REPORT OF THE

COMPTROLLER AND AUDITOR GENERAL OF INDIA

FOR

THE YEAR 1982-83

UNION GOVERNMENT (CIVIL)

ERRATA

Page	Line	For	Read
1	2	3	4
1	3 of table	companies	Companies
2	9	3857.88	3857.08
7	4 from bottom	Add :	Add
9	24	Employees,	Employees'
11	6 from bottom	ccst	cost
11	4 from bottom	agence	agencies
11	2 from bottom	fertilizer	fertilizers
13	5 from bottom	ordinary	annum
14	7	United Nation	United Nations
15	Last line	expenditure	expenditure.
19	3	Stationery	Stationery'
20	6 (First column)	Blank	. .
20	12	Buildings	Buildings'
20	Last line	Rs. 0.30 lakh	Rs. 0.30 lakh.
21	3	ot	of
23	13	Fertilizers	Fertilizers'
23	4 from bottom	Mines	Mines'
25	11 (Serial No. 10)	Petroleum	Petroleum,
25	8 from bottom	dcmands	demands
34	14	thre	three
35	16 from bottom	Stato	State
36	17	levelling shaping	levelling/shaping
40	13	uo to	up to
40	2 from bottom	for the catering	for catering
41	14	proauction	production
42	12	hetares	hectares
43	7	1982	1982.
46	1	*cent*)	*cent*),
51	11	crosion,	erosion,
54	1	Government	Governments
59	11 from bottom	22.50 lakhs	Rs. 22.50 lakhs
59	10 from bottom	central	Central
60	1 from bottom	chambal command	Chambal Command
		Survey, Planning,	survey, planning,
69	Annexure II	Add 3 against Serial No. 4 in column 8.	
74	1	tunding.	funding.
77	13	1980—83)	1980—83
77	5 from bottom	below.)	below.
79	Last line	block :	block,
83	7	Nurses',	Nurses'
83	13	lakhs,	lakhs)
85	5 from bottom	Hospital	Hospitals
90	14 from bottom	Rs. 207 lakhs	Rs. 2.07 lakhs
90	3 from bottom	has	had
92	11	anum	annum

S/1 AGCR/83

1	2	3	4
94	4 from bottom	Rs. 7,154.43 lakhs	Rs. 7,154.48 lakhs
95	5 (Column 7)	ministry's	Ministry's
95	Sl. No. 6 (Col. 7)	38.6	38.62
102	16	checked.	checked,
104	11 from bottom	popplation	population
106	3	Multpurpose	Multipurpose
107	1	allotments	allotment
109	1	Under utilisation	Under utilisation of
114	6 from bottom	88.986	88,986
118	Sl. No. 13 (Col. 7)	(—)126	(—)1.26
122	3	manouvered	manoeuvred
123	12	Rs. 497.94	Rs. 479.94
126	3	Pragramme	Programme
126	12	(Rupees iu lakhs)	(Rupees in lakhs)
130	2 from bottom	SOC	(SOC).
131	1	disbursement	disbursements
132	Heading	Annexure X	Annexure
132	4 (Col. 5 of Annexure)	Estimate	Estimates
141	3	crores),	crore),
150	10	adverisers	advertisers
151	6 from bottom	bank,	bank
151	4 from bottom	million	million,
152	5	S.O.C.	SOC
152	10	Specal	Special
157	Last line	Rs. 85	Rs. 8.5
162	9	contractor	contractors
167	4	loading	leading
167	18	cost	cost of
169	11	players.	players,
171	10	fertilizers	fertilizers.
174	23	1976	1976,
182	3	lakhs,	lakh,
190	9	basic	Basic
196	18	urani	unani
217	8	1930	1980
219	13 from bottom	construction;	construction :
220	5 from bottom	construction;	construction :
220	15 from bottom	$ 1,25,000	$1,25,000.
221	6	order	older
232	18	Indian	India
237	13	Officers	Offices
240	1	party	party.
253	15	actuals	actual
255	9	Actual	Annual
256	Last line	31 March	31st March
257	4 from bottom	*inter alia*	*inter alia*,
258	18	percentage	Percentage
259	5	respnsible	responsible
266	10 from bottom	Daid	paid
269	Item C, Column 5	16,703	15,703
271	20-19 from bottom	percentage	Percentage
275	3 from bottom	restrospective	retrospective
276	11 from bottom	Type-II	Type E-II

1	2	3	4
276	10 from bottom	Type-III	Type E-III
277	12 from bottom	retain	retained
277	Last line	lakhs	lakh
279	13	Act	Act,
285	2 from bottom	numbers	number
287	Sub para d(1), last line	0.08 lakh	Rs. 0.08 lakh
294	4 from bottom	to	of
295	5	*Estate,*	*Estates,*
299	18	non (assessment	non-assessment
299	19	under(assessment	under-assessment
313	10 from bottom	road, rollers	road rollers
314	4 from bottom	Organisation	Organisation,
315	Table (Col. 6)	48.50	458.50
318	13	Irakh	Rakh
327	5 from bottom	foregoing	forgoing
329	8	Purhase	Purchase
335	8 from bottom	Rss.	Rs.
340	Table (Col. 3—item 1 to 3)	Blank 31st October 1979 30th December 1979	31st October 1979 30th December 1979 31st October 1979
343	5	sales-tax;	sales-tax);
348	8 from bottom	supply	supplying
349	8	500 Kg.	500 Kgs.
349	12	random/samples	random samples
370	15	UGO	UGC
377	8 from bottom	31s	31st
382	7	fcr	for
384	7	vaccum	vacuum
385	8	Disposal	Disposals
385	18	purchase	on purchase
385	21	air-condiitoners	air-conditioners
386	6	Universlty	University
387	3	Rs. 2,975.89	Rs. 2,975.09
388	1	quipment	equipment
394	2	upto to	upto
396	2	shortfall	shortfall of
400	11	1 April	1st April
404	6	grants	grants/
404	9	Government	Governments
406	8-9 (Col. 4 of Table)	No (in iakh)	(No. in lakhs)
406	10	Kgs.)	kgs.)
407	7	Kgs.)	kgs.)
408	7 from bottom (Col. 3)	(In lakh)	(In lakhs)
411	9 from bottom	on all outstanding loans should be calculated	was not calculated on loans on which it was
426	5	remetted	remelted
428	2 from bottom	aduit	audit
435	3	from	trend from
441	7-8	expendiditure	expenditure
449	3	Bodies.	Bodies,
451	Table (Col. 5)	24,484	28,484

REPORT OF THE

COMPTROLLER AND AUDITOR GENERAL OF INDIA

FOR

THE YEAR 1982-83

UNION GOVERNMENT (CIVIL)

TABLE OF CONTENTS

PREFATORY REMARKS

This Report has been prepared for submission to the President under Article 151 of the Constitution. It relates to matters arising from the Appropriation Accounts of the Union Government (Civil) for 1982-83 prepared (with a few exceptions) by the Controller General of Accounts and test checked in audit and other points arising from audit of the financial transactions of the Civil Departments of the Union Government.

2. The report also includes in Chapter I certain points of interest arising from the Finance Accounts of the Union Government for 1982-83 under consolidation by the Controller General of Accounts and based on the statements of Finance Accounts and other information furnished by the Controller General of Accounts/Controllers of Accounts.

3. The cases mentioned in the Report are among those which came to notice in the course of test audit during the year 1982-83 as well as those which came to notice in earlier years but could not be dealt with in previous Reports; matters relating to the period subsequent to 1982-83 have also been included, wherever considered necessary. These include, among others, paragraphs on Command Area Development Programme, Rural Health Programme, IX Asian Games—some aspects, Export Credit (Interest Subsidy) Scheme 1968, Working of the Directorate of Estates, New Delhi and few regional offices, Banaras Hindu University—Varanasi, Regional Engineering Colleges and India Government Mint, Hyderabad.

4. The points brought out in this Report are not intended to convey or to be understood as conveying any general reflection on the financial administration by the departments/authorities concerned.

CHAPTER I

GENERAL

The summarised position of the accounts of the Union Government for 1982-83 emerging from the Appropriation Accounts and the statements of Finance Accounts as rendered by the Controller General of Accounts, subject to adjustments made for subsidy on fertilizers and capital expenditure met from the internal resources of Railways and Posts and Telegraphs, is indicated in the statements following.

1. Statement of financial position* of the Government of India as on 31st March 1983.

(Rupees in crores)

LIABILITIES			ASSETS			
Amount as on 31-3-1982		Amount as on 31-3-1983	Amount as on 31-3-1982			Amount as on 31-3-1983
25380.89	Internal Debt (Other than Treasury Bills)	29508.17		*Gross Capital Outlay (Schedule A)*		
16578.30	Small Savings, Provident			Investment in shares of companies, Corporations, Cooperatives, etc.	15188.35	
	Fund etc.	19886.73	36027.12	Other Capital Expenditure	**25981.49**	
10272.54	Treasury Bills	17431.22		*Loans and Advances*	———	41169.84
12327.75	External Debt	13682.15		For Development of Central Projects/schemes	15305.69	
50.00	Contingency Fund	50.00				

	LIABILITIES			ASSETS			
1299.65	Reserve Funds	1304.18		State/Union Territory Governments		24115.36	
				Foreign Governments		745.02	
2102.70	Deposits and Advances	2772.24	33899.96	Government Servants and Misc.		234.06	
							40400.13
3413.76	Contribution by Rail-		548.11	Suspense and Miscellaneous Balances			599.47
	ways and Posts and		317.11	Remittance Balances			539.27
	Telegraphs and others		4.59	Cash Balance Investment			4.53
	for financing Capital		1037.05	Cash Balance at end (including			
	expenditure (as per con-			Departmental Balances and Permanent			
	tra-Refer Schedule A)	3857.88		Advance)			4912.56
408.35	Surplus	..					
				Deficit			
				Revenue Deficit for the year			
				1982-83	1309.71		
				Less Capital Receipts	35.84		
					1273.87		
				Add Prior period adjustments	0.45	1274.32	
				Less			
				Surplus as on 31 March 1982		408.35	865.97
71833.94		88491.77	71833.94				88491.77

*Subject to Explanatory Notes appended.

NOTE: *Proforma* corrections have been made by Controller General of Accounts in the closing balances of Loans and Advances, Small Savings, Reserve Funds, External Debt, etc. as on 31st March 1982 resulting in net increase of Rs. 103.25 crores in the Debit balance and *proforma* reduction in the progressive Capital Expenditure as on that date by Rs. 103.70 crores, leading to a net Prior Period Adjustment of Rs. 0.45 crore.

The Finance Accounts for 1982-83 are under preparation for submission for certification.

Explanatory Notes

1. The summarised financial statements are based on the statements of the Finance Accounts rendered by the Controller General of Accounts and the Appropriation Accounts of the Union Government and are subject to notes and explanations contained therein.

2. Government accounts being mainly on cash basis, the revenue surplus or deficit has been worked out on cash basis. Consequently, items payable or receivable or items like depreciation or variation in stock figures etc. do not figure in the accounts.

3. Finance Accounts contain information on progressive capital expenditure outside the revenue account. Prior to rationalisation of accounting classifications, small expenditure of capital nature was also met out of revenue. Information on such capital expenditure being not available, it is not reflected in the accounts.

4. The capital outlay represents capital expenditure booked in the accounts except adjustment made for subsidy on imported fertilizers and that met from internal resources of the Railways and Posts and Telegraphs Departments.

5. Although a part of the revenue expenditure and the loans are used for capital formation by the recipients, its classification in the accounts of Union Government remains unaffected by end use.

6. Under the Government system of accounting, the revenue surplus or deficit is closed annually to Government Account with the result that cumulative position of such surplus or deficit is not ascertainable. The balancing figure as on 31-3-1982 has, therefore, been treated as cumulative surplus for drawing up the first Statement of financial position which takes the place of Balance Sheet.

7. Suspense and Miscellaneous balances include cheques issued but not paid, payments made on behalf of States and others pending settlement, amount collected by public sector banks awaiting credit to Government, Coinage balances etc.

8. Internal Resources of Posts and Telegraphs include Rs. 193.37 crores representing advance rentals under O.Y.T. etc. schemes.

9. The closing cash balance as per Reserve Bank of India was Rs. 4052.77 crores. The difference awaits reconciliation.

SCHEDULE A

(Annexed to Statement of Financial position as on 31-3-1983).

(Rupees in crores)

I. Details of Capital Outlay

As on 31-3-1982		*As on* 31-3-1983
34131.87	Gross Capital Outlay as per accounts	38886.63
1518.51	Less Revenue Expenditure charged to Capital (Subsidy on imported fertilizers)	1573.87
		37312.76
3413.76	Add Capital Expenditure of Railways and Posts and Telegraphs financed from their Internal Resources and contribution from others	3857.08
36027.12**	Total Capital Outlay	41169.84

II. Sector-wise Capital Outlay

Sector	Capital outlay during the year	At the end of 1982-83
Civil	3381.90	23852.97
Defence	526.58	4722.55
Railways	767.59	9099.98
Posts and Telegraphs	570.36	3494.34
	5246.43	41169.84

III. Contribution from Railways, Posts and Telegraphs and others for financing capital expenditure

	Railways	*Others	Posts and Telegraphs	Total
Till end of 1981-82	1466.26	8.30	1939.20	3413.76
During 1982-83	164.85	..	278.47	443.32
TOTAL	1631.11	8.30	2217.67	3857.08

*District Boards, States etc.

**Prior Period Adjustment of Rs. 103.70 crores made in 1982-83 statements of Finance Accounts by Controller General of Accounts.

