (Duties, Powers and Conditions of Service) Act, 1971. Performance audit of the functioning of the Institute covered the period from 2003-04 to 2007-08.

3.4 Audit objectives

Performance audit of the Institute was conducted to assess whether:

- planning for the formulation of various courses was effective and based on proper assessment of requirements;
- management of financial resources was efficient and effective;
- prescribed norms were followed by the Institute and the intended benefits of various courses reached the beneficiaries;
- infrastructural facilities and human resources available were adequate, utilised optimally and maintained effectively and
- there existed a sound and effective internal control system.

3.5 Audit criteria

The following audit criteria were adopted:

- provisions of Memorandum of Association (MOA) of the Institute and Memorandum of Understanding (MOU) with the Ministry and other agencies;
- guidelines, instructions and norms issued by the Ministry, All India Council of Technical Education (AICTE) and UGC from time to time;
- targets for Research and Development projects and
- provisions of the General Financial Rules.

3.6 Audit methodology

The performance audit of the Institute commenced with an entry conference with the Director of the Institute in July 2008 during which audit objectives, scope and criteria were explained. Audit examined the records of Academic Departments, Stores and Purchase Department and the Estate Office of the Institute. Memoranda containing audit observations were issued to the Management and audit findings were discussed in detail during the exit conference held in January 2009. The views of the Management have been duly considered and incorporated in the report.

Audit findings

Audit findings are discussed in the succeeding paragraphs:

3.7 Planning for Academic courses

As per provisions of the Memorandum of Association of the Institute, the Board should prescribe and conduct courses of studies and training in different branches of engineering and technology for the advancement of learning and dissemination of knowledge in such branches.

The Board, however, did not make any assessment of the requirements of the local population on the basis of proper surveys and had not prescribed any new courses of study and training in the field of engineering and technology during the last five years.

Recommendation

- *The Institute should conduct proper surveys of the requirements of the local population in order to identify and prescribe new courses of study.*

3.8 Financial management

The Institute is wholly funded by GOI through grants-in-aid from the Ministry. It was set up as a project in phases during the VIII and IX Plans, and its entire expenditure during this period was met out of the Plan grants. As per the mandate of the Expenditure Finance Committee of the Ministry, the Institute came out of the Plan mode from April 2002 onwards. Thereafter, the funds were released by the Ministry on the basis of demands submitted by the Institute through its separate budget estimates for Plan and Non-Plan expenditure after adjustment of its internal resource generation (IRG). The details of receipts and expenditure under Plan and Non-Plan heads during 2003-04 to 2007-08 are given below:

(Rupees in crore)

Year	Plan		Non-Plan				Total Receipts	Total Expenditure
	Grant	Expenditure	Grant	Internal Receipts	Total Receipts	Expenditure		
2003-04	4.35	2.62	15.00	8.94	23.94	15.21	28.29	17.83
2004-05	2.00	1.76	9.00	6.77	15.77	13.26	17.77	15.02
2005-06	2.70	3.55	8.30	7.48	15.78	13.12	18.48	16.67
2006-07	3.00	1.91	7.37	8.35	15.72	12.75	18.72	14.66
2007-08	1.50	1.79	8.88	8.99	17.87	13.51	19.37	15.30
Total	**13.55**	**11.63**	**48.55**	**40.53**	**89.08**	**67.85**	**102.63**	**79.48**

In this regard, Audit observed the following:

- Out of the total Non-Plan grant of Rs. 15 crore for the year 2003-04, the Institute created a Reserve Fund of Rs. 8.00 crore for the replacement of obsolete assets. The obsolete assets to be replaced have not been identified so far (December 2008) and the amount in the Reserve Fund was lying unutilised.
- Budget estimates for establishment expenditure were prepared on the basis of sanctioned strength of staff instead of actual men- in- position. This indicated that the budgets were prepared on an unrealistic basis, which resulted in excess drawal of grants.

Besides, test check of the records revealed the following:

3.8.1 Excess drawal of grants-in-aid

The Finance Committee (Committee) of the Institute decided (March 2003) that all accounts of any nature under the direct or indirect control of the latter would form a part of the annual accounts. Accordingly, the entire funds collected by it were required to be reflected as internal resource generation (IRG) in the budget estimates.

In contravention of the decisions of the Committee, the Institute did not include receipts of its consultancy services as well as fees received from students on account of Computer Development Fund, Institute Development Fund, Students Welfare Fund and surplus of SLIET Entrance Test Account in budget estimates under IRG. Instead, the Institute maintained separate bank accounts for the receipts and also incurred expenditure out of these receipts without intimation to the Ministry. The accumulated balances of these receipts amounted to Rs. 8.42 crore as on 31 March 2008, after incurring a total expenditure of Rs. 1.88 crore during the last five years. This resulted in excess drawal of grants-in-aid of Rs. 8.42 crore as of 31 March 2008. Besides, the expenditure incurred out of these receipts remained outside the purview of the administrative and financial control of the Ministry.

The Management stated (December 2008) that the matter would be placed in the forthcoming meeting of the Finance Committee for a suitable decision.

3.8.2 Diversion of grants-in-aid

The Institute decided (November 2005) to hold an international conference on the topic "Molecules to Materials" with some institutional and private sponsorship. The Ministry accorded (January 2006) approval on the condition that it would not provide any financial assistance for holding the conference. Audit observed that the Institute, in disregard of the Ministry's directive, sanctioned (January- March 2006) temporary advances of Rs. 11.82 lakh from its annual grants for the conference. The conference was held in March 2006 and a total expenditure of Rs. 12.26 lakh was incurred. Temporary advances of Rs. 11.82 lakh sanctioned from annual grants had not been adjusted so far (December 2008).

The Management stated (January 2009) that the matter would be placed in the forthcoming meeting of the Finance Committee of the Institute for ratification. The reply of the Management is not acceptable in view of the fact that the Finance Committee is not the competent authority for ratification of violations of the directives of the Ministry.

3.8.3 Non-adjustment of temporary advances

As per the General Financial Rules (GFRs), temporary advances granted for departmental purposes are required to be adjusted on completion of the assignments for which they are granted. It was, however, noticed that temporary advances of Rs. 58.67 lakh provided to the staff of the Institute during April 1994 to March 2007 had not been adjusted as of 31 December 2008.

Non-adjustment of temporary advances for such long periods was not only in contravention of the provisions of the GFRs, but was also fraught with the possibility of fraud, misappropriation and embezzlement.

In reply, the Management (December 2008) stated that sincere efforts were being made to get the advances adjusted.

3.8.4 Over-payment of study leave emoluments

(a) As per the Central Civil Services (Leave) Rules, study leave is granted to a permanent employee, who has rendered not less than five years service. The maximum period of study leave which can be granted to an employee is 24 months during his entire service, which may be granted at a stretch or in different spells and also in conjunction with other kinds of leave. However, the maximum period of continuous absence from regular work should not exceed 36 months. Audit, however, observed that during the last five years up to March 2008, the Institute had sanctioned study leave to six Lecturers/Assistant Professors in excess of the permissible limit of two years and to two Lecturers who were not eligible for such leave. Sanction of study leave in excess of the permissible limit not only violated the prescribed rules but also resulted in excess payment of Rs. 28.73 lakh on account of leave salary emoluments, which had not been recovered from the concerned faculty members as of 31 December 2008.

3.8.5 Non-compliance of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952

The Employees' Provident Funds and Miscellaneous Provisions Act, 1952 (the Act) is applicable to all establishments employing 20 or more persons, and the Institute was also covered under this Act.

Instead of subscribing to the Employees' Provident Fund Organisation (EPFO), the Institute had been maintaining its own Contributory Provident Fund for its employees by framing (February 1990) its own Contributory Provident Fund-cum-Gratuity Rules without obtaining exemption from the applicability of the said Act from GOI. It was also noticed that interest was being credited to the subscribers at the rates applicable to the Employees' Provident Fund from time to time and the shortfall of interest earned was being met from grants-in-aid from the Ministry. Consequently, the Ministry had to pay an amount of Rs. 27.41 lakh during 2003-04 to 2004-05 to meet the shortfall. The Institute had not obtained any exemption from GOI as of date (December 2008).

The Management (December 2008) stated that the matter regarding exemption from the application of the provisions of the Act had been taken up with the Ministry.

Thus the system of financial management in the Institute was deficient as the Institute prepared its budget estimates by incorporating its establishment expenditure on the basis of sanctioned strength instead of actual men-in-position and without exhibiting its entire internal receipts under internal resource generation; the internal receipts were unauthorisedly retained and expenditure from these receipts were incurred without the approval of the Ministry.

Recommendation

- *The Institute should prepare its budget estimates by incorporating its establishment expenditure on the basis of actual men-in-position* *instead of sanctioned strength and exhibiting its entire receipts under internal resource generation.*

3.9 Academic Activities

The Institute was offering 12 certificate courses, 10 diploma courses and nine degree courses in various disciplines of Engineering and Technology together with four M.Tech. programmes as on March 2008 on the basis of the recommendations of the National Expert Committee of the Ministry and the approval of AICTE. The Institute awarded its own certificates and diplomas whereas degree and post-graduate courses were affiliated to Punjab Technical University, Jalandhar. The details of intake capacity, the number of students admitted, passed and failed/dropped out have been shown in the **Annex.**

In this regard, Audit observed the following:

3.9.1 Periodic assessment of academic courses

As per the Memorandum of Association, the Academic Board of the Institute was required to make a periodical review of the activities of the Departments/Centres and to take appropriate action with a view to maintaining and improving the standards of instruction.

Audit observed that the Institute did not make any periodic assessments of its ongoing academic courses. As a result, the Institute could not take corrective action to improve its standards of instruction. It was also noticed that there was a low demand for the degree course in "Chemical Engineering (with specialisation in Paper Technology)" during 2003-04 to 2007-08 as detailed below:

	2003-04	2004-05	2005-06	2006-07	2007-08
Intake capacity	30	30	30	30	30
Number of vacant seats	17	30	23	19	24
Percentage of vacant seats to intake capacity	57	100	77	63	80

As may be seen from the table, the percentage of vacant seats in the course ranged from 57 to 100 *per cent* during the last five years. No efforts were made by the Institute to review this course to suit the requirements of the local population. Besides, this resulted in potential loss of IRG to the extent of Rs. 1.41 crore.

The Management accepted the audit observations and stated that it had now been decided to start a degree course in Chemical Engineering in place of

Chemical Technology (with specialisation in Paper Technology) from the year 2009-10.

Recommendation

- *The Institute should review its academic courses at regular intervals so that unpopular courses can be replaced with fresh courses, keeping in view the requirements of the local population.*

3.9.2 Increase in failure/drop-out rate

Audit observed that the percentage of unsuccessful/dropout students registered an increasing trend. The percentage of unsuccessful/dropout students increased from 32 in 2003-04 to 54 in 2007-08 in respect of certificate courses and from 24 in 2003-04 to 42 in 2007-08 in respect of degree courses as detailed in the **Annex**. The Management did not analyse the reasons for increase in the percentage of unsuccessful/drop-out students. The increasing trend of failure/drop-out rate of students was symptomatic of the poor performance of the Institute.

The Management accepted (January 2009) the audit observations and stated that efforts were being made to minimise the drop-out/failure rate and improve the overall performance of the students.

Recommendation

- *The Institute should identify and analyse the reasons for its poor academic performance and should take remedial measures to improve it.*

3.9.3 Deviation from Mandate

The mandate of the Institute envisaged that the certificate and diploma holders from the Institute should join the industry and preference should be given to these students if they intended to join the degree courses. The Institute, however, framed its admission rules and procedures providing reservation of 50 *per cent* of the sanctioned strength of the students in each certificate and diploma course for vertical mobility to diploma and degree courses without considering their industrial experience. Under this system, it was noticed that the certificate students moved to diploma modules and diploma students to degree modules instead of joining any industry. Hence, with the given reservation and admission rules and procedures, the purpose of conducting the certificate and diploma courses appeared to be the providing of a soft entry into the degree courses of the Institute. This was against the mandate of the Institute, which envisaged multi-point entry and multi-point exit.

Recommendation

- *Reservation for vertical mobility of certificate holders to diploma and diploma holders to degree courses should be allowed only to students having minimum industrial experience.*

3.9.4 Non-accreditation of academic programmes

Accreditation is a process of quality assurance by the National Board of Accreditation (NBA)[2] and is based on critical evaluation of a set of eight broad-based criteria *viz.* organisation and governance; financial resources; allocation and utilisation; physical resources (central facilities); human resources: faculty and staff; human resources: students; teaching- learning processes; supplementary processes; and research and development and interaction effort. Institutions seeking accreditation of their programmes are required to have passed out at least two batches of students in the respective programmes and are expected to satisfy each of the criteria individually. All diploma, degree and post-graduate programmes of the Institute are covered under this accreditation scheme.

Audit observed that the Institute had not taken any action for accreditation of its diploma and M.Tech. programmes. The Institute got its eight degree courses accredited in December 2003 for a period of three years, which expired in December 2006. Out of eight courses, the Institute obtained accreditation status for only two degree courses in January 2008 and applied for revalidation of five degree courses in December 2008 after a lapse of two years from the date of expiry. No action was taken in respect of the eighth degree course.

As a result of non-accreditation of its courses, the Institute could not properly assess its strengths, weaknesses and opportunities for future growth towards levels of excellence.

The Management accepted the audit observations and stated that a proposal for accreditation of the remaining programmes would be submitted to NBA in due course of time.

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[2] NBA is an autonomous body constituted under the provisions of AICTE Act, 1987.

Recommendation

➢ *Concerted efforts should be made by the Institute for accreditation of all its diploma, degree and M.Tech programmes from NBA so that academic quality is maintained.*

3.9.5 Admission of students in excess of intake capacity

AICTE guidelines provided that no excess admissions should be made over and above the approved intake capacity of an institute under any circumstances. In contravention of these guidelines, the Institute had been offering 10 *per cent* seats over and above intake capacity to Non-Resident Indians (NRI)/NRI sponsored candidates in diploma and degree courses. Besides, it had been also enrolling extra students up to 10 *per cent* and 15 *per cent* of its intake capacity in diploma courses and certificate courses respectively to cover the dropouts.

The Management stated that these additional provisions of seats were made with the approval of the Board in which the nominees of AICTE and the Ministry were also present. The reply is not acceptable as the mere presence of representatives of AICTE and the Ministry in the Board meetings cannot be construed to be the approval of AICTE/the Ministry. Besides, no sanction of AICTE regarding this matter was available in the records of the Institute.

Recommendation

➢ *The Institute should ensure compliance of AICTE guidelines and enroll students according to the prescribed intake capacity.*

3.9.6 Inordinate delay in introduction of a degree course

After approval of AICTE, the Board decided (December 2000) to introduce a degree course in "Information Technology" from the year 2001-02, with an intake capacity of 30 students, with the help of the existing staff and infrastructure. Audit observed that although the course was very popular among the students, the Institute introduced the course only from the year 2006-07, after a delay of five years. Reasons for delay in commencement of the course were not available in the records of the Institute. Delay in commencement of this course not only deprived the students of its intended benefits but also resulted in a loss of IRG of Rs. 1.12 crore.

The Management stated that the first note regarding starting of the course was received from the Chairman, SLIET Entrance Test Cell in 2006 and the course was started thereafter. The contention of the Management is not acceptable in view of the fact that the Board had already decided to commence the course from 2001-02.

3.10 Research activities

Research and development activities constitute critical components of an academic institution. A Research & Development Cell had been established in the Institute to monitor exploratory research to assess the technical manpower requirements leading to integrated educational planning, curriculum development and instructional material development in the identified areas of science and technology. Further, research work was also being undertaken by the faculty members of the Institute in inter-disciplinary areas to provide preventive and productive solutions for the problems of industry and the community as a whole. These projects were funded by grants-in-aid from various organisations *viz.* the Ministry, AICTE, the Department of Science & Technology, the Council of Scientific and Industrial Research and the Ministry of Environment and Forests.

During 2003-08, the Institute undertook 38 research and development projects costing Rs. 3.65 crore. Test-check of the records relating to 35 such projects revealed the following:

3.10.1 Upgradation and Modernisation of labs

The Ministry sanctioned grants-in-aid of Rs. 38.00 lakh (April 2003 to January 2004) under the Modernisation and Removal of Obsolescence (MODROB) project for the upgradation and modernisation of five[3] laboratories. Audit observed that the Institute could utilise only Rs. 20.95 lakh (55 *per cent*) and refunded the unspent grant of Rs. 17.05 lakh to the Ministry. The extent of unspent grant ranged between 20 and 84 *per cent*. Under-utilisation of grants resulted in non-achievement of the intended benefits of the project.

The Management stated that the funds could not be utilised fully due to frequent changes of Directors during this period. The reply was not acceptable as the post of Director never remained vacant during this period.

[3] Heat Transfer Lab; Digital Signal Processing Lab; Paper Testing and Printing Lab; Refrigeration and Air Conditioning Lab; and Metrology and Measurement Lab.

3.10.2 Thrust Areas of Technical Education Projects

The Ministry sanctioned three projects[®] (April 2003) under the scheme of Thrust Areas of Technical Education at a total cost of Rs. 19.00 lakh. Audit observed that the Institute could utilise only Rs. 3.58 lakh out of Rs. 19.00 lakh, and refunded the balance amount of Rs. 15.42 lakh (81 *per cent*) to the Ministry without completion of the projects. The Ministry sought (January/March 2006) justification from the Institute for non-completion of the projects even after retaining the funds for more than the stipulated time period and also asked it to fix responsibility for non-accomplishment of these projects. The Institute had not however, initiated any action in this regard as of December 2008. No reply had been furnished by the Management as of date.

3.10.3 Research and Development Schemes

Audit examined four out of five projects costing Rs. 45.00 lakh under the Research and Development scheme sanctioned by the Ministry (April 2003 to March 2005). The Institute incurred expenditure of Rs. 23.07 lakh in respect of these four[4] projects and refunded the unspent amount of Rs. 13.77 lakh, including interest, to the Ministry. It was noticed that completion reports were not appended with the utilisation certificates for the amounts. In the absence of completion reports, the status of implementation of the projects could not be ascertained in Audit.

The Management stated that submission of project reports was not required in all the cases and that the project reports, wherever required, were submitted. The reply of the Management is not acceptable as the sanction orders for these projects required that the status of implementation of the projects should be reported to the Board and the Ministry.

Recommendation

- *The Institute should ensure proper utilisation of grants received for research and development projects.*

[®] Online tool wear monitoring and optimisation of cutting parameters; Design of communication devices under the software on speech synthesis and natural language processing for visually handicapped users and Enhancement of rural productivity

[4] Development of opto-mechatronics system for stress analysis and identification of defects in components; Instrumentation & design of a frequency domain diffuse optical tomography image for breast cancer detection; Development of expert system for identification of neuromuscular disorders using EMG signals and Neural modelling of transducers.

3.11 Human Resources and Infrastructural facilities

Some of the deficiencies noticed in respect of recruitment of faculty members and procurement and maintenance of infrastructural facilities are discussed in the succeeding paragraphs:

3.11.1 Shortage of faculty

The availability of qualified and experienced faculty members is a prerequisite for maintaining academic standards in an educational institution. Shortage of faculty members would adversely affect the quality of education. Audit observed that 45-50 *per cent*, 19-40 *per cent* and 10-17 *per cent* of the sanctioned posts of Professors, Assistant Professors and Lecturers respectively had been lying vacant during the last five years ending 31 March 2008 despite availability of sufficient budget. The details are given below:

Years	Professors		Assistant Professors		Lecturers		Total	
	Sanctioned	Vacant	Sanctioned	Vacant	Sanctioned	Vacant	Sanctioned	Vacant
2003-04	22	11 (50)	43	11 (26)	115	11 (10)	180	33 (18)
2004-05	22	11 (50)	43	14 (33)	115	14 (12)	180	39 (22)
2005-06	22	10 (45)	43	15 (35)	115	20 (17)	180	45 (25)
2006-07	22	11 (50)	43	17 (40)	115	20 (17)	180	48 (27)
2007-08	22	10 (45)	43	8 (19)	115	20 (17)	180	38 (21)

(Figures in brackets indicate percentage of vacant posts to sanctioned posts.)

Despite the shortage of faculty members, the Institute allowed them to go on deputation and lien and assigned additional duties to Deans which further aggravated the shortage. The Academic Board of the Institute had also observed (November 2006) that shortage of faculty members had affected the quality of education, especially in certificate and diploma courses.

The Management stated (January 2009) that the action to fill in the vacancies against the posts of Professors, Assistant Professors, Lecturers etc. was in progress.

Recommendation

- *The Institute should fill up the vacancies in its various faculties in order to improve its academic performance.*

3.11.2 Improper Stores Management

The General Financial Rules stipulate that an organisation should purchase stores against its definite requirements and care should be taken not to purchase stores much in advance or in excess of actual requirement. Audit observed that the Institute purchased consumable stores without assessing its requirements. In two departments, consumable stores valuing Rs. 7.87 lakh (80.96 *per cent*) out of total stock of Rs. 9.72 lakh and Rs. 8.68 lakh (94.75 *per cent*) out of total stock of Rs. 9.16 lakh respectively, were lying unutilised at the end of March 2008, even after the lapse of more than one to 14 years from their dates of purchase. This resulted not only in blockage of funds to the extent of Rs. 16.55 lakh but also indicated inefficient stores management. Further, the deterioration in the quality of the stores could also not be ruled out.

The Management accepted (December 2008) the audit observations and stated that the consumable stores would be utilised gradually in the coming years.

3.11.3 Irregular purchase of computers

The Institute purchased (March 2004) 107 computers worth Rs. 57.35 lakh for issue to its faculty members without the approval of the Chairman of the Institute who was the competent authority for this purpose. It was further observed that the Institute purchased these computers through a Spot Purchase Committee without going through the tendering process. This resulted in irregular purchase of computers of Rs. 57.35 lakh.

The Management stated (December 2008) that the purchase was made by a committee as per the purchase rules for emergent purchases. The reply was not acceptable as the Director was competent to approve purchases of up to Rs. 10 lakh only as per the delegation of powers during this period.

3.11.4 Extra expenditure for internet connectivity

The Institute invited (November 2004) tenders for internet connectivity with a 4 Mega Bytes per Second (MBPS) leased line. After opening of technical and commercial bids, the Institute decided (7 January 2005) to invite all the four technically qualified bidders for negotiations. During a negotiation meeting on 11 January 2005, detailed discussions were held and after finalization of the technical specifications, all the four firms were asked to submit their fresh technical and commercial bids. During the negotiation meeting, one of the bidders *viz.* BSNL, came to know that their bid was the lowest and represented that negotiations should have been conducted only with them as they were the lowest bidder. Three bidders including BSNL, submitted (14 January 2005) their revised bids. HFCL Infotel Limited was found to be the lowest bidder with a quoted price of Rs. 15.50 lakh and BSNL, the third lowest with a quoted price of Rs. 35.36 lakh. It was noticed that the rates of BSNL were the same in both the bids and the Institute placed (April 2005) the order for the 4 MBPS leased line on BSNL at a price of Rs. 35.36 lakh ignoring the lowest bidder, resulting in extra expenditure of Rs. 19.86 lakh.

The Management stated (December 2008) that the contract was placed on BSNL in view of the Central Vigilance Commission's guidelines for post-tender negotiations.

The reply was not acceptable because after modification of technical specifications on 11 January 2005 and inviting fresh bids, the bids submitted earlier had lost their sanctity and stood cancelled automatically.

3.11.5 Unauthorised possession of staff quarters

Fundamental Rules provide that staff quarters allotted to employees should not be retained beyond the permissible limits as shown below:

	Events	Permissible period for retention of the residence
(i)	Resignation, dismissal, removal, or termination of service or unauthorised absence without permission.	01 month
(ii)	On proceeding on deputation/foreign service in India	02 months
(iii)	Death of the allottee	24 months

Audit observed that in 18 cases, the staff of the Institute had not vacated their quarters even after expiry of the permissible periods for retention, during the last five years. The Institute had neither initiated any eviction proceedings against these employees nor recovered the standard/ market rent from them. This not only indicated non-compliance with the prescribed rules but also resulted in loss of Rs. 7.93 lakh to the Institute up to August 2008.

The Management accepted (December 2008) the audit observations and stated that steps had been initiated to get the quarters vacated and also to recover the standard rent.

3.11.6 Avoidable payment of electricity duty

The Punjab Electricity Duty Act, 1958 provided exemption from levy of electricity duty (ED) for the offices and works of GOI. The Institute, being a Central autonomous body, was eligible for exemption from levy of ED.

Audit observed (October 2000) that the Institute had been paying ED on its power bills since its inception. On the representation of the Institute, the Punjab State Electricity Board (PSEB) discontinued levy of ED with effect from June 2006 but the Institute failed to get the refund of the ED paid earlier, amounting to Rs. 47.56 lakh, up to May 2006.

The Management stated (December 2008) that the matter regarding refund of ED had been taken up with PSEB and the State Government.

3.11.7 Non-implementation of recommendations of energy audit

The National Productivity Council conducted (May 2001) mandatory energy audit of the Institute and recommended the following measures for energy conservation:

Options	**Annual energy saving (Units in lakh)**	**Annual energy saving *(Rupees in lakh)***	**Investment required *(Rupees in lakh)***
1. Installation of servo transformers	0.39	1.22	1.50
2. Replacement of 125 W high pressure mercury vapor (HPMV) lamps by 70 W high pressure sodium vapor (HPSV) lamps	0.54	1.68	5.00

Audit observed that the recommendations of the energy audit had not been implemented completely so far, even after lapse of more than six years. This deprived the Institute of savings of Rs. 12.59 lakh on account of conservation of energy up to March 2008.

The Management accepted (December 2008) the audit observations and stated that action had been initiated to implement the recommendations of mandatory energy audit.

3.12 Internal Control

Internal control is a process designed to provide reasonable assurance regarding the achievement of the objectives of an organisation with regard to efficiency and effectiveness of operations, compliance with applicable rules and regulations and sound financial reporting.

In this regard, Audit revealed the following:

- As per the Memorandum of Association of the Institute, Board meetings were to be held once every three months. As against the requirement of 20 meetings during the last five years up to March 2008, only five meetings were held.

- As against the prescribed fixed tenure of five years for its Directors, five Directors were appointed by the Institute during the last five years. The frequent changes of Directors was not only in disregard of the provisions of the Memorandum of Association but also hampered the proper monitoring and control of the affairs of the Institute.
- Although the Institute framed 11 sets of rules, regulations and bye-laws in February 1990, proper efforts were not made to get these rules approved by the Ministry after that. Consequently, all these rules, regulations and by-laws were operating without the approval of the competent authority.
- The Institute did not maintain any records relating to the plants and trees available in its campus measuring 447 acres. Consequently, the value of these assets could not be ascertained in Audit.
- As per the recommendations of the Finance Committee, physical verification of the Central Library of the Institute was to be conducted periodically. Physical verification of the library was not conducted periodically by the Institute. At the instance of Audit, the Institute conducted the verification during June- August 2008.
- The Board of the Institute decided (February 1991) to establish an Internal Audit Cell for ascertaining the effectiveness of the internal control system, ensuring judicious utilisation of grants-in-aid, and conducting periodical verification of stores. However, the Internal Audit Cell had not been established so far (December 2008).

Recommendation

- *The Institute needs to strengthen its internal control mechanism.*

3.13 Impact Assessment

Educational Consultants India Limited (EdCIL) were engaged in January 2004 for carrying out an impact assessment of the Institute. The major recommendations after the assessment were as follows :

- Certificate and diploma courses should be reviewed periodically.
- Certificate and diploma graduates should be encouraged to join industry at least for some time.

- Direct and lateral admission of certificate to diploma and diploma students to degree courses should be allowed only to meritorious students after completing the bridge courses.
- Shortfall of faculty members at higher cadre positions needed to be overcome rapidly.
- Office automation as well as a computer based management information system should be established for providing decision support.

The report of EdCIL had not been placed before the Board for its consideration as of December 2008 even after the lapse of more than four years.

Conclusion

The Board did not make any comprehensive assessment of the requirements of the local population to prescribe new courses of studies and training. The Institute did not prepare its budget estimates by incorporating its establishment expenditure on the basis of sanctioned strength instead of actual men-in-position and without exhibiting its entire internal receipts under internal resource generation. No periodic assessment of academic programmes was conducted by the Institute. The Institute could not maintain its pre-achieved levels of standards of academic performance as the percentage of unsuccessful/dropout students increased year by year. The Institute deviated from its original concept of multi-point entry and multi-point exit by providing reservation for vertical mobility to diploma and degree courses without considering any industrial experience. The Institute did not ensure proper utilisation of the grants received for research and development projects. Proper efforts were not made to fill the vacancies of faculty members. The internal control system of the Institute was deficient.

Acknowledgment

We acknowledge the cooperation and assistance rendered by the Institute to Audit during the course of this performance audit.

The matter was reported to the Ministry (October 2008) and replies are awaited as of February 2009.

Annex

(Referred to in paragraph 3.9)

Statement showing seats available and number of admitted/passed out/dropped out/failed students in respect of Certificate, Diploma, Degree and M.Tech programmes during 2003-08

Year (in which the course was completed)	Certificate Courses (2 year duration)					Diploma Courses (2 year duration)					Degree Courses (3 year duration)					M.Tech Courses (2 year duration)				
	Total intake capacity	Number of students admitted	Number of students passed out	Number of students dropped out/failed	Percentage of dropped out/failed students to number of students admitted	Total intake capacity	Number of students admitted	Number of students passed out	Number of students dropped out/failed	Percentage of dropped out/failed students to number of students admitted	Total intake capacity	Number of students admitted	Number of students passed out	Number of students dropped out/failed	Percentage of dropped out/failed students to number of students admitted	Total intake capacity	Number of students admitted	Number of students passed out	Number of students dropped out/failed	Percentage of dropped out/failed students to number of students admitted
2003-04	360	410	279	131	32	300	343	307	36	10	300	305	231	74	24	61	47	47	00	00
2004-05	360	387	230	157	41	300	348	312	36	10	300	306	221	85	28	86	42	41	01	02
2005-06	360	385	231	154	40	300	343	319	24	07	300	282	210	72	26	86	37	37	00	00
2006-07	360	421	248	173	41	300	339	297	42	12	350	293	207	86	29	86	34	30	04	12
2007-08	360	416	193	223	54	300	286	257	29	10	350	309	178	131	42	86	47	Result not declared		

- Number of students admitted shows the number of students admitted for the respective courses in the starting years of the courses.
- A provision for 15 *per cent* seats in Certificate Programmes and 10 *per cent* seats in Diploma Programmes for dropouts and 10 *per cent* seats each in Diploma and Degree Programmes for NRI/NRI sponsored students has been made over and above the intake capacity.

MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

FUNCTIONING OF COIR BOARD

CHAPTER IV : MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

4 Functioning of Coir Board

Highlights

- **The Coir Board incurred Non-Plan expenditure of Rs. 32 crore out of Plan funds of Rs. 130.43 crore during 2003-04 to 2007-08. The proposal of the Board for enhancing its Non-Plan allocations had been turned down by Government of India in February 2006.**

  (*Paragraph 4.6*)

- **Under the Mahila Coir Yojana, there was non-utilisation of Plan funds to the extent of Rs. 7.91 crore during the period 2003-04 to 2007-08.**

  (*Paragraph 4.7.2*)

- **A special drive under the Mahila Coir Yojana, on which a sum of Rs. 7.65 crore was spent during 2005-06 to 2006-07, did not take off as envisaged due to inadequate training, supply of defective *ratts*♣ and improper selection of beneficiaries.**

  (*Paragraph 4.7.2.1*)

- **Though Rs.7.44 crore out of Rs.9 crore released by Government of India for the Rejuvenation, Modernisation and Technology Upgradation Scheme for 2007-08 was not utilised and remained with the participating banks, the Board furnished an utilisation certificate for the whole amount to the Government.**

  (*Paragraph 4.7.5*)

- **Against Rs. 6.90 crore earmarked by the Board for the North-Eastern Region during 2003-04 to 2007-08, only Rs. 4.18 crore (61 *per cent*) was utilised.**

  (*Paragraph 4.7.6*)

- **The idle time of the looms of Hindustan Coir during 2003-04 to 2007-08 was between 60 to 67 *per cent* due to mechanical failures (10 to 18 *per cent*), shortage of yarn (15 to 38 *per cent*) and shortage of labourers (16 to 28 *per cent*). Against the installed capacity of 4.07 lakh sq m, the production during the five years ranged between 1.56 lakh and 2.12 lakh sq m.**

  (*Paragraph 4.8.1*)

♣ machine used for making rope from coir fibre.

- **Products and machinery developed by research institutes under the Board were not commercially exploited to the fullest extent.**

(Paragraph 4.9.1.1 & 4.9.2)

- **Continued maintenance of closed training centres at Thanjavur, Rajahmundry and Bhubaneshwar resulted in unfruitful expenditure of Rs. 1.04 crore for the period from 2001-02 to 2007-08.**

(Paragraph 4.10.1)

Summary of recommendations

- *The Board should ascertain the reasons for idling of ratts supplied and the complaints regarding distribution and non-receipt of ratts under the special drive and take remedial action for achieving the goals of the Mahila Coir Yojana.*
- *The Board should try to ensure proper utilisation of the funds released for development of coir clusters and issue utilisation certificates only in respect of the funds actually utilised.*
- *The present system of releasing the entire Central subsidy under the REMOT scheme to the participating banks may be reviewed and the terms of the scheme may be modified accordingly to avoid retention of large balances by banks.*
- *The Board should streamline its extension activities to popularize the schemes among the artisans and entrepreneurs of the North-Eastern region. Ten per cent of the budget earmarked for the North-Eastern region should be utilised in full on the schemes meant for the region.*
- *Concerted efforts should be made by the Board to improve the performance of Hindustan Coir by ensuring adequacy of workers, reducing reliance on old machinery and introducing value-added products and innovative designs to suit emerging consumer preferences.*
- *The Board should review the performance of its showrooms; take suitable action to close down unviable showrooms and revamp the functioning of the remaining showrooms by adopting modern business practices.*
- *The Board should make concerted efforts to tap the huge potential of geotextiles in soil bio-engineering and anti-soil erosion applications.*
- *The Board should ensure that new technologies and products developed by their research institutes are transferred to the stakeholders in an appropriate and time-bound manner.*
- *The Board should strengthen its internal control system.*

4.1 Introduction

The Coir Board, set up under the Coir Industry Act, 1953, as a statutory body for sustainable development of the coir industry in India, functions under the Ministry of Micro, Small and Medium Enterprises. The functions of the Board include undertaking, assisting and encouraging scientific, technological and economic research, modernization, quality improvement, human resource development, market promotion and welfare of stakeholders. Coir is a by-product of the coconut industry whose gross domestic product was estimated to be around Rs. 2100 crore as of March 2008. India is the largest producer and exporter of coir products. About half a million people are employed in the coir industry, out of which 80 *per cent* are women. This labour-intensive, export-oriented industry, producing eco-friendly products provides ample scope for rural employment generation and upliftment of traditional industry, which are the two proclaimed thrust areas of the Central Government in this field. The production of coir and coir fibre in India has been on the increase during the past three decades. Coir exports increased from 102253 tonnes valuing Rs. 407.50 crore in the year 2003-04 to 187567 tonnes valuing Rs. 592.88 crore by the end of 2007-08.

4.1.1 Organisational set up

The Board consists of a Chairman appointed by the Government of India (GOI) and 37 members. The head quarters of the Board is at Kochi in Kerala State. It has five Regional Offices[1] having jurisdiction over one or more States/Union Territories and two Sub-Regional Offices at Guwahati and Kolkata. The various schemes implemented in the respective States are monitored by the Regional Offices. The science and technology programmes of the Board are implemented through the Central Coir Research Institute (CCRI), Alappuzha (Kerala) and the Central Institute of Coir Technology (CICT), Bengaluru (Karnataka). Skilled manpower training programmes are undertaken at the National Coir Training and Design Centre (NCT&DC), Alappuzha (Kerala), Research-cum-extension centre, Tenkasi (Tamil Nadu) and at field training units of the Regional and Sub-Regional offices. The Board runs 30 showrooms/sales depots all over the country. Hindustan Coir, a factory producing coir matting, is fully owned by the Board.

[1] Kannur (Kerala), Pollachi (Tamil Nadu), Bengaluru (Karnataka), Rajahmundry (Andhra Pradesh) and Bhubaneswar (Orissa)

4.2 Scope of audit

Performance audit of the functioning of the Board was conducted during July-October 2008 for assessing the effectiveness of implementation of various schemes/activities of the Board covering the period 2003-04 to 2007-08.

4.3 Audit objectives

The performance audit of the Board was conducted to assess whether:

- the system of financial management was effective;
- implementation of various developmental and promotional schemes was carried out in an efficient and effective manner;
- research activities undertaken by the Board were result-oriented and utilised for the development of the coir industry and
- there was a proper internal control system in place.

4.4 Audit criteria

The audit criteria used for assessing the performance of the Board were derived from the following:

- The Coir Industry Act, 1953;
- The Coir Industry Rules, 1954;
- Revised Showroom Rules, 1988;
- Government of India instructions for collection of coir cess;
- GOI policy for marketing, training, internal control, monitoring and evaluation and instructions issued from time to time on the subjects by the Board and GOI.

4.5 Audit methodology

The performance audit of the Board commenced in July 2008. An entry conference was held in August 2008 with its Secretary, during which the audit objectives, audit criteria and scope of audit were explained. Audit examined the records pertaining to the head office at Kochi and 16 out of 44 field formations as detailed in **Annex-I**. Memoranda containing audit observations were issued to the Management and the audit findings were discussed in detail during the exit conference held in November 2008.

Audit Findings

4.6 Financial Management

The main source of funds of the Board is grants released by GOI under Sections 14 and 14 A of the Coir Industry Act, 1953, for the implementation of various schemes. It also derives some internal revenue like commission on sale of coir products in showrooms and service charges for laboratory tests. Funds are released to the Board by GOI in instalments for meeting Plan and Non-Plan expenditure and the Board in turn, distributes funds for the various schemes. Funds for earmarked schemes are separately released by GOI.

The year-wise details of receipts and utilisation of funds for the period from 2003-04 to 2007-08 are given in the table below:

(Rupees in crore)

Year	Funds received				Funds utilised♣			Excess (+) Savings (-)	
	Non-Plan		Plan	Total	Non-Plan	Plan	Total	Non-Plan	Plan
	Grants **Others♠**	Total							
2003-04	3.42 **1.59**	5.01	17.04	22.05	4.26	15.72	19.98	-0.75	-1.32♥
2004-05	2.62 **1.95**	4.57	16.79	21.36	4.82	17.41	22.23	0.25	0.62
2005-06	2.51 **2.78**	5.29	35.81	41.10	5.12	35.43	40.55	-0.17	-0.38
2006-07	2.51 **2.04**	4.55	29.40	33.95	3.89	23.04	26.93	-0.66	-6.36
2007-08	2.51 **2.15**	4.66	42.37	47.03	3.07	38.83	41.90	-1.59	-3.54
Total	13.57 **10.51**	24.08	141.41	165.49	21.16	130.43	151.59	-2.92	-10.98

As may be seen from the table, the Board could not utilize about eight *per cent* of the Plan fund allocations during the period 2003-04 to 2007-08. It was also observed that out of Rs. 130.43 crore booked as Plan expenditure during the above period, an amount of around Rs. 32 crore (**Annex-II**) was utilised for meeting Non-Plan expenditure. The Board stated that GOI did not enhance its Non-Plan allocation, despite presenting Non-Plan requirements in the budget proposals in a realistic manner. This did not explain the reason for meeting Non-Plan expenditure out of Plan fund allocations, especially when GOI had categorically turned down the Board's proposal for enhancement of Non-Plan allocations as early as in February 2006.

♣ Excess expenditure under Non-Plan/Plan grants during the year 2004-05 was met from extra-budgetary resources.

♠ includes registration and renewal fees, commission on sales, other departmental receipts and funds received from Ministry of Commerce.

♥ includes Rs. 84 lakh released to the State Government directly by GOI, for which utilisation certificate had not been issued.

The Ministry stated (February 2009) that heads of accounts have been classified for the sake of preparation of Annual Accounts, Management Information and for answering Parliament Questions etc. and it may not be construed that the expenditure are of Non-Plan nature.

The reply of the Ministry contradicts the reply of the Board which stated that said amounts were utilized for Non-Plan expenditure.

4.7 Developmental and Promotional Schemes

The developmental and promotional schemes of the Coir Board, funded mainly through GOI grants, aim at the development of the coir industry in the country. In respect of only two major schemes, i.e. Rejuvenation, Modernisation & Technology Upgradation of the Coir Industry and Scheme of Fund for Regeneration of Traditional Industries, the allotments are shown distinctly in the sanctioned budget of the Board. As regards the remaining schemes, the allotment of funds is made under the Plan (General) head. The Integrated Coir Development Project (ICDP), a modernization component of a scheme for co-operativisation sponsored by GOI in 1982, continued up to the X Plan period whereas the other components of the scheme viz. Share Capital Assistance, Managerial Subsidy Equipment and Marketing Assistance were not approved by GOI. While the Mahila Coir Yojana is a scheme focusing on development by solely targeting women and has the highest subsidy of 75 *per cent* funded by the Board for purchase of ratts, the Brown Fibre Development Scheme focuses on units outside the co-operative fold but requires a substantially high contribution of 75 *per cent* from the beneficiaries. The only scheme involving a term loan component (55 *per cent* subject to prescribed limits) from the banks is the Rejuvenation, Modernisation and Technology Upgradation (REMOT) scheme. An overall picture of the implementation, performance and impact of these schemes on rural employment generation and upliftment of the traditional coir industry for the period under audit i.e. 2003-04 to 2007-08, is given in the subsequent paragraphs.

4.7.1 Integrated Coir Development Project

The Integrated Coir Development Project (ICDP) envisaged setting up of new primary co-operatives; modernization and extension of existing co-operatives; installation of improved handlooms and setting up of curling units, automatic spinning units, rubberized coir product manufacturing units and other allied products. ICDP was launched in different States, starting with Kerala in 1993-94, with funding from the National Co-operative Development Corporation (NCDC) by way of term loan (75 *per cent*), subsidy from the Central Government (20 *per cent*) and equity participation of State Governments/Co-operatives (5 *per cent*). While the responsibility for implementation of the scheme remained with the States/Union Territories, the monitoring of the project was entrusted to the Board. Central Government subsidy was released to the coir units through the State Governments on the basis of recommendations of the Board. The Government of India had released Rs. 7.58 crore to the States of Kerala, Tamil Nadu, Karnataka, West Bengal and Orissa during the period from 1993-94 to 2003-04 for setting up 225 spinning/defibering units. It was noticed that the State Governments commissioned only 174 units against the target of 225 units by utilizing Rs. 5.86 crore. The balance amount of Rs. 1.72 crore, the proportionate cost of the 51 non-commissioned units, was lying with the State Governments. In the absence of specific proposals from the State Governments, GOI phased out the scheme in May 2006.

It was observed that as a monitoring agency, the Board did not take up with the State Governments, the matter regarding commissioning the balance units or refunding the money to GOI. It also did not ensure that the utilisation certificates for Rs. 7.58 crore were furnished to GOI by the concerned State Governments.

The Board stated (August 2008) that it would request the concerned State Governments to furnish utilisation certificates in the prescribed format to the Ministry.

The Ministry stated (February 2009) that the lack of specific proposals from the State Governments was the main reason for the non-utilization of funds.

The reply is not in consonance with the scheme guidelines according to which the Central Government was to release the subsidy only on the Board's recommendations, which were to be based on the project proposals submitted by the State Governments. It does not explain how the Board made recommendations to the Central Government for release of funds in the absence of specific proposals from the State Governments.

4.7.2 Mahila Coir Yojana

The Mahila Coir Yojana, a woman-oriented self-employment programme in the coir industry was being implemented by the Board from the year 1992-93 onwards. The scheme envisaged imparting training to women artisans in the coir sector and providing them with subsidized ratts with a view to starting their own units. Under the scheme, women artisans trained by the Board were extended subsidy to the extent of 75 *per cent* of the cost of motorised ratts (maximum subsidy: Rs. 7500) or a motorised traditional ratt (maximum subsidy: Rs. 2625 up to 31 March 2006 and Rs. 2925 thereafter) as a one time subsidy, provided the other 25 *per cent* was raised by the beneficiaries through voluntary organisations/financial institutions/own sources.

The targets and achievements in respect of financial outlay, expenditure and number of artisans trained during the period 2003-04 to 2007-08 are given below:

(Rupees in crore)

Year	Financial Target *(Rupees in crore)*	Funds Utilised *(Rupees in crore)*	Percentage of utilisation of funds	No. of artisans targeted for training	No. of artisans trained	Percentage of achievement
2003-04	1.20	0.75	62.5	--	6956	--
2004-05	1.30	0.63	48.4	--	13318	--
2005-06	3.50	1.45	41.4	14350	19786	137.88
2006-07	3.50	0.82	23.4	18490	8703	47.1
2007-08	3.50	1.44	41.1	15135	8987	59.4
Total	**13.00**	**5.09**		**47975**	**57750**	

In this regard, Audit observed the following:

➢ Out of the 57750 women artisans trained under the scheme, the Board provided financial assistance to only 14506 artisans for the purchase of ratts by incurring an expenditure of Rs. 5.06 crore during the period of the report. As the scheme guidelines did not envisage assessing the financial capacity of the potential trainees before enrolling them for the training programme, the remaining 43244 artisans (74.88 *per cent*) trained under the scheme could not get subsidised ratts as they could not provide the beneficiary contribution required under the scheme. The proportionate expenditure incurred on training of 43244 artisans, worked out to Rs. 3.81 crore. As such, despite giving training and incurring an expenditure of Rs. 3.81 crore, the Board could not achieve the goal of providing self-employment to 43244 women artisans.

➢ While formulating the scheme, the Board did not fix annual targets for the training of women during 2003-04 and 2004-05. It started fixing targets only from 2005-06 onwards.

➢ During 2003-04 to 2007-08, Rs. 7.91 crore (61 *per cent* of the funds allotted) remained unutilised. Only 78 *per cent* of the targeted artisans were trained during the three-year period of 2005-06 to 2007-08.

➢ Although the scheme guidelines stipulated that the ratts supplied under the scheme had to be retained and operated by the beneficiaries for a period of five years, there was no documentary evidence to show that the Board was effectively monitoring the same after distribution of the ratts.

- The scheme guidelines also provided that the needs of balanced regional development should be kept in view while selecting the beneficiaries. The Board, however, failed to identify the targeted classes/areas and to earmark a certain percentage to them for the selection of beneficiaries. It was also noticed that the Board could not devise a system to ensure that adequate representation was given to the targeted classes/areas.

The Ministry stated (February 2009) that women artisans who were the targeted sector of the scheme, belonged to the poorest economic strata of the society and a major share of these beneficiaries were from the backward classes and were illiterate. They found it extremely difficult to raise the required beneficiary contribution of 25 *per cent.* The Ministry further added that the Board was monitoring the scheme and was making concerted efforts to improve its implementation.

The reply is not acceptable as the problems cited by the Ministry could have been addressed at the time of formulating the guidelines of the scheme. Besides, the fixation of targets by the Board only from 2005-06, despite the existence of the scheme as early as from 1992-93, indicated poor monitoring of the scheme by the Board.

4.7.2.1 Mahila Coir Yojana- Special Drive

Under the scheme, the Board also implemented a Special Drive in the State of Kerala in 2005-06 and earmarked Rs. 5.38 crore for it. The Special Drive envisaged training of 18000 artisans at a cost of Rs. 65 lakh and providing financial assistance to them in procuring Motorised Traditional Ratts (MTRs) by providing a subsidy equivalent to 75 *per cent* of the cost of ratts, totalling Rs. 4.73 crore. The contribution due from the beneficiaries was borne by the State Government. The Board fixed the price of an MTR at Rs. 3900 with effect from 1 April 2006.

Though the Board's share of subsidy equivalent to 75 *per cent* of the cost of an MTR worked out to Rs. 2925 per MTR at the new rates, it released subsidy at the rate of only Rs. 2625 i.e. at pre-revised rates. Accordingly, it released Rs. 5.35 crore (Rs. 63 lakh for training and Rs. 4.72 crore as subsidy for the purchase of 18000 ratts). The State Government released the balance amount of Rs. 2.30 crore at the rate of Rs. 1275 per ratt for 18000 ratts on behalf of the beneficiaries. The Board imparted training to 18560 artisans during 2005-06 and arranged for the distribution of 17993 MTRs to the trained artisans during 2006-07. The total expenditure incurred for imparting training and subsidy for purchase of MTRs amounted to Rs. 7.65 crore (Rs. 63 lakh for training and Rs. 7.02 crore for MTRs).

In this regard, Audit observed that:

- there were widespread complaints like non-receipt of ratts by the beneficiaries, ratts being kept idle, ratts not conforming to specifications, etc. On becoming aware of these complaints, the Board conducted an inspection of the implementation of the scheme in 2007 through its Internal Audit Wing. The inspection report submitted to the Board was neither produced to Audit nor was the action taken thereon available on record.
- the Board imparted training to 18560 artisans in a short spell of two months. As the National Coir Training and Design Centre did not have infrastructural facilities, training was given with the assistance of co-operative societies and other State organisations. The ad-hoc arrangements failed to impart proper expertise to the artisans in handling the ratts, resulting in them being kept idle. The Director of Coir Development of the State Government also admitted (March 2008) that the scheme could not take off as desired due to various reasons like lack of training, defective ratts, low output, improper selection of beneficiaries, etc. Though the Board was aware of these deficiencies, it had not taken any effective action to rectify the defects so far (October 2008).

Thus, implementing the scheme without envisaging the financial capacity of the potential trainees not only led to a waste of Rs. 3.81 crore, the goal of self-employment for rural women artisans in coir fibre producing regions was also not achieved.

The Board, while accepting the observations, stated (January 2009) that details of ratts remaining idle would be collected from the agencies.

The Ministry stated (February 2009) that no formal internal enquiry regarding grievances such as delays in supply of ratts, need for training etc. had been conducted. Informal efforts had, however, been made to evaluate the functioning of ratts so as to take necessary corrective measures.

The reply is silent on the issue of wide-spread complaints like non-receipt of ratts by the beneficiaries, ratts not conforming to specifications, ratts being kept idle etc. Not conducting any formal inquiry regarding the grievances indicated that the Board had not made serious efforts to address these complaints.

An impact assessment of the scheme was conducted (June 2008) by the Centre for Management Development, Thiruvananthapuram. The Centre pointed out various deficiencies in the implementation of the scheme such as poor quality and non-availability of raw materials, breakdown of machines and frequent power failures. The study recommended the continuation of the scheme after addressing the aforesaid deficiencies.

Recommendation

- *The Board should ascertain the reasons for idling of ratts supplied by them and the complaints regarding distribution and non-receipt of ratts under the special drive and take remedial action for achieving the goals of the scheme.*

4.7.3 Brown Fibre Development Scheme

The Board had been implementing a scheme for extending financial assistance to coir entrepreneurs outside the co-operative fold for establishment of new coir units and for modernisation/renovation of existing coir units. The scheme aimed at enhancement of the utilisation of coconut husk and increase in production of value-added products. It envisaged financial assistance of 25 *per cent* of the cost of equipments and infrastructural facilities to entrepreneurs outside the co-operative fold. The details of physical and financial targets under the scheme during 2003-04 to 2007-08 are given below:

Year	Targets		Achievement	
	Units	Amount *(Rupees in crore)*	Units	Amount *(Rupees in crore)*
2003-04	-	-	58	0.759
2004-05	-	-	48	0.625
2005-06	100	1.50	77	1.45
2006-07	125	1.75	56	0.85
2007-08	150	1.96	152	1.44

It may be seen from the above table that:

- the Board introduced a system of fixing targets for implementation of the scheme only from 2005-06 onwards. The Board did not give any reason for not fixing the targets prior to 2005-06.
- against the target of 100 coir units with a total financial outlay of Rs. 1.50 crore, to be established during the year 2005-06 , 77 coir units could be established with a financial outflow of Rs. 1.45 crore.

Similarly, out of Rs. 1.75 crore earmarked for establishing 125 coir units during 2006-07, Rs. 82 lakh was incurred on the establishment of only 56 coir units. The percentage of achievement of physical targets remained 77 and 44.8 during 2005-06 and 2006-07 respectively.

- It was observed that against the targeted financial outlay of Rs. 1.96 crore for establishment of 150 units, 152 units were established with an outflow of funds of Rs. 1.44 crore during the year 2007-08. This indicated that the Board did not fix targets on realistic basis.

The Board replied that the drought in Tamil Nadu and nearby areas during the years 2004-07 affected the progress of the Brown Fibre scheme, as new coir units were not started. Audit, however, observed that the high cost (as seen from the names of the machines and the cost thereof, given in the scheme guidelines) of machines coupled with the low upper limit (25 *per cent*) of subsidy and exclusion of the co-operative sector were likely obstacles in the way of the success of the scheme.

Thus, although the production of brown fibre in the country registered an increasing trend during the period of report, it could not be specifically attributed to the scheme as the Board did not maintain any data regarding the performance of the assisted units.

The Centre for Management Development conducted (June 2008) an impact assessment of the scheme and substantiated the audit contention that the countrywide increase in production of brown fibre could not be attributed to the contribution of the scheme. The Centre also pointed out other deficiencies in the implementation of the scheme such as lack of a single window for clearance of applications, inordinate delay in disbursement of subsidy, closure of assisted units due to marketing problems etc.

The Ministry accepted that the performance of the scheme was low and stated (February 2009) that low acceptability of the scheme was also on account of more attractive schemes from the State Government, Khadi and Village Industries Commission etc. They stated that a proposal for enhancement of subsidy to Rs. five lakh per unit from the existing subsidy of Rs. 1.50 lakh per unit had been sent to the Government of India for better take-off of the scheme and its continuation during the XI Plan period. Besides, steps were also being taken to give adequate publicity concerning the scheme.

The reply was, however, silent on the issues of non-fixation of targets prior to the year 2005-06 and fixing of unrealistic targets during the years 2005-06 to 2007-08.

4.7.4 Scheme of Fund for Regeneration of Traditional Industries

In order to make the traditional coir industry more productive and competitive, GOI introduced (October 2005) a Central sector scheme titled "Scheme of Fund for Regeneration of Traditional Industries" (SFURTI) with an approved outlay of Rs. 97.25 crore. The main objective of the scheme was to make the industry more competitive and productive by developing coir clusters in various parts of the country over a period of five years, starting from 2005-06. The targeted sector and potential beneficiaries included artisans, workers, machinery makers and raw material producers. The scheme had various components like setting up of common facility centres, product development and design intervention, market promotion assistance and capacity building measures.

As per the scheme guidelines, the Board, as the nodal agency, was to identify the implementing agencies (IAs) such as non-government organisations/ institutions of the Central/State Governments and semi-government institutions with suitable expertise to undertake cluster development for each cluster with the approval of the Scheme Steering Committee headed by the Secretary of the Ministry. The agencies were to identify and appoint Cluster Development Agents who would be responsible for implementation of the scheme in the assigned clusters. The responsibilities of the Cluster Development Agents would include conducting diagnostic studies, preparation and implementation of annual action plans of the clusters, promoting linkages with institutions, building local governance frameworks, etc. The Board had designated its five Regional Officers as Nodal Agency Field Officers (NAFOs) for the implementation of the Action Plan of the Scheme. The release of funds by GOI was to be cluster-based and the funds were to be released directly to the nodal agency which would be responsible for disbursement of funds to the identified agencies through NAFOs. The estimated admissible financial assistance per cluster was Rs. 80 lakh.

In this regard, Audit observed the following:

- The Board identified 26 coir clusters in different parts of the country including two from the North-Eastern region for implementation of the scheme over a period of five years, starting from 2005-06. Audit observed that although GOI released an amount of Rs. 13.15 crore up to March 2008 under the scheme, the Board sanctioned Rs. 12.08 crore to NAFOs but released only Rs. 5.80 crore. It kept the balance Rs. 6.28 crore in term deposits/savings bank account in banks. The NAFOs, in turn, released (August 2008) only Rs. 1.27 crore to the IAs for the development of 25 clusters. As such, the actual expenditure on the development of clusters as of August 2008 was only Rs. 1.27 crore whereas the Board furnished an utilisation certificate for the entire amount sanctioned to the NAFOs. Thus, the utilisation certificate was not based on the actual expenditure of the funds released to the NAFOs.

- Out of Rs. 13.15 crore released by GOI, Rs. 1.01 crore was earmarked for implementation of the scheme in the North-Eastern region. Although the Board sanctioned Rs. 75 lakh (Rs. 0.45 crore for Assam and Rs. 0.30 crore for Tripura) for the implementation of scheme, the actual expenditure incurred in Assam was only Rs. 2 lakh at the end of August 2008. Audit observed that the implementation of the scheme in the North-Eastern region had been delayed due to delay in identification of IAs as one IA for Tripura was identified as late as July 2008.

- As most of the implementing agencies could not proceed beyond complementary activities such as awareness programmes, exposure visits and preparation of detailed project reports, the bulk of the funds released by GOI remained unspent without any benefit to the targeted sections.

- The Board accepted the audit observations and stated (September 2008) that the progress of fund utilisation by the IAs was very slow and hence, the funds could not be released fully to them. The Board had not assessed the impact of the scheme even after three years of its implementation.

The Ministry, while accepting the audit observations, stated (February 2009) that the delays had occurred mainly on account of the substantial time taken for processes such as identification of coir clusters and implementation agencies, training of personnel etc. Besides, since the capacity of beneficiaries to put in their share for common facility centres was far too low, alternative arrangements had to be made. The Ministry also attributed the delays in the various stages of implementation to the reluctance of non-traditional areas to respond positively to the novel concept of cluster based development. In respect of the unutilized funds, the Ministry assured that as per the Action Plan, the entire funds would be utilized before 31 March 2009.

Recommendation

- *The Board should try to ensure proper utilisation of the funds released for development of coir-clusters and issue utilisation certificates only in respect of the funds actually utilised.*

4.7.5 Scheme for Rejuvenation, Modernisation and Technology Upgradation

The Government of India approved (March 2008) a new Central sector scheme for "Rejuvenation, Modernisation and Technology Upgradation" (REMOT) of the coir industry with an outlay of Rs. 243 crore during the XI Plan period (2007-08 to 2011-12) which included a GOI grant of Rs. 99 crore. The scheme envisaged 40 *per cent* Government grants, five *per cent* beneficiary contributions and 55 *per cent* term loans from participating banks. The Board was designated as the nodal agency for the implementation of the scheme. The scheme was launched on a pilot basis to facilitate the sustainable development of spinning and tiny/household weaving units by providing proper work-sheds and enabling replacement of traditional ratts with motorised ratts in the spinning sector and replacement of traditional looms with mechanized looms in the tiny/household sector. The scheme envisaged providing assistance to 4000 spinning units and 3200 tiny/household units. The standard project costs of the spinning and tiny/household sector were Rs. 2 lakh and Rs. 5 lakh respectively.

The Government approved an outlay of Rs. 10 crore during 2007-08 for implementation of the scheme.

Against the total outlay of Rs. 10 crore for 2007-08, GOI released (March 2008) Rs. 9 crore to the Board but an amount of Rs. one crore, earmarked for the North-Eastern region, was not released. Out of Rs. 9 crore, Rs. 8.80 crore meant for 650 applicants was transferred (March 2008) to three participating banks. The balance amount of Rs. 20 lakh was proposed to be utilised for conducting baseline surveys, awareness programmes etc.

The operational guidelines of the scheme stipulated that the banks should release the full quantum of term loans to the beneficiaries within 10 calendar days of the receipt of the Central subsidy from the Board.

Audit observed that against 650 applications involving a total term loan amount of Rs. 12.10 crore, (55 *per cent* of the total project cost of Rs. 22 crore), the Board transferred Rs. 8.80 crore (40 *per cent* of the project cost) to three participating banks (Canara Bank, Indian Bank and Indian Overseas Bank) as of March 2008. The participating banks, however, released term loans of Rs. 1.87 crore only to 78 spinning and 146 tiny/household units as of August 2008. The corresponding share of Central subsidy against the term loans of Rs. 1.87 crore worked out to Rs. 1.36 crore. Thus, the participating banks did not release any term loans within 10 calendar days of the receipt of the Central subsidy of Rs. 7.44 crore.