II. Sources and Application of Funds for 1982-83

(Rupees in crores)

I.	*Sources*	
1.	Revenue Receipts	21582.86
2.	Increase in Debt	5481.27
3.	Net Receipts from Public Account	3709.16
4.	Realisation of Cash Balance Investment	0.06
5.	Increase in Treasury Bills	7158.68
6.	Recoveries from Loans and Advances	3372.49
7.	Internal Resources of Railways and Posts and Telegraphs used for Capital Expenditure	443.32
8.	Miscellaneous Capital Receipts	35.84
		41783.68
II.	*Application*	
1.	Revenue Expenditure	22892.57
2.	Lending for Development and other purposes	9769.17
3.	Capital Expenditure	5246.43
4.	Increase in Cash Balance	3875.51
		41783.68

III. Abstract of Receipts and Disbursements for 1982-83

(Rupees in crores)

SECTION A — REVENUE

RECEIPTS

I. *Revenue Receipts*		
Tax Revenue	16547.92	
Interest Receipts	2851.61	
Dividends	132.96	
Share of profits from Reserve Bank of India, Life Insurance Corporation etc.	241.50	
Other Dividends and profits	44.54	
Aid material and Equipment	99.26	
Other Non-Tax Revenue	1366.35	
External Grant Assistance	298.72	
		21582.86

DISBURSEMENTS

I. *Revenue Expenditure*

Description	*Non-Plan*	*Plan*	*Total*
Grants to States under the Constitution	406.64	109.55	516.19
Other Grants to State/Union Territory Governments	471.37	2646.94	3118.31
States share of Union Excise Duties	3491.57	..	3491.57
Interest and Debt Service obligations	3937.61	..	3937.61
Pension (including Swatantrata Sainik Samman Pension) and other Miscellaneous expenditure	366.81		366.81
Food Subsidy	710.60	..	710.60
Subsidy on Indigenous Fertilizer	550.00	..	550.00

		Assistance for Export Promotion and Market Development	476.93	..	476.93
		Interest Subsidy	237.94	..	237.94
		Other Grants and Contributions	117.43	1.01	118.44
		Defence Expenditure	4881.73	..	4881.73
		Subsidy to Railways towards Dividends Relief etc.	96.65	..	96.65
		Other Expenditure	*3302.75	1031.68	4334.43
II. Revenue Deficit c/o to Section B	1309.71	IA. Revenue Expenditure charged to capital—subsidy on imported fertilizer—transferred from Section B.			55.36
	22892.57				22892.57

SECTION B — OTHERS

III. Opening Cash Balance including Departmental Cash Balances and Permanent Advance	1037.05	IV. *Gross Capital Expenditure* as booked in accounts	4858.47	
IV. Miscellaneous Capital Receipts	35.84	Less Revenue Expenditure charged to Capital—transferred to Section A	55.36	
IVA Contribution of Railways and Posts and Telegraphs for Capital Expenditure as per contra	443.32	Add: Capital Expenditure financed from Internal Resources of Posts and Tele-		

*Includes Rs. 0.02 crore for Inter-State Settlement.

RECEIPTS				DISBURSEMENT		
V. *Recoveries of Loans and Advances*				graphs and Railways as per contra	443.32	5246.43
From State and Union Territory Governments	1443.86		V	*Loans and Advances by Central Government*		
From Government Servants	77.70			State Governments and Union Territories	6041.29	
From Others	826.61			Other Development Loans	2235.29	
Foreign Governments	1024.32	3372.49		Government Servants	88.07	
VI Public Debt Receipts (Other than Treasury Bills)		6387.95		Foreign Governments	1404.52	9769.17
VII Receipts from Treasury Bills (Net)		7158.68	VI	Repayment of Debt (Other than Treasury Bills)		906.68
IX Public Account Receipts (Net)		3709.16	VII	Revenue Deficit b/f from Section A		1309.71
			X.	*Cash Balance at end*		
X Realisation of Cash Balance Investment		0.06		General Cash Balance	4028.32	
				Cash with Departmental offices	878.83	
				Permanent Cash Imprest	5.41	4912.56
		22144.55				22144.55

NOTES : (1) Does not include Revenue Receipts and Expenditure of Railways and Posts and Telegraphs.

(2) Defence Expenditure is net of receipts.

(3) Receipts are net of States' share of Income Tax and Estate Duty (Rs. 1147.75 crores).

IV. Analysis of annual financial statements as summarised above brings out the following :—

1. The plan revenue expenditure during the year was Rs. 3789.18 crores against the budget estimates of Rs. 3893.35 crores (including supplementary), disclosing short fall of Rs. 104.17 crores. The non-plan revenue expenditure during the year was Rs. 19048.03 crores (Rs. 16108.89 crores during the previous year) against the estimates of Rs. 19454.04 crores (including supplementary) indicating a shortfall of Rs. 406.01 crores. The detailed reasons for variations are given in the Union Government Appropriation Accounts—1982-83.

The revenue expenditure during the year was Rs. 22837.21 crores against Rs. 19107.91 crores during 1981-82.

The increase was mainly due to :

	(Rupees in crores)
More grants to State and Union Territory Governments	1050
More expenditure on Defence	714
Higher interest burden	742
More grants to University Grants Commission, Kendriya Vidyalaya Sangthan, All India Institute of Medical Sciences, Post-Graduate Institute of Medical Education and Research, Chandigarh and Council of Scientific Industrial Research, transfer of the amounts under Central Government Employees, Insurance Scheme to the G. P. Fund Accounts of employees, enhanced dearness allowance to Government employees and increased cost due to hike in prices.	400
Increase in periodical charges paid to International Monetary Fund	132
More grants to Indian Council of Agricultural Research, more subsidy to Food Corporation of India, larger operating expenses of Delhi Milk Supply scheme and Operation Flood Scheme of Indian Dairy Corporation	147
More payments under Fertilizers Retention Price Scheme and interest subsidy to a number of Public Sector undertakings and subsidy to New Industrial Units etc. in selected backward areas	350
More expenditure in Badarpur Thermal Power Station on account of increase in prices, as also higher consumption of coal and oil	61

2. The capital expenditure fell short of the budget estimates (including supplementary) by Rs. 104.90 crores. The main reasons for variations in capital expenditure are given in the Union Government Appropriation Accounts—1982-83.

3. The actual revenue receipts during the year were Rs. 21582.86 crores against the budget estimates of Rs. 21252.82 crores and revised estimates of Rs. 21608.62 crores. The comparative figures for 1980-81 and 1981-82 as given below would show that revenue collections consistently exceeded the original budgetary expectations.

Year	Budget Estimates	Revised Estimates	Actuals
1980-81	15042.09	15670.88	15605.59
1981-82	17411.85	18613.32	18814.47

(*Note* : Excludes States' share of income tax and estate duty and Union Territories share of estate duty on agricultural land).

Additional resources mobilisation from tax revenues on account of new fiscal measures was estimated at Rs. 518 crores The actuals are, however, not available.

4. The general cash balance (Rs. 4028.32 crores) at year end was disproportionately heavy as compared to balances at the end of 1981-82 (Rs. 268.56 crores) and 1980-81 (Rs. 738.63 crores). The heavy cash balance has to be viewed in the context of increased borrowings (Rs. 7158.68 crores) on Treasury Bills on which interest is payable.

5. The overall deficit contemplated for the year was Rs. 1,375 crores at the Budget stage and Rs. 3,678 crores at the Revised Estimates stage. The actual deficit was, however, Rs. 3,399 crores (against Rs. 1,392 crores in 1981-82), disclosing an excess of Rs. 2,024 crores over the Budget Estimates. The increase in deficit with reference to Budget Estimates was mainly due to overall increase in expenditure (revenue : Rs. 988 crores ; capital : Rs. 147 crores) provided through supplementary grants

and more loans and advances by Government (Rs. 3488 crores), partly set off by increased revenue receipts (Rs. 366 crores) increased receipts from public debt other than Treasury Bills (Rs. 1422 crores), increased receipts under Public Account (Rs. 790 crores) and increased capital receipts (Rs. 21 crores). The increase (Rs. 2024 crores) in deficit over the Budget Estimates was reflected in increased borrowings of Rs. 5784 crores under Treasury Bills and increase in general cash balance by Rs. 3760 crores.

6. Including *Rs. 55.36 crores of subsidy on imported fertilizer (booked in the accounts as capital expenditure), which is really expenditure on current consumption, the revenue deficit during 1982-83 was Rs. 1,309.71 crores. The increased borrowings against Treasury Bills of 91 days' currency was Rs. 7,158.68 crorés. If the revenue deficit (Rs. 1,309.71 crores) and the increase in closing cash balance (Rs. 3,875.51 crores) are set off against Treasury Bills, the balance of increased borrowings from Treasury Bills (Rs. 1,973.46 crores) was, in effect, used for financing capital expenditure and long term lending which should normally be financed from long term borrowings. Till end of 1982-83, Rs. 14,636 crores of capital expenditure and long term lending were, in effect, financed from short term borrowing on Treasury Bills.

7. The revenue deficit (Rs. 1,309.71 crores) includes the effect of the following :—

	(Rupees in crores)
Food Subsidy	710.60
Subsidy on Fertilizer	605.36
Export Promotion and Market Development Assistance	476.93
Interest Subsidy	237.94
	2,030.83

*Under the existing accounting procedure cost of imported fertilizers is debited to Major Head 505-Capital Outlay on Agriculture-Manures and Fertilizers. Issues made to Food Corporation of India and other agencie are adjusted as recoveries in reduction of expenditure. The net adjustment under this head reflects by and large subsidy on purchase of fertilizer on cash basis.

8. The net outgo on debt service obligations after deducting Interest Receipts (Rs. 2,851.61 crores) was Rs. 1,086.00 crores.

9. The aggregate of States' share of Union Excise Duties (Rs. 3,491.57 crores) and Grants to States and Union Territories (Rs. 3,634.50 crores) was Rs. 7,126.07 crores, representing slightly more than 31 *per cent* of the total revenue expenditure and over 43 *per cent* of the total tax revenues of the Union Government.

10. The net loans and advances disbursed to State and Union Territories Governments (Rs. 4,597.43 crores) during the year (including Rs. 1,743 crores advanced to State Governments for clearing their deficits with the Reserve Bank of India) constituted about 84 *per cent* of the net receipts from the long term loans of the Union Government.

11. The total investment of Government in Statutory Corporations, Government Companies, other Joint Stock Companies, Co-operative Banks and Societies, International Organisations etc. on 31st March 1983 was Rs. 15,188.35 crores. No dividend is receivable on investment of Rs. 284.55 crores in International Bodies and on Rs. 1,932.04 crores invested in enterprises under construction. The share of profits from Reserve Bank, LIC and Nationalised Banks was Rs. 241.50 crores on a total investment of Rs. 146.72 crores. The dividend received during the year from others with investment of Rs. 12,825.04 crores was Rs. 132.96 crores, representing only 1.04 *per cent* as return on investment. There was no contribution of dividend by the Railways and P&T to the general revenues during the year.

12. The total debt-internal (excepting Treasury Bills), external and small savings as on 31st March was Rs. 63,077.05 crores out of which the external debt was Rs. 13,682.15 crores, representing slightly less than 22 *per cent* of the total debt. The interest paid on external debt during the year was Rs. 304.28 crores, constituting over 8 *per cent* of the total interest payments.

13. Upto 31st March 1983, grants including aid materials and equipment aggregating Rs. 5,374.19 crores were received from foreign countries and international organisations, the receipts for the year under report being Rs. 397.98 crores. These are treated as revenue receipts. The cumulative deficit of Rs. 865.97 crores as on 31st March 1983 has to be viewed in the context of external grant assistance of Rs. 5,374.19 crores received so far.

14. The terms and conditions of loans aggregating Rs. 97.59 crores, as detailed below, have not yet been settled.

	(Rupees in crores)
Loans to State and Union Territories' Governments	0.64
Loans to Government Companies and Corporations etc.	96.95

15. The aggregate amount of the principal (Rs. 41.17 crores) and interest (Rs. 18.13 crores) recovery of which from the States and Union Territories Governments remained in arrears at the end of 1982-83, was Rs. 59.30 crores.

16. During 1982-83 fresh loans of Rs. 153.07 crores were sanctioned to various public sector undertakings etc. to enable them to make payment of principal and interest.

17. During 1982-83 Government issued guarantees in 171 cases (including renewal of old guarantees) for Rs. 10,369.93 crores. The total amount guaranteed by Government outstanding at the end of 1982-83 was Rs. 8,527.41 crores (including certain cases where the sums are payable in foreign currencies). The details of guarantees invoked during 1982-83 and payments made by Government are as under :

(i) Government has guaranteed a net return of 3 *per cent* to 3½ *per cent*/5 *per cent* per ordinary on the paid up share capital of branch line Railway Companies. The guarantee was invoked during 1982-83 in the case of three Companies and Rs. 11.35 lakhs were paid by Government.

(ii) Rs. 500 lakhs were paid by Government as a result of invoking guarantees given under Central Guarantee Scheme for small scale industries due to default in repayment of loans/advances.

18. The total amount of contribution to International bodies made during 1982-83 was Rs. 30.71 crores, major contribution being made to UNDP (Rs. 7.22 crores), United Nation International Children's Emergency Fund (Rs 1.78 crores), United Nations Organisation (Rs. 3.97 crores) and World Health Organisation (Rs. 0.64 crore).

19. Government of India has been rendering assistance to various countries under the Colombo Plan and Special Common-Wealth African Assistance Plan. The aid rendered under the Colombo Plan was Rs. 17.33 crores during 1982-83 and Rs. 211.12 crores upto 1982-83 of which Rs. 201.47 crores were to Nepal (for national highways, hydro-electric projects, minor irrigation works, village development programme, training of technical personnel and services of Indian experts). The aid rendered under the Special Commonwealth African Assistance Plan was Rs. 27.64 lakhs during 1982-83 and Rs. 276.85 lakhs upto the end of 1982-83.

20. While Posts and Telegraphs met 63 *per cent* of the capital expenditure out of its internal resources, the contribution of Railways' internal resources to its capital expenditure was only about 18 *per cent*.

21. The total gross receipts from Treasury Bills during the year were Rs. 73,154.11 crores, while the gross discharges were Rs. 65995.43 crores resulting in a net increased borrowing of Rs. 7158.68 crores at the year end from this source.

CHAPTER II

APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

Results of appropriation audit

2. The appropriation audit for 1982-83 has revealed the following broad results :

(i) The overall supplementary grant and appropriations obtained during 1982-83 was 19 *per cent* of the original grant and appropriations.

(ii) The overall savings of Rs. 1,828 crores represented slightly over 11 *per cent* of the total supplementary provisions. In 15 cases supplementary provision was unnecessary, as the savings (Rs. 830.93 crores) exceeded the supplementary provision (Rs. 115.58 crores).

(iii) Aggregate excess over grants/appropriations during the year was Rs. 91.43 crores in 12 grants.

(iv) Savings under a grant meant for completion of accounting of aid materials and equipment, which did not really represent any savings of expenditure, but was actually shortfall in receipt of aid material, were reappropriated to accommodate excess expenditure under other heads.

(v) Value (Rs. 2.14 crores) of aid materials actually used was not booked in the accounts in the absence of budget provision, avoiding the need for regularisation of excess over the grants.

(vi) Rush of expenditure in the month of March continued during 1982-83 as well, and in 6 grants the expenditure incurred during March 1983 ranged between 39 and 60 *per cent* of the total annual expenditure

The table given below shows the amount of original and supplementary grants/appropriations, the actual expenditure and the savings in the revenue and capital sections during 1982-83 :—

		Total grants/ appropriations	Actual expenditure	Saving	
				Amount	Percentage
		(Crores of rupees)			
Voted Grants—					
Revenue					
Original	9729.79				
Supplementary	1135.87	10865.66	10327.97	537.69	4.95
Capital					
Original	7281.75				
Supplementary	1780.10	9061.85	8036.88	1024.97	11.31
Charged Appropriations—					
Revenue					
Original	*7855.67*				
Supplementary	*201.91*	*8057.58*	*7969.79*	*87.79*	*1.08*
Capital					
Original	*59788.66*				
Supplementary	*13224.64*	*73013.30*	*72835.44*	*177.86*	*0.24*
GRAND TOTAL		100998.39	99170.08	1828.31	1.81

The overall saving of Rs. 1828.31 crores represents about 2 *per cent* of the total amount of voted grants and charged appropriations ; it was the net result of saving of Rs. 627.84 crores in 136 cases in the revenue section and Rs. 1291.90 crores in 85 cases in the capital section and excess of Rs. 2.36 crores in 8 cases in the revenue section and Rs. 89.07 crores in 4 cases in the capital section. The savings in 1982-83 have been analysed in paragraph 5.

3. *Supplementary grants/appropriations.*—During the year supplementary provision of Rs. 1135.87 crores and Rs. 1780.10 crores were obtained under 69 and 31 voted grants in the revenue and capital sections respectively. Supplementary appropriations of Rs. 201.91 crores and Rs. 13224.64 crores were also obtained for charged expenditure under 19 and 15 appropriations in the revenue and capital sections respectively.

The amount of supplementary grants/appropriations obtained during the previous three years were :—

(Crores of rupees)

Year	Voted	*Charged*
1979-80	1152.13	*810.71*
	(in 63 cases)	(in 24 cases)
1980-81	1516.33	*16448.85*
	(in 76 cases)	(in 25 cases)
1981-82	1542.71	*12583.28*
	(in 94 cases)	(in 32 cases)

In 15* cases the savings (Rs. 830.93 crores) under the grants were more than the supplementary provision of Rs. 115.58 crores (revenue Rs. 51.83 crores and capital Rs. 63.75 crores) and thus proved unnecessary. Even the expenditure did not come up to the original grants/appropriations. In these cases, supplementary provision of Rs. 81.39 crores (revenue Rs. 51.63 crores and capital Rs. 29.76 crores) was obtained in March 1983.

4. *Excess over grants/appropriations*

(a) *Excess over grants.*—There were excesses of Rs. 1.82 crores in 6 grants in the revenue and Rs. 89.07 crores in 3 grants in the capital section ; these excesses require regularisation under Article 115 of the Constitution ; the details of the excesses are given below :—

Revenue Section

S.No.	Grant	Total grant Rs.	Actual expenditure Rs.	Excess Rs.
	Ministry of Education and Culture			
(1)	28—Archaeology	8,56,69,000	8,60,66,476	3,97,476

Excess occurred mainly under 'A.1(2)-Conservation of Ancient Monuments' (expenditure : Rs. 497.52 lakhs, provision : Rs. 480.57 lakhs) and was due to payment of additional dearness allowance, increased payment of house rent and city compensatory allowances and cost of labour and execution of special repairs to various monuments in connection with Asiad 1982 and Non-Aligned Meet.

*Details of these cases are given in Appendix I.

Ministry of Finance

(2) 32—Ministry of Finance	52,44,00,000	53,09,78,429	65,78,429

Excess occurred mainly under 'A.2(1)-Defence Accounts Department' (expenditure : Rs. 4321.55 lakhs ; provision : Rs. 4228.79 lakhs) and was due to payment of additional dearness allowance and upward revision of rates of daily/travelling allowances and revision of scales of pay of selection grade auditors and more payment of leave travel concession claims than anticipated.

(3) 35—Taxes on Income, Estate Duty, Wealth Tax and Gift Tax .	78,64,59,000	78,66,03,091	1,44,091

Excess occurred mainly under 'A.2(1)-Commissioners and their offices' (expenditure : Rs. 7557.35 lakhs ; provision : Rs. 7529.33 lakhs) and was due to reimbursement of more leave travel concession and medical charges claims than anticipated.

Ministry of Home Affairs

(4) 56—Dadra and Nagar Haveli .	3,98,39,000	4,00,07,214	1,68,214

Excess occurred mainly under 'C.9(2)-Forest Conservation and Development' (expenditure : Rs. 38.14 lakhs ; provision : Rs. 23.13 lakhs) and was due to more expenditure on establishment of new gardens, increase in the daily wage rates by the Administration and planting of trees under new 20 Point Programme.

Ministry of Irrigation

(5) 64—Ministry of Irrigation .	90,46,23,000	90,99,20,716	52,97,716

Excess occurred mainly under 'C.1(1)—Central Ground Water Board' (expenditure : Rs. 1259.10 lakhs; provision : Rs. 1050.93 lakhs) and was mainly due to release of instalments of additional dearness allowance, creation of new divisions/regions and payments for purchases made through Directorate General of Supplies and Disposals in the previous year.

Ministry of Works and Housing

(6) 94—Stationery and Printing	53,96,11,000	54,52,10,399	55,99,399

Excess occurred mainly under 'A.1(1)-Controller of Stationery (expenditure : Rs. 3249.62 lakhs; provision : Rs. 3050.47 lakhs) and was due to purchase of more paper and stationery following more demand from Central Government Offices than anticipated and improvement of supply position in the market and reimbursement of more leave travel concession and medical charges claims.

Capital Section

Ministry of Commerce

(1) 12—Foreign Trade and Export Production	13,10,02,65,000	13,98,65,20,673	88,62,55,673

Excess occurred mainly under (i) 'EE.3-Loans to Government of Rumania' : EE.3(1)-Technical Credits incorporated in Trade Agreements' (expenditure : Rs. 4715.41 lakhs ; provision : Rs. 400.00 lakhs) and (ii) 'EE.6-Loans to Government of USSR: EE.6(1)-Technical credits incorporated in Trade Agreements' (expenditure : Rs. 125203.00 lakhs; provision : Rs. 121600.00 lakhs) and was due to requirement of more technical credits (which are based on volume of trade) for purchase of goods in India by foreign Governments under the Trade Agreements.

Ministry of Home Affairs

(2) 57—Lakshadweep	2,74,30,000	2,78,44,634	4,14,634

Excess occurred mainly under 'CC.3(1)(1)-Other Expenditure' (expenditure : Rs. 74.61 lakhs ; provision : Rs. 42.59 lakhs) and was due to supply of electricity for all the 24 hours under the 20 Point Programme.

Department of Electronics

(3) 98—Department of Electronics	35,03,51,000	35,43,90,002	40,39,002

Excess occurred mainly under 'AA.1(1)(2)(2)-Regional Evaluation Laboratories' (expenditure : Rs. 171.09 lakhs; provision : Rs. 91.50 lakhs) and was due to payment of customs duty on equipment imported for the laboratories and adjustment of value of aid material received from abroad.

(b) *Excess over charged appropriations.*—There were excesses of Rs. 53.81 lakhs and Rs. 0.30 lakh in 2 and 1 appropriations in the revenue and capital sections respectively.

These excesses also require regularisation under Article 115 of the Constitution. The details are :—

Revenue Section

Ministry of Law, Justice and Company Affairs

(1) 67—Ministry of Law, Justice and Company Affairs		*53,66,306*	*53,66,306*

Excess occurred under 'F.2(1)-Registrar Joint Stock Companies' (expenditure : Rs. 53.66 lakhs ; provision : Rs. Nil) and was due to receipt of court award.

Ministry of Works and Housing

(2) 91—Public Works	*43,000*	*58,194*	*15,194*

Excess occurred mainly under 'A.3(1)-Repairs of Buildings (expenditure : Rs. 0.58 lakh ; provision : Rs. 0.33 lakh) and was due to unexpected payment of compensation on receipt of court award.

Capital Section

Ministry of Finance

(1) 42—Other Expenditure of the Ministry of Finance	*1,02,83,000*	*1,03,12,626*	*29,626*

Excess occurred mainly under 'AA.10(1)(1)-Loan to Visvesvaraya Iron and Steel Limited for repayment of KFW loans guaranteed by the Government' (expenditure : Rs. 103.13 lakhs ; provision : Rs. 102.83 lakhs) and was due to fluctuations in the rates of exchange.

5. *Savings in voted grants and Charged appropriations*

The overall saving of Rs. 1828.31 crores was the net result of excesses and savings as shown below :—

	Savings		Excesses		Net Savings	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
	(Crores of rupees)					
Voted Grant	539.51 (in 93 grants)	1114.04 (in 56 grants)	1.82 (in 6 grants)	89.07 (in 3 grants)	537.69	1024.97
Charged Appropriations	*88.33 (in 43 Appropriations)*	*177.86 (in 29 Appropriations)*	*0.54 (in 2 Appropriations)*	*'A' (in 1 Appropriation)*	*87.79*	*177.86*

'A' actual amount is Rs. 0.30 lakh

It would be seen from Appendix II that in 25 grants (11 grants in revenue and 14 grants in capital section), the savings (more than Rs. 5 lakhs in each case) exceeded 20 *per cent* of the funds, in 15 grants (revenue 4 and capital 11) of these cases, the savings exceeded 30 *per cent*.

Out of the final saving of Rs. 1653.55 crores (Rs. 539.51 crores in revenue section and Rs. 1114.04 crores in capital section) under voted grants, saving in 11 grants, particulars of which are given below, accounted for savings of Rs. 1225.03 crores (Rs. 321.82 crores in revenue section and Rs. 903.21 crores in capital section).
section).

Revenue Section
Ministry of Commerce

Sl. No.	Grant	Saving
1.	12—Foreign Trade and Export Production	Rs. 38.55 crores

Saving occurred mainly under (i) 'B.7(1)-Product promotion and Commodity Development' (Rs. 23.75 crores) and was due to release of less assistance following receipt of less claims from exporters for cash compensatory support than anticipated, non-settlement of disputed claims and discontinuance/reduction of cash compensatory support rates, (ii) 'B.8(3)-Contribution to UN Common Fund for commodities' (Rs. 4.92 crores) and was due to non-creation of the Fund pending ratification of agreement by various countries, (iii) 'B.9(1)-Ex-gratia payments to Indian Nationals for properties seized by Pakistan during and after 1965 conflict' (Rs. 2.70 crores) and was due to finalisation of less ex-gratia payment claims owing to procedural constraints, (iv) 'B.9(2)-Payment to Foreign Governments in terms of Trade and Payment Agreement' (Rs. 2.00 crores) and was due to favourable fluctuations in rates of exchange, (v) 'C.2(3)(1)-Payments to Rubber Board against collection of Cess on Rubber' (Rs. 1.76 crores) and was due to less payments to the Board against cess collection following less demands owing to non-payment of subsidy to rubber goods manufacturers/exporters and slow progress of Rubber Plantation Development Scheme owing to staff/procedural constraints and (vi) 'C.2(5)(3)-Procurement of Tobacco by State Trade Corporation of India' (Rs. 1.55 crores) and was due to less reimbursement of losses on procurement of tobacco by the State Trading Corporation of India on the basis of their audited accounts than anticipated.

Ministry of Finance

2. 42—Other Expenditure of Ministry of Finance Rs. 190.32 crores

Saving occurred mainly under 'A.2(2)(1)-Lumpsum provision for dearness allowance' (Rs. 350 crores) and was due to inclusion of provision by various Ministries in their respective grants.

Ministry of Petroleum, Chemicals and Fertilisers

3. 70—Petroleum and Petro-Chemicals Industries Rs. 22.00 crores

Saving occurred mainly under 'A.1(1)(1)(1)(1)-Payment of the net proceeds of Cess on Indigenous crude oil' (Rs. 20.00 crores) and was due to less payments against collection of cess on indigenous crude oil to the Board following less demand owing to improvement in its internal resources.

Ministry of Rural Development

4. 75—Ministry of Rural Development Rs. 27.39 crores

Saving occurred mainly under (i) 'E.3(1)(3)-Subsidy to District Rural Development Agencies' (Rs. 4.12 crores) and was due to payment of less subsidy to the Agencies following post-budget decision to restrict the expenditure within overall budget provision, (ii) 'E.3(1)(5)-Subsidy to District Rural Development Agencies for implementation of special livestock production programme' (Rs. 2.43 crores) and was due to payment of less subsidy to the Agencies following less demands therefrom, (iii) 'I.2(2)(1)-Assistance to new assignees of land on imposition of ceiling on Agricultural Holdings' (Rs. 2.67 crores) and was due to release of less grants-in-aid to State Government following non-receipt of utilisation certificates of grants released in earlier years and (iv) 'I.2(5)(2)-Drought prone Area Programme' (Rs. 11.52 crores) and was due to release of less grants-in-aid to certain State Governments following adjustment during the year of unspent balance of grants released in the previous year and non-provision of matching contribution in budget of some State Governments.

Ministry of Works and Housing

5. 91—Public Works Rs. 43.56 crores

Saving occurred mainly under 'A.7(2)-Purchases' (Rs. 55.97 crores) and was due to post budget revision of accounting procedure abolishing the suspense sub-head 'Purchases' from 1st April 1982.

Capital Section

Ministry of Agriculture

(1) 2—Agriculture Rs. 647.15 crores

Saving occurred mainly under (i) 'AA.3(1)-Purchase of Fertilizers (Rs. 635.15 crores) and was due to import of less fertilizers than anticipated, (ii) 'AA.3(2)-Bulk Fertilizers Unloading and Handling Project' (Rs. 3.94 crores) and was due to non-finalisation of scheme for installation of High Speed Project Plant at Madras Port.

Ministry of Defence

(2) 19—Ministry of Defence Rs. 20.48 crores

Saving occurred mainly under (i) 'DD.1(1)-Investment in Mazagon Dock Ltd.' (Rs. 8.00 crores), (ii) 'DD.1(2)-Investment in Garden Reach Shipbuilders and Engineers Ltd.' (Rs. 3.00 crores), (iii) 'EE.1(1)-Investment in Bharat Electronics Ltd.' (Rs. 3.00 crores) and (iv) 'II.2(1)-Mazagon Dock Ltd.' (Rs. 4.00 crores) and was due to less investments/payment of less loans than anticipated, to the above Companies following slow progress of their construction works and on going schemes/projects.

Ministry of Energy

(3) 29—Department of Coal Rs. 46.34 crores

Saving occurred mainly under 'DD.1(1)(1)-Development of Mines (Rs. 54.93 crores) owing to non-payment of loans to the Neyveli Lignite Corporation Ltd. following less demands consequent upon improvement in its internal resources and reduced requirements for second Mine Cut.

Ministry of External Affairs

(4) 31—Ministry of External Affairs Rs. 24.80 crores

Saving occurred mainly under (i) 'BB.1(1)(1)-Buildings—External Affairs' (Rs. 9.01 crores) and was due to economy measures, achieved by postponement of purchase of Embassy residences buildings in Khartoum and Bogota and (ii) 'CC.1-Loans to Government of Bangladesh' (Rs. 18.25 crores) and was due to non-release of loans to Bangladesh Government owing to non-payment of cost of wheat by them to Food Corporation of India.