The Board stated (September 2008) that the scheme was in the first stage of implementation and the banks would release the term loans in two stages, first for construction of the work-sheds and the second for purchase of machinery. For the balance 426 applicants, the participating banks were still in the process of spot inspection of their premises.

The Ministry stated (February 2009) that the delays in sanctioning of loans by the banks was on account of the banks having to inspect the premises, understand the capacity of the borrowers and do physical verification, as per Reserve Bank of India norms before parting with any loan. While acknowledging the delays, the Ministry stated that there had been no contravention of the guidelines.

The reply of the Board and the Ministry are not in consonance with the scheme guidelines which envisaged 10 day periods for release of the full quantum of term loans by banks after the subsidy had been deposited with them.

Recommendation

- *The present system of releasing the entire Central subsidy under the scheme to the participating banks may be reviewed and the terms of the scheme may be modified accordingly to avoid retention of large balances by the banks.*

4.7.6 Development of Coir Industry in the North-Eastern Region

The Government of India had been earmarking 10 *per cent* of the budget of the Board for implementing various activities such as entrepreneurship development programmes, skill development programmes, quality improvement programmes, trainings, workshops, seminars etc., for development of the coir industries in the North-Eastern region. The Board, however, confined its activities mainly to free supply of matting to schools and anganwadis, publicity, advertisement, training, etc. The physical targets and achievements thereagainst for the last five years ending March 2008 are given below:

Year	Awareness Programmes		Training Programmes		Number of persons trained.
	Target	Achievement	Target	Achievement	
2003-04	-	-	-	-	90
2004-05	-	-	6	6	84
2005-06	-	-	6	6	88
2006-07	5	5	10	10	69
2007-08	1	1	10	10	340

- It may be seen from the above that no targets for the awareness programmes were fixed during the years 2003-04 to 2005-06, whereas in the case of training programmes, the Board started fixing targets only from 2004-05 onwards.

The details of grants received, funds allocated and achievements during the last five years are detailed below:

(Rupees in crore)

Year	Grant received (Plan)	Allocation to North Eastern Region	Expenditure					Total
			Awareness/ QIP programme	Publicity/ Advertisement	Training	Free supply of matting	Others	
2003-04	17.04	1.80	--	0.08	0.004	0.26	0.09	0.43
2004-05	16.79	1.80	0.08	0.12	0.009	0.60	--	0.81
2005-06	35.81	1.00	--	0.26	0.40	--	0.28	0.94
2006-07	29.40	1.00	0.29	0.24	0.22	0.21	0.04	1.00
2007-08	42.37	1.30	0.01	0.46	0.05	0.30	0.18	1.00
Total	**141.41**	**6.90**	**0.38**	**1.16**	**0.68**	**1.37**	**0.59**	**4.18**

- It may be seen from the above that the funds earmarked for North-Eastern region during 2005-06 to 2007-08 were only 3.06 *per cent* against the stipulated 10 *per cent* of the grants received by the Board.
- Out of Rs. 6.90 crore earmarked for the North-Eastern region during the last five years, only Rs. 4.18 crore (61 *per cent*) could be spent by the Board.
- The expenditure on free supply of matting to schools and anganwadis during 2003-04 to 2007-08 amounted to 33 *per cent* of the funds utilised. The expenditure on free supply of matting could not be considered to be expenditure on developmental activities of the coir industry.
- Though the Board spent Rs. 4.18 crore in the North-Eastern region during the period of audit, it could not popularise the industry in the

region and the benefits of Central sector employment generation schemes could not be achieved by the beneficiaries as only six coir units were registered in Assam as of March 2008. Besides, no unit was registered in the other States of the region which indicated the tardy implementation of the schemes.

- Despite incurring an expenditure of around 28 *per cent* (Rs. 1.16 crore) of the total expenditure on publicity and advertisement, adequate coir related activities could not be initiated.

The Board admitted that coir-related activities could not be undertaken in most of the North- Eastern States.

The Ministry stated (February 2009) that with the introduction of new schemes and modification of the existing schemes for continuation during the XI Plan period, the utilization of funds in the North-Eastern region would increase, with more developmental interventions.

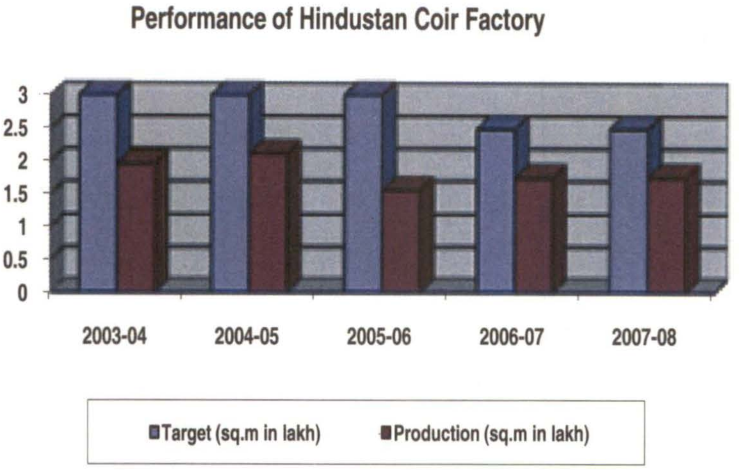
Recommendation

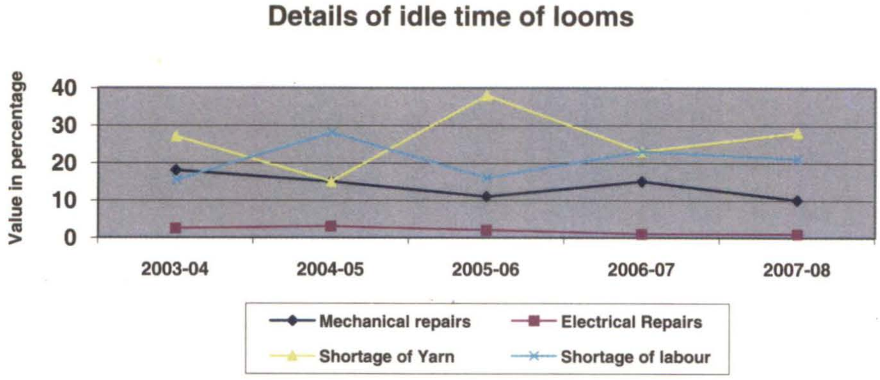
- *The Board should streamline its extension activities to popularize the schemes among the artisans and entrepreneurs of North-Eastern region. Ten per cent of the budget earmarked for the North- Eastern region should be utilised in full on the schemes meant for the region.*

4.8 Commercial Activities of the Board

4.8.1 Hindustan Coir

Hindustan Coir (factory), established in the year 1968 in Alappuzha, started commercial production from 1 January 1969, with the objective of introducing mechanisation in the matting sector of the coir industry. The matting produced in the factory was sold mainly through the showrooms and sales depots of the Board on consignment basis. The following graph depicts the performance of the factory in terms of targets and achievements and idle times of the looms during the period of report.





Against the installed annual capacity of 4.07 lakh sq m, the annual target fixed for the years 2003-04 to 2005-06 was 3 lakh sq.m and for 2006-07 and 2007-08, it was 2.5 lakh sq m as exhibited in **Annex-III**. The achievements against the annual targets ranged between 52 to 71 *per cent* during 2003-04 to 2007-08. Except during 2006-07 and 2007-08, the factory had been running in losses during the entire period of the report.

Besides, Audit observed the following:

- The idle time of the looms during 2003-04 to 2007-08 was between 60 to 67 *per cent* whereas the operational hours ranged between 33 to 40 *per cent* of the total hours as indicated in **Annex-IV**. The idling of looms was due to mechanical failure (10 to 18 *per cent*), shortage of yarn (15 to 38 *per cent*) and shortage of labourers (16 to 28 *per cent*). The Management did not make concerted efforts to address these problems.
- The factory was manufacturing matting which was not catering to the emerging trends in the interior furnishing sector. A jacquard loom purchased in 1984 at a cost of Rs. 14 lakh installed in 1987 to produce

intricate and improved designs in matting with an installed annual capacity of 46576 sq.m, showed a declining trend in production from 10475 sq.m during 2003-04 to 340 sq.m during 2006-07. The loom was lying idle from February 2007 onwards for want of major repairs.

- The marginal profits posted by the factory during 2006-07 and 2007-08 were mainly on account of receipt of Market Development Assistance (MDA) of Rs. 24 lakh and Rs. 29 lakh respectively during the said period.
- Physical verification of closing stock of finished goods at the factory, showrooms and sales depots as on 31 March 2008 disclosed shortage of stock worth Rs. 63 lakh, which indicated inadequate inventory control in the factory.

The Board attributed the losses to non-revision of price of matting despite increase in price of raw material to the tune of 30 *per cent* as well as non-filling of vacant posts.

The Board stated (August 2008) that the variations in stocks were due to non-reconciliation from the very beginning.

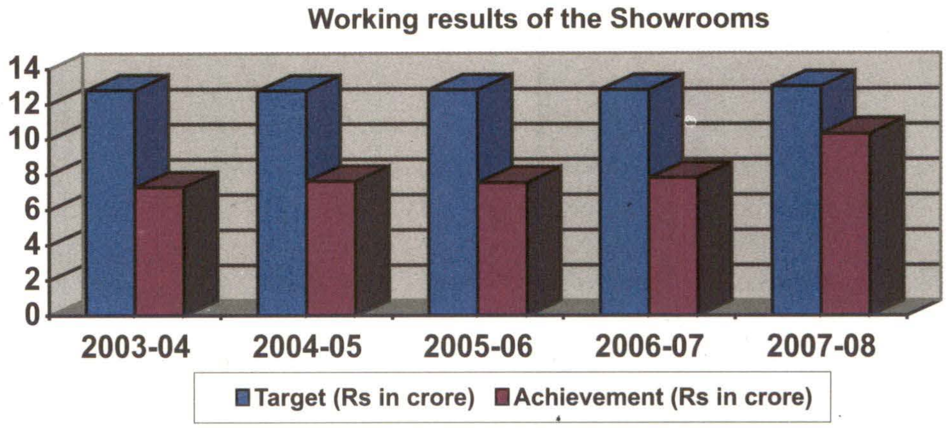
The Ministry stated (February 2009) that continued efforts were being made to improve the performance of the factory on the production side as well as on the financial side.

Recommendation

- *Concerted efforts should be made by the Board to improve the performance of Hindustan Coir by ensuring adequacy of workers, reducing reliance on old machinery and introducing value-added products and innovative designs to suit emerging consumer preferences.*

4.8.2 Performance of Showrooms/Sales Depots

For the purpose of marketing its products, the Board runs 30 showrooms/sales depots in various parts of the country. It procures coir products meant for sale from manufacturers on consignment basis and receives commission on its sales at rates ranging from 15 to 25 *per cent* depending on the items sold. The following graph depicts the working results of the showrooms during the last five years ending on March 2008.



Audit scrutiny revealed that:

- The achievement of sales remained in the range of 56.70 to 79.31 *per cent* against the targets during the period 2003-04 to 2007-08 and losses were in the range of Rs. 1.01 crore to Rs. 1.28 crore during the above period as exhibited in **Annex-V-A**.
- The percentage of sales of factory products to the total sales was only 34. A test-check of seven selected showrooms revealed that the percentage sale of factory products against total sales was only 28 *per cent* as exhibited in **Annex-V-B**.

The Board attributed (August 2008) the poor performance of the showrooms to the discontinuance of the rebate scheme after implementation of MDA, competition from cheaper natural and synthetic substitutes, disadvantageous showroom locations, enhancement of rentals of showrooms, etc.

The Board, however, had not taken any remedial measures to overcome these constraints to enhance the sales.

The Ministry stated (February 2009) that efforts were being made to relocate the showrooms to improve their economic viability.

A study made by APITCO Ltd., Hyderabad in June 2008 also substantiated the audit contention that most of the showrooms could not achieve sales targets. The study also highlighted deficiencies such as lack of aggressive marketing strategy, ineffective pricing of products, inadequate publicity, poor infrastructural facilities, lack of measures for inspiring customer satisfaction etc.

Recommendation

- *The Board should review the performance of the showrooms; take suitable action to close down unviable showrooms and revamp the functioning of the remaining showrooms by adopting modern business practices.*

4.9 Functioning of Research Institutes of the Board

Science and technology programmes of the Board are implemented through two research institutes, viz., Central Coir Research Institute (CCRI), Alappuzha and Central Institute of Coir Technology (CICT), Bengaluru. While CCRI concentrates on research in white fibre[2], CICT is undertaking research in the utilisation of brown fibre[3]. Against Rs. 29.02 crore released for the activities under science and technology, Rs. 29.15 crore was utilised during the period covered by Audit.

Over the years, these two institutions had been conducting research independently as well as in collaboration with several renowned R&D institutions in the field of extraction and further processing of coir fibre; development of coir machinery and product development and diversified use of coir and coir products.

4.9.1 Development of new machines

Though the institutes could make some progress in the development of new machinery, Audit noticed a few instances of unfruitful outlay on the development of new machines.

4.9.1.1 Development of a machine for production of particle board from coconut fibre.

The Board released Rs. 66 lakh between September 2003 and April 2004, against the cost of Rs. 82 lakh to PSG Polytechnic College for development of a machine for production of particle board using tender coconut fibre as a substitute for wood. The Board decided to operate the plant in the college itself for the time being as an incubation centre, as the machine could not be accommodated either at CCRI or CICT due to the large size of the plant. As such, the technology developed could not be used for the benefit of the coir

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[2]fibre extracted from retted (process of softening the fibre by soaking in saline water for eleven months) coconut husk
[3]fibre extracted from unretted coconut husk

industry, which could have enhanced the utilisation of tender coconut husk and saved depletion of forest resources to a significant extent.

The Ministry accepted the audit observations and stated (February 2009) that it would install the machine at Pollachi in a building which would house the Regional Office and Testing laboratory.

4.9.2 Promotion of Geotextiles

Coir Bhoovastra (Coir Geotextiles), which is extensively used world-wide, mainly for prevention of soil erosion and in different civil engineering applications, has got immense growth potential. Though the Board has been taking initiative in the promotion of geotextiles, the concept has not gained popularity within the country. The Board stated (October 2008) that lack of awareness, lack of application technology, sourcing of coir geotextiles and exorbitant freight charges were the main reasons for geotextiles not gaining popularity within the country.

Audit noticed that even though the Bureau of Indian Standards (BIS) had approved (August 2007) the draft specifications for the geotextiles prepared by CCRI, the same had not been officially published. Geotextiles were still to be included as an item in the Schedule of Rates of the State/Central Public Works Department and thus the huge potential for use of geotextiles for stabilisation and prevention of soil erosion in roads/highways/railways and canal embankments remained untapped.

The Ministry stated (February 2009) that efforts had been made to get the approvals of BIS, National Highways Authority and the Central Public Works Department. Besides, a series of demonstrations had been conducted to popularize the product. They had also approached the Ministry of Defence for the use of coir geotextiles for preserving roads, hill slopes etc.

An evaluation of the impact assessment of science and technology programmes implemented by the research institutes was conducted (February 2008) by a team of experts appointed by the Board. The team pointed out that the activities undertaken by the research institutes were beneficial to the development of the coir industry and were in keeping with the objectives envisaged by the Board.

Recommendations

- *The Board should make concerted efforts to tap the huge potential of geotextiles in soil bio-engineering and anti-soil erosion applications.*
- *The Board should ensure that new technologies and products developed by the research institutes are transferred to the stakeholders in an appropriate and time-bound manner.*

4.10 Other Schemes

4.10.1 Extra expenditure due to non-transfer of training centres/production centres

Out of six training/demonstration-cum-production centres♠ set up by the Board, two were handed over to State Governments in 2001 and one was closed down in 2001. The activities of the remaining centres were discontinued from March 2001 and the services of employees were terminated in January 2002. However, the employees had to be continued due to a court order. Audit noticed that the State Government's refusal to take over the centres was due to the lapses on the part of the Board as detailed below:

- All appointments to the centres were to be made by the respective State Governments as stipulated by GOI. The Board appointed the employees of all the centres in contravention of the GOI guidelines. The Board could not retrench them pending disposal of cases filed by the employees seeking regularization of their services.
- The Board did not obtain assurances from the concerned State Governments to take over the centres after a specified period, before setting up the centres which had been set up on behalf of the State Governments.

Although the activities of the centres were discontinued from 31 March 2001, the Board was still incurring expenditure on three centres at Thanjavur, Rajahmundry and Bhubaneswar. The cost of maintenance of the three centres from 2001-02 to 2007-08 was Rs. 1.04 crore.

The Ministry stated (February 2009) that transfer of the centres could not be made as the concerned State Governments refrained from taking them over. The buildings and equipment were now being used to house the Board's Regional Offices and sub-centres, which would facilitate field level training, extension, demonstration etc.

♠ (i)Arsikara in Karnataka, (ii) Thanjavur in Tamil Nadu, (iii) Rajahmundry and Narapuram in Andhra Pradesh, (iv) Bhubaneshwar in Orissa and (v) Nalbari in Assam

The reply is not acceptable in view of the fact that the Board should have obtained assurances from the concerned State Governments regarding taking over of the centres after a specified period, before actually setting up the centres on their behalf.

4.11 Internal Control

Internal control is a process designed to provide a reasonable assurance regarding the achievement of the objectives of an organisation with regard to efficiency and effectiveness of operations, compliance with applicable rules and regulations and sound financial reporting.

A review of internal control in respect of selected areas of the Board revealed the following:

- Though the Board had fixed assets worth Rs. 11.54 crore at the end of March 2008, the Fixed Assets Register had not been maintained in the prescribed format.
- Physical verification of fixed assets had not been conducted during the last five years.
- No manuals for accounting, purchase and internal audit had been prepared by the Board as of March 2008 for regulating and streamlining the activities in these areas.
- At the end of March 2008, advances of Rs. 2.60 crore paid to the Central Public Works Department for deposit works remained unadjusted, out of which Rs. 1.47 crore pertained to the period 1989-90 to 2002-03. Non-adjustment of these advances for such a long period was indicative of weak internal controls.
- The officer heading the internal audit wing was also entrusted with the Accounts/Finance wing. This not only indicated non-segregation of duties but could also affect the independent functioning of the internal audit wing.
- The internal audit of field formations of the Board was in arrears for periods ranging from one to nine years. The liaison office of the Board at New Delhi had not been subjected to internal audit for the last nine years.
- Principal Accountant General (Audit), Kerala conducts audit of the Board under Section 19(2) of the Comptroller and Auditor General's (Duties, Powers, and Conditions of Service) Act, 1971, and major

irregularities are reported through Inspection Reports (IRs). As of October 2008, 100 paragraphs pertaining to seven IRs were outstanding which included observations from 2001 onwards. Due to lack of follow-up of these observations, the Management could not rectify the deficiencies pointed out in these IRs.

The Ministry stated (February 2009) that necessary corrective action was being taken to set right the lapses pointed out by Audit and suitable measures were being taken to strengthen the Internal Audit Wing by redeployment of the staff.

Recommendation

- *The Board needs to strengthen its internal control system.*

4.12 Conclusion

The performance audit revealed that the Board had been undertaking various developmental and promotional schemes for the sustained development of the coir industry but the implementation was tardy. This was attributable to non-utilisation of funds, improper selection of beneficiaries, shortage of labour and yarn, dependence on old machinery, inadequate training etc. The implementation of schemes such as SFURTI and REMOT, which envisaged time-bound action plans also did not proceed as expected due to making of highly optimistic projections without taking into consideration the ground realities. Even after spending more than Rs. 29.00 crore on research during the period, the achievements in terms of development of new products, machinery and dissemination of technology to trade was far from satisfactory.

Acknowledgement

We acknowledge the co-operation and assistance rendered by the Board to Audit during the course of this performance audit.

Annex-I

(Referred to in paragraph 4.5)

Details of field formations test-checked

Kerala	Pr. Accountant General (Audit), Kerala, Thiruvanathapuram	Showrooms at Thiruvanathapuram, Kochi and Trichur/Regional Office, Kannur/Hindustan Coir, Alappuzha/Central Coir Research Institute, Alappuzha/National Coir Training & Design Centre, Alappuzha
Karnataka	Pr. Accountant General (C&CA), Karnataka, Bengaluru	Regional Office, Bengaluru/Showroom, Bengaluru/Central Institute of Coir Technology, Bengaluru
Tamil Nadu	Pr. Accountant General (Civil Audit), Tamil Nadu & Puducherry, Chennai	Regional Office, Pollachi/Coir Research and Extension Centre, Tenkasi/Showrooms at Madurai and Chennai
Assam	Pr. Accountant General (Audit), Assam, Guwahati	Showroom, Guwahati/Sub Regional Office, Guwahati

Annex-II

(Referred to in paragraph 4.6)

Year-wise details of Non-Plan expenditure incurred from Plan funds

(Compiled from Plan Fund Trial Balance)

	2003-04	2004-05	2005-06	2006-07	2007-08
Accounting charges	-	-	-	370788	-
Audit fees	22230	10970	32260	62025	121235
Bank charges	-	-	-	-	34345
Contribution NPS	-	-	-	43499	67262
Canteen subsidy	-	-	-	-	10968
CB Pension Account	-	-	-	-	7269342
CB IICF	-	-	-	-	2121964
Consultancy fees	-	-	-	-	894752
Electricity and water charges	567922	978711	771587	6478478	3840413
General expenses	1321686	969000	1215619	5009267	6151125
Hospitality	-	-	-	129990	317786
LTC	-	-	-	-	1575046
Legal charges	54855	49867	45131	72070	157150
Maintenance of staff car	145850	66787	92428	20103	115485
Medical advance	-	25200	19343	19343	-
Notification charges	1591150	1565201	-	14850	205398
Pension contribution	1455400	1429792	4151834	11600877	6849570
Postage	74166	158230	126040	574378	1057952
Printing & stationery	149800	312770	1411725	2454297	2098900
Purchase of garden articles	-	-	-	-	7470
Rates and taxes	230579	165480	21670	224986	306412
Rent	2059961	2115640	2539203	2660573	5593454
Repairs and maintenance	-	-	420086	88410	206678
Salaries	18662798	21420557	23828589	41225692	58851611
Subscription to periodicals	71438	77634	97145	140262	281133
Travel advances	1296775	1539393	2898488	740006	4209062
Telephone charges	299285	298533	410313	1144146	1691318
Temporary advances	372324	471458	660548	902768	714542
Travel expenses	5452607	3338695	7028098	8401788	12571908
Vehicle expenses	77991	64647	6583	9241	9241
Wages	694000	620155	983786	991241	4968111
Total	**34600817**	**35678720**	**46760476**	**83379078**	**122299633**

Annex-III

(Referred to in paragraph 4.8.1)

Performance of Hindustan Coir Factory for the period 2003-04 to 2007-08

Year	Target sq. m (in lakh)	Production sq. m (in lakh)	Percentage of achievement	Profit (+)/ Loss *(Rupees in crore)*
2003-04	3	1.96	65.33	-0.28
2004-05	3	2.12	70.66	-0.23
2005-06	3	1.56	52.00	-0.49
2006-07	2.5	1.75	70.00	0.05
2007-08	2.5	1.76	70.40	0.24

Annex-IV

(Referred to in paragraph 4.8.1)

Details of idle time of looms

Year	Production sq. m (in lakh)	Working hours (percentage)	Mechanical Repairs (percentage)	Electrical Repairs (percentage)	Shortage of Yarn (percentage)	Shortage of Labourers (percentage)
2003-04	1.96	37	18	2.5	27	15.5
2004-05	2.12	39	15	3	15	28
2005-06	1.56	33	11	2	38	16
2006-07	1.75	38	15	1	23	23
2007-08	1.76	40	10	1	28	21

Annex-VA

(Referred to in paragraph 4.8.2)

Working results of Showrooms and Sales Depots

Year	Sales target *(Rupees in crore)*	Sales achievement *(Rupees in crore)*	Percentage of achievement	Income *(Rupees in crore)*	Expenditure *(Rupees in crore)*	Profit (+) Loss (-) *(Rupees in crore)*
2003-04	12.82	7.27	56.70	1.06	2.07	- 1.01
2004-05	12.77	7.63	59.75	1.02	2.18	- 1.16
2005-06	12.80	7.55	58.98	1.12	2.36	- 1.24
2006-07	12.80	7.81	61.03	1.12	2.40	- 1.28
2007-08	13.00	10.31	79.31	1.38	2.53	- 1.15

Annex-VB

(Referred to in paragraph 4.8.2)

Performance of test-checked Showrooms/Sales Depots

Name of Showroom	Figures for the years from 2003-04 to 2007-08			Percentage of sales achievement against target	Percentage of sales of Hindustan Coir Products to total sales	Dues pending realisation as of March 2008 *(Rupees in crore)*
	Total Target *(Rupees in crore)*	Total Sales *(Rupees in crore)*	Total sales of Hindustan Coir products *(Rupees in crore)*			
Thiruvanathapuram	1.50	0.86	0.21	57.33	24.41	Nil
Kochi	2.30	2.03	0.38	88.26	18.72	0.004
Trichur	1.50	1.07	0.28	71.33	26.16	0.0023
Bengaluru	2.78	2.12	0.65	76.25	30.66	0.0056
Madurai	1.35	0.45	0.10	33.33	22.22	0.0009
Chennai	2.95	1.86	0.66	63.05	35.48	0.01
Guwahati	1.21	0.69	0.24	57.02	34.78	0.08

Section B – Compliance Audit Paragraphs

CHAPTER V : MINISTRY OF AGRICULTURE

National Agricultural Cooperative Marketing Federation of India (NAFED)

5.1 Implementation of Price Support Scheme (PSS) operation for mustard seed during Rabi-2005

5.1.1 Introduction

NAFED is a national level apex cooperative marketing federation established with the objective of organizing, promoting and developing cooperative marketing, processing and storage of agricultural produce, distribution of inputs and domestic and international trading of agricultural commodities.

Price Support Scheme (PSS) envisages the fixation of the Minimum Support Price (MSP) by the Government of India (GOI) whenever prices of commodities fall in the open market in order to provide a remunerative price to the farmers for their produce, and makes purchases under this scheme till the open market prices reach the MSP. GOI designated NAFED as the Central nodal agency for procurement of 14 commodities of oilseeds and pulses. PSS Operation is a multi-stage activity involving the Ministry of Agriculture, NAFED, State Level Cooperative Federations, State Governments and Primary Level Cooperative Marketing Societies as detailed in **Annex-I**. The concerned State Cooperative Marketing Federations and State Cooperative Oilseeds Growers Federations are the procuring supporters for NAFED and these supporters, in turn, procure stock from farmers through Primary Cooperative Marketing Societies.

5.2 Audit Findings

Audit examination of PSS operations pertaining to mustard seed during Rabi season-2005 was made in pursuance of the request (January 2006) of the Department of Agriculture and Cooperation, Ministry of Agriculture. Test check of the records of 26 procurement centers in Rajasthan, Haryana, Gujarat and Madhya Pradesh and offices of NAFED during the period October 2006 and July 2007 as detailed in **Annex-II** revealed the following:

5.2.1 Procurement of mustard seed by Primary Cooperative Marketing Societies

As per NAFED's Action Plan for PSS, necessary documentary proof of land cultivated (Girdawari) was to be obtained by the Primary Cooperative Marketing Societies (PCMS) from the farmers, as issued by the respective State departments showing that the stock being delivered under PSS was cultivated in their fields. This would ensure that the benefit of PSS operations was actually received by genuine farmers, and not by traders and other middlemen. While conducting the audit of 26 procurement centres, the Patwari records of 21 centres were test-checked to verify this aspect. In 21 centres, 4,876 farmers of 60 villages sold 2,10,722 quintals of mustard seed under PSS. Out of this, discrepancies were noticed in respect of 1,15,575 quintals, which constituted 55 *per cent* of the total test-checked quantity. These discrepancies were attributable to excess purchases, irregular purchases due to wrong addresses, non-land holding of farmers and tampering of Girdawaries etc. as explained in the succeeding paragraphs:

5.2.2 Purchase of mustard seed without prescribing limits

It was observed that NAFED did not prescribe the limits for procurement of mustard seed from individual farmers as per the area of cultivation of mustard. In Rajasthan, the district authorities issued directions to procurement agencies to restrict the purchases as per the average production per acre/hectare declared by the State Agriculture Department, but no such directions were issued in the States of Haryana, Madhya Pradesh and Gujarat by the district authorities/State Governments nor were any instructions issued by NAFED. Resultantly, Audit adopted the average yield of the area as the criteria for assessing the actual quantity of mustard seed to be procured.

Test-check of records revealed that an excess purchase of 62,234.16 quintals of mustard seed valued at Rs. 10.58 crore was made from 1,874 farmers of 40 villages in 12 procurement centres as detailed in **Annex-III**. Audit observed that the quantity procured from the farmers was far in excess in Haryana, Madhya Pradesh and Gujarat than in Rajasthan. In Haryana, procurement was made even without collecting the documentary evidence of land holdings from farmers. Such ad-hocism did not enable rational planning for procurement of mustard seed, and could lead to the possibility of involvement of private traders/entities as a huge procurement of 20.84 lakh MT of mustard seed was made during Rabi-2005.

5.2.3 Tampering of Girdawaries resulting in irregular purchase

It was observed that the Girdawaries were tampered within one village of Rajasthan, resulting in procurement of 903.17 quintals of mustard seed amounting to Rs. 0.15 crore on the basis of the tampered Girdawaries as detailed in **Annex-IV**.

NAFED stated (October 2007) that as per the report, the conversion of hectare into bighas was to be worked out as one hectare being equal to 6.25 bighas and they had taken up the matter with the State Government/procuring agencies for devising a farmer-friendly mechanism. The reply of NAFED is not tenable as the observation was related to tampering of Girdawaries, which were the basis for procurement from farmers.

5.2.4 Irregular purchase of mustard seed

Test-check of the records revealed the following cases of irregular procurement of mustard seed:

- In Haryana and Madhya Pradesh, mustard seed was not cultivated by 699 farmers of 16 villages in 8 procurement centres during Rabi-2005 in their lands. The fact remained that 21130 quintals of mustard seed amounting to Rs. 3.59 crore was purchased from them by the Societies as detailed in **Annex-V**.
- In 16 villages of 6 procurement centres of Haryana, it was also noticed that 31,307 quintals of mustard seed amounting to Rs. 5.32 crore were purchased from 1,002 persons who were neither residents of these villages nor had any land in these villages as detailed in **Annex-VI**.