Ministry of Finance

(5) 42—Other Expenditure of the Ministry of Finance Rs. 20.74 crores

Saving occurred mainly under 'AA.1(1)-Subscription to International Monetary Fund' (Rs. 21.10 crores) and was due to payment of less subscription to the Fund than anticipated.

Ministry of Petroleum, Chemicals and Fertilizers

(6) 70—Petroleum and Petro-Chemicals Industries Rs. 143.70 crores

Saving occurred mainly under 'BB 1(1)(1)-Oil and Natural Gas Commission' (Rs. 141.76 crores) and was due to payment of less loans to the Commission following less demands owing to improvement in their internal resources and less plan expenditure incurred than anticipated because of delay in finalisation of contracts for jack up rigs, drill ships etc.

(ii) The rest of the saving under voted grants of Rs. 428.52 crores (Rs. 217.69 crores in revenue section and Rs. 210.83 crores in capital section) occurred mainly in the revenue and capital sections of the following grants :—

Revenue Section

Sl. No.	Grant	(Crores of rupees)	Controlling Ministry/Department
1.	2—Agriculture	13.21	Agriculture
2.	9—Payments to Indian Council of Agricultural Research	11.31	Agriculture
3.	13—Textiles, Handloom and Handicrafts	12.64	Commerce

Sl. No.	Grant	(Crores of rupees)	Controlling Ministry/Department
4.	39—Pensions	12.08	Finance
5.	67—Ministry of Law, Justice and Company Affairs	11.69	Law, Justice and Company Affairs
6.	97—Nuclear Power Schemes	13.22	Atomic Energy
	Capital Section		
7.	7—Department of Food	10.32	Agriculture
8.	14—Ministry of Communications	10.02	Communications
9.	43—Loans to Government Servants, etc.	16.19	Finance
10.	71—Chemicals and Fertilizers Industries	18.50	Petroleum Chemicals and Fertilizers
11.	77—Roads	10.41	Shipping and Transport
12.	81—Department of Steel	10.09	Steel and Mines
13.	82—Department of Mines	13.80	Steel and Mines
14.	91—Public Works	10.60	Works and Housing
15.	104—Department of Space	16.85	Space

(b) There were also major savings of Rs. 75.21 crores in one appropriation in the revenue section and Rs. 137.66 crores in one appropriation in the capital section as detailed below :—

Revenue (Charged)

41—Transfers to State Governments Rs. *75.21* crores

Saving occurred mainly under (i) 'B.1-States' share of Basic Union Excise Duties' (Rs. 55.70 crores) and (ii) 'B.2-States' share of Additional Excise Duties in lieu of Sales Tax' (Rs. 11.70 crores) and was due to less payment of share of Union Excise Duties to State Governments following less Collections of these duties than anticipated.

Capital (Charged)

41—Transfers to State Governments Rs. *137.66* crores

Saving occurred mainly under 'AA.3(1)-Other Ways and Means Advances' (Rs. 189.68 crores) and was due to payment of less advances to State Governments following less demands therefrom owing to improvement in their financial position.

MINISTRY OF FINANCE

6. Injudicious utilisation of notional savings under Major Head 267-Aid Materials and Equipment for meeting expenditure under other Major Heads.

As per accounting procedure aid materials and equipment received from foreign countries are accounted for by crediting the receipt Major Head 067-Aid Materials and Equipments by contra debit to the expenditure Major Head 267 of the same nomenclature in order to complete the double entry. When such aid materials and equipment are actually used, the relevant head of account is debited with a contra credit (i.e. minus debit) to the Major Head 267.

Gross voting of Parliament for the provision under Major Head '267' is taken, although it really does not represent any expenditure head. The savings under the Major Head 267 arise only when there is a shortfall in the actual receipt of aid materials and equipment with reference to the expectations at the budget stage. This is not really a shortfall of any expenditure, but a shortfall only in receipts or income which is reflected for balancing purposes as savings under the Major Head 267. Though technically there is no bar to re-appropriate savings, yet utilisation of such notional savings for meeting actual expenditure under other Major Heads is injudicious and requires to be dispensed with.

A review of the re-appropriation orders issued by Government under various grants reveals that notional savings under Major Head 267-Aid Materials and Equipments have been re-appropriated/diverted to other Major Heads during 1982-83 for meeting actual expenditure for office expenses, materials and supplies etc. as shown below :—

Grant No	Amount of Saving (in lakhs of rupees)	Re-appropriated to Major Head	Amount (in lakhs of rupees)
4—Animal Husbandry and Dairy Development	31.66	310	6.85
		311	24.81
			31.66
6—Co-operation	327.09	360	327.09
45—Medical and Public Health	107.45	280 & 282	107.45
60—Village and Small Industries	29.50	321	29.50
75—Ministry of Rural Development	5.00	296, 305, 314, 360 & 361	5.00

Similarly, savings to the extent of Rs. 276.55 lakhs were re-appropriated/diverted to other major heads in grant No. 45 during 1981-82 for meeting actual expenditure under other heads. During the year 1982-83, an amount of Rs. 259.36 lakhs was, however, reappropriated out of savings under Major Head-360 for meeting excess under Major Head-267.

MINISTRY OF AGRICULTURE

Grant No. 4—Animal Husbandry and Dairy Development

7. Non-adjustment of cost of aid materials.

Aid material and equipment amounting to Rs. 223.84 lakhs and Rs. 229 lakhs were received from certain foreign countries during the financial years 1981-82 and 1982-83 respectively. The materials were issued to the concerned State Governments during the years in which they were received. However, the adjustment thereof was not carried out by the Department under the functional expenditure head etc. by per contra credit to the head 'Deduct Recoveries' under Major Head '267' in the respective years in the absence of provision. In the revenue section of Grant No. 4—Animal Husbandry and Dairy Development for the years 1981-82 and 1982-83, there was a saving of Rs. 18.59 lakhs and Rs. 214.09 lakhs respectively. The adjustment of the issue of aid material would have resulted in excess of expenditure over the provision to the extent of Rs. 205.25 lakhs and Rs. 14.91 lakhs respectively, in the grant, which would have required regularisation by Parliament.

MINISTRY OF INDUSTRY

Grant No. 59-Industries (for 1982-83)

8. Release of Short Term (Working Capital) Loans, Repayable within Five Years not reported to the Parliament.

Government had *inter alia,* prescribed certain financial limits for different categories of expenditure beyond which the expenditure is required to be reported to the Parliament. During test-check in audit of the Accounts of the Ministry of Industry (Department of Industrial Development) for 1982-83, it was observed that the Ministry paid loan amounting to Rs. 621.24 lakhs to M/s. Bharat Opthalmic Limited, against the budget provision of Rs. 405 lakhs under grant No. 59-Industries. The additional payment of loan of Rs. 216.24 lakhs to the undertaking was met by reappropriation within the grant. Such reappropriation was in excess of the prescribed limit of Rs. 200 lakhs. The additional expenditure thus required to be reported to Parliament.

9. **Rush of Expenditure**

The Estimates Committee in para 17.4 of their 24th Report (5th Lok Sabha) had recommended that a study should be undertaken by the Finance Ministry with a view to checking the tendency of rush of expenditure at the end of the year more effectively. In reply to recommendation of the Public Accounts Committee contained in para 1.18 of their 94th Report of 1972-73 (5th Lok Sabha), Ministry of Finance, (Department of Expenditure) had stated that as a result of the case studies referred to above it would be possible to identify the main factors that are generally responsible for rush of expenditure in the last 3 months of the year and to devise suitable measures to curb the tendency.

It is, however, seen from the details of expenditure and percentage of expenditure during the last three months as well as during March for the years 1981-82 and 1982-83 *vis-a-vis* the total expenditure for the whole year as shown below that the flow of expenditure has been unusually on the high side in respect of the following Ministries/Departments during the last three months of the year, particularly during the month of March. During 1982-83, under 4 of the 6 grants mentioned below, more than 50 *per cent* of the total expenditure during the year was incurred in the month of March 1983.

No. and name of the Grant	Year	Total expenditure as per Appropriation Account	Expenditure during the last 3 months of the year	Percentage	Expenditure during March	Percentage
		(In crores of rupees)			(In crores of rupees)	
1. 3—Fisheries	1981-82	21.07	12.88	61.12	9.81	46.55
	1982-83	20.08	10.06	50.09	7.80	38.84
2. 5—Forest	1981-82	30.61	25.35	82.81	23.60	77.09
	1982-83	43.99	29.95	68.08	20.91	47.53
3. 10—Department of Civil Supplies	1981-82	8.30	6.26	75.42	5.84	70.36
	1982-83	8.82	5.74	65.07	5.25	59.52
4. 60—Village and Small Industries	1982-83	177.55	99.04	55.78	95.37	53.71
5. 67—Ministry of Law, Justice and Company Affairs	1981-82	23.48	13.87	59.07	12.63	53.79
	1982-83	19.82	13.45	67.86	11.88	59.93
6. 78—Ports, Light-Houses and Shipping . .	1981-82	216.94	166.33	76.67	153.05	70.54
	1982-83	231.36	132.84	57.41	124.45	53.79

CHAPTER III

CIVIL DEPARTMENTS

MINISTRY OF IRRIGATION

10. Command Area Development Programme.

1. *Introductory*

1.1 In order to ensure better and efficient utilisation of irrigation potential created, Command Area Development Programme (CADP) was introduced as a Centrally Sponsored Scheme from 1974-75 in selected irrigation commands of the country. At the beginning of 1974-75, the gap between irrigation potential and utilisation in the country was estimated at 2.01 million hectares. The scheme was to provide irrigation facilities right up to farmers' fields by land levelling, land shaping and by construction of water courses and channels. The emphasis was on improved water utilisation in each command. The programme envisaged conjunctive use of ground water, preparation of credit, seeds, fertilisers and pesticides plan, strengthening and expansion of demonstration services, enforcement of rotational supply of irrigation water and suitable cropping pattern, making arrangements for timely and adequate supply of various inputs through a unified organisation with direct line of command so as to increase agricultural productivity and production.

1.2 The programme was to be implemented by State Governments by setting up Command Area Development Authorities (CADAs) for different irrigation commands. In all, 46 CADAs were set up in 14 States and 1 Union Territory, covering 72 irrigation projects upto March 1983; 4 projects in 2 States (Assam 1 and Tamil Nadu 3) have not yet been covered by CADAs. Details of the projects are given in Annexure I.

1.3 The scheme provided for matching assistance by Central and State Governments for cost of CADA establishment, survey and equity participation in Land Development Corporation (LDC). Subsidy to small and marginal farmers for on farm development (OFD) works at prescribed rates, loan for construction of field channels and for purchase of equipment were to be fully financed by the Central Government. Contribution to the Special Loan Account (SLA) was to be provided in the ratio 2 : 1 : 1 by the Central Government, State Governments and the Agriculture Refinance Development Corporation (ARDC). The pattern of assistance was changed from 1979-80 so as to provide matching contribution by the Central and State Governments on 50 : 50 basis. The scope of institutional finance in the CADP was confined to the land levelling and land shaping works and to the construction of field drains, where necessary. Modernisation of irrigation system, drainage, agricultural extension, creation of infrastructure facilities like roads, regulated markets, processing of industries, etc. was to be taken care of by the State Governments.

1.4 The implementation of the programme was test checked in the Ministry of Irrigation (Government of India), 16 States and 1 Union Territory during 1982-83 with particular reference to transactions of 1980—83 and the important points noticed are given in the succeeding paragraphs.

2. *Overall Performance*

2.1 *Financial Progress.*—As against 60 irrigation projects proposed to be taken up during 1974—79, 50 irrigation projects were taken up during 1974—78 by 38 CADAs in 13 States involving a total investment of Rs. 130.70 crores against the estimated outlay of Rs. 430 crores during 1974—79. The Fifth Five Year Plan was terminated one year in advance and 1978-79 and 1979-80 were treated as Annual Plan years. During 1978—80 the total outlay was Rs. 142.17 crores. The coverage of the scheme was enlarged in 1979-80 to include 16 more irrigation projects. The Sixth Plan (1980—85) envisaged an outlay of Rs. 966.30 crores against which the investment during the first three years of the Sixth Plan (1980—83) was Rs. 416.21 crores. The details are given below :

	Projections for 1974-79	Actuals for 1974-78	Projections for 1978-80	Actuals for 1978-80	Sixth Plan Outlay	Actuals upto March 1983
			(Rupees in crores)			
Central Government	120.00	66.50	91.73	53.97	300.00	114.17
State Governments	100.00	56.00	71.15	75.76	556.30	263.63
Institutional sources	210.00	8.20	40.00	12.44	110.00	38.41
	430.00	130.70	202.88	142.17	966.30	416.21

Component-wise share of Central Government was as follows :

(Rupees in crores)

Component	Period 1974-78	Period 1978-80	VI Plan 1980-83
1. Grant for CAD establishment and survey	30.41	18.37	43.24
2. Subsidy for small & marginal farmers	9.50	9.36	6.26
3. Loans for field channels . .	14.71	15.27	20.95
4. Equity participation in LDC .	7.54	4.25	10.60
5. Loans for purchase of equipment etc.	1.34	1.40	2.10
6. Other purposes . . .	—	4.41	28.38
7. Special Loan Account . .	3.00	0.91	2.64
	66.50	53.97	114.17

The following are some of the important features relating to financial performance :—

(i) Bulk of the Central outlay (46 *per cent*) was spent in CADA establishment and survey during 1974—78, (ii) Unspent balances of Rs. 5,592.42 lakhs were retained by CADAs or

Departments of Governments in 13 States, (iii) Central assistance of Rs. 186.35 lakhs was utilised by Maharashtra Land Development Corporation to liquidate its own liabilities, (iv) In Haryana, Rs. 89.50 lakhs were utilised by the State Minor Irrigation Development Corporation on works which were to be financed through institutional credit approved under the World Bank project, (v) Non-utilisation of Central assistance of Rs. 45 lakhs by Kerala Land Development Corporation on OFD works, (vi) Non-utilisation of Rs. 345 lakhs by Andhra Pradesh Irrigation Development Corporation (including Central assistance of Rs. 195 lakhs), (vii) Karnataka and Tamil Nadu incurred expenditure of Rs. 73.55 lakhs on items not falling within the scope of the approved programme, (viii) Excess release of Central assistance of Rs. 66.50 lakhs was made to Maharashtra during 1979-80 and 1980-81 with reference to actual expenditure on field channels. Details of expenditure against grant and loan amounting to Rs. 89.26 lakhs received by Maharashtra Government during 1981-82 were not available. (ix) In Uttar Pradesh, CADAs had not furnished utilisation certificates for Rs. 1934.21 lakhs relating to the period 1976—82 till May 1983, (x) Utilisation certificates were received for Rs. 31.08 lakhs only against Rs. 256.82 lakhs released to the credit institutions in Orissa till end of 1981-82. Utilisation certificates from 14 agencies for Rs. 160.79 lakhs in Haryana have not been received, (xi) Out of subsidy of Rs. 1,548.74 lakhs released for small and marginal farmers for various periods during 1975-76 to 1982-83 in Uttar Pradesh, Maharashtra, West Bengal and Karnataka, Rs. 925.28 lakhs remained unutilised, (xii) Expenditure of only Rs. 280 lakhs was incurred out of the pool of Rs. 788.29 lakhs (including Central contribution of Rs. 360.23 lakhs) created during 1976-77 to 1982-83 in the ARDC/NABARD under Special Loan Account for Karnataka, Rajasthan, Haryana, Orissa, Gujarat, Uttar Pradesh, Bihar, Madhya Pradesh and Andhra Pradesh till January 1983/March 1983.

2.2 *Physical progress.*—Although the scheme was taken up mainly to bridge the gap between irrigation potential created and irrigation potential utilised, no target for the quantum of bridging was fixed, nor were the targets for various components of the programme like land levelling, land shaping, field channels, survey, etc. set in the scheme as approved for 1974—79. During 1974—78 1.24 million hectares of field channels and 0.37 million hectares of land levelling were completed. During 1978—80 against the target of 1.5 million hectares of field channels, actual achievement was only 0.95 million hectares. Land levelling was completed in 0.23 million hectares against the target of 0.66 million hectares during 1978—80. The actual bridging of gap between irrigation potential created and irrigation potential utilised was indicated as 1.31 million hectares upto 1979-80. The targets and achievements for the first thre years of the Sixth Plan in crucial components are indicated below :

	Sixth Plan Target	1980-81		1981-82		1982-83		Total for 1980-83	
		Target	Actual	Target	Actual	Target	Actual	Target	Actual
(In million hectares)									
Field channels	4.00	0.65	0.66	0.66	0.98	0.89	1.15	2.20	2.79
Land levelling/ shaping	1.00	0.14	0.09	0.18	0.08	0.21	0.09	0.53	0.26
Warabandi	1.50	0.06	0.06	0.15	0.15	0.35	0.45	0.56	0.66

The table below summarises the physical and financial progress of the important components of the programme during 1974—80 and 1980—83 and the cumulative position upto March 1983 together with share of Finance by each of the agencies.

Quantity in million hectares

		Progress upto 31-3-80 (1974-80)	Progress during 1980-83	Cumulative Progress upto 31-3-83 (1974-83)
1.	Soil survey	6.41	2.18	8.59
2.	Topographical survey . .	3.27	3.16	6.43
3.	Planning and designing on farm development works .	2.55	0.73	3.28
4.	Construction of field channels	2.19	2.79	4.98
5.	Land levelling/shaping . .	0.60	0.26	0.86
6.	Lining of field channels .	0.45	0.34	0.79
7.	Construction of field drains .	0.53	0.33	0.86
8.	Warabandi	—	0.66	0.66
9.	Increase in utilisation of irrigation potential on account of CAD Programme . . .	1.31	N.A.	N.A.
10.	Total Outlay (Rs. in crores)	upto 31-3-80 (1974-80)	During 1980-83	Progressive Total (1974-83)
		272.87	416.21	689.08
	Centre	120.47	114.17	234.64
	State .	131.76	263.63	395.39
	Institutional	20.64	38.41	59.05

The following features emerge from the above :—

(i) The area covered by survey is far in excess of the volume of field channels and other OFD work. However, the planning and designing of OFD work was very slow.

(ii) While the progress of construction of field channels during the first six years of the programme was poor, the work has picked up during the Sixth Plan period. The balance of field channels to be constructed for 76 projects was estimated as 11.55 million hectares on 1-4-1980, out of which 4 million hectares were proposed to be covered during the Sixth Plan period. Field channels were constructed in 2.79 million hectares in the first three years. A deeper analysis of the State-wise performance brings out that the progress of States other than Uttar Pradesh, which completed 1.48 million hectares during the

Sixth Plan period, was not satisfactory. The other States taken together completed only 1.31 million hectares of field channels against the balance of work of 9.66 million hectares in those States.

(iii) The progress of land levelling/shaping was poor in the first six years. The progress during the Sixth Plan period has even been slower. The bulk of the work (73 *per cent*) was done in Andhra Pradesh, Maharashtra and Rajasthan. The target for the Sixth Plan was 1 million hectares against the balance of work of 2.70 million hectares as on 1-4-1980 for the 76 projects. The actual progress was only 0.26 million hectares in the first three years of the Sixth Plan. The inadequate flow of institutional finance has mainly contributed to the slow progress of the work. Even in the first three years of the Sixth Plan it was only Rs. 38.41 crores against the Plan target of Rs. 110 crores. The implications of construction of field channels without matching land levelling shaping on the programme objective do not appear to have been studied.

(iv) Although the progress in warabandi was in accordance with the annual target during 1980-81 and 1981-82 and even exceeded it during 1982-83, the achievement of the first three years of the Sixth Plan represented 44 *per cent* of the Sixth Plan target. Andhra Pradesh (34 *per cent*) and Uttar Pradesh (24 *per cent*) alone contributed 58 *per cent* of the total achievement. Significant contributions from other States were in Gujarat (11 *per cent*) and Maharashtra (9 *per cent*).

(v) Barring Uttar Pradesh and Maharashtra, practically no work was done in other States on field drains.

(vi) The Report of the Working Group on CADP, submitted in July 1980 indicated that a gap of about 1.31 million hectares was bridged as a result of the implementation of the programme upto 1979-80. The gap between irrigation potential created and utilised in 51 projects at the end of 1973-74 was quantified as 1.55 million hectares. At the end of 1979-80, 25 more projects were added. The process of creating irrigation potential in the projects was continuing and new potential was added. By the end 1979-80, the new potential added in 76 projects indicated in the Report of the Working Group was 4.63 million hectares out of which 1.64 million hectares have been shown as utilised in the normal course, leaving a gap of 2.99 million hectares. The total gap was thus 4.54 million hectares, out of which 1.31 million hectares are claimed to have been brought under use on account of the programme, leaving a gap of 3.23 million hectares at the end of 1979-80 against the potential of 11.33 million hectares in these projects. Sarada Sahayak project of Uttar Pradesh was not included in the list of 51 projects in 1973-74 and was one of the 25 projects added later with a potential of 1.07 million hectares in 1979-80. The entire utilisation of 0.42 million hectares in this project in 1979-80 has been shown as due to the implementation of the CADP, implying that no potential of the project was used in the normal course. Similar is the position with Barna (0.03 million hectares) and Hasdeo (0.04 million hectares) projects of Madhya Pradesh and Mula project (0.05 million hectares) of Maharashtra. The claim of bridging the total gap of 1.31 million hectares on account of the CAD Programme by 1979-80 is thus *prima facie* exaggerated.

(vii) No information on bridging of gap during 1980—83 on account of the CAD Programme is available for the country as a whole.

3. *Programme Implementation*

3.1 *Construction of field channels*.—Field channels are water channels with an outlet command, which deliver water from the outlet to the individual field and constitute the most important component of the programme. State-wise physical progress during 1980—83 against targets is given in Annexure II. The following points were noticed in audit :—

(i) Shortfall in performance in almost all States other than Uttar Pradesh, Andhra Pradesh and Bihar (1980—83) and Tamil Nadu, Madhya Pradesh and Orissa (1981—83).

(ii) Silting up of field channel due to non-supply of water (Karnataka and Andhra Pradesh).

(iii) Construction of field channels before construction of main irrigation canals (Karnataka and Andhra Pradesh).

(iv) Reluctance of beneficiaries to give consent to undertake the work (Kerala).

(v) Absence of consolidation operations and shortage of staff (Orissa).

(vi) Excess expenditure due to non-laying of canals along the ridges (Tamil Nadu).

(vii) Defective execution in construction of canals (Andhra Pradesh).

(viii) Lack of drainage in field channels and non-adherence to norms and construction of channels with higher or lower capacities (Uttar Pradesh, Maharashtra and Andhra Pradesh).

(ix) Diversion, under-utilisation, non-utilisation, etc. of assistance (Karnataka, Kerala, Tamil Nadu, Haryana, Maharashtra, Andhra Pradesh and Orissa).

The details are discussed below :

(i) In Tungabhadra and Upper Krishna Projects of Karnataka, the achievements were poor during 1980-81, while there was no progress in 1981-82. The overall percentage of physical achievements in Karnataka was only about 69 during the first three years of the Sixth Plan.

In Kangsabati and Mayurakshi Projects of West Bengal, the physical achievement was only 632 acres against the target of 1,228 acres indicating a shortfall of 49 *per cent*.

In Kerala, as against the target of 1,050 kms. to be constructed upto March 1982, channels were constructed for 1.08 kms. only, because of difficulty in obtaining consent of all beneficiaries necessary before commencement of work.

The overall performance during the first three years of the Sixth Plan was poor in Gujarat (36 *per cent*), Maharashtra

(35 *per cent*), Assam (51 *per cent*), West Bengal (44 *per cent*), Haryana (48 *per cent*) and Rajasthan (60 *per cent*).

In Rajasthan, against the projected target of 27,685 hectares from July 1975 to June 1980, no work was done in North-West Bhakra Command Area Project. During 1980-81 to 1982-83, water courses lining in 3,819 hectares was done against the revised target of 28,866 hectares.

In Gang Command Area Project of Rajasthan, water-courses lining was to be done in 40,000 hectares during 1976-77 to 1980-81, but no work was done till 1979-80. During 1980-81, water courses lining was done only in 2,349 hectares the total work up to 1980-81 being 2,349 hectares against the target of 40,000 hectares.

In Hirakud Command Area of Orissa, out of 44 structures on field channels (estimated cost : Rs. 5.13 lakhs) to be completed during 1979-80 and 1980-81, only 5 works were executed at a cost of Rs. 1.16 lakhs. One more structure was completed by March 1981, while 4 others were in progress. The shortfall was attributed to shortage of technical staff, absence of consolidation work and land dispute. In Salandi Command area, against the target of completion of 2,565 hectares by end of March 1981, with assistance of Rs. 33.56 lakhs provided by Government, the actual achievement was only 524 hectares by the end of October 1981. The shortfall was due to non-finalisation of consolidation operations in the village.

(ii) According to the report of Ryots' Grievances Committee (1979), 2 field channels in Tungabhadra Project (Karnataka) were stated to have been silted up due to non-supply of water requiring re-excavation. The area requiring re-excavation has been estimated at 0.17 lakh hectares. The proposal to re-excavate 2,500 hectares at a cost of Rs. 5 lakhs sent by the Irrigation Department to the Government in August 1979 was not accepted for want of assurance regarding assured supply of water to these areas. Re-excavation of silted area was estimated to involve an additional expenditure of Rs. 34.26 lakhs.

In Nagarjunasagar Project Left Canal Command Area of Andhra Pradesh, 1.67 lakh hectares of field channels were constructed. Systematic land development was done only on 41,847 hectares to end of March 1983 with the result that the field channels constructed in advance of the systematic land development remained unfruitful.

(iii) The Narayanpur Left Bank Canal in the Upper Krishna Project (Karnataka) had been constructed upto 35.50 kms. only and there was no possibility of water being let out beyond 13 kms. as per report (June 1983) of the Chief Engineer of the Project. Field irrigation channels had, however, been constructed, some of which from 35.50 kms. and beyond, incurring an expenditure of Rs. 121.63 lakhs up to March 1983. The expenditure on the field channels had not thus fully served the intended purpose in the absence of canals.

In Tungabhadra Project (Andhra Pradesh), construction of field channels in advance of letting of water resulted in extra expenditure of Rs. 1.91 lakhs by way of re-excavation and reconditioning.

(iv) In Sriramsagar Project of Andhra Pradesh, field channels were taken up for excavation without lining; loose pre-cast structures were constructed and placed in position in open channels. These structures went out of order and the expenditure of Rs. 2.52 lakhs was rendered infructuous.

In Maharashtra, there was under-utilisation due to defective construction of distributaries. The CADA, Jalagaon in its report to Government attributed the under-utilisation to factors like lack of sufficient number of control structures, insufficient canals outlets, execessive transmission losses and high silt levels of many outlets.

(v) Field channels provided at a cost of Rs. 119.29 lakhs in Cauvery Command Area of Tamil Nadu during 1974-75 to 1982-83 (December 1982) for the catering to 0.35 lakh hectares were not designed and executed on sluice command basis, as required in the guidelines. The channels were also not laid along the ridges as required, but were provided by removing bunds. During 1974-75 to 1981-82, the expenditure on removal of existing bunds and disposal of surplus earth amounted to Rs. 29.07 lakhs in 5 units test checked out of 6 units.

In Uttar Pradesh, emphasis was given on the achievement of targets fixed for construction of field channels rather than on the lining of channels and construction of water control structures, which were essential to prevent seepage and convey water smoothly to the tail end. In 2 commands, field drains were constructed (cost : Rs. 1.58 lakhs) during 1979—83 on 140 outlets, where main/intermediate drains were not constructed by the Irrigation Department. This resulted in waterlogging of fields, adversely affecting agricultural production. In Sarda Sahayak Project of Uttar Pradesh, in the case of 27 outlets covering 6 units, 16,569 metres of lining of channels (cost : Rs. 6.63 lakhs) was got done between 1977-78 and 1979-80 at a higher level. This deprived the beneficiaries of the irrigation facilities. The lining of channels was proposed (December 1981) to be re-modelled at an extra cost of Rs 7.97 lakhs. Re-modelling was not done till April 1983.

In Nagarjunasagar Project (Andhra Pradesh), the construction of field channels, drop structures distribution boxes, etc were pre-cast in bulk and fixed in the field channels. In August 1979, the Chief Engineer expressed doubts about its design and in February 1982, the Chief Engineer decided to go in for masonry structures instead of pre-cast structures. A test-check of 2 divisions revealed that the pre-cast structures of the value of Rs. 1.44 lakhs were left unutilised.

In Sarda Sahayak Project of Uttar Pradesh, 6-11 metres of field drains, 27,318 metres of field channels and 26 water control structures for which payment of Rs. 0.45 lakh had been made between 1977-78 and 1982-83, were reported (February 1980 and December 1982) to have not been constructed.

In one sub-division of Tamil Nadu, it was reported (December 1982) that most of the field channels excavated had been closed or their sections reduced by the ryots on account of which irrigation and drainage were affected. Remedial action remained to be taken in these cases.