The Ministry stated (April 2008) that the purchases in such cases were made on the basis of certificates of the Agricultural Marketing Board/local revenue authorities and while undertaking such huge procurement operations, the Central Nodal Agency had to rely on the State level agencies and the PCMS actually operating at the mandi level.

The reply is not acceptable as the facts were not verified by the Patwaris/Tahsildars who were the competent authorities to verify the revenue records. The Ministry, has, however, issued necessary directions to State Governments.

5.2.5 Sale of mustard seed in local mandis by farmers due to foreclosure of procurement operation under PSS

The objective of the PSS scheme was to provide a remunerative price to the farmers for their produce and the purchases under this scheme were to continue in an open-ended fashion till the open market prices reached the MSP.

Audit scrutiny of the information received from local mandis revealed that the procurement was stopped mid-way i.e. at the end of May, and resultantly, the farmers were forced to sell their produce of about 7.64 lakh quintals to the Middlemen/Arhatiyas at very low prices i.e. between Rs. 800-1750 per quintal during June to August 2005 as detailed in **Annex-VII**. This reflected not only contravention of the scheme guidelines but also defeated the very purpose of the scheme.

The Ministry stated (April 2008) that due to paucity of storage capacity, financial arrangements and other logistic arrangements, the procurement of mustard seed was suspended for a couple of days and resumed subsequently, which resulted in procurement of additional quantity of 3 lakh MT of mustard seed.

The reply of the Ministry contradicts the reply given by NAFED which indicated that the procurement was stopped due to paucity of funds.

5.3 Procurement Quality and Storage

It is imperative that in order to have an effective control on quality, the quality of the stocks procured stored are analysed and the reports of such analysis are to be maintained.

5.3.1 Sampling of stock of mustard seed during procurement stage

As per the Action Plan, random samples of the stock procured/stored were to be drawn, moisture content was to be got tested from the Market Committee and Central Warehousing Corporation (CWC) and their analysis reports were to be obtained by NAFED. Besides, samples were to be analyzed for other grade specifications.

Test-check of the records of various societies as detailed in **Annex-VIII** revealed that no records of the samples drawn were available. As a result, adherence to Fair Average Quality (FAQ) grade in procurement of mustard seed could not be ensured in audit.

The Ministry stated (April 2008) that NAFED had drawn the samples but no records of the samples were maintained due to heavy procurement and NAFED had been directed to take corrective measures in maintenance of records.

5.3.2 Non-maintenance of records for moisture content in the procured stock

The branch offices of NAFED were required to maintain the position of stock lying in various warehouses under their area of operation for stock deposited/despatched for inter-office transfer (IOT), processing and sale. At the close of each financial year, they were to collect the statements of stock from each warehouse to ascertain the gain/loss of stock.

Scrutiny of records, however, revealed a shortage of 20,497 quintals of mustard seed in 91 warehouses and gain of 61,254 quintals in 224 warehouses, as on 31 March 2007 in five branch offices of NAFED as detailed in **Annex-IX**.

As per clause 7.13 of the Business Procedures of NAFED, each Branch Office was to keep records of moisture content at the time of depositing the commodities in the warehouses and also at the time of delivery for working out the storage loss/gain, as the increase or decrease in moisture content was linked with gain/loss of weight of stocks lying at warehouses.

Test-check of records of the aforesaid branch offices disclosed that no such consolidated records of moisture were maintained either at the time of depositing the commodities in the warehouse or at the time of disposal. As a result, the authenticity of shortage/surplus shown in the 315 warehouses could not be vouchsafed in audit, and the possibility of any mismanagement in the sale/disposal of mustard seed could not be ruled out.

The Ministry accepted the audit recommendation and stated (April 2008) that NAFED had been directed to maintain the records of moisture content at the branch level as per the provisions of the Business Procedures so that the possibility of mismanagement in sale and disposal of mustard seed may be curbed. Besides, the Ministry directed NAFED to take action against the defaulting branches.

5.4 Sale of mustard seed, oil and cake

5.4.1 Irregular sale of mustard seed

The Business Procedures of NAFED stipulated that each successful buyer of mustard seed should deposit 10 *per cent* of the value of the tendered quantity of mustard seed as security deposit within 48 hours from the time of confirmation of the bid and the balance payment was to be made within 10 working days. Further, in case the party failed to deposit the balance payment within 10 working days, extension of time at their request for one week with penalty interest at 12 *per cent* and another week at 15 *per cent* was permissible. In case the party did not make payment within the extended period, the security deposited so remitted would be forfeited.

It was, however, noticed that the branch offices of NAFED did not adhere to these instructions and failed to obtain security deposit of Rs. 3.69 crore in 13 cases as detailed in **Annex-X**. The question of forfeiting the security deposit thus did not arise.

The Ministry stated (April 2008) that the action of NAFED had not resulted in any loss and NAFED had been directed to adhere to the guidelines strictly to avoid such situations again in future. The plea of the Ministry is not tenable as non-deposit of security denied NAFED the opportunity to fulfill the same in cases of default.

5.5 Excess claim of interest from Government of India

NAFED submits periodical Profit and Loss accounts to GOI for intimation of losses and claiming reimbursement of losses from GOI on account of PSS operations. It was, however, observed that excess interest was claimed from GOI on account of non-accountal and short-accountal of sale proceeds, misclassification of other operations expenses in mustard account, delayed credit from banks and branch offices of NAFED, misclassification of interest due to non-reconciliation of interest charged by the banks, charging of interest for non-transaction periods, etc.

The Ministry accepted the audit observation and stated that NAFED had made necessary rectifications in their books of accounts by crediting Rs. 8.87 crore to the account of GOI as pointed out by Audit. It was further stated that NAFED had been directed to be careful in booking commodity-wise expenses and calculation of the interest on investment made from other sources under PSS operations.

5.6 Conclusions

- NAFED did not fix the maximum yield per acre/hectare for individual farmers for procurement under PSS operations, to ensure that the benefits of PSS operations reached the genuine farmers.

- The accountability of State Governments for possible lapses *vis-à-vis* issue of Girdawaries could not be ensured.
- NAFED did not institute any mechanism for sample examination of procurement records vis-à-vis landholders' records by the State Governments, to ensure that the benefits of PSS operations reached the genuine farmers.
- No concerted efforts were made for the publicity of foreclosure of procurement amongst farmers.
- NAFED did not maintain records for sampling of stock at the procurement and storage stages in its PSS operations.
- NAFED did not conduct test-check of records of warehouses to determine the genuineness of loss/gain of stock on account of moisture content, to have a control over its storage operations.
- NAFED did not adhere to the guidelines laid down in its Business Procedures for disposal of the procured commodities under PSS.

Recommendations

- *NAFED should fix the maximum yield per acre/hectare for individual farmers for procurement under PSS operations, to ensure that the benefits of PSS operations reach the genuine farmers.*
- *The accountability of State Governments for possible lapses vis-à-vis issue of Girdawaries should be ensured by making the State Governments a partner in the implementation of PSS Operations.*
- *NAFED should devise a mechanism for sample examination of procurement records vis-à-vis landholders' records by the State Governments, to ensure that the benefits of PSS operations reach the genuine farmers. Further, NAFED should conduct its own test-checks apart from the checks exercised by State Governments.*
- *Sufficient publicity of foreclosure of procurement should be made for maintaining transparency.*
- *NAFED should maintain the records for sampling of stock at the procurement and storage stages in future PSS operations.*
- *Concerted efforts should be made to conduct test-check of the records of warehouses to determine the genuineness of loss/gain of its stock on account of moisture content to have an adequate control over its storage operations.*

Annex-I

(Referred to in paragraph 5.1.1)

Operational arrangements

Implementing agency	Major stages of PSS operations
Ministry of Agriculture and Co-operation	Declaration of Minimum Support Price
National Agricultural Cooperative and Marketing Federation	Nodal agency for preparing action plan , arrangement of packing material, storage, movement plan of procured stock, insurance, disposal of procured stock and overall monitoring of the PSS operations
State Government	Providing input data on the expected production and support for the operations
State Level Cooperative Federation	Coordinating the procurement and storage operations in the State on behalf of NAFED and arrangement of transportation of procured stock
District Administration	Issuing directions for fixing upper limits for purchase of mustard seed as per FAQ and issue of documentary proof of land cultivation to the farmers
Primary Cooperative Marketing Society normally called Karaya Vikaray Sahakari Samiti (KVSS)	Procurement of mustard seed as per FAQ and follow-up of the instructions issued by the above agencies by setting up procurement centres

Annex-II

(Referred to in paragraph 5.2)

Details of procurement centres/branch offices of NAFED test-checked

Name of the State	Total procurement centres in the State	Procurement centres test checked in audit	Place of the procurement centre of KVSS in State/Branch Office of NAFED
Rajasthan	262	12	Newai, Toda Raisingh, Kekri, Ramganj Mandi(Kota), Attru, Swaimadhopur Mathania, Nagaur, Chittorgarh, Bhamashah Mandi(Kota), Sriganganagar, Hanumangarh
			Branch Offices of Jaipur and Sriganganagar
Haryana	48	6	Rewari, Bawal, Narnaul, Bhiwani, Pataudi, Tauru
			Branch Office, Chandigarh
Gujarat	32	6	Dhanera[1] and Morbi
			Branch Office, Ahmedabad
Madhya Pradesh	97	2	Sheopurkalan and Neemuch
			Branch Office, Indore
Delhi			NAFED HQ at Delhi
Total	**439**	**26**	

[1] Five Societies at Dhanera

Annex-III

(Referred to in paragraph 5.2.2)

Excess purchase beyond limits fixed as per average yield

Place of procurement centre	No. of farmers	Average yield per Hectare as per Agriculture Department of State	Quantity of purchase from farmers	Quantity of purchase as per norms	Total quantity of excess purchase	Value of excess purchase (*Rupees in lakh*)
		(Quantity in quintals)				
Rajasthan[2]						
Sriganganagar	10	16.00	709.15	549.08	160.07	2.72
Hanumangarh	15	16.00	556.71	467.28	89.43	1.52
Sub Total	**25**		**1265.86**	**1016.36**	**249.50**	**4.24**
Haryana						
Rewari	98	15.00	4390.94	865.95	3524.99	59.92
Bawal	75	15.00	2857.65	1284.00	1573.65	26.75
Narnaul	245	12.50	9960.40	3028.75	6931.65	117.84
Bhiwani	196	12.50	11061.05	3894.01	7167.04	121.84
Pataudi	107	15.00	5601.33	1085.47	4515.86	76.77
Tauru	77	12.50	3309.00	735.00	2574.00	43.76
Sub Total	**798**		**37180.37**	**10893.18**	**26287.19**	**446.88**
Gujarat						
Dhanera*	583	15.00	39057.88	17494.01	21563.87	366.59
Morbi	117	13.63	8131.40	2418.50	5712.90	97.12
Sub Total	**700**		**47189.28**	**19912.51**	**27276.77**	**463.71**
Madhya Pradesh						
Neemuch	206	9.52	4074.64	1649.19	2425.45	41.23
Sheopur	145	14.00	10340.05	4344.80	5995.25	101.92
Sub Total	**351**		**14414.69**	**5993.99**	**8420.70**	**143.15**
Grand Total	**1874**		**100050.20**	**37816.04**	**62234.16**	**1057.98**

[2] In Rajasthan, the district administration fixed the ceiling of productivity for procurement under PSS

* Five societies at Dhanera

Annex-IV

Tampered Girdawaries in KVSS Kota

(Referred to in paragraph 5.2.3)

Sl. No.	Date of weighment as per purchase register	Names of farmers of village Rangpur	Area as per Patwari's Girdawari Register (In bighas by considering 6.25 bighas equal to one hectare)	Area after tampering of Girdawari issued to farmer (In bighas)	Difference in area of land (In bighas)	Quantity actually purchased (In quintals)	Quantity as per norms (In quintals)	Excess purchased (In quintals)
1	01.03.2005	Mohan Lal	5.69	18.19	12.50	74.80	22.76	52.04
2	05.03.2005	Hemraj	6.25	25.00	18.75	105.70	25.00	80.70
3.	07.03.2005	Chhatra	12.06	49.56	37.50	171.70	48.25	123.45
4.	08.03.2005	Vardhi Lal	8.88	40.13	31.25	141.76	35.52	106.24
5.	08.03.2005	Mangilal	4.19	41.69	31.25	185.30	16.76	168.54
6.	12.03.2005	Chhotulal	5.56	43.06	37.50	172.35	22.25	150.10
7.	12.03.2005	Parkash Chand	6.25	25.00	18.75	80.75	25.00	55.75
8.	12.03.2005	Chhatra	6.94	44.44	37.50	138.38	27.76	110.62
9.	17.03.2005	Gopal	6.25	39.06	32.81	80.73	25.00	55.73
Total								**903.17**

Annex-V

(Referred to in paragraph 5.2.4)

Resident of the village but no mustard cultivated in their land as per patwari records

Name of the State	Place of procurement centre	No. of persons	Quantity of purchase from such persons (in quintals)	Value of mustard purchased from such persons *(Rupees in lakh)*
Haryana	Rewari	25	1058.07	17.99
	Bawal	54	1707.50	29.02
	Pataudi	44	1547.11	26.30
	Tauru	28	962.65	16.37
Madhya Pradesh	Neemuch	309	5193.30	88.29
	Sheopur	239	10661.15	181.24
Total		**699**	**21129.78**	**359.21**

Annex-VI

(Referred to in paragraph 5.2.4)

Persons neither resident of those villages nor have any land in those villages

Place of procurement centre in Haryana	No. of persons	Quantity of purchase from such persons (in quintals)	Value of mustard purchased from such persons *(Rupees in lakh)*
Rewari	13	449.75	7.65
Bawl	219	6675.65	113.49
Narnaul	215	6141.40	104.40
Bhiwani	319	11845.60	201.38
Pataudi	14	487.21	8.28
Tauru	222	5707.80	97.03
Total	**1002**	**31307.41**	**532.23**

Annex-VII

(Referred to in paragraph 5.2.5)

Mustard seed traded in the local mandis

Sl. No.	Name of Krishi Upaj Mandi/Market Committee	June 2005 (Quantity in Quintal)	July 2005 (Quantity in Quintal)	August 2005 (Quantity in Quintal)	Rates per quintal *(In Rs.)*
1	Nagaur	8863	4941	3502	1473-1678
2	Chittorgarh	39642	333	135	1525-1600
3	Kota	74223	29504	27666	1475-1650
4	Sriganganagar	6412	7671	6262	1456-1700
5	Hanumangarh	1470	147	76	1473-1540
6	Newai	38600	19016	-	1485-1650
7	Madhopur	42595	18617	4764	1310-1650
8	Rewari	51398	10227	6555	1130-1702
9	Pataudi	82119	289	1879	1350-1700
10	Tauru	-	-	-	1350-1650
11	Bhiwani	22023	1379	372	1450-1570
12	Narnaul	17230	10298	2185	1450-1700
13	Neemuch	1099	493	469	1450-1750
14	Sheopurkalan	91956	28971	21549	800-1700
15	Morbi	-	11	7	1260-1700
16	Dhanera	44219	22202	12729	1426-1637
	Total	**521849**	**154099**	**88150**	
Grand total				**764098**	

Annex-VIII

(Referred to in paragraph 5.3.1)

Status of sampling done at the procurement stage

Name of State	Total no. of procurement centres test-checked	Sampling status
Rajasthan	2	Not done
Haryana	6	-Do-
Gujarat	7	-Do-
Madhya Pradesh	2	-Do

Annex-IX

(Referred to in paragraph 5.3.2)

Branch-wise position of surplus/shortage in warehouses

Name of Branch Office of NAFED	No. of warehouses showing surplus of stock	Total surplus (In quintals)	No. of warehouses showing shortage of stock	Total shortage (In quintals)
Ahmedabad	26	11104.59	12	2472.58
Sriganganagar	25	18983.36	2	146.40
Indore	76	6234.67	27	1433.27
Jaipur	44	17501.30	31	12832.52
Chandigarh	53	7430.28	19	3612.15
Total	**224**	**61254.20**	**91**	**20496.92**

Annex-X

(Referred to in paragraph 5.4.1)

Non-forfeiture of security deposit

Place of Branch Office	Total No. of firms	Total tendered quantity (In quintals)	Total quantity lifted (In quintals)	Total time allowed for lifting of the quantity with extended period of 2 weeks (In days)	Actual time taken to lift the tendered quantity (In days)	Total delay in lifting of quantity (In days)	Amount of non-forfeiture of security deposit *(In Rs.)*
Ahmedabad	11	25402.00	23995.37	24	31-170	7-146	23919270
Indore	1(Ist bargain)	71000.00	24425.00	24	63(partly lifted)	39(Partly lifted)	5048524
	2nd bargain with same firm	46495.00	14262.50	24	Till Audit (15.6.07)	NA	7978452
Total		**142897.00**	**62682.87**				**36946246**

CHAPTER VI : MINISTRY OF COAL

Coal Mines Provident Fund Organisation

6.1 Loss of interest of Rs. 8.34 crore

Coal Mines Provident Fund Organisation suffered loss of interest of Rs. 8.34 crore due to delay in realizing the maturity proceeds of its securities.

The Coal Mines Provident Fund Organisation (CMPFO) invests the provident fund collections from the employees of coal mines in different securities and deposits for getting optimum returns thereon.

During February to November 1996, CMPFO invested a total of Rs. 110.84 crore in four series of Industrial Finance Corporation of India (IFCI) securities, which were to mature during February 2002 to November 2003, as detailed in the **Annex**.

It was noticed that the credit rating of IFCI, which was under 'AAA' category at the time of investment was downgraded to 'AA+' category in June 1999 and to 'D' category in April 2003. Due to continuous deterioration in its financial health, IFCI made payments of the maturity proceeds of the securities to CMPFO after delays ranging from 155 to 439 days. CMPFO did not claim interest directly from IFCI for the delayed payment of its securities after their maturity and consequently suffered a loss of Rs. 8.34 crore.

It was also observed that the Ministry of Coal directed (February 2004) CMPFO to take up the matter with the Department of Banking, Ministry of Finance, but no efforts were made by them to pursue the matter with them, resulting in non-realisation of the interest.

The Management accepted (July 2008) that there were delays in remittance of the maturity proceeds of the IFCI securities, but did not offer any reasons for not taking up the matter with the Ministry of Finance.

Thus, the Management's inaction towards claiming interest for the delayed periods of maturity proceeds as well as non-pursuance of the matter with the Ministry of Finance resulted in loss of interest amounting to Rs. 8.34 crore.

The matter was referred to the Ministry in February 2009; their reply is awaited as of March 2009.

6.2 Idle expenditure of Rs. 8.02 crore on a computerization project

Awarding a computerisation project to a vendor without ensuring error-free data resulted in idle expenditure of Rs. 8.02 crore. Besides, the intended objective of total computerisation could not be achieved.

The Board of Trustees (BOT) of the Coal Mines Provident Fund Organisation (CMPFO) in its 143rd meeting, decided (May 2005) to appoint Webel Technology Limited (WTL) as consultant for the total computerisation of the organisation. The consultant submitted (July 2005) a blue-print for the purpose and recommended the implementation of the readymade Enterprise Resource Planning (ERP) package of Oracle or Systems Applications and Products (SAP). The Commissioner, CMPFO awarded (February 2006) the project of SAP at a cost of Rs. 8.02 crore. According to the contractual agreement, the project was to be completed within a stipulated period of 10 months i.e by December 2006. The data cleaning and validation of the existing master data would be the responsibility of CMPFO so that clean data could be uploaded into the SAP system. As the availability of error- free data was a prerequisite for successful implementation of the project, CMPFO should have provided such data to SAP before award of the project to them.

Mention was made in Report No. 4 of 2004 of the Comptroller and Auditor General of India regarding the failure of a turn- key project of computerizing CMPF accounts, which had been awarded to M/s Computer Maintenance Corporation Ltd (CMC) at a cost of Rs. 1.16 crore. The project failed after an expenditure of Rs. 87 lakh as CMPFO could not supply error- free input data to CMC. The Ministry, in its Action Taken Report (ATR), stated (March 2006) that the entire aspect of computerisation had been given a fresh look by the Board of Trustees of CMPFO, and efforts had been made to clean the data. However, it was observed that CMPFO awarded the work of total computerisation of SAP without making adequate arrangements for providing error- free data. As a result, the project could not be made operational till date (January 2009), even after incurring the expenditure of Rs. 8.02 crore.

It was also noticed that although CMPFO had already been working on the 10 G version of Oracle, SAP supplied a lower version, i.e. 9.2, without taking cognizance of the view of its consultant and EDP Manager who had objected to the lower version and pointed out that it would lead to future complications. Even though this was a deviation, the Commissioner directed that only an amount of Rs. 5 lakh was to be withheld from the bills of SAP.

CMPFO accepted the audit observation and stated (June 2008) that pure and clean data was not yet available in the system.

Thus, award of the computerisation project to SAP by CMPFO without ensuring error- free data resulted in idle expenditure of Rs. 8.02 crore for a period of approximately two years as the project remained inoperative till date. Besides, the intended objective of total computerisation could also not be achieved.

The matter was referred to the Ministry in February 2009; their reply is awaited as of March 2009.

6.3 Loss of Rs. 1.74 crore due to supply of electricity at nominal rates

Due to supply of electricity to its staff and officers at nominal rates, CMPFO suffered a loss of Rs. 1.74 crore.

Report No. 4 of the Comptroller and Auditor General of India for the year ending March 2005 had highlighted that the Coal Mines Provident Fund Organisation (CMPFO) had made a payment of Rs. 2.17 crore on supply of electricity to its staff and officers during 1999-2004 but had recovered a nominal charge of Rs. 1.07 lakh from them, resulting in a loss of Rs. 2.16 crore. Consequently, the Ministry directed (July 2005) CMPFO that it should not incur expenditure on the electricity used by its staff and officers in their quarters.

CMPFO had two High Tension (HT) connections of 100 KVA[1] each to meet the electricity requirements of its office and staff quarters. Due to increase in demand, the load was enhanced from 200 KVA to 350 KVA from January 2005. The power load was assessed as 19.41 *per cent* for the office building and 80.59 *per cent* for the staff and officers' quarters.

It was noticed that no electric meters had been installed in the staff and officers' quarters by CMPFO, and electric charges were still being collected at nominal rates of Rs. 4 to 15 per month in disregard of the directions of the Ministry.

CMPFO made a payment of Rs. 2.17crore to the Jharkhand State Electricity Board from April 2004 to March 2008. As the load factor was 80.59 percent for staff and officers' quarters, the total amount which should have been recovered from the staff and officers was Rs. 1.75 crore. However, CMPFO

[1] Kilo Volt Ampere

recovered only Rs. 0.74 lakh from them, resulting in a loss of approximately Rs. 1.74 crore.

CMPFO stated (June 2008) that electricity charges were being recovered at fixed rates at the headquarters office and the regional offices located at Dhanbad. This practice was being followed for more than three decades and the order in this regard was not available with the organization.

The reply does not explain as to why the directions of the Ministry were not followed, which led to the loss of Rs. 1.74 crore.

The matter was referred to the Ministry in February 2009; their reply is awaited as of March 2009.

Annex

(Referred to in paragraph 6.1)

(Details of investments made by Coal Mines Provident Fund Organisation in IFCI securities)

Sl. No.	Principal amount (face value) *(in Rupees)*	Amount invested (book value) *(in Rupees)*	Rate *(in per cent)*	Date of investment	Date of maturity	Date of receipt of maturity amount	Delays in days on receiving maturity amounts	Interest at Yield to Maturity® rate *(in per cent)*	Interest loss up to the date of actual amount received. *(in Rupees)*
1	2	3	4	5	6	7	8	9	10
1	4,00,00,000	4,00,25,000	15.00	25.02.1996	25.03.2003	30.04.2004	401	8.03	35,28,800
2	15,00,00,000	15,00,93,750	16.25	06.09.1996	06.09.2003	28.05.2004	266	6.10	66,68,219
3	41,84,00,000	40,81,94,962	16.00	30.11.1996	30.11.2003	30.04.2004	155	6.10	1,08,38,279
4	50,00,00,000	51,37,94,414	16.00	30.11.1996	15.02.2002	30.04.2004	439	10.37	6,23,62,055
Total	**1,10,84,00,000**								**8,33,97,353**

® Yield to Maturity refers to the percentage rate of return paid on a bond, note or other fixed income security if the investor buys and holds the security till its maturity date.

CHAPTER VII : MINISTRY OF EXTERNAL AFFAIRS

Indian Council for Cultural Relations

7.1 Unjustified payments

ICCR made payments totalling Rs. 49.91 lakh to a public relations consultant without adequate justification and in contravention of Government policies.

According to the advertisement policy of the Government, all Central Government advertisements are to be routed through the Directorate of Advertising and Visual Publicity. Therefore, all attached offices, autonomous organisations and public sector undertakings under the Ministries/Departments have to route their advertisements through the Directorate. As far as media coverage of events is concerned, such organisations should approach the Press Information Bureau for their assistance.

In contravention of these policies, the Indian Council of Cultural Relations (ICCR) entered into a Memorandum of Understanding (MoU) with a public relations consultancy firm (consultant) in August 2003. As per the MoU, the work of publicizing was categorized under two packages with different levels of exposure in the media as given below:

Package 1: Under this package, the consultant was to ensure Rs. one lakh worth of print advertising in one mainline Press involving readership of 10 lakh and above or Rs. one lakh worth of TV advertising and `possibly both'. This package was for routine events organized by the Council and the payment for this package was fixed at Rs. one lakh.

Package 2: Under this package, the consultant had to ensure editorial write-ups in the mainline Press and one mainline TV channel and clips on three to five channels, which had to add up to more than Rs. 5 lakh worth of space and airtime. This package was for security sensitive events where VVIPs like the President, Vice President, Prime Minister etc. would be present. The payment for this package to the consultant was Rs. 3.50 lakh.

As per the MoU, post event electronic media hits were to be presented on a computer floppy for evaluation along with actual hard copies of press clippings listing publications and dates. This evaluation of performance was to be done by independent agencies hired by mutual consent by the client and the consultant.

It was noticed that the terms of the MoU did not clearly mention the output, which the consultant was required to provide. As per Package 2 of the MoU, the consultant was to ensure editorial write-ups in the mainline press, which obviously could neither be purchased nor ensured.

It was observed that the records pertaining to engagement of the consultant were not available with ICCR. No evaluation of the performance of the consultant by independent agencies was made. ICCR made payments totalling Rs. 49.91 lakh to the consultant during 2003-08 for 33 events without any evidence of advertisements, editorial-write-ups in the mainline Press and coverage of events on TV channels as required under MoU. The consultant made the claims for payment on their letterhead without any bill or service tax number. ICCR also paid service tax to the consultant aggregating Rs. 2.12 lakh without proof of their registration during the period from 2004-05 to 2006-07.

The Management stated in September 2008 that it had revised the rates in April 2008 and had decided to pay the amount as per MoU for three or four events, which it was earlier paying for one event. The reply of the Management strengthens the audit observation.

Thus, unjustified payments of Rs. 49.91 lakh were made by ICCR to the consultant, in contravention of the advertisement policy of the Government and without consulting the Press Information Bureau.

The matter was referred to the Ministry in September 2008; their reply was awaited as of February 2009.

CHAPTER VIII : MINISTRY OF FINANCE

Department of Economic Affairs

Insurance Regulatory and Development Authority

8.1 Undue benefits to Members of IRDA

Insurance Regulatory and Development Authority (IRDA) spent Rs. 25.38 lakh on unauthorised benefits to its members during March 2004 to June 2008.

According to the provisions of the Insurance Regulatory and Development Authority Act, 1999 read with the IRDA (Salary and Allowances payable to and other Terms and Conditions of Service of Chairperson and other Members) Rules, 2000, the pay of the Chairperson shall be that equivalent to a Secretary to the Government of India and that of a whole time Member shall be fixed in accordance with the orders of the Central Government. The other conditions of service shall be such as admissible to a Group 'A' Officer of the Central Government drawing an equivalent pay included in the Central Government Civil Services (Conduct) Rules 1964.

In March 2008, it was found that IRDA provided various facilities such as payment of actuarial allowance at rates ranging from Rs. 10000 to 65000 per month, club membership, treadmills and inverters etc. at the residences of its Members in contravention of the Rules. As a result, IRDA incurred an expenditure of Rs. 25.38 lakh by extending undue benefits to its Members during the period from March 2004 to June 2008.

The Management stated in March 2008 that the invertors were provided due to frequent power cuts and the treadmills were provided at the residences due to paucity of space in the office gymnasium. The Ministry of Finance has forwarded a copy of letter sent by IRDA in October 2008 in reply to the audit paragraph, stating therein that payment of actuarial allowance is as per a scheme approved by the authority in November 2005 to all persons in IRDA depending upon the level of qualification acquired/number of subjects passed and taking into account their regulatory responsibilities.

The reply is not in consonance with the IRDA (salary and allowances payable to and other terms and conditions of service of Chairperson and other Members) Rules, 2000 framed by the Central Government under the IRDA Act, 1999 which do not provide the Authority with powers to provide such benefits to its Members. Further, there are no Government orders for providing club memberships, treadmill and inverters etc.

Thus, the reply of the Ministry is neither in consonance with the rules nor supported by Government orders.

Ministry should direct IRDA to withdraw the benefits given beyond the rules and recover the irregular amount of Rs. 25.38 lakh paid to them or spent by it.

Securities and Exchange Board of India

8.2 Unfruitful expenditure of investors' money

Award of a database preparation work by SEBI without competitive bidding and before seeking public comments, resulted in wasteful expenditure of Rs. 11.54 crore.

The Securities and Exchange Board of India (SEBI) notified (20 November 2003) the setting up of a Central Database of Securities Market Participants' and Investors Identification Numbers (MAPIN) under the SEBI (Central Database of Market Participants) Regulations, 2003. The database was meant for the registration of all market participants and investors through allotment of unique identification numbers (UIN) to them. It involved collection and maintenance of data in respect of the participants such as demographic details, biometric impressions and digital photographs.

SEBI prepared a comprehensive discussion paper regarding creation of the database after studying the practices and systems prevalent in other countries. It awarded the work of MAPIN to the National Securities Depository Ltd. (NSDL) in May 2003 through a Memorandum of Understanding (MoU), without any competitive bidding. As per the MoU, market participants were required to deposit registration fees of Rs. 300 each with SEBI, which was to be passed on to NSDL at periodic intervals based on the number of cards issued by it. The exact basis on which the rate of Rs. 300 was fixed was not available in the records of SEBI.

It was noticed that SEBI placed the discussion paper on the website and asked the participants to send them their feedback by September 20, 2003 i.e. four months after awarding the work to NSDL. SEBI stated therein that the comments from the market participants and the public would help it to impart a final shape to the idea of creation of a central database of market participants. Several representations were received from intermediaries, market participants, companies etc. expressing apprehensions about the database. The database was launched in November 2003 and till June 2005, only about three lakh MAPIN UINs had been issued compared to over 70 lakh demat accounts. SEBI had set up (March 2005) a committee to reexamine issues relating to MAPIN which concluded that the present system should not be continued due to investors' concerns relating to fingerprints, multiple IDs, the high cost of obtaining the UINs and the inadequate reach of the system.

In the light of these recommendations, SEBI suspended (July 2005) all fresh registrations and the requirement of UIN under the MAPIN regulations and made a total payment of Rs. 11.54 crore collected from the participants to NSDL. From April 2007 onwards, PAN numbers were mandated as the sole identification number for all participants in the securities market. The database was lying idle with NSDL as of date.

The Ministry stated (December 2008) that MAPIN was undertaken on pilot basis and it was operationalised initially for a small set of participants and its coverage was gradually extended. It, further, stated that the work was awarded to NSDL after assessing its suitability.

The reply is an afterthought as these facts are not available on records made available to audit and the MOU entered into between M/s NSDL and SEBI did not indicate the fact that MAPIN was undertaken initially on pilot basis. Further, the reply is also silent about the basis of fixation of rate of Rs. 300 per participant which was finalized neither on competitive basis nor through negotiation.

Thus, due to award of the MAPIN database work without competitive bidding and without waiting for the feedback from the market participants, which could have enabled proper assessment of the viability of the database and the risks involved in its implementation, SEBI incurred an unfruitful expenditure of Rs. 11.54 crore.

CHAPTER IX : MINISTRY OF HUMAN RESOURCE DEVELOPMENT

Department of Secondary and Higher Education

All India Council for Technical Education

9.1 Release of travel grant to ineligible candidates

All India Council for Technical Education sanctioned travel grant of Rs. 48.44 lakh during 2003-04 to 2006-07 to ineligible candidates for visit abroad.

As per the Travel Grant Scheme, financial assistance is given to meritorious faculties of AICTE[1] approved Departments/Institutions to present research papers in an international conferences, seminars or symposia in areas of engineering and technology, management, pharmacy, architecture, town planning, applied arts and crafts etc. The scheme is not applicable to faculty members working in the Ministry of Human Resource Development funded institutions like IIT[2], IISc[3], NIT[4] and IIM[5].

In contravention of the aforesaid scheme guidelines, AICTE sanctioned travel grants aggregating Rs. 48.44 lakh to candidates working as faculty members in Ministry of Human Resource Development funded institutes like IITs, NITs, IISc etc. during 2003-04 to 2006-07 who were not eligible for such travel grants. The travel grants to the applicants were stopped after September 2006.

AICTE stated in September 2008 that the IITs etc. were provided travel grants as per past practice up to September 2006. The reply of AICTE is inconsistent with the scheme guidelines which clearly stipulate that the applicants working in Ministry of Human Resource Development funded institutions/universities such as IITs, IISc, NITs and IIMs are not eligible.

The matter was referred to the Ministry in September 2008; their reply was awaited as of February 2009.

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[1] All India Council for Technical Education
[2] Indian Institute of Technology
[3] Indian Institute of Science
[4] National Institute of Technology
[5] Indian Institute of Management

Jawaharlal Nehru University

9.2 Short recovery of Rs. 1.32 crore

JNU suffered a loss of Rs. 1.32 crore due to under-recovery of water charges from its staff during 2004-05 to 2007-08.

The water consumption of the staff quarters and 17 student hostels of Jawaharlal Nehru University (JNU) is charged by Delhi Jal Board (DJB) through the help of bulk meters. On the basis of the normative per unit consumption, JNU worked out (May 2008) the share of water consumed by the staff quarters as *47 per cent* of the total consumption, the remaining being the share of student hostels. Individual water meters for staff quarters had not been installed till date.

The University recovered water charges from its staff at flat rates between Rs. 7 to Rs. 17 per month per staff quarter up to March 2005, after which they were revised to Rs. 21 to Rs. 51 per month (three times the old rates) per staff quarter. The documents containing the basis of fixation of the old water rates of Rs. 7 to Rs. 17 per month were not traceable. Scrutiny of records relating to fixation of the new rates of water charges in May 2006 (effective from April 2005) disclosed that they were approved on an ad-hoc basis, without calculating the percentage of water consumed by the staff quarters.

During 2004-05 to 2007-08, JNU paid Rs. 3.05 crore to DJB towards water charges. Assuming that the percentage share of water consumed by the staff quarters during that period was similar to that worked out in May 2008, i.e. 47 *per cent*, an amount of approximately Rs. 1.43 crore was actually recoverable from the occupants of the staff quarters for this period. Against this, JNU recovered only Rs. 11.38 lakh from them.

Thus, JNU suffered a loss of around Rs. 1.32 crore due to under-recovery of water charges from its staff during these four years.

The matter was referred to the Ministry in August 2008; their reply was awaited as of February 2009.

9.3 Short recovery of licence fees

Jawaharlal Nehru University did not recover licence fees at the prescribed rates for accommodation provided to State Bank of India and a post office in its campus resulting in short recovery of Rs. 23.30 lakh for the period from April 2002 to March 2008.

The Directorate of Estates, Government of India, prescribed licence fees of Rs. 249 and Rs. 92 per sq m per month respectively from banks and post offices operating from general pool accommodation allotted by them, with effect from 1 April 2002. The Jawaharlal Nehru University (JNU) was required to follow these rates for recovery of licence fees from April 2002.

The University had provided (February 1992) accommodation measuring 118.42 sq m to the State Bank of India (bank) at Nilgiri complex in its campus, at a licence fee of Rs. 1274.27 per month, which was increased to Rs. 1401 per month in February 2007. The licence fee charged by JNU from the bank, i.e. Rs. 1274.27 per month up to January 2007 and Rs. 1401 per month from February 2007, for the period from April 2002 to March 2008 was far less than the rate of Rs. 249 per sq m per month prescribed by the Government. The licence fee recoverable from the bank at this rate worked out to Rs. 29487 per month from April 2002 to March 2008.

Against the total recoverable rent of Rs. 21.23 lakh, JNU recovered only Rs. 0.94 lakh, resulting in short recovery of Rs. 20.29 lakh during this period.

Further, JNU had also allotted accommodation measuring 51.46 sq m on 29 January 1993 for operation of a post office at a licence fee of Rs. 554 per month. In this case also, JNU did not recover the fee at the prescribed rate of Rs. 92 per sq m with effect from April 2002. Against the licence fee of Rs. 3.41 lakh recoverable from the Department of Posts at this rate from April 2002 to March 2008, JNU recovered only Rs. 0.40 lakh, resulting in short recovery of Rs. 3.01 lakh.

Thus, the failure of JNU to charge rent at the prescribed rates resulted in short recovery of licence fee of Rs. 23.30 lakh from the bank and the Department of Posts for the period from April 2002 to March 2008.

JNU stated (September 2008) that it had agreed to charge licence fees from the bank at nominal rates as a special case and that the matter regarding charging rent from the Department of Posts was being placed before the Executive Council for consideration. The reply does not address the issue of non-compliance with the order of the Directorate of Estates.

The matter was referred to the Ministry in August 2008; their reply was awaited as of February 2009.

National Institute of Technology, Durgapur

9.4 Avoidable expenditure of Rs. 84 lakh on advertisements

NIT Durgapur incurred avoidable expenditure of Rs. 84 lakh due to publishing advertisement in newspapers by engaging local agencies against the directives of the Ministry for routing them through DAVP.

The National Institute of Technology Durgapur (NIT) disseminates various types of information relating to its academic courses and convocation notices etc. to students, public and others through advertisements in leading national dailies.

It was found during audit in November 2007, that the Ministry of Human Resource Development, Government of India (Government) instructed all NITs in July 2005 to route all their advertisements through the Directorate of Audio Visual Publicity (DAVP), a nodal agency for handling advertisements. For this purpose, NITs were directed to open an account with DAVP, so that all advertisements could be placed through them. Although the DAVP rates were much lower (by about 85 *per cent*) than those charged by the private news agencies, the NIT continued with its earlier practice of publishing advertisements through private agencies in disregard of the Government orders, resulting in avoidable extra expenditure of Rs. 84 lakh during April 2006 to March 2008.

In its reply of November 2007, the NIT contended that the advertisements made through DAVP would take more time but it requested the Ministry in January 2008 to open an account with DAVP.

The contention of the NIT does not explain the fact that academic courses and convocation were regular annual events of the NIT, advertisements for which could have been planned in advance in consultation with DAVP keeping in view the normal time required for the process.

Thus, due to non-observance of the directives of the Ministry to publish advertisements through DAVP, the NIT incurred an avoidable expenditure of Rs. 84 lakh which could have been avoided had it opened the account with DAVP immediately after the Government orders in July 2005.

The matter was reported to the Ministry in July 2008; their reply was awaited as of February 2009.

National University of Educational Planning and Administration

9.5 Infructuous expenditure of Rs. 2.58 crore on purchase of staff accommodation

The National University of Educational Planning and Administration incurred an expenditure of Rs. 2.58 crore on purchase of flats for employees which remained unutilised.

Orders of the Ministry of Finance (November 1965), Government of India (Government) prescribed that house rent allowance (HRA) would be paid to Government servants only if they had applied for and had been denied Government accommodation. At places where Government accommodation was more than the requirement, the Government servants needed to furnish non-availability certificates (NAC) issued by the jurisdictional Estate Managers before they could be paid house rent allowance. This order also covered employees eligible for departmental pool accommodation.

Based on demands from its employees, the National University of Educational Planning and Administration (NUEPA) purchased 25 flats from the Delhi Development Authority in 2002 for Rs. 2.05 crore in Dwarka, for providing residential accommodation to them. The work of expansion of the quarters was completed by the Central Public Works Department after four years, at an expenditure of Rs. 52.67 lakh and the quarters were ready for allotment in May 2006. It was observed that during a meeting of the Standing Finance Committee of NUEPA held (May 2000) to consider the proposal for purchase of these flats, the Director (Finance), Ministry of Human Resource Development had stated that the satisfaction level of residential accommodation in the Government was about 40 *per cent*, which was considered to be reasonable and wondered whether there was any need to raise this level to 50 *per cent* in NUEPA. This view was, however, overruled by the Secretary, Education. When NUEPA allotted the flats to its employees in May 2006 and February 2007 they did not accept the allotments.

As NUEPA was maintaining its own departmental pool, it should have complied with the Government orders of obtaining NAC before making payment of HRA to its employees. However, it was observed that NUEPA paid HRA of Rs. 23.05 lakh during June 2006 to December 2008 to its employees without NACs. It was also deprived of licence fees totalling

Rs. 1.47 lakh, which could have been recovered from the employees had they accepted the allotments.

Thus, NUEPA suffered a loss of Rs. 24.52 lakh on account of inadmissible payment of HRA and non-recovery of licence fees. Besides, all the 25 flats having a total value of Rs. 2.58 crore were lying vacant as of December 2008.

The matter was referred to the Ministry in August 2008; their reply was awaited as of February 2009.

CHAPTER X : MINISTRY OF INFORMATION AND BROADCASTING

Prasar Bharati

10.1 Failure to implement remedial measures despite assurance given to Public Accounts Committee

Despite an assurance to the Public Accounts Committee that remedial measures would be taken, Prasar Bharati continued to make over-payments of royalty.

Prasar Bharati procures films from NFDC[1] on royalty for telecast on its Doordarshan channels. Payments for royalty are regulated on the basis of a rate card prescribed by Prasar Bharati. As per the rate card, the royalty fees range between Rs. 3 lakh and Rs. 20 lakh per film depending upon its vintage/categorisation. Payment for the same film telecast on more than one occasion within two years from the first telecast is regulated on a sliding scale of 50 and 25 *per cent* for the second and subsequent repeat telecast respectively.

A mention had been made in Report No. CA 2 of 2008 of the Comptroller and Auditor General of India regarding excess payment of Rs. 58.35 lakh made to NFDC by Prasar Bharati. The Ministry, in its Action Taken Report, had stated (November 2008) that action had been taken to review payments made for all films and necessary steps had been taken to strengthen the internal control system so that excess payments were not made. In spite of this, it was noticed that the Doordarshan Commercial Service (Film Section), a unit of Prasar Bharati, had made excess payment of royalty of Rs. 21 lakh to NFDC during May to November 2007 in three cases, due to lack of proper scrutiny of the bills in terms of their categorization and repeat telecasts. Prasar Bharati did not maintain film-wise dates of telecast of the films and had made payments to NFDC without reference to their repeat telecasts.

On this being pointed out by Audit in May 2008, Prasar Bharati recovered the amount of Rs. 21 lakh in July 2008. In reply the Ministry stated in November 2008 that the staff members of Film Section of the Prasar Bharati had been instructed to take adequate measures to avoid such mistakes in future.

Persistent excess payments made by Prasar Bharati indicated that their internal control mechanism continued to be deficient and the Ministry, despite its

[1] National Film Development Corporation

assurance to the Public Accounts Committee had failed to ensure that its directives regarding strengthening of internal control were implemented by the Management of the organisation.

CHAPTER XI : MINISTRY OF LABOUR AND EMPLOYMENT

Employees Provident Fund Organisation

11.1 Under-payment of pension : Rs. 9.16 crore

Deficiency in the system design of the Computerised Employees' Pension System adopted by Employees' Provident Fund Organisation for computation of pension resulted in short payment of pension of Rs. 9.16 crore in the test-checked cases.

As per Rule 13 of the Employees' Pension Scheme 1995 a member eligible for pension may, in lieu of pension normally admissible, subject to commutation of pension, opt to draw for reduced pension and avail of ROC[1] calculated at 90 to 100 times of the original monthly pension. The monthly pension payable after commutation shall be deemed to be the original monthly pension for the purpose of calculation of ROC. Having opted to avail ROC the member would receive pension reduced by 10 to 12.5 *per cent* of the pension commuted.

Employees' Provident Fund Organisation had introduced countrywide CEPS[2], an application for computation of pension benefits under the Employees' Pension Scheme and generation of Pension Payment orders, which was also applied in Regional Provident Fund Commissioner's office at Hyderabad, Guntur, Bangalore, Mumbai, Chandigarh, Chennai and Delhi.

The short payment of pension by the Regional Provident Fund Commissioner, Kolkata was pointed out in para 10.1 of the Report No. 3 of 2006 of the Comptroller and Auditor General of India. Action Taken Note by the Ministry of Labour, due by July 2006 as per the orders of the Government issued at the instance of the Public Accounts Committee had not been received until August 2008.

Further test check of 85,778 records relating to pension by the field offices of the Employees' Provident Fund Organisation and analysis of data of the pension payment orders issued by them revealed that members who opted for ROC and commutation of pension were paid less pension aggregating Rs. 9.16 crore as the system was designed to reduce 10 to 12.5 *per cent* of the original

[1] Return of capital
[2] Computerised Employees' Pension System

pension instead of the balance amount of pension payable after reducing the commutation as detailed below:

Name of Region	Period of test check	No. of cases who opted ROC & pension	Total amount short paid to employees. *(Rupees in lakh)*
RPFC[3], Hyderabad	2000-07	5,374	42.28
RPFC, Guntur	2000-07	5,687	41.81
RPFC, Bangalore	2005-07	638	4.07
RPFC, Mumbai	2000-06	3176	43.47
RPFC, Chandigarh	2000-07	784	7.17
RPFC, Chennai	1998-07	66,540	732.88
RPFC, Delhi	2003-08	3,579	44.20
Total		**85,778**	**915.88**

The respective RPFCs did not furnish any reply to the audit findings on short payment.

The matter was referred to the Ministry in September 2008; their reply was awaited as of February 2009.

[3] Regional Provident Fund Commissioner

CHAPTER XII : MINISTRY OF PERSONNEL, PUBLIC GRIEVANCES AND PENSIONS

Indian Institute of Public Administration

12.1 Losses on investment of pension funds

Failure to invoke State Government guarantees on investment of pension funds and investing in a loss-making company resulted in loss of interest to the tune of Rs. 39 lakh and blockage of funds of Rs. 20 lakh.

Pension funds of the Indian Institute of Public Administration (IIPA) were managed by the IIPA Pension Fund Trust, comprising officers and staff of IIPA and the Ministry of Home Affairs (MHA). The trustees were authorised to invest these funds as per Rule-6 of the IIPA Pension Fund Regulations, 1998. Audit examination revealed that IIPA did not invoke guarantees of the respective State Governments for the non-recovery of its dues in the following cases:

(i) The trustees invested (December 1998) Rs. 10 lakh in 15 *per cent* debentures issued by the Madhya Pradesh Electricity Board (MPEB) for seven years with the final date of maturity being 1 December 2005. The bonds were guaranteed by the Government of Madhya Pradesh. The interest was payable on half-yearly basis and the principal was to be repaid in three instalments at the rate of 33 *per cent*, 33 *per cent* and 34 *per cent* on 1 December 2003, 1 December 2004 and 1 December 2005 respectively. After paying interest amounting to Rs. 3 lakh up to January 2001, MPEB neither paid any interest nor disbursed instalments of the principal on the due dates. Instead of invoking the State Government's guarantee, IIPA agreed (May 2006) to accept Rs. 12.77 lakh in full and final settlement of its dues of principal and interest amounting to Rs. 18.25 lakh[1]. Thus, after adjustment of the principal of Rs. 10 lakh, IIPA received a total interest of Rs. 5.77 lakh against dues of Rs. 11.25 lakh (up to May 2006), resulting in loss of interest of Rs. 5.48 lakh.

(ii) The trustees invested (December 1998) Rs. 20 lakh in 14.90 *per cent* (taxable) secured redeemable UPCSMFL debenture bonds issued by the Uttar Pradesh Co-operative Spinning Mills Federation Limited

[1] Principal Rs. 10 lakh plus interest Rs. 1050000 (@ 15 *per cent* for seven years) plus Rs. 75000 over due interest (up to May 2006) = Rs. 2125000 – Rs. 300000 = Rs. 18.25 lakh.

(UPSMF) for five years with the final maturity date being 25 December 2003. These bonds were guaranteed by the Government of Uttar Pradesh. The principal was to be repaid in three instalments at the rate of 33 *per cent,* 33 *per cent and* 34 *per cent* on 24 December 2002, 24 June 2003 and 24 December 2003 respectively. After paying interest amounting to Rs. 2.98 lakh up to December 1999, UPSMF neither paid any interest nor disbursed instalments of the principal on the due dates. Although IIPA took up (May 2008) the matter with the State Government, it did not invoke its guarantee. Consequently, it could not recover interest of Rs. 21.82 lakh[2] accrued till March 2008. Besides, the principal amount of Rs. 20 lakh also remained blocked for more than four years.

(iii) It was also observed that the trustees invested (March 2002) Rs. 20 lakh in regular bonds in the nature of promissory notes of the Pradeshiya Industrial and Investment Corporation of UP Ltd. (PICUP), which was a loss-making company. This investment was also guaranteed by the Government of Uttar Pradesh. This interest was payable on a half-yearly basis at the rate of 13 *per cent per annum* and the principal was to be repaid in three installments at the rate of 10 *per cent,* 40 *per cent* and 50 *per cent* at the end of the fifth, sixth and seventh years respectively, with a call option at the end of the fifth year at face value. PICUP paid interest dues amounting to Rs. 1.30 lakh up to October 2002, after which no interest was paid. Instead of invoking the State Government's guarantee, IIPA agreed (March 2007) to accept Rs. 20 lakh in full and final settlement of its dues of principal and interest amounting to Rs. 31.70 lakh[3]. Thus after adjustment of the principal of Rs. 20 lakh IIPA received a total interest of Rs. 1.30 lakh against dues of Rs. 13 lakh, resulting in loss of interest of Rs. 11.70 lakh.

Thus, by not invoking State Government guarantees and investing funds in a loss-making company, IIPA suffered loss of interest of Rs. 39 lakh. Besides, funds to the tune of Rs. 20 lakh remained blocked for more than four years.

[2] Interest on Rs. 20 lakh @ 14.90 *per cent* for five years = Rs. 14.90 lakh – Rs. 2.98 lakh =Rs. 11.92 lakh. Total amount due on maturity Rs. 20 lakh + Rs. 11.92 lakh = Rs. 31.92 lakh. Interest on Rs. 31.92 lakh at prevailing rate of 6.20 *per cent* = Rs. 9.90 lakh.
Total interest = Rs. 11.92 lakh + Rs. 8.42 lakh = Rs. 21.82 lakh.

[3] Principal Rs. 20 lakh plus interest Rs. 1300000 (@ 13 *per cent* for five years) = Rs. 3300000 – Rs. 130000 = Rs. 31.70 lakh.

The Ministry stated (October 2008) that all the investments were made in accordance with the instructions issued by the Department of Economic Affairs and the bonds were covered under unconditional and irrevocable guarantees of the respective State Governments. The reply was, however, silent on the issue of not invoking the guarantees of the respective State Governments. It was also silent on the issue of investing the funds in a loss-making company.

Thus, the fact remains that by going in for mutual settlements instead of invoking the State Government's guarantees and investing funds in a loss-making company, IIPA suffered a loss of Rs. 39 lakh. Besides, an amount of Rs. 20 lakh remained blocked for more than four years (December 2008).

CHAPTER XIII : MINISTRY OF SHIPPING, ROAD TRANSPORT AND HIGHWAYS

Cochin Port Trust

13.1 Avoidable expenditure of Rs. 1.04 crore due to non-renewal of insurance coverage in time

Delay in taking a decision regarding renewal of the insurance coverage of a dredger led to avoidable expenditure of Rs 1.04 crore by the Cochin Port Trust.

The Cochin Port Trust (CoPT) had been insuring its dredger, GHD-Nehru Shatabdi, for risks such as total loss, partial loss, full collision liabilities and salvage charges from 2000 onwards. As the insurance coverage of the dredger was to expire in April 2006, it was due for renewal on 1 May 2006. Just 14 days before the expiry date, i.e, on 17 April 2006, CoPT invited quotations from four public sector and one private sector insurance companies for the insurance coverage of its assets. Out of the three bids received within the deadline, the offer of M/s National Insurance Company Limited of an annual premium of Rs. 4.20 lakh was found to be economical and was submitted (June 2006) to the competent authority for approval. The dredger was, however, insured only from 6 December 2006 onwards, due to administrative delays.

In the meantime, the dredger met with an accident in the outer channel of CoPT on 24 October 2006 and suffered damages. As there was no insurance cover during the period, CoPT had to incur an expenditure of Rs. 1.04 crore towards its repairs out of its own resources.

Thus, by not insuring the dredger immediately after the expiry of its earlier insurance policy, CoPT incurred an avoidable expenditure of Rs. 1.04 crore.

In reply, CoPT stated (September 2008) that insurance of assets was not specifically provided for in the Major Port Trust Act and CoPT had suo-moto started insuring a few assets from 2000. CoPT further added that it was a policy decision to charge accident charges against operating expenditure and as a policy matter, insurance of very old assets was not continuously renewed.

The contention of the Management is not acceptable in view of the fact that CoPT had not only been insuring its assets from 2000 onwards but had renewed insurance cover of the dredger after the accident. Had CoPT taken the insurance cover immediately after the expiry of the insurance cover on 30

April 2006, the expenditure of Rs. 1.04 crore towards repairing the dredger could have been avoided.

The matter was referred to the Ministry in November 2008; their reply was awaited as of February 2009.

Mormugao Port Trust

13.2 Idle investment of Rs. 2.68 crore

Non-utilisation of a terminal due to lack of requisite facilities for cruise passengers resulted in idle investment of Rs. 2.68 crore.

For promoting cruise shipping and tourism in India, the Government decided (December 2004) to create necessary facilities for cruise shipping in seven ports including Mormugao Port. Accordingly, the concerned port trusts were directed to send feasibility reports for the purpose, to the Ministry.

It was noticed in Audit that Mormugao Port Trust (MoPT) approved (April 2005) a proposal to modify an existing transit shed for providing terminal facilities for cruise vessels. The work was completed in November 2005 at an expenditure of Rs. 2.65 crore. It was observed that the terminal had not been utilised till July 2008 as the requisite recreational and communication facilities had not been provided for cruise passengers. It was also noticed that MoPT had incurred an additional expenditure of Rs. 2.59 lakh up to March 2008 towards maintenance of the air-conditioning equipment installed in the terminal.

Thus, non-utilisation of the terminal for around three years due to lack of the requisite facilities for cruise passengers resulted in idle investment of Rs. 2.68 crore.

The port authorities stated (December 2007) that since there was no embarking and disembarking of passengers during the period, the terminal facility could not be used. The Ministry stated (July 2008) that necessary steps were being taken for providing the requisite facilities to cruise passengers.

The reply of the port/Ministry supports the audit conclusion that the terminal remained unutilised due to lack of the necessary facilities.

13.3 Extra expenditure of Rs. 22.28 lakh

The Mormugao Port Trust incurred extra expenditure of Rs. 22.28 lakh by not arranging for in-house operation of a Reach Stacker transferred by a contractor.

The Mormugao Port Trust (MoPT) awarded (February 1997) the work of providing a Reach Stacker to a contractor on "Build, Own, Operate and Transfer" (BOOT) basis for handling containers in the port for a period of 10 years at a cost of Rs. 60.39 lakh *per annum*. The Reach Stacker was deployed with effect from 4 April 1997 and the contract expired on 3 April 2007. Consequently, the stacker became the property of MoPT.

Although, the contract was due to expire, MoPT did not take any advance action to train its own crane drivers to operate the Reach Stacker or to appoint private drivers on contract basis for the purpose. Instead, it made a request to the contractor to continue the operation of the Reach Stacker for six months, which was accepted by them at the rate of Rs. 5 lakh per month as operational charges. The contractor operated the stacker up to 11 October 2007 after which the entire container handling operations of the port were outsourced (12 October 2007) to a private party. MoPT incurred an expenditure of Rs. 31.83 lakh for operating the Reach Stacker from 4 April to 11 October 2007.

Audit observed that as per the estimates submitted (April 2007) to MoPT's Board, the port could have operated the Reach Stacker at a monthly expenditure of Rs. 1.50 lakh, had it done so on its own by hiring three operators and three helpers. The expenditure for operating the Reach Stacker under this arrangement would have been Rs. 9.55 lakh for the above mentioned period as against Rs. 31.83 lakh paid to the contractor.

Thus, the failure of MoPT to take timely action to arrange for operation of the Reach Stacker after expiry of the BOOT contract resulted in extra expenditure of Rs. 22.28 lakh.

The port authorities stated (June 2008) that they had decided to outsource the container handling operations in the port. However, the tendering etc. got delayed. Further, due to depletion in the workforce due to retirement, etc. staff could not be specifically earmarked for container handling. Therefore, the operation of the Reach Stacker by making monthly payments was inevitable. The Ministry concurred (June 2008) with the reply of the port.

The reply of MoPT/Ministry is not convincing as operating the Reach Stacker by hiring three operators and three helpers at the estimated cost reported to the

Board would have been more economical instead of continuing with the BOOT contractor at higher rates. MoPT should have taken advance action to put this arrangement in place before the contract expired.

Mumbai Port Trust

13.4 Short recovery of licence fees

The Mumbai Port Trust did not revise licence fees in 18 cases of leasing of its land/buildings, resulting in short recovery of Rs. 62.63 lakh for the period from October 2001 to December 2006.

Mumbai Port Trust (MbPT) provides space in its dock areas on lease basis to a number of Government and private parties. Prior to October 2001, it was charging licence fees from these lessees at rates prescribed in the individual allotment orders which were revised from time to time. From October 2001 onwards, these charges were included in the Dock's Scale of Rates approved by the Tariff Authority for Major Port Trusts (TAMP). As per the Scale of Rates, MbPT should have charged licence fees at the rate of Rs. 90 per sq m. for open space areas and Rs. 165 per sq m. for space in its buildings. These rates were further revised by TAMP, with effect from 31 December 2006.

Audit scrutiny of 39 cases revealed that MbPT had applied the new rates of licence fees effective from October 2001 in 21 cases whereas these were not applied in 18 cases covering a total space of 834.78 sq m, reasons for which were not available on record. However, the revised licence fees effective from 31 December 2006 were applied in all the cases. It is, therefore, evident that the new rates of licence fees effective from October 2001 should have been applicable in the 18 cases mentioned above. However, against total licence fees of Rs. 74.49 lakh recoverable in these 18 cases for the intervening period of October 2001 to December 2006, MbPT recovered licence fees amounting to only Rs. 11.86 lakh. This resulted in short recovery of Rs. 62.63 lakh.

The Ministry accepted the audit observation and stated (October 2008) that action was being initiated for collecting the dues.

13.5 Loss of revenue due to delay in levy of notified charges

Delay in levying charges on licensed agencies for water supply to crafts in the port areas led to a loss of Rs. 53.10 lakh.

Mumbai Port Trust (MbPT) had been permitting licensed agencies to use its facilities to supply water to crafts at its docks and bunders. In order to bring the activity under the regulatory framework, MbPT submitted (September

2005) a proposal to the Tariff Authority for Major Ports (TAMP) for a levy of Rs 30 per 1000 litres on these agencies for using these facilities. TAMP approved the proposal in September 2006 and the levy became applicable from 31 December 2006, after a gazette notification.