The decision of the Government of Uttar Pradesh (June 1978) to re-construct Jui outlet command to 40 hectares as a "minor command" for which Irrigation Department was required to construct separate "minors" was not fully implemented. In Sarda Sahayak Project, there were 1,119 outlets of more than 40 hectares at the end of March 1983. In Ramganga Project the outlets ranged between 41 and 347 hetares in 6 units. To convey the calculated volume of water, channels of 0.5, 1.0 and 1.5 cusecs capacity were to be constructed for an outlet command upto 20 hectares, 20—40 hectares and 40—60 hectares respectively. These norms were not, however, followed in some units of Sarda Sahayak and Ramganga Commands resulting in shortage of water at tail end areas or fast movement with subsequent overflow.

In Madhya Pradesh the execution of OFD work in the Chambal Command was done exclusively by the Madhya Pradesh Land Development Corporation from 1979-80 and the Agriculture Engineering Establishment of the State Government had no role in the operation and up-keep of machines utilised on OFD works. No action was, however, taken on the proposal to transfer the staff of Engineering Establishment to other formations with the result that an avoidable expenditure of Rs. 3.22 lakhs was incurred between April 1979 and December 1982. The Madhya Pradesh Agro Industries Development Corporation was paid Rs. 11.46 lakhs during 1977-78 towards the cost of OFD works executed by the Corporation. According to the bills of the Corporation the quantity of work done by the Corporation was 1309 hectares for which a sum of Rs. 11.63 lakhs was claimed. On verification, the value of the work done was found to be Rs. 6.95 lakhs and the quantity of OFD works completed by the Corporation was 526 hectares. The sum of Rs. 5.01 lakhs due for recovery from the Corporation had not been recovered till March 1983. The Corporation did not also pay Rs. 2.75 lakhs on account of the hire charges of machinery provided by the Agricultural Engineering. In the Chambal Command the completion of Chak Drainage network was not provided for in Phase II of the Project and consequently the Chak Drainage Divisions, executing the work were closed in November 1982 No action was taken (May 1983) by the Division to which the work was transferred on closure of Chak Drainage Division to prepare completion reports and to complete the incomplete work. In the Irrigation Division of Gohad (Bhind) in 8 Chak drainage schemes which were treated as completed, Chak drains for draining water from farms were not constructed, though about 400 km. seepage and collector drains were constructed at a cost of Rs. 7.50 lakhs. In the absence of arrangement for draining the outflow from field, the expenditure of Rs. 7.50 lakhs did not fully serve the desired purpose.

(iv) In Karnataka the cost (Rs. 5.94 lakhs) on establishment of Land Development Training Centre in Upper Krishna Project was treated as a part of the expenditure on the establishment of CADA during 1979-80 to 1981-82. The CADAs of Upper Krishna and Tungabhadra projects treated an expenditure of Rs. 39.51 lakhs incurred on construction of quarters and buildings during 1980-81 and 1981-82 as part of the expenditure on establishment of CADA. Such expenditure was States' responsibility and did not qualify for Central assistance. This resulted in excess adjustment of Central assistance by Rs. 22.72 lakhs. Out of the Central assistance released for construction of field channels, Rs. 4.70 lakhs were diverted by CADAs of Cauvery basin and Tungabhadra Projects of Karnataka during the period 1979-80 to 1981-82 to other purposes or on field channels outside the jurisdiction of the CADAs. In one case, the CADA Cauvery Basin project had taken up (January 1983) the work of construction of a channel from distributary of Cauvery to feed the Visweswarayya canal farm land for research studies involving an estimated cost of Rs. 7.80 lakhs. In another case, the regulating and resectioning of an extension canal beyond the project area was done out of CADA funds at a cost of Rs. 0.54 lakh.

Central assistance amounting to Rs. 45 lakhs received (March 1980 and February 1982) by the State Government for equity support to Kerala Land Development Corporation was passed on to the Corporation to provide institutional finance to farmers for OFD works. The Corporation, however, did not execute any OFD work in the command area till December 1982.

In Tamil Nadu, widening and deepening of the existing supply channels carried out by the CADAs at a cost of Rs. 15.06 lakhs during 1974-75 to 1981-82 with Central assistance of Rs. 8.84 lakhs (grant Rs. 3.11 lakhs and loan Rs. 5.73 lakhs) were included as expenditure on field channels.

Rs. 89.50 lakhs were released during 1980—83 to Haryana State Minor Irrigation and Tubewell Corporation (HSMITC) for construction of water courses under Jui Command area. The Corporation adjusted the amount against the works already done by it or those in progress which were to be financed through institutional credit approved under the World Bank project. Rs. 3 lakhs invested by CADAs during 1975-76 to 1976-77 in debentures of Land Development Bank in Haryana for providing institutional finance for OFD work were not utilised and the bank returned the amount during 1980-81.

Maharashtra Government received Central assistance of Rs. 445.54 lakhs in the form of grants and loans for construction of field channels during 1975-76 to 1981-82 and released Rs. 186.35 lakhs to the Maharashtra Land Development Corporation between 1976-77 and 1979-80. The Corporation diverted the amount of Central assistance to liquidate its own liabilities. The Central assistance admissible to Maharashtra for field channels during 1979-80 and 1980-81 was Rs. 91.70 lakhs against the release of Rs. 158.20 lakhs, disclosing an unutilised **Central assistance of Rs. 66.50 lakhs which was not adjusted or** refunded till March 1983. No details of expenditure against grant and loan amounting to Rs. 89.26 lakhs received by the State Government of Maharashtra during 1981-82 were available.

Government of India released Rs. 95 lakhs in March 1978 direct to the Andhra Pradesh Irrigation Development Corporation as investment and Rs. 100 lakhs in March 1982 as loan to the State Government for investment in the Corporation. The State Government also released Rs. 50 lakhs and Rs. 100 lakhs respectively in 1977-78 and 1981-82 as its share (although it fell short of the matching contribution by Rs. 45 lakhs). Rs. 345 lakhs invested in the Corporation to end of March 1982, however, remained unutilised till April 1983.

In Mahanadi Delta Command (Orissa) out of Rs. 5.60 lakhs available with an Executive Engineer during 1979-80, only Rs. 1.99 lakhs were spent during the year. All the works started at an estimated cost of Rs. 4.60 lakhs for completion by April 1980 were still in progress in October 1980. The delay in execution was attributed to standing crops in the fields. During the three years ending 1980-81, the CADA Puri received Rs. 45.92 lakhs and released Rs. 10.66 lakhs to two executing agencies for construction of field channels against which only Rs. 7.06 lakhs were spent.

3.2 *Land levelling/shaping.*—The primary objective of land levelling/shaping is to ensure even spread of irrigation water into the fields and drainage of excess irrigation/rain water from the fields without causing water stagnation and soil erosion. The target set for the Sixth Plan was 1 million hectares against the estimated balance of work of 2.70 million hectares as on 1.4.1980 for the 76 projects. The actual achievement during the first three years of the Sixth Plan was only 0.26 million hectares against the target of 0.53 million hectares, representing shortfall of more than 50 *per cent*. The bulk of the work (73 *per cent*) was done in Andhra Pradesh, Maharashtra and Rajasthan. The progress in other States was nil or negligible. The major shortfall in relation to target was in Goa (100 *per cent*) Kerala (87 *per cent*), West Bengal (84 *per cent*), Karnataka (73 *per cent*), Madhya Pradesh (50 *per cent*) and Gujarat (43 *per cent*). Statewise targets are given in Annexure III.

The tardy progress in this sector was due to a variety of reasons like —

(a) reluctance of farmers for development (Karnataka);

(b) resistance to consolidation of holdings (Madhya Pradesh and Rajasthan);

(c) non-supply of water to tail end areas due to unauthorised irrigation and cropping pattern (Karnataka);

(d) high cost of land levelling (Madhya Pradesh);

(e) inadequate organisation and delayed decision making (Rajasthan);

(f) total neglect of land levelling work (Kerala and Assam); and

(g) inadequate flow of institutional finance.

Even in the first three years of the Sixth Plan, only Rs. 38.41 crores have been obtained from this source against the Sixth Plan target of Rs. 110 crores.

Further details follow :

(i) In Karnataka, there was no progress in the OFD work in Malaprabha/Ghataprabha Project and Upper Krishna Project during 1980-81 and 1981-82. The progress in Malaprabha/Ghataprabha during 1982-83 was 20 *per cent* of the target, while there was no work in Upper Krishna Project. The work in Malaprabha/Ghataprabha was reported to have been limited to survey, planning and completion of formalities for obtaining institutional finance. The overall progress in the first three years of the Sixth Plan was only 27 *per cent* of the target. The slow progress of the works was attributed to reluctance of the farmers for development of their lands, non-supply of water to tail end areas caused by unauthorised irrigation and cropping pattern and non-availability of institutional finance till March 1980 due to absence of statutory status for the CADAs.

(ii) In Madhya Pradesh, while the progress in the first two years of the Sixth Plan was 76 *per cent* of the targets, during 1982-83 it was only 25 *per cent*. The overall achievement in the first three years of the Sixth Plan was only 50 *per cent*. The shortfall was attributed by the Deparment of Irrigation to resistance of land holders to consolidation of holdings, high cost of land levelling to be borne by the beneficiaries, tardy flow of institutional credit and absence of assured and timely supply of water.

(iii) In Rajasthan, against the programme of 2,779 hectares to be completed in North West Bhakra Command during July 1975 to June 1980 and 1,200 hectares in Gang Command during 1976-77 to 1980-81, no land levelling work was executed. The department stated that this work had been excluded from the programme to reduce burden of loan on farmers.

Against the budget provision of Rs. 751.36 lakhs in North West Bhakra Command and Gang Command for OFD works during the years 1976-77 to 1982-83, Rs. 249.36 lakhs were only spent. The shortfall in the achievements was attributed to delay in documentation of loan applications and vacancies in the posts of Additional District Magistrates. The decision about design of water courses was also taken by the State Level Coordination Committee only in February 1980.

(iv) In West Bengal, the total irrigation potential developed during 1976-77 to 1981-82 from OFD works, including field channels, was found to be 0.09 lakh hectares against the expected area of 49.58 lakh hectares.

(v) In Assam, Goa and Orissa, land levelling or shaping works were not taken up till March 1983.

3.3 Warabandi.—The strategy for development of command area during the Sixth Plan introduced the system of warabandi or turn scheduling for equitable and timely distribution of water, especially to farmers at the tail end areas of the field channels. Only the quantum of water required for the particular field according to the cropping pattern is applied and the water is then allowed to flow along with field channel as determined under the system of rotation. Warabandi ensures each farmer his turn of water supply within a rotational period (once a week or so) and also prevents flowing out of fertilisers used from one farmer's field to another, encouraging use of fertiliser.

Against the Sixth Plan target of 1.5 million hectares, the target fixed for the first three years of the Plan was 0.56 million hectares, representing slightly over 37 *per cent* of the Five Year Plan target. Although the actual achievement of 0.66 million hectares in the first three years exceeded the target, it was only 44 *per cent* of the Sixth Plan target. Andhra Pradesh and Uttar Pradesh accounted for 58 *per cent* of the total achievement, significant progress in other States being in Gujarat (11 *per cent*) and Maharashtra (9 per cent). The shortfall was particularly pronounced during 1982-83 in Madhya Pradesh. (89.5 *per cent*), Kerala (98 *per cent*) and Karnataka (32.7 *per cent*). Statewise achievements are given in Annexure IV.

Warabandi has not been fully successful due to :

- non-posting of personnel for execution of the scheme (Tamil Nadu and Uttar Pradesh) ;
- delay in selection of distributaries and improvement in water courses and non-approval of estimates (Madhya Pradesh) ;
- un-authorised irrigation and water releases without maintenance of the water systems (Andhra Pradesh) ; and
- poor response from farmers and reluctance to night irrigation by farmers (Rajasthan).

Further details are discussed below :

(i) In the Cauvery Command of Tamil Nadu, even though field channels had been constructed since 1967-68 and 0.92 lakh hectares covered upto December 1982, warabandi was yet (February 1983) to be introduced. A pilot project to cover an area of 1,000 hectares was sanctioned in July 1982 at a cost of Rs. 2.22 lakhs. However, the staff required for taking up the work were not posted till February 1983.

(ii) In Uttar Pradesh, only 39 *per cent* of the targets fixed by the State Government could be achieved in the first two years due to shortfall in posting of staff.

(iii) In Madhya Pradesh, against the target of 50,000 hectares fixed by Government of India in 1982-83 achievement was only 5,270 hectares. This was mainly due to delay in land selection and selection of distributaries, improvement of water courses etc. (Chambal Command), non-identification of enforcement area (Tawa Command) and non-approval of estimates (Barna and Halali Commands).

(iv) In Andhra Pradesh, there was unauthorised cultivation outside the localised area at the cost of tail-enders. In addition, there were releases of water without maintenance of water system.

(v) In Rajasthan, the main difficulties about the implementation were problems like poor response from farmers, lack of zeal on their part for proper utilisation of irrigation water and reluctance to night irrigation by farmers.

(vi) In Assam, warabandi was introduced in 1600 hectares as against the target of 2,500 hectares in Jamuna Command area.

3.4 *Soil and Topographical Survey.*—Soil survey, topographical survey, etc. are required for proper planning and designing of OFD works like field channels, land levelling, field drains, etc. Upto end of 1979-80 soil survey was reported to be completed in 6.41 million hectares in different commands. No physical target was fixed either for the Sixth Plan or the Annual Plans for this work. In the first three years of the Sixth Plan 2.18 million hectares were reported to have been surveyed, making the cumulative total to 8.59 million hectares.

Topographical survey was reported to be completed in 3.27 million hectares upto 1979-80. No targets were fixed either for the Sixth Plan or Annual Plans. The actual progress in different States was 3.16 million hectares during 1980—83. Details are given in Annexure V. The total area covered by topographical survey till March 1983 was 6.43 million hectares.

The planning and designing of OFD works was, however, reported to be complete only in 3.28 million hectares till March 1983. The area covered by survey was thus far in excess of the planning and designing of OFD works.

The following points were noticed in the course of test-check of implementation of survey work :—

(i) In Kerala, detailed survey was completed only in 5,738 hectares till March 1982 against the target of 15,000 hectares. The slow progress was attributed (November 1982) by the Water Management Specialist to the inaccessibility of the area to be surveyed, lack of vehicles and delay in filling up the vacant posts.

(ii) In Haryana, soil survey in 17,039 hectares (cost : Rs. 1.06 lakhs) was completed upto September 1982 in 44 villages which did not fall under command area (Gurgaon).

(iii) In West Bengal, against the target of 8,900 hectares during 1976-77 to 1981-82 in Damodar Valley and Kangsabati CADAs, survey was only conducted in an area of 4,189 hectares. While the target fixed for CADA Mayurakshi could not be indicated, it surveyed only 1,638 hectares at a cost of Rs. 1.84 lakhs.