Audit examination revealed that MbPT implemented the levy from 18 August 2007 after a delay of about seven months. The delay in implementation of the levy was attributed by the Management to the necessity for a clarification regarding its applicability to bunders as the locations/areas where the clause for supply of water by licensed agencies was to be applied were not specified in the Scale of Rates approved by TAMP. MbPT sought the clarification from its Financial Advisor on 2 August 2007 and he clarified (August 2007) that the new levy was applicable to all areas/locations. Consequently, the order for the levy was issued on 14 August 2007 and MbPT started collecting the new charges from 18 August 2007. It collected Rs. 6.98 lakh for 23288 litres of water supplied from 18 August to 17 September 2007. It was observed that the clause for supply of water by licensed agencies clearly stated that the charges would be levied for use of MbPT facilities and hence, there was no need for any clarification. Besides, MbPT sought the clarification only on 2 August 2007, after a delay of seven months.

Thus due to delay in implementation of the new levy, MbPT suffered a loss of approximately Rs. 53.10 lakh, on the supply of water during the period from 31 December 2006 to 17 August 2007. As MbPT started maintaining data regarding supply of water only after levy of the new charges, data regarding supply of water for the period from 18 August to 17 September 2007 has been used to work out the average supply of water per month for the period from 31 December 2006 to 17 August 2007.

The matter was referred to the Ministry (July 2008), their reply was awaited as of February 2009.

Visakhapatnam Port Trust

13.6 Avoidable extra expenditure of Rs. 40 lakh

By placing a purchase order after the expiry of the validity period, Visakhapatnam Port trust incurred an avoidable extra expenditure of Rs. 40 lakh in the procurement of a locomotive from Diesel Locomotive Works, Varanasi.

Visakhapatnam Port Trust (VPT) invited (22 February 2006) quotations from Diesel Locomotive Works, Varanasi (DLW) for supply of diesel electric locomotives having specifications of WDS 6 (1350 HP) and WDG 3A (3100 HP) for replacing its two low-powered locomotives, VPT-9 and VPT-10, which had outlived their prescribed economic life.

DLW quoted (23 February 2006) unit prices of Rs. 5.78 crore and Rs. 7.39 crore for WDS 6 and WDG 3A locomotive respectively, excluding taxes and other charges, with a validity period up to 30 April 2006. VPT requested (6 April 2006) DLW to suggest the type of locomotive that would be best suited to handle a full load of 58 N Box rakes with a single locomotive. DLW suggested (10 April 2006) WDG 3A as the most suitable for the purpose and reiterated that the purchase order should be placed before 30 April 2006 to avoid price variation.

It was noticed that VPT placed a purchase order for one WDG 3A locomotive on 15 November 2006 i.e. six and a half months after the expiry of the validity period. By this time, DLW had increased the unit price of a WDG 3A locomotive from Rs. 7.39 crore to Rs. 7.70 crore. Accordingly, the landed cost including taxes and other charges of the locomotive increased from Rs. 9.49 crore to Rs. 9.89 crore. Thus, by not placing the purchase order within the validity period, VPT incurred an avoidable extra expenditure of Rs. 40 lakh.

In reply, VPT stated (October 2008) that it had expressed its intention to DLW to procure a high-powered locomotive and had requested them to submit a budgetary offer without financial commitment. It added that obtaining a budgetary quotation did not necessarily mean that the purchase order should be placed within the validity period, without following the procedure involved therein. It further stated that procurement of capital equipments above the value of Rs. 5 crore normally took at least six months due to administrative procedures.

The reply is not convincing as after being aware of the conditions of offer, it was in the interest of VPT to act in such a manner that the purchases could be made more economically by completing all the official formalities and placing the orders within the offered time to avoid escalation in prices.

The matter was reported to the Ministry in September 2008; their reply was awaited as of February 2009.

13.7 Loss of revenue of Rs. 38.18 lakh

Due to placement of a purchase order after the expiry of the validity period, Visakhapatnam Port Trust sustained a loss of Rs. 38.18 lakh on the procurement of material from SAIL.

Visakhapatnam Port Trust (VPT) issued (October 2006) a notice inviting tenders for procurement of 1606 MT rails (105 LBS class – III Industrial Use). As only one tender was received, VPT invited (February 2007) special limited tender enquiries with the date of opening as 28 March 2007 from M/s JINDAL and M/s Steel Authority of India Limited (SAIL). M/s JINDAL expressed (March 2007) its inability to quote while SAIL submitted (March 2007) a technical bid and a price bid to VPT. According to the technical bid, the quoted price of the rails was valid for three months, including the delivery from the date of opening of the tender, i.e. 28 March 2007. Besides, it was clearly stipulated that after the expiry of three months, the price prevailing at the time of delivery would be applicable.

Despite being aware of the prescribed time frame in SAIL's price offer, VPT delayed the various formalities involved in tender finalisation. Only the technical bid, which did not quote any price, was opened on 28 March 2007. The price bid which quoted a rate of Rs. 28800 per MT was opened only on 6 June 2007, i.e. 22 days before the expiry of the validity period. The validity period expired on 28 June 2007 and VPT procured (between July and November 2007) rails at enhanced rates of Rs. 29950 per MT for 1255 MT and Rs. 35780 per MT for 340.27 MT, incurring an avoidable extra expenditure of Rs. 38.18 lakh in the process.

The Management stated (May 2008) that the rates and supply were not in their control even though a rate was indicated in the purchase order, and as per the policy of SAIL, the price prevailing on the date of delivery was always charged by them. The Ministry confirmed (September 2008) the views of the Management.

The reply of the Ministry did not explain why there was a delay in finalising the procedures so that the procurement could be effected during the validity of the offer.

CHAPTER XIV : MINISTRY OF STATISTICS AND PROGRAMME IMPLEMENTATION

Indian Statistical Institute

14.1 Non-realisation of rent of Rs. 59.51 lakh from banks and a post office

The Indian Statistical Institute failed to recover rent totalling Rs. 59.51 lakh from banks and a post office within its campus in deviation of Government orders.

In November 1982, the Indian Statistical Institute, Kolkata (ISI) allowed Allahabad Bank, Dunlop Bridge branch (Bank) to run an extension counter occupying 925 sq. ft. within its office building. From June 2006, it also allowed the Bank to run an ATM in a space measuring 95 sq. ft. in its campus.

It was found that ISI was not realising any rent from the Bank for the space provided for the extension and ATM counter, whereas as per office memoranda[♠] issued by the Ministry of Urban Development, Government of India (Government), ISI was required to realize rent at the rate of Rs. 220, Rs. 249 and Rs. 279 per sq m per month with effect from 16 March 1999, 1 April 2002 and 1 April 2005 respectively. The total amount of non-recovery of rent on this account worked out to Rs. 24.52 lakh for the period from 16 March 1999 to May 2008. Due to non-availability of records relating to the rates in force before 16 March 1999, non-recovery of rent prior to that date has not been taken into consideration.

In December 2001, ISI also allowed a post office to occupy an area of 2500 sq. ft. for its office accommodation in its campus at a token rent of Rs. 5000 per month which was much lower than the rates which were prescribed from time to time by the Government. Short realisation of rent on this account amounted to Rs. 13.62 lakh for the period from 15 December 2001 to May 2008.

Similarly, the Delhi centre of ISI had let out a space measuring 2710 sq. ft. in its campus to Indian Bank, (Mehrauli Institutional area branch) at the rate of Rs. 37263 per month from October 1998, which was revised to Rs. 44716 and Rs. 54200 per month from October 2002 and October 2006 respectively. All these rates were lower than the rates prescribed by the Government from time to time resulting in short realisation of rent of Rs. 21.37 lakh.

[♠] 1 January 2004, 11 November 2005 and 19 December 2007

Thus, non-observance of the Government orders by ISI resulted in a loss of Rs. 59.51 lakh due to non-recovery and short-recovery of rent from its clients.

The matter was referred to the Ministry in June 2008; their reply was awaited as of February 2009.

CHAPTER XV : MINISTRY OF URBAN DEVELOPMENT

Delhi Development Authority

15.1 Blockage of funds of Rs. 1.20 crore due to non-utilisation of parking lot

Failure of DDA in ensuring availability of a clear site and structural designs for a parking lot to a contractor in contravention of the codal provisions of the CPWD Manual resulted in blockage of funds of Rs. 1.20 crore and revenue loss of Rs. 22 lakh as the parking lot was lying idle.

Para 15.2.13 of the Central Public Works Department (CPWD) Manual stipulates that it is the duty of departmental authorities to ensure availability of a clear site, materials and the required drawings to a contractor before approving of Notice Inviting Tender (NIT).

Delhi Development Authority (DDA) awarded the work of construction of Parking Lot "D" at District Centre, Rajendra Place, New Delhi to a contractor at a tendered cost of Rs. 87.14 lakh with stipulated dates of starting and completion as 9 February 2006 and 8 August 2006 respectively. As a clear site and structural designs were not made available to the contractor in time, the work was inordinately delayed. Consequently, DDA had to make a payment of Rs. 1.20 crore to the contractor for the work executed up to March 2008 due to escalation in prices, resulting in extra expenditure of Rs. 33.14 lakh. The work remained incomplete till November 2008.

It was also observed that the estimate of the parking lot did not include the work of its approach road, which was subsequently awarded to another contractor in June 2008 at a cost of Rs. 13.92 lakh. This work was to be completed within two months, but had also not been completed as of November 2008.

Thus, awarding of the work of constructing the parking lot without the availability of a clear site and drawings in contravention of codal provisions resulted in idle expenditure of Rs. 1.20 crore and a consequential revenue loss of around Rs. 22[*] lakh as the parking lot was not completed in time.

Besides, non-inclusion of the provisions of the approach road in the estimate of the original work suggested deficient planning on the part of DDA.

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[*] calculated on the basis of the parking rate of Rs. 80,000 per month of an adjacent parking lot.

DDA (January 2008) accepted the delay in execution of the work and stated that the parking lot was now available for auction. Department's reply is not acceptable as construction of approach road of the said parking lot has not yet been completed. Without completion of approach road the parking lot can not be made operational and cannot be auctioned. Accordingly, department will continue to suffer the revenue loss.

The matter was referred to the Ministry in January 2009; their reply was awaited as of February 2009.

15.2 Irregular expenditure of Rs. 66.26 lakh

Despite availability of in-house facilities, Delhi Development Authority got brochures for a housing scheme printed by a private press, resulting in an unjustified expenditure of Rs. 66.26 lakh.

Delhi Development Authority (DDA) incurred an expenditure of Rs. 65.78 lakh towards modernization of its printing press from December 1994 to June 2005. With the addition of two offset machines in June 2005, it acquired the capability of handling multi-colour printing jobs.

DDA had issued instructions in September 2002 that no orders should be placed on outside agencies without obtaining no-objection certificates (NOC) and getting the prices assessed from the DDA Press. In contravention of these instructions, DDA got 339801 brochures relating to its Housing Scheme 2006 printed during October and November, 2006, at a cost of Rs. 66.26 lakh, without obtaining an NOC and getting the price assessed from its Press Wing.

DDA stated (July 2008) that it had no in-house facilities for multi-colour printing, preparation of design etc.

The contention of the Management is inconsistent with the reply (December 2007) of its Press Wing which stated that it had not only printed similar brochures in the year 2006 but also had the capability of printing multi-colour brochures with the addition of two offset machines since June 2005.

The expenditure of Rs. 66.26 lakh on the printing of brochures from an outside agency instead of utilising its in-house facilities was unjustified.

The matter was referred to the Ministry in October 2008; their reply was awaited as of February 2009.

15.3 Unfruitful expenditure of Rs. 41.19 lakh

Expenditure of Rs. 41.19 lakh incurred on the construction of a library-cum-recreation hall remained idle for more than three years, depriving the beneficiaries of the facilities.

For creating a library-cum-recreation facility for the residents of the area near Arjun Nagar, the Delhi Development Authority (DDA) decided (June/July 2003) to construct a library-cum-recreation hall (hall) at an estimated cost of Rs. 49.82 lakh. They further decided (August 2003) in consultation with the Chairman, Delhi Public Library (DPL) that the library would be run by DPL, which would also look after its maintenance, up-keep and electricity supply. The area having the recreation room, toilets etc. would be maintained by DDA. For this arrangement, DDA was to send a formal proposal to DPL and after the acceptance of the proposal by DPL, a formal Memorandum of Understanding (MOU) was to be signed between the two parties.

It was noticed that DDA neither submitted any proposal to DPL nor signed any MOU with them and awarded (November 2003) the work of construction of the hall to a contractor at a negotiated amount of Rs. 20.62 lakh, with the stipulated date of completion being 7 April 2004. The work was completed on 17 May 2005, at a cost of Rs. 39.08 lakh, after a delay of more than 13 months, due to non- availability of materials and drawings. This resulted in extra expenditure of Rs. 18.46 lakh due to execution of extra and new items of work.

It was further noticed that even after completion of the work in May 2006, no efforts were made by DDA to hand over the hall to DPL. In the meantime, DDA incurred (September 2007) Rs. 2.11 lakh on its repairs. The hall had been lying unutilised till date (January 2009).

Thus, construction of the hall without proper planning and the failure of the Management in approaching the DPL resulted in idle investment of Rs. 41.19 lakh. The residents of the area were also deprived of library and recreation facilities.

In reply, DDA stated (May 2008) that DPL was in the process of winding up, there had been a change in the concept of the Delhi Library Board and they were no longer interested in taking over the hall. An administrative decision was being taken to hand over the same to the Senior Citizens' Council of Delhi, which had shown interest in running the library.

The reply is not acceptable as DDA did not submit any proposal for operation and maintenance of the library to DPL. The authorities at DPL stated (December 2008) that the Director, DPL was the Member-Secretary of the Delhi Library Board and DDA had never communicated with the Director. It was also stated that the Delhi Public Library was never in the process of winding up and was functioning all over the city.

The matter was referred to the Ministry in January 2009 their reply was awaited as of February 2009.

15.4 Unplanned award of works

Commencement of works without ensuring availability of materials resulted in extra expenditure of Rs. 24.88 lakh due to delay in completion of electrical works.

The manual of the Central Public Works Department mandates that an executing authority should ensure availability of clear site, materials and required drawings before approval of a notice inviting tender (NIT).

The Delhi Development Authority (DDA) awarded (December 2002) the electrification work of 192 Group I and 208 Group II houses to a contractor at a tendered cost of Rs. 18.77 lakh and Rs. 20.34 lakh respectively under their self financing scheme. The stipulated dates of starting and completion of the work of the Group I houses was 27 December 2002 and 26 June 2005. The work of the Group II houses was to commence on 5 January 2003 and was to be completed by 4 July 2005.

As materials could not be made available by the DDA in time, the civil works of these houses were completed in October 2006 and January 2007, after considerable delays from the stipulated dates of completion. Due to the delay in execution of the civil works, the electrification works could not be completed, even after payment of Rs. 28.59 lakh to the contractor.

In the meantime, the contractor expressed (October 2007) their inability to complete the work within the quoted rates due to escalation in prices. Consequently, DDA foreclosed the works in November 2007 and awarded the balance work to the same agency in December 2007 at a cost of Rs. 35.40 lakh.

Thus, commencement of the works without ensuring availability of materials resulted in extra expenditure of Rs. 24.88 lakh due to delay in completion of the electrical works.

DDA accepted (May 2008) the audit observation and stated that the progress of the electrical works remained slow due the slow progress of the civil works. DDA further added that as the reasons for delay in construction of the houses were attributable to themselves, they had to accept the request of the contractor for foreclosure, fearing that they would move the court for claiming damages.

The matter was referred to the Ministry in January 2009; their reply was awaited as of February 2009.

CHAPTER XVI : MINISTRY OF YOUTH AFFAIRS AND SPORTS

Sports Authority of India

16.1 Wasteful expenditure on payment of excess demand load

Sports Authority of India paid Rs. 1.50 crore during March 2004 to October 2007 for electricity charges due to excessive contracted demand.

A Delhi Electricity Regulatory Commission notification of August, 2002 provides that an application for load reduction can be accepted after two years in the case of HT[1] connection from the date of original sanction and the reduced load would be sanctioned within 10 working days from the date of acceptance of application for load reduction.

The Sports Authority of India (SAI) is having a HT connection with a sanctioned load of 3885 KVA for supply of electricity to the Indira Gandhi Sports Complex, New Delhi. Examination of the electricity bills raised by BSES[2] on the sports complex disclosed that the consumption of the electricity had been between 360 KVA and 1620 KVA during March 2004 to October 2007. SAI paid an excess amount of Rs. 2.13 crore due to excessive contracted load. The excess payment would be Rs. 1.50 crore if the excess payment in excess of peak load of 1620 KVA were taken.

The sports complex was under renovation since November 2007 and the bills were paid for the contracted load of 3885 KVA, whereas the actual consumption came down to 180 KVA.

Failure of the management of SAI to review the actual consumption of electricity *vis-à-vis* the sanctioned load in the sports complex resulted in excess recurring monthly expenditure towards payment of electricity charges.

Upon being pointed out, SAI initiated action in January 2008 for reduction of the sanctioned load. The existing sanctioned load was, however, continuing as of August 2008.

The matter was referred to the Ministry in September 2008; their reply was awaited as of February 2009.

[1] High Tension
[2] Bombay Suburban Electric Supply

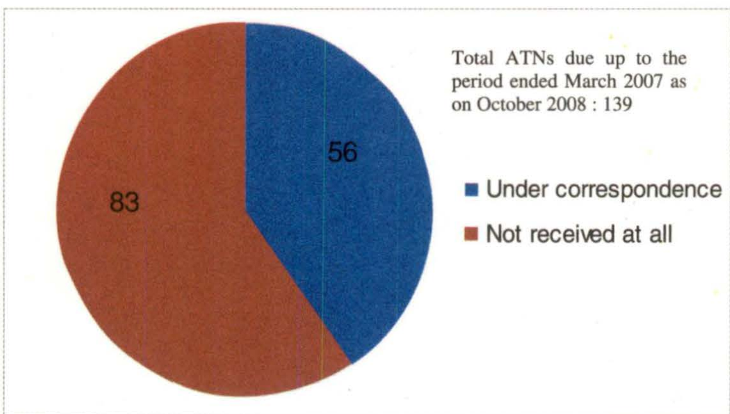
CHAPTER XVII

17.1 Follow-up action on Audit Reports-Summarised Position

The Lok Sabha Secretariat issued instructions in April 1982 to all Ministries to furnish notes to the Ministry of Finance (Department of Expenditure), indicating remedial/ corrective action taken on various paragraphs contained in the Audit Reports, soon after these were laid on the Table of the House.

In their Ninth Report (Eleventh Lok Sabha) presented to the Parliament on 22 April 1997, the Public Accounts Committee desired that submission of pending Action Taken Notes (ATNs) pertaining to Audit Reports for the years ended March 1994 and 1995 should 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 the Reports in Parliament.

A review of the position of receipt of ATNs on paragraphs included in Audit Reports (Autonomous Bodies) up to the period ended 31 March 2007 (**Appendix-IX**) revealed that the Ministries did not submit remedial/corrective ATNs in respect of a large number of paragraphs inspite of the above instructions. Out of 139 paragraphs on which ATNs were required to be sent, final ATNs in respect of 56 paragraphs were awaited, while ATNs in respect of 83 paragraphs had not been received at all.



Out of 83 paragraphs on which ATNs had not been received, 35 paragraphs pertained to Reports up to the year ended March 1993.

(K.R. SRIRAM)
Principal Director of Audit

New Delhi
Dated: 09 June 2009

COUNTERSIGNED

(VINOD RAI)
Comptroller and Auditor General of India

New Delhi
Dated: 29 June 2009

Appendices

APPENDIX - I

(Referred to in paragraph 1.1.1)

Grants/loans released during 2007-2008 to Central autonomous bodies audited under Sections 19(2) and 20(1) of CAG's (DPC) Act, 1971

(Rupees in lakh)

Sl. No.	Ministry/Department/Name of Body	Grant	Loan
	Agriculture		
1.	Central Agricultural University, Imphal	Nil	Nil
2.	Coconut Development Board, Kochi	5200.00	Nil
3.	National Co-operative Development Corporation, New Delhi	5304.28	Nil
4.	National Horticulture Board, Gurgaon	13003.65	Nil
5.	National Institute of Agricultural Extension Management, Hyderabad	2.54	Nil
6.	National Oil Seeds and Vegetable Oil Development Board, Gurgaon	744.00	Nil
7.	Coastal Aquaculture Authority, Chennai	Nil	Nil
		24254.47	**Nil**
	Agriculture Research and Education		
8.	Indian Council of Agricultural Research, New Delhi	223043.00	9600.00
		223043.00	**9600.00**
	Animal Husbandry and Dairying		
9.	Veterinary Council of India, New Delhi	170.40	Nil
		170.40	**Nil**
	Chemicals and Fertilizers		
10.	National Institute of Pharmaceutical Education and Research, Mohali	3706.31	Nil
		3706.31	**Nil**
	Coal & Mines		
11.	Coal Mines Provident Fund Organisation,Dhanbad	Nil	Nil
		Nil	**Nil**
	Commerce		
12.	Agricultural & Processed Food Products Export Development Authority, New Delhi	12422.00	Nil
13.	Coffee Board (General Fund Accounts), Bengaluru	8124.00	Nil
14.	Coffee Board (Pool Fund Accounts), Bengaluru	Nil	Nil
15.	Export Inspection Agency, Chennai	Nil	Nil
16.	Export Inspection Agency, Cochin	Nil	Nil
17.	Export Inspection Agency, Kolkata	Nil	Nil
18.	Export Inspection Agency, Mumbai	Nil	Nil
19.	Export Inspection Agency, Delhi	Nil	Nil
20.	Export Inspection Council, New Delhi	500.00	Nil
21.	Marine Products Export Development Authority, Kochi	8440.71	Nil
22.	Rubber Board, Kottayam	10275.00	Nil
23.	Spices Board, Kochi	6545.00	Nil
24.	Tobacco Board, Guntur	Nil	Nil
25.	Tea Board, Kolkata	14917.00	Nil
		61223.71	**Nil**
	Corporate Affairs		
26.	Competition Commission of India, New Delhi	500.00	Nil
		500.00	**Nil**
	Consumer Affairs		
27.	Bureau of Indian Standards, New Delhi	150.00	Nil
		150.00	**Nil**

(Rupees in lakh)

Sl. No.	Ministry/Department/Name of Body	Grant	Loan
	Culture		
28.	Allahabad Museum Society, Allahabad	224.80	Nil
29.	Asiatic Society, Kolkata	800.87	Nil
30.	Central Institute of Buddhist Studies, Leh	913.60	Nil
31.	Central Institute of Higher Tibetan Studies, Sarnath, Varanasi	752.00	Nil
32.	Centre for Cultural Resources and Training, New Delhi	1350.74	Nil
33.	Delhi Public Library, New Delhi	745.63	Nil
34.	Eastern Zonal Cultural Centre, Kolkata	334.77	Nil
35.	Gandhi Smriti and Darshan Samiti, New Delhi	958.86	Nil
36.	Indian Museum, Kolkata	645.68	Nil
37.	Indira Gandhi National Centre for the Arts, New Delhi	4015.38	Nil
38.	Indira Gandhi Rashtriya Manav Sangrahalaya, Bhopal	720.00	Nil
39.	Kalakshetra Foundation, Chennai	496.20	Nil
40.	Khuda Baksh Oriental Public Library, Patna	155.34	Nil
41.	Lalit Kala Academy, New Delhi	936.43	Nil
42.	National Council of Science Museum, Kolkata	3593.00	Nil
43.	National Museum Institute of History of Art Conservation and Museology, New Delhi	248.69	Nil
44.	National School of Drama, New Delhi	2109.92	Nil
45.	National Culture Fund, New Delhi	300.00*	Nil
46.	Nehru Memorial Museum and Library, New Delhi	2914.93	Nil
47.	North Central Zone Cultural Centre, Allahabad	177.73	Nil
48.	North East Central Zone Cultural Centre, Dimapur	314.54	Nil
49.	North Zone Cultural Centre, Patiala	259.54	Nil
50.	Raja Ram Mohan Roy Library Foundation, Kolkata	2629.12	Nil
51.	Rampur Raza Library Board, Rampur	276.00	Nil
52.	Sahitya Akademi, New Delhi	1475.11	Nil
53.	Salarjung Museum, Hyderabad	1170.34	Nil
54.	Sangeet Natak Akademi, New Delhi	2063.71	Nil
55.	South Central Zone Cultural Centre, Nagpur	162.68	Nil
56.	South Zone Cultural Centre, Thanjavur, Tamil Nadu	269.07	Nil
57.	Victoria Memorial Hall, Kolkata	720.00	Nil
58.	West Zone Cultural Centre, Udaipur	155.80	Nil
		31890.48	**Nil**
	Defence		
59.	Himalayan Mountaineering Institute, Darjeeling	175.57	Nil
60.	Jawahar Institute of Mountaineering and Winter Sports, Pehalgam	40.17	Nil
61.	Nehru Institute of Mountaineering, Uttarkashi	67.33	Nil
		283.07	**Nil**
	External Affairs		
62.	Haj Committee, Mumbai	Nil	Nil
63.	Indian Council for Cultural Relations, New Delhi	7700.00	Nil
64.	Indian Council of World Affairs, New Delhi	340.00	Nil
		8040.00	**Nil**
	Environment and Forests		
65.	Animal Welfare Board, Chennai	2122.00	Nil
66.	Central Zoo Authority, New Delhi	1700.00	Nil
67.	National Biodiversity Authority, Chennai	146.01	Nil
68.	Wild Life Institute of India, Dehradun	1400.00	Nil
		5368.01	Nil

* Corpus fund provided by Ministry of Culture

(Rupees in lakh)

Sl. No.	Ministry/Department/Name of Body	Grant	Loan
	Finance		
69.	Insurance Regulatory and Development Authority, Hyderabad	Nil	Nil
70.	Securities and Exchange Board of India, Mumbai	Nil	Nil
		Nil	**Nil**
	Health and Family Welfare		
71.	All India Institute of Medical Sciences, New Delhi	47001.00	Nil
72.	Central Council of Homoeopathy, New Delhi	85.00	Nil
73.	Central Council for Research in Ayurveda and Siddha, New Delhi	5692.91	Nil
74.	Central Council for Research in Homoeopathy, New Delhi	1861.04	Nil
75.	Central Council for Research in Unani Medicine, New Delhi	3470.12	Nil
76.	Central Council for Research in Yoga and Naturopathy, New Delhi	438.56	Nil
77.	Central Council of Indian Medicine, New Delhi	68.60	Nil
78.	Chittaranjan National Cancer Institute, Kolkata	1595.00	Nil
79.	Dental Council of India, New Delhi	19.00	Nil
80.	Indian Council of Medical Research, New Delhi	31165.00	Nil
81.	Indian Nursing Council, New Delhi	31.00	Nil
82.	Medical Council of India, New Delhi	160.00	Nil
83.	Morarji Desai National Institute of Yoga, New Delhi	356.59	Nil
84.	National Board of Examination, New Delhi	Nil	Nil
85.	National Institute of Ayurveda, Jaipur	1730.00	Nil
86.	National Institute of Health and Family Welfare,NewDelhi	150.00	Nil
87.	National Institute of Homoeopathy, Kolkata	1786.17	Nil
88.	National Institute of Mental Health and Neuro Sciences, Bengaluru	6000.00	Nil
89.	National Institute of Naturopathy, Pune	298.00	Nil
90.	National Institute of Siddha, Tamil Nadu	600.00	Nil
91.	National Institute of Unani Medicine, Bengaluru	538.15	Nil
92.	North Eastern Indira Gandhi Institute of Health and Medical Science, Shillong	4200.00	Nil
93.	Pharmacy Council of India, New Delhi	15.00	Nil
94.	Post Graduate Institute of Medical Education Research, Chandigarh	20300.00	Nil
95.	Rashtriya Aarogya Nidhi, New Delhi	495.00	Nil
96.	Rashtriya Ayurveda Vidyapeeth, New Delhi	79.15	Nil
		128135.29	**Nil**
	Heavy Industries		
97.	National Automotive Testing and R&D Infrastructure Project Implementation Society (NATIS),New Delhi	Nil	Nil
		Nil	**Nil**
	Home Affairs		
98.	National Human Rights Commission, New Delhi	1579.02	Nil
99.	Municipal Council, Port Blair, A&N Islands	Nil	Nil
		1579.02	**Nil**
	Human Resource Development		
100.	All India Council for Technical Education, New Delhi	9941.14	Nil
101.	Aligarh Muslim University, Aligarh	25259.03	Nil
102.	Assam University, Silchar	2721.77	Nil
103.	Auroville Foundation,Auroville, Pondichery	476.00	Nil
104.	Baba Saheb Bhimro Ambedkar University, Lucknow	1531.32	Nil
105.	Banaras Hindu University , Varanasi	29663.03	Nil
106.	Bharat Shiksha Kosh, New Delhi	Nil	Nil
107.	Board of Apprenticeship Training, Chennai	247.50	Nil
108.	Board of Apprenticeship Training, Kanpur	95.00	Nil
109.	Board of Apprenticeship Training, Mumbai	120.00	Nil
110.	Board of Practical Training, Kolkata	137.50	Nil

(Rupees in lakh)

Sl. No.	Ministry/Department/Name of Body	Grant	Loan
111.	Central Tibetan Schools Administration, New Delhi	2540.00	Nil
112.	Delhi University, Delhi	20751.67	Nil
113.	Dr. B.R.Ambedkar National Institute of Technology, Jalandhar	1200.00	Nil
114.	English and Foreign Language University, Hyderabad	3187.24	Nil
115.	Gandhigram Rural Institute, Gandhigram, Dindigul, Tamil Nadu	Nil	Nil
116.	Indian Council of Historical Research, New Delhi	924.98	Nil
117.	Indian Council of Philosophical Research, New Delhi	440.68	Nil
118.	Indian Council of Social Science Research, New Delhi	2878.56	Nil
119.	Indian Institute of Advanced Studies, Shimla	291.74	Nil
120.	Atal Bihari Vajpayee Indian Institute of Information Technology and Management, Gwalior	1120.00	Nil
121.	Indira Gandhi National Open University, New Delhi	67.66	Nil
122.	Indian Institute of Information Technology, Allahabad	2800.00	Nil
123.	Indian Institute of Science Education and Research, Pune	2550.00	Nil
124.	Indian Institute of Science Education and Research, Mohali	1050.00	Nil
125.	Indian Institute of Science Education and Research, Kolkata	2400.00	Nil
126.	Pandit Dwarka Prasad Mishra Indian Institute of Information Technology, Design and Manufacturing, Jabalapur	1100.00	Nil
127.	Indian Institute of Management, Ahmedabad	Nil	Nil
128.	Indian Institute of Management, Bengaluru	Nil	Nil
129.	Indian Institute of Management, Indore	1719.00	Nil
130.	Indian Institute of Management, Kolkata	Nil	Nil
131.	Indian Institute of Management, Kozhikode	3234.75	Nil
132.	Indian Institute of Management, Lucknow	Nil	Nil
133.	Indian Institute of Technology, Chennai	11922.00	Nil
134.	Indian Institute of Technology, Delhi	12933.57	Nil
135.	Indian Institute of Technology, Guwahati	6874.00	Nil
136.	Indian Institute of Technology, Kanpur	12680.00	Nil
137.	Indian Institute of Technology, Kharagpur	15400.00	Nil
138.	Indian Institute of Technology, Mumbai	14352.93	Nil
139.	Indian Institute of Technology, Roorkee	10699.50	Nil
140.	Indian School of Mines, Dhanbad	4927.17	Nil
141.	Jamia Millia Islamia University, Delhi	15292.01	Nil
142.	Jawaharlal Nehru University, New Delhi	13958.67	Nil
143.	Kendriya Vidyalaya Sangathan, New Delhi	96400.00	Nil
144.	Kendriya Hindi Shikshan Mandal, Agra	1420.00	Nil
145.	Lal Bahadur Shastri Rashtriya Sanskrit Vidyapeeth, New Delhi	Nil	Nil
146.	Mahatma Gandhi Antarashtriya Hindi Vishwavidyalay, Wardha	1122.03	Nil
147.	Manipur University, Canchipur	5874.21	Nil
148.	Maulana Azad National Urdu Univrsity, Hyderbad	3646.85	Nil
149.	Mizoram University, Aizal	6637.54	Nil
150.	Maharishi Sandipani Rashtriya Veda Vidya Pratishthan, Ujjain	520.00	Nil
151.	Malviya National Institute of Technology, Jaipur	1950.00	Nil
152.	Maulana Azad National Institute of Technology, Bhopal	1700.00	Nil
153.	Motilal Nehru National Institute of Technology, Allahabad	2600.00	Nil
154.	Nagaland University, Kohima	3162.25	Nil
155.	National Bal Bhavan Society, New Delhi	1394.68	Nil
156.	National Book Trust, New Delhi	1681.05	Nil
157.	National Commission for Minority Educational Institution, New Delhi	195.09	Nil
158.	National Institute of Adult Education, New Delhi	Nil	Nil
159.	National Council for Promotion of Sindhi Language, Delhi	170.00	Nil
160.	National Council for Promotion of Urdu Language, New Delhi	1740.00	Nil

(Rupees in lakh)

Sl. No.	Ministry/Department/Name of Body	Grant	Loan
161.	National Council for Teachers Education, New Delhi	Nil	Nil
162.	National Council of Educational Research and Training, New Delhi	9095.00	Nil
163.	National Council of Rural Institutes, Hyderabad	180.00	Nil
164.	National University of Educational Planning and Administration, New Delhi	1040.00	Nil
165.	National Institute of Foundry and Forge Technology, Ranchi	1210.00	Nil
166.	National Institute of Technical Teachers Training &Research, Bhopal	935.00	Nil
167.	National Institute of Technical Teachers Training &Research, Chandigarh	840.06	Nil
168.	National Institute of Technical Teachers Training &Research, Chennai	767.93	Nil
169.	National Institute of Technical Teachers Training &Research, Kolkata	534.25	Nil
170.	National Institute of Technology, Agartala	1500.00	Nil
171.	National Institute of Technology, Durgapur	1800.00	Nil
172.	National Institute of Technology, Hamirpur	3110.00	Nil
173.	National Institute of Technology, Jamshedpur	1450.00	Nil
174.	National Institute of Technology, Kozhikode	3650.00	Nil
175.	National Institute of Technology, Kurukshetra	3515.00	Nil
176.	National Institute of Technology, Patna	1050.00	Nil
177.	National Institute of Technology, Raipur	1125.00	Nil
178.	National Institute of Technology, Rourkela	3440.00	Nil
179.	National Institute of Technology, Silchar	2210.00	Nil
180.	National Institute of Technology, Srinagar	1950.00	Nil
181.	National Institute of Technology, Surathkal	3800.00	Nil
182.	National Institute of Technology, Tiruchirapalli	4000.00	Nil
183.	National Institute of Technology, Warangal	3200.00	Nil
184.	National Institute of Industrial Engineering, Mumbai	3476.52	Nil
185.	National Institute of Open Schooling, New Delhi	600.00	Nil
186.	Navodaya Vidyalaya Samiti, New Delhi	110480.00	Nil
187.	North Eastern Regional Institute of Science and Technology, Itanagar	1950.00	Nil
188.	North Eastern Hill University, Shillong	8903.12	Nil
189.	Centre for Studies in Civilization,Project of History of Indian Science, Philosophy and Culture, New Delhi	174.96	Nil
190.	Pondicherry University , Pondicherry	4241.12	Nil
191.	Rashtriya Sanskrit Sansthan, New Delhi	5219.67	Nil
192.	Rashtriya Sanskrit Vidyapeeth, Tirupati	Nil	Nil
193.	Sant Longowal Institute of Engineering and Technology, Longowal	875.00	Nil
194.	Sardar Vallabh Bhai National Institute of Technology,Surat	3100.00	Nil
195.	School of Planning and Architecture, New Delhi	1000.00	Nil
196.	Sikkim University	1850.00	Nil
197.	Tezpur University, Tezpur	2517.98	Nil
198.	Tripura University	2617.00	Nil
199.	University Grants Commission, New Delhi	183634.00	Nil
200.	University of Hyderabad, Hyderabad	8156.85	Nil
201.	University of Allahabad	13814.59	Nil
202.	Visvesvaraya National Institute of Technology, Nagpur	2850.00	Nil
203.	Vishwa Bharati University , Shantiniketan	8510.57	Nil
		782075.74	**Nil**

(Rupees in lakh)

Sl. No.	Ministry/Department/Name of Body	Grant	Loan
	Micro Small and Medium Enterprises		
204.	Coir Board, Kochi	Nil	Nil
205.	Khadi and Village Industries Commission, Mumbai	50.00	Nil
		50.00	**Nil**
	Information and Broadcasting		
206.	Prasar Bharati, New Delhi	109327.00	21074.00
207.	Press Council of India, New Delhi	237.00	Nil
		109564.00	**21074.00**
	Labour and Employment		
208.	Central Board of Workers Education, Nagpur	3351.00	Nil
209.	Employees Provident Fund Organization, New Delhi	Nil	Nil
210.	Employees State Insurance Corporation, New Delhi	Nil	Nil
211.	V.V.Giri National Labour Institute, Noida, Uttar Pradesh	785.00	Nil
		4136.00	**Nil**
	Law & Justice		
212.	National Judicial Academy, Bhopal	Nil	Nil
213.	State Legal Services Authority,(UT) Chandigarh	2.00	Nil
214.	National Legal Services Authority, New Delhi	175.00	Nil
		177.00	**Nil**
	Minority Affairs		
215.	Central Wakf Council, New Delhi	290.00	Nil
		290.00	**Nil**
	Power		
216.	Bureau of Energy Efficiency, New Delhi	4495.00	Nil
217.	Central Electricity Regulatory Commission, New Delhi	600.00	Nil
218.	National Power Training Institute, Faridabad	1071.00	Nil
		6166.00	**Nil**
	Petroleum and Natural Gas		
219.	Petroleum and Natural Gas Regulatory Board, New Delhi	200.00	Nil
		200.00	**Nil**
	Railways		
220.	Centre for Railway Information Systems, New Delhi	Nil	Nil
		Nil	**Nil**
	Rural Development		
221.	Council for Advancement of People's Action and Rural Technology, New Delhi	6225.26	Nil
222.	National Institute of Rural Development, Hyderabad	3905.04	Nil
		10130.30	**Nil**
	Science and Technology		
223.	Sree Chitra Tirunal Institute of Medical Sciences and Technology, Thiruvananthapuram	7898.00	Nil
224.	Technology Development Board, New Delhi	1900.00	Nil
		9798.00	Nil
	Scientific and Industrial Research		
225.	Council of Scientific and Industrial Research, New Delhi	186369.57	Nil
		186369.57	**Nil**
	Shipping		
226.	Chennai Port Trust, Chennai	Nil	Nil
227.	Cochin Port Trust, Cochin	Nil	Nil
228.	Indian Institute of Maritime Studies, Mumbai	Nil	Nil
229.	Jawaharlal Nehru Port Trust, Nhava Sheva	Nil	Nil
230.	Kandla Port Trust, Gandhidham	Nil	Nil
231.	Kolkata Dock Labour Board, Kolkata	Nil	Nil

(Rupees in lakh)

Sl. No.	Ministry/Department/Name of Body	Grant	Loan
232.	Kolkata Port Trust, Kolkata	60.18	Nil
233.	Mormugao Port Trust, Mormugao	Nil	Nil
234.	Chairman Mumbai Port Trust Erstwhile Mumbai Dock Labour Board, Mumbai	Nil	Nil
235.	Mumbai Port Trust, Mumbai	Nil	Nil
236.	Mumbai Port Trust Pension Fund Trust	Nil	Nil
237.	New Mangalore Port Trust, New Mangalore	Nil	Nil
238.	Paradip Port Trust, Paradip	Nil	Nil
239.	Seaman's Provident Fund Organization, Mumbai	Nil	Nil
240.	Tariff Authority of Major Ports, Mumbai	140.28	Nil
241.	Tuticorin Port Trust, Tuticorin	Nil	Nil
242.	Vizag Dock Labour Board, Vishakapatnam	Nil	Nil
243.	Vizag Port Trust, Vishakapatnam	Nil	Nil
		200.46	Nil
	Social Justice and Empowerment		
244.	Ali Yavar Jung National Institute for the Hearing Handicapped, Mumbai	1280.00	Nil
245.	National Commission for Backward Classes, New Delhi	134.25	Nil
246.	National Institute for Visually Handicapped, Dehradun	1410.00	Nil
247.	National Institute of Mentally Handicapped, Secunderabad	1574.98	Nil
248.	Dr. Shyama Prasad Mukherjee National Institute of Orthopaedically Handicapped, Kolkata	521.45	Nil
249.	National Institute for Empowerment of Persons with Multiple Disabilities (NIEPMD) Muttukadu, Chennai	250.00	Nil
250.	National Trust for Welfare of Persons with Austism, Cerebral Palsy, Mental Retardation and Multiple Disabilities, New Delhi	Nil	Nil
251.	Pandit Deen Dayal Upadhyay Institute for the Physically Handicapped, New Delhi	698.00	Nil
252.	Rehabilitation Council of India, New Delhi	399.99	Nil
253.	Swami Vivekananda National Institute for Rehabilitation Training & Research, Cuttak	1345.00	Nil
		7613.67	**Nil**
	Telecommunications		
254.	Telecom Regulatory Authority of India (TRAI), New Delhi	2245.00	Nil
255.	Telecom Regulatory Authority of India- CPF, New Delhi	Nil	Nil
		2245.00	**Nil**
	Textiles		
256.	Central Silk Board, Bengaluru	11159.00	Nil
257.	Jute Manufactures Development Council, Kolkata	5250.00	Nil
258.	National Institute of Fashion Technology, New Delhi	1000.00	Nil
259.	Textiles Committee, Mumbai	2238.00	Nil
		19647.00	**Nil**
	Urban Development		
260.	Delhi Development Authority, New Delhi	Nil	Nil
261.	Delhi Urban Arts Commission, New Delhi	109.23	Nil
262.	Lakshadweep Building Development Board, Kavaratti	Nil	Nil
263.	National Capital Region Planning Board, New Delhi	10192.41	Nil
264.	Rajghat Samadhi Committee, New Delhi	288.54	Nil
		10590.18	**Nil**
	Water Resources		
265.	Brahmaputra Board, Guwahati	3383.35	Nil
266.	Narmada Control Authority, Indore	Nil	Nil
267.	Betwa River Board, Jhansi	Nil	Nil

(Rupees in lakh)

Sl. No.	Ministry/Department/Name of Body	Grant	Loan
268.	National Water Development Agency, New Delhi	2200.00	Nil
		5583.35	**Nil**
	Women and Child Development		
269.	National Commission for Women, New Delhi	640.00	Nil
270.	Central Adoption Resource Agency, New Delhi	202.00	Nil
		842.00	**Nil**
	Youth Affairs and Sports		
271.	Lakshmibai National Institute of Physical Education, Gwalior	2100.00	Nil
272.	Nehru Yuva Kendra Sangathan, New Delhi	3194.00	Nil
273.	Sports Authority of India, New Delhi	19222.00	Nil
		24516.00	**Nil**
Grand Total		**1668538.03**	**30674.00**

APPENDIX - II

(Referred to in paragraph 1.1.1)

Grants/ loans released during 2007-2008 to Central autonomous bodies audited under Sections 14(1) and 14(2) of CAG's (DPC) Act, 1971

(Rupees in lakh)

Sl. No.	Ministry/ Department/ Name of Body	Grant	Loan
	Agriculture		
1	National Co-operative Union of India, New Delhi	1194.85	Nil
2	National Council for Co-operative Training, New Delhi	2030.00	Nil
3	Small Farmers Agriculture Business Consortium, New Delhi	31488.80	Nil
	Atomic Energy		
4	Atomic Energy Education Society, Mumbai	3196.89	Nil
5	Harish Chandra Research Institute, Allahabad	1839.98	Nil
6	Institute of Mathematical Science, Chennai	1683.00	Nil
7	Institute of Physics, Bhubaneswar	3382.00	Nil
8	Institute of Plasma Research, Gandhi Nagar	12560.00	Nil
9	Saha Institute of Nuclear Physics, Kolkata	4928.00	Nil
10	Tata Institute of Fundamental Research, Mumbai	18618.48	Nil
11	Tata Memorial Centre (TMC) Mumbai	13010.00	Nil
	Chemical and Fertilizers		
12	Central Institute of Plastics Engineering Technology, Chennai	1389.41	Nil
13	Institute of Pesticide Formulation Technology, Gurgaon	599.99	Nil
	Commerce		
14	Confederation of Indian Industries, New Delhi	612.46	Nil
15	Carpet Export Promotion Council, New Delhi	799.60	Nil
16	Cotton Textile Export Promotion Council, Mumbai	151.90	Nil
17	Chemical and Allied Products EPC,Kolkata	277.40	Nil
18	Electronic Computer Software Export Promotion Council, New Delhi	363.05	Nil
19	Export Credit and Guarantee Corporation of India Ltd., Mumbai	25000.00	Nil
20	Engineering EPC, Kolkata	948.15	Nil
21	Federation of Indian Export Organization, New Delhi	120.58	Nil
22	Federation of Indian Chambers of Commerce and Industry, New Delhi	320.39	Nil
23	Gem and Jewellery Export Promotion Council, Mumbai	541.88	Nil
24	Handicrafts Export Promotion Council, New Delhi	1128.63	Nil
25	Indian Institute of Foreign Trade, New Delhi	454.65	Nil
26	Indian Silk Export Promotion Council, Mumbai	158.04	Nil
27	Indian Institute of Packing, Mumbai	300.00	Nil
28	Leather Export Promotion Council, Chennai	392.40	Nil
29	Maharashtra Industrial Development Corporation, Mumbai	8624.74	Nil
30	National Council for Applied Economic Research, New Delhi	454.00	Nil
31	Plastic Export Promotion Council, Mumbai	200.00	Nil
32	Quality Council of India, New Delhi	75.00	Nil
33	Shellac Export Promotion Council, Kolkata	270.62	Nil
34	Sports Goods Export Promotion Council, New Delhi	239.23	Nil
35	Footwear Design and Development Institute, Noida	926.76	Nil
	Culture		
36	Nav Nalanda Mahavihara, Bihar	331.81	Nil
	Defence		
37	Cantonment Board, Ahmednagar	148.50	Nil
38	Cantonment Board, Barrackpore	104.00	Nil
39	Cantonment Board, Chakrata	218.00	Nil
40	Cantonment Board, Clement Town	159.50	Nil

(Rupees in lakh)

Sl. No.	Ministry/ Department/ Name of Body	Grant	Loan
41	Cantonment Board, Danapur	259.00	Nil
42	Cantonment Board, Kasauli	131.00	Nil
43	Cantonment Board, Khasyol	182.25	Nil
44	Cantonment Board, Landour	112.90	Nil
45	Cantonment Board, Lansdowne	180.00	Nil
46	Cantonment Board, Ramgarh	264.00	Nil
47	Cantonment Board, Ranikhet	380.00	Nil
48	Cantonment Board, Wellington	318.16	Nil
49	Cantonment Board, Almora	50.00	Nil
50	Cantonment Board, Badamibagh	170.50	Nil
51	Cantonment Board, Bakloh	96.54	Nil
52	Cantonment Board, Dagshai	104.50	Nil
53	Cantonment Board, Dalhousie	96.00	Nil
54	Cantonment Board, Faizabad	148.00	Nil
55	Cantonment Board, Jalpahar	133.75	Nil
56	Cantonment Board, Shahjahanpur	75.00	Nil
57	Cantonment Board, Jammu	60.90	Nil
58	Cantonment Board, Jutogh	92.50	Nil
59	Cantonment Board, Lebong	81.00	Nil
60	Cantonment Board, Nainital	110.00	Nil
61	Cantonment Board, Pachmarhi	100.00	Nil
62	Cantonment Board, Shillong	128.00	Nil
63	Cantonment Board, Subathu	96.00	Nil
64	Institute of Defence Studies and Analysis	1298.45	Nil
	Environment and Forest		
65	Indian Council of Forestry Research & Education, Dehradun	7324.00	Nil
66	Indian Institute of Forest Management, Bhopal	843.00	Nil
67	Indian Plywood Industries Research and Training Institute, Bengaluru	650.00	Nil
	External Affairs		
68	Society for Research & information System for Non-aligned and other Developing Countries, New Delhi	175.00	Nil
	Finance		
69	National Institute of Financial Management, Faridabad	215.00	Nil
70	National Institute of Public Finance & Policy, New Delhi	562.62	Nil
71	Pension Fund Regulatory and Development Authority	475.00	Nil
	Food Processing Industries		
72	West Bengal Industries Development Corporation Council House, Kolkata	2237.00	Nil
73	West Bengal State Food Processing and Horticulture Development Corporation Ltd., Kolkata	203.50	Nil
	Health and Family Welfare		
74	All India Institute of Speech and Hearing, Mysosre	1100.00	Nil
75	Central Council Combined Building Complex	160.82	Nil
76	Central Drug Research Institute, Lucknow	385.24	Nil
77	Gandhi Gram Institute of Rural Health and Family Welfare, Tamil Nadu	160.00	Nil
78	Institute of Post-Graduate Teaching and Research in Ayurveda, Jamnagar	1376.82	Nil
79	International Institute of Population Sciences, Mumbai	972.20	Nil
80	Kasturba Health Society, Wardha	1648.00	Nil
81	Lala Ram Swaroop Institute of Tuberculosis and Allied Diseases, New Delhi	2163.00	Nil
82	Lokpriya Gopinath Bordolai Regional Institute of Mental Health, Tejapur	225.00	Nil
83	National Institute of Biologicals, Noida	1132.00	Nil
84	New Delhi T.B Centre	129.00	Nil

(Rupees in lakh)

Sl. No.	Ministry/ Department/ Name of Body	Grant	Loan
85	National Academy of Medical Sciences, New Delhi	65.08	Nil
86	Pasteur Institute of India, Coonoor	1000.00	Nil
87	Regional Institute of Medical Sciences, Imphal	4300.00	Nil
88	Regional Institute of Paramedical and Nursing Sciences, Aizawl	384.00	Nil
89	State Innovation in Family Planning Services Project Agency, Lucknow	3612.02	Nil
90	Vallabhbhai Patel Chest Institute, New Delhi	1500.00	Nil
	Human Resource Development		
91	Association of Indian Universities	75.00	Nil
92	Indian Institute of Science, Bengaluru	12600.00	Nil
	Industrial Policy and Promotion		
93	Central Manufacturing Technology Institute, Bengaluru	1082.50	Nil
	Information and Broadcasting		
94	Children's Film Society India, Mumbai	350.00	Nil
95	Film and Television Institute of India, Pune	1445.00	Nil
96	Indian Institute of Mass Communication, New Delhi	449.82	Nil
97	Satyajit Ray's Film & Television Institute, Kolkata	977.30	Nil
	Minority Affairs		
98	Maulana Azad Education Foundation, New Delhi	5000.00	Nil
	Mines		
99	Jawaharlal Nehru Aluminum Research Development and Design Centre, Nagpur	220.00	Nil
100	National Institute of Miners' Health	64.00	Nil
	New and Renewable Energy		
101	Centre for Wind Energy Technology (C-WET), Chennai	1075.00	Nil
102	National Institute of Renewable Energy (NIRE), Kapurthala	367.00	Nil
	Small Scale Industries		
103	National Productivity Council, New Delhi	763.95	Nil
104	National Council for Cement and Building Material, New Delhi	250.00	Nil
105	Small Industries Development Bank of India (SIDBI), New Delhi	11793.00	Nil
	Labour & Employment		
106	National Instructional Media Institute (NIMI),Chennai	220.00	Nil
	Law & Justice		
107	Institute of Constitutional & Parliamentary Studies	29.00	Nil
108	Indian Law Institute	75.00	Nil
	Earth Science		
109	Indian National Centre for Ocean Information Services, Hyderabad	7497.53	Nil
110	National Centre for Antarctic & Ocean Research, Goa	5679.26	Nil
111	National Institute of Ocean Technology, Chennai	13167.52	Nil
112	Indian Institute of Tropical Meteorology, Pune	1450.00	Nil
	Personnel, Public Grievances and Pensions		
113	Central Civil Services Cultural and Sports Board, New Delhi	50.00	Nil
114	Indian Institute of Public Administration, New Delhi	207.50	Nil
	Planning Commission		
115	Institute of Applied Manpower Research, New Delhi	487.00	Nil
	Power		
116	Central Power Research Institute, Bengaluru	6781.00	Nil
	Petroleum and Natural Gas		
117	Society for Petroleum Laboratory, NOIDA	196.00	Nil
	Social Justice and Empowerment		
118	Dr. Ambedkar Foundation, New Delhi	100.00	Nil
119	Manasika Vikas Kendram Ramchandra Nagar, Vijaywada, Andhra Pradesh	70.00	Nil
120	National Institute of Social Defence, New Delhi	410.00	Nil

(Rupees in lakh)

Sl. No.	Ministry/ Department/ Name of Body	Grant	Loan
	Scientific & Industrial Research		
121	Consultancy Development Centre, New Delhi	200.00	Nil
	Science and Technology		
122	Agarkar Research Institute, Pune	993.00	Nil
123	Aryabhatta Research Institute for Observational Sciences, Nainital	2300.00	Nil
124	Birbal Sahni Institute of Palaeobotany, Lucknow	630.00	Nil
125	Bose Institute, Kolkata	2623.00	Nil
126	Central for liquid Crystal Research, Bengaluru	400.00	Nil
127	Centre for DNA Finger Printing & Diagnostics, Hyderabad	1506.00	Nil
128	Indian Academy of Sciences, Bengaluru	451.00	Nil
129	Indian Association of Cultivation of Science, Kolkata	4425.00	Nil
130	Indian Institute of Astrophysics, Bengaluru	3908.00	Nil
131	Indian Institute of Geomagnetism, Mumbai	2255.00	Nil
132	Indian National Academy of Engineering, New Delhi	200.00	Nil
133	Indian National Science Academy, New Delhi	886.00	Nil
134	Indian Science Congress Association, Kolkata	227.00	Nil
135	Institute of Bioresources & Sustainable Development, Imphal	300.00	Nil
136	Institute of life Science, Bhubaneswar	968.00	Nil
137	International Advanced Centre for Research in Power Metallurgy & New Materials, Hyderabad	4500.00	Nil
138	Jawaharlal Nehru Centre for Advanced Scientific Research, Bengaluru	3500.00	Nil
139	National Academy of Sciences, Allahabad	298.00	Nil
140	National Institute of Immunology, New Delhi	3662.00	Nil
141	National Brain Research Centre, Gurgaon	1710.00	Nil
142	National Centre for Cell Sciences, Pune	2982.00	Nil
143	National Institute for Plant Genome Research, New Delhi	1360.00	Nil
144	Raman Research Institute, Bengaluru	2523.00	Nil
145	Satyendra Nath Bose National Centre for Basic Sciences, Kolkata	1437.00	Nil
146	Technology Information Forecasting and Assessment Council, New Delhi	409.00	Nil
147	Vigyan Prasar, Noida	800.00	Nil
148	Wadia Institute of Himalayan Geology, Dehradun	1411.00	Nil
	Statistics and Programme Implementation		
149	Indian Statistical Institute, Kolkata	7639.76	Nil
	Telecommunications		
150	Centre for Development of Telematics (C-DOT),New Delhi	9600.00	Nil
	Textiles		
151	Apparel Export Promotion Council, New Delhi	383.98	Nil
152	Central Silk Board, New Delhi	13016.00	Nil
	Tribal Affairs		
153	Tribal co-operative Marketing Development Federation of India Ltd., New Delhi	2050.84	Nil
	Urban Development		
154	Building Material Technology Promotion Council, New Delhi	899.58	Nil
155	National Institute of Urban Affairs, New Delhi	206.19	Nil
	Women and Child Development		
156	Central Social Welfare Board, New Delhi	3808.57	Nil
157	National Commission for Protection of Child Rights, New Delhi	540.00	Nil
158	National Institute of Public Co-operation and Child Development, New Delhi	1500.00	Nil
	Youth Affairs and Sports		
159	Indian Olympic Association, New Delhi	Nil	9521.00
160	Rajiv Gandhi National Institute of Youth Development	865.00	Nil
	Grand Total	**337215.74**	**9521.00**

APPENDIX - III

Referred to in paragraph 1.1.1)

Bodies under Sections 19(2) and 20(1) of the CAG's (DPC) Act 1971, whose information for 2007-2008 had not been received as of December 2008

Sl. No.	Ministry/ Department/ Name of Body
	Human Resource Development
1	Indian Institute of Information Technology Design and Manufacturing, Kancheepuram
	Railways
2.	Rail Land Development Authority, New Delhi
	Law and Justice
3	State Legal Service Authority (UT), Pondicherry

APPENDIX - IV

(Referred to in paragraph 1.1.2)

List of bodies which submitted accounts after delays of over three months

Sl. No.	Name of Autonomous Body	Date of submission of Accounts
1.	South Zone Cultural Centre, Thanjavur	01-10-2007
2.	Indian Instt of Maritime Studies, Mumbai	03-10-2007
3.	National Institute of Fashion Technology, New Delhi	04-10-2007
4.	Assam University, Silchar	05-10-2007
5.	North-Central Zone Cultural Centre, Allahabad	08-10-2007
6.	Motilal Nehru National Institute of Technology, Allahabad	08-10-2007
7.	Rajghat Samadhi Committee, New Delhi	11-10-2007
8.	Indian Institute of Information Technology, Allahabad	12-10-2007
9.	Employees Provident Fund Organisation, New Delhi	16-10-2007
10.	Sree Chitra Tirunal Institute of Medical Sciences & Technology, Thiruvananthapuram	17-10-2007
11.	Lakshadweep Building Dev Board, Kavaratti	18-10-2007
12.	Babasaheb Bhimarao Ambedkar University, Lucknow	19-10-2007
13.	National Institute of Technology, Durgapur	22-10-2007
14.	Delhi University	23-10-2007
15.	Rashtriya Sanskrit Sansthan, New Delhi	26-10-2007
16.	University of Allahabad	27-10-2007
17.	Kendriya Hindi Shikshan Mandal, Agra	29-10-2007
18.	Manipur University	29-10-2007
19.	Navodaya Vidyalaya Samiti, New Delhi	31-10-2007
20.	School of Planning and Architecture, New Delhi	01-11-2007
21.	Narmada Control Authority, Indore	06-11-2007
22.	Wildlife Institute of India, Dehradun	06-11-2007
23.	Himalayan Mountaineering Institute, Darjeeling	10-11-2007
24.	National Council for Promotion of Sindhi Language, Vadodara	13-11-2007
25.	North-East Zone Cultural Centre, Dimapur, Nagaland	14-11-2007
26.	Central Agricultural University, Imphal	14-11-2007
27.	National Judicial Academy, Bhopal	14-11-2007
28.	National Institute of Homeopathy, Kolkata	19-11-2007
29.	IIT-Rooorkee	27-11-2007
30.	Rashtriya Ayurveda Vidyapeeth, New Delhi	17-12-2007
31.	Nehru Yuva Kendra Sangathan, New Delhi	26-12-2007
32.	National Culture Fund	26-12-2007
33.	Eastern Zonal Cultural Centre, Kolkata	08-01-2008
34.	Nehru Memorial Museum and Library, New Delhi	09-01-2008
35.	University Grants Commission, New Delhi	11-01-2008
36.	Pandit Dwarka Prasad Mishra Indian Institute of Information Technology, Design and Manufacturing, Jabalpur	24-01-2008
37.	National Institute for Empowerment of Persons with Multiple Disabilities, Chennai	28-01-2008
38.	North-Eastern Indira Gandhi Regional Institute of Health and Medical Services,Shillong	04-03-2008
39.	A-B- Vajpayee Indian Institute of Information Technology and Management, Gwalior	25-03-2008

Sl. No.	Name of Autonomous Body	Date of submission of Accounts
40.	Nagaland University, Kohima	26-03-2008
41.	Maulana Azad National Institute of Technology, Bhopal	26-03-2008
42.	National Museum Institute, New Delhi	07-04-2008
43.	Central Board of Secondary Education	08-04-2008
44.	National Institute of Technology, Raipur	23-04-2008
45.	Indian Insttitue of Science, Education and Research, Kolkata	09-06-2008
46.	Coal Mines Provident Fund Organisation, Dhanbad	17-06-2008
47.	Betwa River Board, Jhansi	03-07-2008
48.	National Legal Services Authority	08-10-2008
49.	National Commission for Backward Classes	31-12-2008
	List of bodies whose accounts had not been received as of December 2008	
1.	Bharat Shiksha Kosh, New Delhi	
2.	Competition Commission of India – Institutional Development Fund, New Delhi	
3.	Dr. B.R. Ambedkar National Institute of Technology, Jalandhar	
4.	Indian Council of World Affairs, New Delhi	
5.	Haj Committee of India, Mumbai	
6.	District Legal Services Authority	
7.	Coastal Aquaculture Authority, Chennai	
8.	Municipal Council, Port Blair	
9.	Petrolem and Natural Gas Authority, New Delhi	
10.	Indian Museum, Kolkata	

APPENDIX - V

(Refers to in paragraph 1.1.3)

Arrears in submission of accounts for the period up to 2007-08

Sl. No.	Name of Autonomous Body	Due since	Number of years for which due
1.	Competition Commission of India – Institutional Development Fund, New Delhi	2002-03	6
2.	Indian Council of World Affairs, New Delhi	2003-04	5
3.	Haj Committee of India, Mumbai	2005-06	3
4.	Coastal Aquaculture Authority, Chennai	2005-06	3

APPENDIX - VI

(Referred to in paragraph 1.2)

List of autonomous bodies in respect of which audited accounts had not been presented before the Parliament as on 31 December 2008.