(iv) In Karnataka, aerial topographical survey of the command area of Tungabhadra, and Ghataprabha and Malaprabha Projects was entrusted in 1977-78 to the Survey of India which completed survey of 10,000 hectares in each of the above project areas at a cost of Rs. 11.86 lakhs and the aerial photographs were taken delivery by the CADAs in January 1980 and February 1983 respectively. The use of aerial photographs was reported to be uneconomical and unsuitable in these commands by a Study Team in 1978, as nearly 40 to 50 *per cent* of the area had already been levelled in a scattered fashion and the slow pace of land development would make the surveys done much in advance useless because of changing configuration on account of soil erosion, field operations, etc. Ground survey was also reported unavoidable to carry out the land development works. The expenditure of Rs. 11.86 lakhs incurred on aerial surveys and photographs in these projects thus proved to be unfruitful.

Under phase I of Stage I of the Upper Krishna project, aerial survey and mapping of 2,10,000 hectares in the scale of 1 : 10,000 was entrusted to the Survey of India in October 1977. The scale of the map was changed to 1: 2500 in June 1978 after consulting the Public Works Department and the Survey of India in order to get the assistance from the World Bank for the project. Meanwhile, the Survey of India had completed survey of 18,000 hectares at a cost of Rs. 6.05 lakhs. The area had to be re-surveyed which rendered the expenditure already incurred infructuous.

Out of the total area of 2,10,000 hectares to be surveyed, 1,55,000 hectares were stated to have been surveyed and photo prints for 1,29,197 hectares were reported to have been received by January 1983. The Survey of India have been paid an advance of Rs. 100.33 lakhs till the end of 1981-82. Information regarding the extent of use of the maps already received was not forthcoming (June 1983).

(v) In Nagarjunasagar Project Right Canal Command area (Andhra Pradesh) aerial survey was done in blocks 15 to 19 by the Survey of India. By the time the aerial photographs were supplied (March 1979), topographical survey had been completed by the Engineering Divisions in all the blocks except 18, covering 12,830 hectares. The photographs could not, therefore, be used. An expenditure of Rs. 1.28 lakhs thus became infructuous.

3.5 *Adaptive Trials, Training, etc.*—Adaptive trials deal with the local problems like the extent and reaches of field channels which are to be lined, the degrees upto which the fields should be levelled under different soil and topographical conditions, the extent and intervals at which field drains have to be constructed, cropping pattern etc. which need to be tried out before OFD works are taken up at a large scale. According to the guidelines (April 1983) adaptive trials of physical works and soil and water management works were required to be carried out to evaluate their suitability to local conditions before the works were taken up in the command areas. A total Central assistance of Rs. 192.54 lakhs was released during 1980—83 on the condition that matching assistance should be provided by the States. The actual expenditure incurred during the three years of the Sixth Plan could not be furnished by the Ministry. It, however, stated (December 1983) that year-wise releases of Central assistance were made after taking the item-wise expenditure incurred by concerned State Governments into consideration.

Test-check of the accounts of the various projects brought out the following :—

(i) In Tamil Nadu, OFD works (cost : Rs. 39.39 lakhs) were executed during 1980-81 and 1981-82 without conducting adaptive trials and demonstrations. The Superintending Engineer stated (December 1982) that though the sites were selected during 1982-83 for conducting the trials and demonstrations, on account of failure of monsoon and inadequate water supply the trials could not be conducted.

(ii) In Kerala, construction of three field channels taken up during April—June 1981 on a regular basis was subsequently (May 1982) treated as works under adaptive trials. This resulted in forgoing the recovery of a part of the cost from the beneficiaries of these works. The channels have not been completed

(November 1982) though the work was taken up in the first quarter of 1981.

(iii) In Karnataka, CADA Malaprabha/Ghataprabha projects released amounts totalling Rs. 14.32 lakhs to the University of Agriculture Sciences during 1974-75 to 1981-82 for carrying out research in agriculture on 22 schemes out of which Rs. 11.89 lakhs were stated to have been spent upto March 1982. According to an intimation sent (May 1982) by the Administrator, CADA to the State Government, reports on only a few schemes had been received from the University, and that there had been no recommendation useful to the cultivators in the reports received.

CADA, Tungabhadra project released (March 1977) Rs. 0.99 lakh to the Research station, Sirguppa (Bellary District) towards research scheme. The research reports had not been received till June 1983.

Rupees 2 lakhs were deposited in March 1978 with the Land Acquisition Officer in connection with the acquisition of land to establish a research farm at Belwatgi, (Dharwar District). The acquisition of the particular land for which proceedings were initiated in February 1978 was under dispute and an alternative Government land was handed over in December 1982 to the University of Agriculture Sciences. The amount deposited with the Land Acquisition Officer had not been got refunded (June 1983).

3.6 *Under-utilisation and non-utilisation of assistance.*—Central assistance is released to State Governments, who release it alongwith their contributions to various executing agencies like CADAs, etc. The CADAs, in their turn, release the amount to various executing agencies, including departments of State Governments, and book the releases (including advances) as final expenditure in the accounts. Test-check revealed that

Rs. 5592.42 lakhs were lying unutilised with CADAs/State Government during 1982 and 1983 as detailed below :

(Rupees in lakhs)

States	Amount lying unutilised with			
	State Government	CADAs	Departments and other agencies/State Corporations executing on behalf of the CADAs	Total
1	2	3	4	5
Karnataka	389.80	115.56	100.56	605.92
Madhya Pradesh . . .	33.93 70.57 (for LDC)	— —	— —	104.50
Uttar Pradesh . . .	—	1125.78	42.20	1167.98
Rajasthan	169.65	—	78.09	247.74
Andhra Pradesh . . .	—	—	345.00	345.00
Kerala	62.22	—	—	62.22

West Bengal	118.64	32.53	—	151.17
Bihar	142.37	623.82	557.09	1323.28
Maharashtra	498.98	—	188.60	687.58
Haryana	—	21.62	665.64	687.26
Orissa	—	174.27 (March 1982)	—	174.27
Gujarat	30.25	—	—	30.25
Manipur	5..25	—	—	5.25
	1521.66	2093.58	1977.18	5592.42

Subsidy is available to small and marginal farmers for OFD works and development of ground water. In Uttar Pradesh, out of subsidy of Rs. 1,239.67 lakhs released between 1976-77 and 1982-83 to three CADAs, Rs. 795.93 lakhs remained unutilised till March 1983. Adjustment/utilisation of subsidy was found to be held up due to non-identification of beneficiaries. Out of Central assistance of Rs. 38.14 lakhs released during 1975-76 to 1978-79 to Karnataka, Rs. 37.55 lakhs were released by the Government to the CADAs which kept the amount with the Karnataka State Co-operative Land Development Bank. A sum of only Rs. 2.77 lakhs was distributed by the CADAs and Rs. 1.57 lakhs were stated to have been given to the beneficiaries by the Bank. The balance amount of Rs. 33.21 lakhs was adjusted against the accounts of CADAs in September and December 1980. Out of the subsidy of Rs. 42.17 lakhs released by Government of India during 1976-77 to 1981-82 to Maharashtra Government, details for utilisation were furnished by the State Government for Rs. 4.06 lakhs only during 1979. No details for the utilisation of balance amount of Rs. 38.11 lakhs were available till March 1983.

Out of Rs. 228.76 lakhs drawn by three CADAs of West Bengal during 1976-77 to 1981-82 for payment of subsidy to small and marginal farmers for exploitation of ground water, an expenditure of Rs. 186.32 lakhs was incurred and Rs. 32.13 lakhs was refunded to Government (January-February 1983), leaving a balance of Rs. 10.31 lakhs with CADA, Mayurakshi. Rs. 14.33 lakhs released by CADA Mayurakshi and Kangsabati to two banks were retained by banks without assigning any reason. Out of subsidy of Rs. 0.77 lakh released by CADA, Mayurakshi during 1979-80 for 16 dugwells, 12 were stated (February 1983) to have been completed, the digging of the remaining 4 being cancelled. However, the subsidy already released in excess (Rs. 0.18 lakh) had not been recovered. Out of subsidy of Rs. 1.36 lakhs paid in 1981 to the Sub-divisional Agricultural Officers, Rampurhat and Suri by the CADA, Mayurakshi, the Sub-divisional Agricultural Officers refunded (March 1982) Rs. 1.08 lakhs without assigning any reason and without submitting any statement of accounts for the remaining Rs. 0.28 lakh. Out of 1977 shallow tube-wells constructed by CADAs Kangsabati and Mayurakshi, 1537 were not energised till March 1983 and could not be utilised for irrigation purposes. However, no action was taken by the CADAs to energise the tube-wells.

The implementation of the programme required the CADAs to take up identification of eligible farmers and to maintain register of such farmers giving full particulars of the identified farmers relating to land holding, title, total income, etc. A central check register showing the extent of benefit given to an individual beneficiary was also required to be maintained. In Kerala, Orissa, Uttar Pradesh and Haryana, none of the agencies maintained such records.

In Uttar Pradesh, the CADAs had no information in regard to balances lying unutilised with the field units. In 21 units test checked, out of Rs. 985.12 lakhs received by them during 1976-77 to 1982-83, Rs. 48.79 lakhs were lying unutilised (April/May 1983). Test-check of records of several executing officers in Orissa for 1981-82 and 1982-83 disclosed that out of Rs. 193.86 lakhs released to them during 1979-80 to 1981-82, Rs. 117.45 lakhs had not been utilised during the respective years. Out of the total release of Rs. 3,658.99 lakhs made to various CADAs in Bihar during 1974-75 to 1982-83, the CADAs were having an unspent balance of Rs. 623.82 lakhs at the end of 1982-83. In addition, the various units of the CADAs were having an unspent balance of Rs. 190.62 lakhs at the end of March 1983.

The figure of expenditure pertaining to 1980-81 and 1981-82 reported to the Government of India by Madhya Pradesh Government were more by Rs. 52.50 lakhs as compared to the figures of expenditure shown in the progress reports of the CADAs. The expenditure figures furnished by the State Government also included expenditure on items not covered by the programme.

In Uttar Pradesh, utilisation certificates for Rs. 1,934.29 lakhs for the period 1976—82 were not furnished by the CADAs to the State Government till May 1983. Utilisation certificates for Rs. 160.79 lakhs relating to the years 1974-75 to 1981-82 were not furnished by 14 agencies to Haryana Government till December 1982. Out of Rs. 256.82 lakhs released to different credit institutions to end of 1981-82, utilisation certificates were received in Orissa for Rs. 31.08 lakhs only.

3.7 *Special Loan Account.*—Special Loan Accounts were opened with the Agriculture Refinance Development Corporation for each State for giving loans to ineligible farmers for OFD works. The contribution for the funds was shared by the Central Government, State Government concerned and the ARDC in the ratio of 2:1:1, which was changed to 1.5:1.5:1 from 1979-80. A total sum of Rs. 391.48 lakhs was released by the Central Government till 1979-80. Further releases of Rs. 263.75 lakhs were made during 1980—83. The Ministry does not have any information about the corpus of the fund upto 1982-83 and the total expenditure incurred thereagainst.

During test-check in some States, the following points were noticed.

(i) A pool of Rs. 100 lakhs created in ARDC for Karnataka for SLA during 1977-78 with Central contribution of Rs. 60 lakhs and State Contribution of Rs. 40 lakhs was not utilised till January 1983 due to non-identification of ineligible farmers.

(ii) For Haryana Central Government contributed Rs. 8.75 lakhs in 1978-79 and 1980-81 and the State Government only Rs. 5.25 lakhs during 1980-81. The pool of Rs. 14 lakhs, however, remained unutilised till January 1983 for want of guarantee from the State Government to the ineligible farmers.

(iii) A total pool of Rs. 130.08 lakhs created for Andhra Pradesh during 1976-77 to 1978-79 with Central contribution of Rs. 61 lakhs and State contribution of Rs. 38.58 lakhs remained unutilised till March 1983.

(iv) In Salandi Command area in Orissa, Rs. 1 lakh received during 1977-78 from Director of Agriculture for financing ineligible farmers remained unutilised till March 1982 as the modalities for utilisation and recovery were not finalised by the Government.

(v) Out of a total pool of Rs. 439.99 lakhs created upto 1982-83 (with Central cóntribution of Rs. 195 lakhs), the amount drawn from SLA in Rajasthan upto March 1983 was only Rs. 280 lakhs.

(vi) A total pool of Rs. 48 lakhs created in Madhya Pradesh during 1976-77 to 1982-83 with Central assistance of Rs. 14 lakhs (1976—78) and State contribution of Rs. 22 lakhs (1976—80) remained unutilised till March 1983.

(vii) Pools of 22.50 lakhs created in Gujarat till 1982-83 with central assistance of Rs. 15 lakhs and State contribution of Rs. 7.50 lakhs, Rs. 23 lakhs created in Uttar Pradesh (State contribution during 1978-79) and Rs. 9.72 lakhs created in Bihar during 1978-79 (Central assistance : Rs. 6.48 lakhs and State contribution : Rs. 3.24 lakhs) also remained unutilised till March 1983.

The Government funds thus not only remained locked up with ARDC but also the objectives of the programme were not achieved.

3.8 *Heavy expenditure on establishment*

(i) The cost of establishment of CADAs as a percentage of the cost of the projects was partially heavy in some of the States as indicated below :

State	Period	Total cost of the project	Rupees in lakhs Actual cost of the esta-blishment	Percentage of total cost	Remarks
1. Rajasthan .	. 1977-78 to 1982-83	86.35	68.14	78.91	N.W. Bhakra Command area
	1977-78 to 1982-83	164.47	79.74	48.48	Gang Command area
2. Tamil Nadu	1974-75 to 1981-82	97.21	68.71	34 to 100	
3. Maharashtra	. 1979-80 to 1981-82	1495.06	804.35	52 to 55	
4. Kerala .	. 1974—83	216.28	75.61	35	
5. Haryana .	. 1979-80 to 1982-83	314.86	127.19	40	
6. Karnataka	. 1980-81 to 1982-83	1686.56	527.73	31	
7. Assam .	. 1976-77 to 1982-83	101.79	28.23	28	

3.9 *Other points of interest*.—(i) In Madhya Pradesh, no norms were fixed either by the State Government or CADA for regulating the expenditure on topographical survey, preparation of farm plans and supervision of OFD works. In October 1981, Government of India observed that the actual expenditure of Rs. 247.13 lakhs reported by the State Government on survey, planning, designing and supervision of OFD works in 7,050 hectares during 1980-81 was in excess of the average norm of Rs. 300 per hectare. It was noticed in audit that in chambal command the work of Survey, Planning, designing and supervision of OFD work was done in 6,733 hectares during 1979-80 to 1981-82 at a total cost of Rs. 68.85 lakhs involving an extra cost of Rs. 48.65 lakhs over the norm intimated by the Government of India. Similarly, in Tawa Command the extra cost over the norm on 50,706 hectares completed during 1979-80 to 1981-82 was Rs. 121.02 lakhs.