Sl. No.	Name of Autonomous Body (Ministry-wise)
(A).	**2006-07 (Year of Account)**
	Culture
1.	National Council of Science Museum, Kolkata
2.	Victoria Memorial Hall, Kolkata
	Human Resource Development
3.	Project of History of Indian Science, Philosophy and Culture, New Delhi
4.	Indian Institute of Management, Kolkata
5.	National Institute of Technology, Durgapur
	Law and Justice
6.	State Legal Services Authority, (UT) Chandigarh
	Social Justice and Empowerment
7.	National Institute for Employment of Persons with Multiple Disabilities (NIEPMD), Muttukadu, Chennai
	Urban Development
8.	Delhi Development Authority
9.	Lakshadweep Building Development Board, Kavaratti
	Women and Child Development
10.	Central Adoption Resource Agency, New Delhi
(B).	**2007-08 (Year of Account)**
	Animal Husbandry and Dairying
1.	Veterinary Council of India, New Delhi
	Commerce
2.	Export Inspection Agency, Delhi
3.	Export Inspection Agency, Kolkata
4.	Export Inspection Agency, Mumbai
5.	Export Inspection Agency, Cochin
6.	Export Inspection Agency, Chennai
	Consumer Affairs
7.	Bureau of Indian Standards, New Delhi
	Culture
8.	Centre for Cultural Resources and Training, New Delhi
9.	Gandhi Smriti and Darshan Samiti, New Delhi
10.	Lalit Kala Academy, New Delhi
11.	National School of Drama, New Delhi
12.	Raja Ram Mohan Roy Library Foundation, Kolkata
13.	South Central Zone Cultural Centre, Nagpur
14.	North Zone Cultural Centre, Patiala
15.	Kalakshetra Foundation, Chennai
16.	North Central Zone Cultural Centre, Allahabad

Sl. No.	Name of Autonomous Body (Ministry-wise)
	Environment and Forests
17.	Animal Welfare Board, Chennai
	Health and Family Welfare
18.	Central Council for Research in Yoga and Naturopathy, New Delhi
19.	Central Council of Homoeopathy, New Delhi
20.	Central Council of Indian Medicine, New Delhi
21.	Indian Nursing Council, New Delhi
22.	Medical Council of India, New Delhi
23.	Morarji Desai National Institute of Yoga, New Delhi
24.	Rashtriya Ayurveda Vidyapeeth, New Delhi
25.	National Institute of Naturopathy, Pune
26.	National Institute of Unani Medicine, Bengaluru
	Home Affairs
27.	National Human Rights Commission, New Delhi
	Human Resource and Development
28.	National Institute of Technology, Kurukshetra
29.	Indian Institute of Management, Ahmedabad
30.	Indian Institute of Technology, Roorkee
31.	Indian Council of Philosophical Research, New Delhi
32.	Jamia Millia Islamia, New Delhi
33.	Kendriya Vidyalaya Sangathan, New Delhi
34.	Lal Bahadur Shastri Rashtriya Sanskrit Vidyapeeth, New Delhi
35.	National Commission for Minority Educational Institutions, New Delhi
36.	National Council for Teachers Education, New Delhi
37.	Board of Practical Training, Kolkata
38.	National Institute of Technical Teachers Training &Research, Kolkata
39.	Visvesvaraya National Institute of Technology, Nagpur
40.	Board of Apprenticeship Training, Mumbai
41.	Indian Institute of Science Education and Research, Pune
42.	Indian Institute of Technology, Mumbai
43.	Mahatma Gandhi Antarashtriya Hindi Vishwavidyalay, Wardha
44.	National Institute of Training in Industrial Engineering, Mumbai
45.	National Institute of Technology, Rourkela
46.	Indian Institute of Science Education and Research, Mohali
47.	National Institute of Technical Teachers Training &Research, Chandigarh
48.	Indian Institute of Management, Bengaluru
49.	National Institute of Technology, Karnataka, Suratkal
50.	Rashtriya Sanskrit Vidyapeeth, Tirupati
51.	National Institute of Technical Teachers Training &Research, Chennai
52.	Pondicherry University , Pondicherry
	Power
53.	Bureau of Energy Efficiency, New Delhi
	Rural Development
54.	Council for Advancement of People's Action and Rural Technology, New Delhi

Sl. No.	Name of Autonomous Body (Ministry-wise)
	Shipping
55.	Kandla Dock Labour Board, Kandla
56.	Chairman Mumbai Port Trust Erstwhile Mumbai Dock Labour Board, Mumbai
57.	Mumbai Port Trust Pension Fund Trust
58.	Vizag Dock Labour Board, Vishakapatnam
59.	Tuticorin Port Trust, Tuticorin
	Social Justice and Empowerment
60.	Ali Yavar Jung National Institute for the Hearing Handicapped, Mumbai
61.	Swami Vivekananda National Institute of Rehabilitation Training & Research, Cuttak
62.	National Institute of Mentally Handicapped, Secunderabad, Hyderabad
	Communications and Information Technology
63.	Telecom Regulatory Authority of India CPF Account, New Delhi
64.	Telecom Regulatory Authority of India, New Delhi
	Urban Development
65.	Delhi Urban Arts Commission, New Delhi
66.	Rajghat Samadhi Committee, New Delhi
	Water Resources
67.	National Water Development Agency, New Delhi

APPENDIX - VII

(Referred to in paragraph 1.2)

Delay in presentation of audited accounts for the years 2005-06 and 2006-07 by Autonomous Bodies to Parliament

Sl. No.	Name of Autonomous Body	Year of Audit Report	Delay in months
	Agriculture		
1.	National Oil Seeds and Vegetable Oil Development Board, Gurgaon	2006-07	4
2.	Coconut Development Board, Kochi	2006-07	2
3.	Indian Council of Agricultural Research, New Delhi	2006-07	3
4.	Veterinary Council of India, New Delhi	2006-07	4
	Commerce		
5.	Marine Products Export Development Authority, Kochi	2006-07	2
	Consumer Affairs		
6.	Bureau of Indian Standards, New Delhi	2006-07	2
	Culture		
7.	Centre for Cultural Resources and Training, New Delhi	2006-07	3
8.	Delhi Public Library (Delhi Library Board), New Delhi	2006-07	3
9.	Gandhi Smriti and Darshan Samiti, New Delhi	2006-07	4
10.	Lalit Kala Academy, New Delhi	2006-07	3
11.	Nehru Memorial Museum and Library, New Delhi	2005-06	11
12.	Eastern Zonal Cultural Centre, Kolkata	2005-06	3
13.	North Zone Cultural Centre, Patiala	2006-07	3
14.	Kalakshetra Foundation, Chennai	2006-07	3
	Defence		
15.	Jawhar Institute of Mountaineering and Winter Sports, Pahalgam	2006-07	11
	Health and Family Welfare		
16.	Indian Council of Medical Research, New Delhi	2006-07	3
17.	Indian Nursing Council, New Delhi	2006-07	11
18.	Medical Council of India, New Delhi	2006-07	2
19.	National Board of Examination, New Delhi	2006-07	2
20.	National Institute of Naturopathy, Pune	2006-07	3
21.	National Institute of Mental Health and Neuro Sciences, Bengaluru	2006-07	3
	Home Affairs		
22.	National Human Rights Commission	2006-07	2
	Human Resource Development		
23.	Indian Institute of Management, Ahmedabad	2006-07	2
24.	Central Tibetan Schools Administration, New Delhi	2006-07	2
25.	Indian Council of Philosophical Research, New Delhi	2006-07	2
26.	National Bal Bhavan Society, New Delhi	2006-07	2
27.	National Council for Promotion of Urdu Language, New Delhi	2006-07	2
28.	Board of Practical Training, Kolkata	2006-07	3
29.	National Institute of Technical Teachers Training &Research Kolkata	2006-07	2
30.	Indian Council of Social Science Research, New Delhi	2006-07	11

Sl. No.	Name of Autonomous Body	Year of Audit Report	Delay in months
31.	Indian Institute of Technology, Mumbai	2006-07	3
32.	National Institute of Technology, Rourkela	2006-07	3
33.	Assam University, Silchar	2006-07	9
34.	Kendriya Vidyalaya Sangathan	2006-07	2
35.	Mahatma Gandhi Antarrashtriya Viswavidyalaya, Wardha.	2006-07	2
36.	National Institute of Technology, Kozhikode (Calicut)	2006-07	3
37.	National Institute of Technical Teachers Training &Research, Chandigarh	2006-07	2
38.	Indian Institute of Management, Bengaluru	2006-07	2
39.	National Institute of Technology, Karnataka, Suratkal	2006-07	3
40.	Indian Institute of Management, Indore	2006-07	4
41.	Maulana Azad National Institute of Technology, Bhopal	2006-07	11
42.	National Institute of Technology, Warangal	2006-07	3
43.	Rashtriya Sanskrit Vidyapeeth, Tirupati	2006-07	2
44.	Auroville Foundation,Auroville, Tamil Nadu	2006-07	2
45.	Board of Apprenticeship Training, Chennai	2006-07	2
46.	National Institute of Technical Teachers Training &Research, Chennai	2006-07	2
47.	Baba Saheb Bhimrao Ambedkar University, Lucknow	2006-07	4
	Labour and Employment		
48.	Central Board of Workers Education, Nagpur	2006-07	4
	Railways		
49.	Centre for Railway Information Systems, New Delhi	2006-07	3
	Rural Development		
50.	Council for Advancement of People's Action and Rural Technology, New Delhi	2006-07	11
	Social Justice and Empowerment		
51.	Rehabilitation Council of India, New Delhi	2006-07	2
52.	Ali Yavar Jung National Institute for the Hearing Handicapped, Mumbai	2006-07	9
	Urban Development		
53.	National Capital Region Planning Board, New Delhi	2006-07	2
54.	Rajghat Samadhi Committee, New Delhi	2006-07	11
	Women and Child Development		
55.	National Commission for Women, New Delhi	2006-07	11
	Youth Affairs and Sports		
56.	Lakshmibai National Institute of Physical Education, Gwalior	2006-07	2

APPENDIX - VIII

(Referred to in paragraph 1.3)

Outstanding utilisation certificates

(Rupees in lakh)

Ministry/Department	Period to which grants relate (up to March 2007)	Utilisation Certificates outstanding in respect of grants released up to March 2007which were due by 31 March 2008	
		Number	Amount
Agriculture	1990-91	3	11.25
	1991-92	8	16.50
	1992-93	2	6.60
	1993-94	2	67.04
	1994-95	1	2.50
	1995-96	2	11.91
	1996-97	2	1.34
	1997-98	6	14.88
	1998-99	2	1.00
	1999-00	1	0.07
	2000-01	4	5.09
	2001-02	12	17.31
	2002-03	6	8.08
	2003-04	12	20.71
	2004-05	23	345.73
	2005-06	29	10052.61
	2006-07	151	49597.07
		266	**60179.69**
Andaman Nicobar Islands Administration	2004-05	3	32.06
	2005-06	1	215.83
	2006-07	62	8772.73
		66	**9020.62**
Atomic Energy	1991-92	1	2.51
	1996-97	4	4.12
	1997-98	3	3.38
	1998-99	4	3.12
	1999-00	7	16.56
	2000-01	7	17.24
	2001-02	5	4.85
	2002-03	1	0.80
	2003-04	12	9.06
	2004-05	26	223.25
	2005-06	48	95.05
	2006-07	195	814.87
		313	**1194.81**
Central Board of Direct Taxes	2005-06	1	0.01
	2006-07	17	3.53
		18	**3.54**
Chemicals and Petrochemicals	2006-07	1	790.00
		1	**790.00**

(Rupees in lakh)

Ministry/Department	Period to which grants relate (up to March 2007)	Utilisation Certificates outstanding in respect of grants released up to March 2007which were due by 31 March 2008	
		Number	Amount
Department of Fertilisers	2006-07	7	5.40
		7	**5.40**
Commerce & Textile			
(i) Commerce	2001-02	1	150.00
	2002-03	21	2230.30
	2003-04	11	2497.27
	2004-05	13	2553.77
	2005-06	31	2838.60
	2006-07	143	74364.30
		220	**84634.24**
(ii) Textiles	1978-79	11	47.23
	1979-80	3	14.60
	1980-81	3	3.88
	1981-82	1	0.40
	1982-83	4	2.02
	1984-85	2	0.88
	1985-86	3	2.15
	1988-89	1	0.25
	1989-90	3	1.75
	1990-91	1	3.32
	1991-92	3	7.47
	1992-93	9	20.71
	1993-94	9	95.11
	1994-95	31	26.27
	1995-96	48	231.35
	1996-97	16	51.89
	1997-98	17	42.63
	1998-99	11	31.24
	1999-00	29	126.75
	2000-01	29	89.94
	2001-02	31	47.91
	2002-03	44	89.79
	2003-04	86	640.57
	2004-05	190	2040.73
	2005-06	350	5764.76
	2006-07	573	9724.51
		1508	**19108.11**
Civil Aviation	2006-07	01	1549
		01	**1549**
Culture	1990-91	7	2.14
	1991-92	17	91.24
	1992-93	388	1315.30
	1993-94	349	1094.64
	1994-95	232	274.66
	1995-96	297	448.47
	1996-97	111	650.49
	1997-98	155	2517.12
	1998-99	127	279.95
	1999-00	79	785.10
	2000-01	371	307.31
	2001-02	75	1162.92

(Rupees in lakh)

Ministry/Department	Period to which grants relate (up to March 2007)	Utilisation Certificates outstanding in respect of grants released up to March 2007which were due by 31 March 2008	
		Number	Amount
	2002-03	294	948.59
	2003-04	542	1243.69
	2004-05	519	632.28
	2005-06	474	306.16
	2006-07	276	2368.10
		4313	**14428.16**
Environment and Forests	1981-82	15	5.79
	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	278	6531.00
	1988-89	359	2543.18
	1989-90	545	192.00
	1990-91	70	123.30
	1991-92	81	1439.00
	1992-93	216	736.00
	1993-94	64	74.18
	1994-95	131	85.00
	1995-96	10	21.00
	1996-97	418	13658.77
	1997-98	592	8824.68
	1998-99	300	14.00
	1999-00	492	2356.64
	2000-01	518	3739.07
	2001-02	556	4069.84
	2002-03	556	857.67
	2003-04	770	4247.44
	2004-05	563	766.69
	2005-06	810	10698.87
	2006-07	1050	39037.04
		8843	**101379.63**
Home Affairs	2006-07	1	0.10
		1	**0.10**
Finance			
(ii)Department of Revenue	1996-97	1	0.03
	1997-98	2	0.05
	1999-00	1	0.02
	2002-03	1	24.00
		5	**24.10**
Department of Disinvestment	2004-05	24	91.46
		24	**91.46**
Food Processing Industries	1991-92	2	6.20
	1992-93	9	87.36
	1993-94	18	152.69
	1994-95	23	153.86
	1995-96	18	142.24
	1996-97	15	154.99
	1997-98	16	241.57
	1998-99	32	313.64

(Rupees in lakh)

Ministry/Department	Period to which grants relate (up to March 2007)	Utilisation Certificates outstanding in respect of grants released up to March 2007which were due by 31 March 2008	
		Number	Amount
	1999-00	29	327.60
	2000-01	58	816.88
	2001-02	63	1460.77
	2002-03	96	2247.58
	2003-04	161	2371.50
	2004-05	235	2722.63
	2005-06	408	5509.07
	2006-07	409	6380.89
		1592	**23089.47**
Health and Family Welfare			
(i) Health	1983-84	1	0.78
	1984-85	1	0.90
	1986-87	1	0.50
	1987-88	1	12.00
	1988-89	1	0.30
	1989-90	1	1.00
	1993-94	8	236.44
	1994-95	1	0.31
	1995-96	17	396.10
	1996-97	3	21.22
	1997-98	35	588.90
	1998-99	56	1560.21
	1999-00	66	1589.94
	2000-01	50	1323.74
	2001-02	32	802.29
	2002-03	39	832.74
	2003-04	253	5180.44
	2004-05	128	5530.47
	2005-06	310	37284.71
	2006-07	830	137938.84
		1834	**193301.83**
(ii) Family Welfare	1993-94	5	8.88
	1995-96	63	163.83
	1996-97	78	230.59
	1997-98	48	286.71
	1998-99	37	187.99
	1999-00	25	331.11
	2000-01	54	1133.58
	2001-02	49	759.72
	2002-03	78	2025.02
	2003-04	155	6971.83
	2004-05	213	21524.62
	2005-06	473	167647.21
	2006-07	763	349671.04
		2041	**550942.13**
(iii) AYUSH	1994-95	1	20.86
	1995-96	1	16.00
	1996-97	1	0.68
	1997-98	5	22.56
	1998-99	2	15.00
	1999-00	16	92.23

(Rupees in lakh)

Ministry/Department	Period to which grants relate (up to March 2007)	Utilisation Certificates outstanding in respect of grants released up to March 2007which were due by 31 March 2008	
		Number	Amount
	2000-01	6	28.65
	2001-02	14	215.98
	2002-03	19	81.63
	2003-04	20	421.65
	2004-05	25	548.47
	2005-06	218	3284.85
	2006-07	333	8252.06
		661	**13000.62**
Human Resource Development			
Department of Secondary Education and Literacy	1982-83	1	5.00
	1984-85	1	0.60
	1985-86	9	5.04
	1986-87	19	17.70
	1987-88	4	13.09
	1988-89	21	74.23
	1989-90	33	55.61
	1990-91	9	20.84
	1991-92	7	8.93
	1992-93	10	77.23
	1993-94	28	298.03
	1994-95	35	511.22
	1995-96	53	1262.27
	1996-97	46	506.04
	1997-98	43	366.74
	1998-99	54	1407.09
	1999-00	57	938.32
	2000-01	40	1962.15
	2001-02	66	7311.12
	2002-03	102	9174.74
	2003-04	220	5352.10
	2004-05	165	12219.84
	2005-06	167	52710.88
	2006-07	296	219418.00
		1486	**313716.81**
Department of Higher Education	1977-78	2	8.00
	1978-79	23	29.26
	1979-80	16	18.32
	1980-81	9	17.2
	1981-82	12	22.10
	1982-83	32	67.65
	1983-84	20	39.31
	1984-85	15	28.55
	1985-86	82	406.77
	1986-87	29	110.57
	1987-88	102	552.91
	1988-89	81	392.36
	1989-90	83	571.23
	1990-91	12	11.75
	1991-92	41	299.07
	1992-93	46	429.16
	1993-94	58	554.57

(Rupees in lakh)

Ministry/Department	Period to which grants relate (up to March 2007)	Utilisation Certificates outstanding in respect of grants released up to March 2007which were due by 31 March 2008	
		Number	Amount
	1994-95	17	122.33
	1995-96	20	180.58
	1996-97	21	272.12
	1997-98	31	347.27
	1998-99	35	180.67
	1999-00	93	1382.06
	2000-01	86	660.83
	2001-02	98	777.55
	2002-03	182	1692.58
	2003-04	184	2213.53
	2004-05	216	2676.47
	2005-06	515	3019.65
	2006-07	447	95108.55
		2608	**112192.97**
Information Technology	2001-02	2	11.00
	2002-03	63	5935.00
	2003-04	58	3094.00
	2004-05	68	13723.00
	2005-06	129	19614.00
	2006-07	161	43355.00
		481	**85732.00**
Industry			
(i) Heavy Industry	2000-01	1	182.00
	2002-03	1	30.00
	2003-04	6	257.00
	2004-05	8	2237.00
	2005-06	19	11312.00
	2006-07	39	114474.00
		74	**128492.00**
(ii) Small Scale Industry	1998-99	2	200.00
	2001-02	4	49.00
	2005-06	13	498.00
	2006-07	64	3461.00
		83	**4208.00**
(iii) Industrial Policy & Promotion	2004-05	8	5648.00
	2005-06	10	1404.00
	2006-07	39	25409.00
		57	**32461.00**
(iv) Department of Public Enterprises	2004-05	2	9.00
	2005-06	8	145.00
	2006-07	32	1081.00
		42	**1235.00**
Labour and Employment	1979-80	1	0.01
	1982-83	2	0.13
	1985-86	3	1.62
	1987-88	3	2.94
	1988-89	1	6.21
	1989-90	9	10.10
	1990-91	14	19.29
	1991-92	8	26.59
	1992-93	2	0.64

(Rupees in lakh)

Ministry/Department	Period to which grants relate (up to March 2007)	Utilisation Certificates outstanding in respect of grants released up to March 2007which were due by 31 March 2008	
		Number	Amount
	1993-94	5	3.89
	1994-95	3	3.71
	1995-96	13	92.10
	1996-97	101	184.58
	1997-98	4	4.32
	1998-99	17	19.52
	1999-00	21	26.12
	2000-01	31	57.17
	2001-02	19	83.62
	2002-03	17	12.17
	2003-04	15	192.73
	2004-05	38	170.75
	2005-06	23	113.36
	2006-07	134	4773.87
		484	**5805.44**
Law & Justice			
(i) National Legal Services Authority	1982-83	2	1.00
	1983-84	3	1.30
	1984-85	3	0.90
	1989-90	2	1.00
	1990-91	1	0.25
	1991-92	7	1.48
	1992-93	4	0.40
	1993-94	5	2.90
	1994-95	2	2.50
	1995-96	3	0.30
	1996-97	4	1.66
	1997-98	7	8.25
	1998-99	6	23.00
	1999-00	6	28.50
	2000-01	1	9.50
	2001-02	1	5.00
	2004-05	7	24.20
	2005-06	9	59.96
	2006-07	20	144.75
		93	**316.85**
(ii) Legislative Department	1993-94	1	0.05
	1996-97	1	0.05
	2001-02	1	0.03
	2004-05	1	0.10
	2005-06	2	0.40
		6	**0.63**
(iii) Department of Legal Affairs	2003-04	1	150.00
	2006-07	1	0.50
		2	**150.50**
Mines	2005-06	1	41.00
	2006-07	2	50.00
		3	**91.00**
New and Renewable Energy	2003-04	2	1000.96
	2004-05	3	209.91
	2005-06	95	1069.28

(Rupees in lakh)

Ministry/Department	Period to which grants relate (up to March 2007)	Utilisation Certificates outstanding in respect of grants released up to March 2007which were due by 31 March 2008	
		Number	Amount
	2006-07	96	3920.00
		196	**6200.15**
Earth Sciences	1983-84	8	13.16
	1984-85	22	22.66
	1985-86	32	32.61
	1986-87	22	25.78
	1987-88	40	52.83
	1988-89	45	58.00
	1989-90	61	60.39
	1990-91	17	227.46
	1991-92	13	114.60
	1992-93	8	3.00
	1993-94	16	40.20
	1994-95	7	36.50
	1995-96	22	46.74
	1996-97	51	105.06
	1997-98	57	276.81
	1998-99	41	432.28
	1999-00	34	435.69
	2000-01	50	422.71
	2001-02	39	2821.40
	2002-03	26	2533.69
	2003-04	112	2219.62
	2004-05	74	7051.40
	2005-06	107	9442.08
	2006-07	75	13989.60
		979	**40464.27**
Personnel, Public Grievances and Pensions Personnel and Training	2006-07	4	30.35
		4	**30.35**
Planning Commission	2005-06	2	3.64
	2006-07	8	7.55
		10	**11.19**
Power	2006-07	6	4128.70
		6	**4128.70**
Shipping	2006-07	3	197.44
		3	**197.44**
Space	1976-77	1	0.05
	1979-80	1	0.05
	1980-81	1	0.38
	1981-82	1	0.03
	1982-83	5	0.69
	1983-84	1	0.02
	1984-85	3	0.97
	1985-86	1	0.05
	1986-87	6	1.35
	1987-88	4	4.88
	1989-90	2	0.07
	1990-91	1	5.24
	1991-92	1	1.24
	1993-94	2	1.28

(Rupees in lakh)

Ministry/Department	Period to which grants relate (up to March 2007)	Utilisation Certificates outstanding in respect of grants released up to March 2007which were due by 31 March 2008	
		Number	Amount
	1998-99	1	0.20
	1999-00	2	1.30
	2000-01	7	64.19
	2001-02	18	451.06
	2002-03	21	176.75
	2003-04	45	294.21
	2004-05	65	562.23
	2005-06	101	536.57
	2006-07	121	984.32
		411	**3087.13**
Urban Development	1985-86	4	1.75
	1987-88	3	4.15
	1988-89	4	1.15
	1989-90	1	1.50
	1990-91	1	0.20
	1993-94	2	2.55
	1994-95	1	1.10
	1996-97	1	3.00
	1999-00	3	123.19
	2000-01	2	6.00
	2001-02	7	371.38
	2002-03	1	4.48
	2003-04	12	2499.53
	2005-06	22	2654.78
	2006-07	127	38440.47
		191	**44115.23**
Housing and Urban Poverty Alleviation	1991-92	1	2.85
	1992-93	1	23.00
	1993-94	1	0.26
	1995-96	1	2.20
	1996-97	1	1.10
	2000-01	1	43.79
	2001-02	1	1000.00
	2003-04	10	2470.52
	2004-05	5	1364.16
	2005-06	12	17354.27
	2006-07	111	27880.68
		145	**50142.83**
Water Resources	1986-87	3	12.50
	1987-88	1	4.04
	1988-89	2	5.80
	1989-90	2	2.85
	1990-91	3	7.17
	1991-92	4	8.91
	2000-01	2	6.19
	2001-02	4	46.46
	2005-06	3	23.66
	2006-07	63	399.45
		87	**517.03**

(Rupees in lakh)

Ministry/Department	Period to which grants relate (up to March 2007)	Utilisation Certificates outstanding in respect of grants released up to March 2007which were due by 31 March 2008	
		Number	Amount
Women and Child Development	1986-87	129	360.28
	1987-88	203	561.47
	1988-89	307	654.21
	1989-90	351	820.48
	1990-91	258	645.33
	1991-92	292	1102.55
	1992-93	289	1096.35
	1993-94	404	993.49
	1994-95	418	1126.94
	1995-96	263	861.70
	1996-97	481	1911.19
	1997-98	304	982.21
	1998-99	230	2751.93
	1999-00	186	1083.36
	2000-01	185	2194.69
	2001-02	276	1454.77
	2002-03	363	2392.36
	2003-04	144	1197.12
	2004-05	210	3772.42
	2005-06	215	8573.71
	2006-07	206	3516.31
		5714	**38052.87**
Youth Affairs & Sports	1987-88	19	10.94
	1988-89	75	37.86
	1989-90	141	46.92
	1990-91	174	76.08
	1991-92	121	62.92
	1992-93	285	202.79
	1993-94	288	234.65
	1994-95	172	192.49
	1995-96	266	310.11
	1996-97	256	370.03
	1997-98	122	130.89
	1998-99	314	571.73
	1999-00	524	1059.77
	2000-01	668	944.26
	2001-02	12	16.17
	2002-03	620	1162.31
	2003-04	773	1461.55
	2004-05	1008	1943.41
	2005-06	236	637.45
	2006-07	93	2880.05
		6167	**12352.38**
Grand Total		**41046**	**1956444.68**

APPENDIX-IX

(Referred to in paragraph 17.1)

Outstanding Action Taken Notes as of October 2008

Sl. No.	Name of the Ministry/Department	Report for the year ended March	Other Autonomous Bodies		
			Due	Not received at all	Under correspondence
1.	Agriculture	2006	1	-	1
2.	Commerce & Industries	2006	1	-	1
		2007	1	-	1
3.	Culture	1998	1	-	1
		2001	2	-	2
		2004	2	2	-
		2007	2	2	-
4.	Consumer Affairs	2006	1	-	1
5.	External Affairs	2004	1	-	1
6.	Finance	2003	1	-	1
		2004	1	-	1
		2006	1	-	1
		2007	1	1	-
7.	Health and Family Welfare	1999	1	-	1
		2002	2	1	1
		2004	3	-	3
		2005	2	2	-
		2007	2	2	-
8.	Heavy Industries	2005	1	1	-
9.	Human Resource Development	2001	2	-	2
		2002	3	2	1
		2004	6	2	4
		2005	3	1	2
		2006	7	5	2
		2007	6	6	-

Sl. No.	Name of the Ministry/Department	Report for the year ended March	Other Autonomous Bodies		
			Due	Not received at all	Under correspondence
10.	Information and Broadcasting	2002	3	-	3
		2003	1	-	1
		2004	1	-	1
		2005	5	2	3
		2006	7	-	7
		2007	4	2	2
11.	Labour	2005	2	2	-
12.	Minority Affairs	2004	1	-	1
13.	Shipping	2005	3	-	3
		2006	4	1	3
		2007	6	3	3
14.	Small Scale Industries	2006	1	1	-
15.	Social Justice and Empowerment	2006	1	1	-
16.	Textiles	2007	1	1	-
17.	Urban Development (DDA)	1989	1	1	-
		1990	5	5	-
		1991	8	8	-
		1992	9	9	-
		1993	12	12	-
		2007	1	1	-
18.	Women & Child Development	2002	1	-	1
19.	Youth Affairs and Sports	1994	1	-	1
		2005	4	4	-
		2006	2	2	-
		2007	1	1	-
Total			**139**	**83**	**56**