(ii) In Haryana and Karnataka neither any register of assets, nor the block accounts of the assets were maintained, as required under the conditions of assistance.

(iii) CADP envisaged introduction of most suitable cropping pattern depending upon the agro-climatic conditions, water availability, etc.

In Gujarat the cultivation of the crops by the farmers substantially differed from the project assumptions. Kharif paddy though not planned has come to be the principal crop under Mahi Kadana Command, while sugarcane crop was steadily on the increase in the Ukai Kakrapar Command with decline in cotton, wheat, sorghum, etc. production. In Shetrunji Command groundnut was cultivated in summer, though not visualised. Despite the changes in actual cropping pattern, no review of the approved cropping pattern has been carried out by the CADAs.

In Maharashtra, cropping pattern actually followed was different from the pattern prescribed for the five completed projects. Results of crop cutting experiments conducted in 6 completed projects showed shortfall in yield in the case of Kharif paddy in two projects, in jawar, bajra and groundnut in another project and in all crops in a fourth project.

4. *Development of infra-structure.*—Under the approved programme, development of infrastructure like roads, processing industries, market yards, etc. was to be done by the State Governments from their resources.

No action was initiated by the CADAs in Andhra Pradesh for development of essential infrastructure excepting some development in CADA Sriramsagar Project. In Assam even study regarding provision of infrastructure facilities has not been carried out. In West Bengal no infrastructure was provided out of the State Plan funds.

5. *Evaluation and Monitoring*.—The Ministry released funds on the basis of expenditure figures furnished by the State Governments. The expenditure figures reported by the State Governments also included advances given to various implementing agencies.

The Ministry of Irrigation (CAD Wing) has not maintained any register to watch receipt of utilisation certificates. Block accounts of assets created out of the grants advanced have not been maintained. Annual statements showing details of assets created out of grants released have also not been received by CADA.

CADAs did not submit the progress reports to the Ministry regularly, the delays extending upto 55 months beyond the scheduled date.

A management information system for effective monitoring of CAD projects was introduced in May 1982. Only 9 projects had submitted the information in the required format, which were under processing (June 1983). The quarterly reports were awaited from the remaining projects (June 1983).

In the absence of specific targets for bridging the gap between irrigation potential created and utilised for the Sixth Five Year Plan and data on actual bridging of gap in the first three years of the Sixth Plan, the achievement reported could not be verified in CADAs in the States in regard to additional area brought under irrigation.

The High Level Committee on CADP, set up by Government of India, in their Report (1980) noted with concern that in spite of CAD programme having been under implementation during the last seven years, no norms existed for outputs to be expected in different activities such as topographical surveys, soil surveys, OFD works like construction of field channels, field drains, warabandi etc. Requirement of staff and their job charts were reported lacking. The Committee recommended that a national committee should go into this vital aspect. The Committee pointed out the need for a multi-disciplinary approach covering civil engineering, argiculture, soil conservation, cooperatives, marketing and other linked activities and suggested a 'model system' for both Central and State activities in this direction along with closer monitoring and evaluation. The absence of proper training was required to be remedied in all States.

To assess the extent to which the objectives of programme have been achieved, the Expenditure Finance Committee (EFC) decided in 1982 that Central assistance on matching basis in the form of grant may be extended to the States for commissioning evaluation studies by independent agencies like State Planning or Evaluation Directorate, Universities etc. (not private consultancy firms) so that systematic and objective studies on the performance of the programme could be carried out to facilitate policy decisions and to take corrective measures. Although the Ministry of Irrigation initiated action for taking up such studies in October 1980, nothing has been done in this regard so far (June 1983). The Government of India stressed (January 1983) the need for conducting such evaluation studies on priority basis. The States were also requested to bring out a report in the nature of self-assessment reviewing the programme on the achievements, the difficulties and suggestions for overcoming them and furnish them by 31st March 1983. No such reports had been received by the Central Government from any of the CADAs.

Annual reports containing detailed analysis of increase in the utilisation of irrigation potential and dealing with all the activities in the CADP contemplated in the guidelines issued by the Centre in July 1980 have not been received by the Government of India from the CADAs except from Orissa.

It was noticed during test-check that benefits of the programme contemplated in terms of increase in irrigation intensity etc. had not been evaluated in the States of West Bengal. Kerala, Tamil Nadu, Haryana, Rajasthan, Uttar Pradesh and Assam.

Summing up

— The Command Area Development Programme launched in 1974-75, has covered 76 projects in 16 States and I Union Territory involving total investment of Rs. 689.08 crores upto March 1983, of which, investment during the Sixth Plan was Rs. 416.21 crores. The Central assistance amounted to Rs. 234.64 crores; the reported expenditure included Rs. 36.15 crores retained in 12 States by State Governments and CADAs, Rs. 19.77 crores not utilised by the agencies entrusted with the execution of the various works in 7 States and Rs. 23.20 crores, for which utilisation certificates have not been received from CADAs in 3 States. In 4 States, subsidy for small and marginal farmers for OFD works amounting to Rs. 9.25 crores was not utilised. Special Loan Accounts amounting to Rs. 5.08 crores were not utilised in nine States.

— While no target for bridging the gap between potential and utilisation was set at the commencement of each plan, 1.31 million hectares were utilised by the end of 1979-80 leaving a gap of 3.23 million hectares (additional potential created being 2.99 million hectares); information regarding utilisation during Sixth Plan period was not available.

— Soil survey was completed in 8.59 million hectares, the achievement during the Sixth Plan being 2.18 million hectares.

— Topographical survey was completed in 6.43 million hectares, of which 3.16 million hectares were during 1980—83. There was no progress in 3 States.

— Planning and designing on-farm development works was completed in 3.28 million hectares, of which, the achievement during the Sixth Plan period was 0.73 million hectares.

— Construction of field channels was completed for 4.98 million hectares upto March 1983, achievement during 1980—83 being 2.79 million hectares (*i.e.* about 127 *per cent* of the target for 1980—83). 3 States accounted for 80 *per cent* of the achievement and there was shortfall in 10 States. Silting up of field channels due to non-supply of water, construction of field channels before construction of main irrigation canals, defective execution in construction of field channels and lack of drainage were noticed.

— Land levelling and shaping was completed for 0.86 million hectares upto March 1983, the progress during 1980—83 being 0.26 million hectares against the target of 0.53 million hectares during 1980—83. Bulk of the work was done in 3 States and the progress in other States was either negligible or nil.

— Slow progress was attributed to inadequate flow of institutional finance, high cost of the land levelling, poor response of farmers to consolidation of holdings, non-supply of waters to tail ends, and delay in decision-making, etc.

— Warabandi was introduced in 0.66 million hectares during 1980—83 only, which exceeded the target by about 18 *per cent*. Four States accounted for 78 *per cent* of the work completed. Progress in remaining States was either slow or negligible.

— Monitoring of the implementation of the programme was found deficient in the States and in the Ministry; no evaluation of the implementation of the programme was conducted to assess the extent to which the objectives of the programmes have been realised.

The matter was reported to the Ministry in July 1983; their comments were awaited (November 1983).

ANNEXURE—I

List of irrigation projects included under the centrally sponsored Command Area Development Programme.

S.No.	Name of the State/Irrigation Project
	I Andhra Pradesh
1.	K.C. Kanal
2.	Nagarjunasagar
3.	Sreeramsagar (Pochamped)
4.	Rajoli Bunda Diversion Scheme
5.	Tungabhadra
6.	Gajuladine
	II Assam
7.	Jamuna
	III Bihar
8.	Gandak
9.	Kiul
10.	Badua
11.	Chandan
12.	Kosi
13.	Sone
	IV Gujarat
14.	Mahi Kadana
15.	Shetranji
16.	Ukai-Kakrapar
	V Haryana
17.	Gurgaon Canal
18.	J.L. Nehru L.I. Scheme
19.	Jui L.I. Scheme
20.	Rewari L.I. Scheme
	VI Jammu and Kashmir
21.	Tawi L.I. Scheme
22.	Ravi

S.No.	Name of the State/Irrigation Project
	VII Karnataka
23.	Cauvery Basin Project
24.	Ghataprabha
25.	Malaprabha
26.	Tungabhadra
27.	Upper Krishna
	VIII Kerala
28.	Chalakudi
29.	Malam Puzha
30.	Peechi
31.	Neyyar
32.	Pothundy
33.	Gayathri
34.	Walayar
35.	Mangalam
36.	Cheerakuzhi
37.	Vazhani
	IX Madhya Pradesh
38.	Barna
39.	Halali
40.	Chambal
41.	Hasdeo
42.	Kharung
43.	Maniyari
44.	Tawa
	X Maharshtra
45.	Bagh
46.	Itadoh
47.	Bhima
48.	Ghad
49.	Purna
50.	Jayakwadi Stage I
51.	Girna
52.	Upper Tapi
53.	Krishna
54.	Mula
55.	Kukadi
56.	Panch
57.	Upper Panganga
58.	Verna
59.	L.B.C.

S.No.	Name of the State/Irrigation Project
	XI Manipur
60.	Loktak L.I. Scheme
	XII Orissa
61.	Hirakud
62.	Mahanadi Delta
63.	Salandi
	XIII Rajasthan
64.	Bhakra Gang Canal
65.	Chambal
66.	R.C.P. Stage. I
	XIV Tamil Nadu
67.	Cauvery System
68.	Lower Bhiwani
69.	Pariyar Vaigai
	XV Uttar Pradesh
70.	Gandak
71.	Ramganga
72.	Sarda Sahayak
	XVI West Bengal
73.	D.V.C. System
74.	Kangsabati
75.	Mayurakshi
	XVII Goa
76.	Salauli

ANNEXURE-II

Physical Progress-Field channels ('000 hactares)

S.No.	State	Sixth Plan	1980-81		1981-82		1982-83	
			Target	Achievement	Target	Achievement	Target	Achievement
1	2	3	4	5	6	7	8	9
1.	Andhra Pradesh	350	60	77.43	60	87.00	70	92.42
2.	Assam	10	1	—	1	1.20	2	0.82
3.	Bihar	600	80	126.54	80	163.44	120	209.00
4.	Goa	14	—	—	Nil	—		—
5.	Gujarat	160	20	10.14	20	7.72	35	9.29
6.	Haryana	25	5	1.28	5	3.00	5	2.90
7.	Jammu & Kashmir	22	4	2.35	4	1.61	4	0.81
8.	Karnataka	225	30	23.62	30	10.37	40	35.13
9.	Kerala	31	3	—	3	0.20	6	0.08
10.	Madhya Pradesh	250	30	9.97	30	44.66	50	72.01
11.	Maharashtra	418	70	17.70	70	17.31	80	41.48
12.	Manipur	10	1	—	1	—	2	—
13.	Orissa	100	10	6.90	10	19.02	20	27.80
14.	Rajasthan	400	75	23.20	75	70.80	80	42.20
15.	Tamil Nadu	67	7	4.18	7	7.35	13	18.23
16.	Uttar Pradesh	1600	250	352.22	260	544.13	350	592.19
17.	West Bengal	55	5	0.27	5	0.83	10	7.62
	Total	4337	651	655.80	661	978.64	890	1151.98

All India Target 4000

ANNEXURE-III

Physical progress-Land levelling/shaping (000 *hactares*)

S.No.	State	Sixth Plan target	1980-81		1981-82		1982-83	
			Target	Achieve-ment	Target	Achieve-ment	Target	Achive-ment
1	2	3	4	5	6	7	8	9
1.	Andhra Pradesh	187	24	21.88	33	27.23	41	34.27
2.	Assam	—	—	—	—	—	—	—
3.	Bihar	10	1	0.07	2	0.05	2	0.05
4.	Goa	10	—	—	2	—	2	—
5.	Gujarat	54	6	6.16	11	4.75	11	5.57
6.	Haryana	25	2	2.30	3	3.08	5	3.00
7.	Jammu & Kashmir	6	2	1.80	2	2.08	2	2.35
8.	Karnataka	225	30	13.94	35	3.69	40	11.03
9.	Kerala	6	2	—	2	—	2	0.80
10.	Madhya Pradesh	70	5	4.65	10	6.72	15	3.77
11.	Maharashtra	375	53	28.19	63	23.49	75	14.19
12.	Manipur	—	—	—	—	—	—	—
13.	Orissa	—	—	0.72	—	—	—	—
14.	Rajasthan	70	10	9.99	14	12.65	15	11.00
15.	Tamil Nadu	—	—	—	—	—	—	—
16.	Uttar Pradesh	—	—	0.40	—	0.57	—	0.44
17.	West Bengal	5	1	0.08	1	0.10	1	0.30
		1043	136	90.18	178	84.41	211	86.77

All India target 1000.

ANNEXURE-IV

Physical progress-Warabandi (000 hactares)

S.No.	State	Sixth Plan target	1980-81		1981-82		1982-83	
			Target	Achievement	Target	Achievement	Target	Achievemant
1	2	3	4	5	6	7	8	9
1.	Andhra Pradesh	—	—	43.81	—	64.24	—	116.54
2.	Assam	—	—	—	—	0.40	—	1.60
3.	Bihar	—	—	—	—	—	—	32.93
4.	Goa	—	—	—	—	—	—	—
5.	Gujarat	—	—	6.28	—	12.14	—	55.22
6.	Haryana	—	—	—	—	—	—	4.00
7.	Jammu & Kashmir	—	—	—	—	—	—	24.88
8.	Karnataka	—	—	—	—	—	—	6.73
9.	Kerala	—	—	—	—	—	—	0.08
10.	Madhya Pradesh	—	—	—	—	4.52	—	5.27
11.	Maharashtra	—	—	—	—	2.37	—	60.00
12.	Manipur	—	—	—	—	—	—	—
13.	Orissa	—	—	—	—	7.94	—	—
14.	Rajasthan	—	—	2.00	—	13.07	—	40.00
15.	Tamil Nadu	—	—	—	—	—	—	—
16.	Uttar Pradesh	—	—	8.00	—	48.94	—	101.50
17.	West Bengal	—	—	—	—	—	—	—
	TOTAL	1500.00	60	60.09	154	153.62	350	448.75

ANNEXURE-V

Physical Progress : Topographical survey (000 *hacterés*)

		Achieve-ment upto 1978-80	Achievement during		
			1980-81	1981-82	1982-83
	2	3	4	5	6
1.	Andhra Pradesh	182.94	50.39	55.85	55.38
2.	Assam	14.55	—	—	—
3.	Bihar	404.66	220.76	212.03	257.63
4.	Goa	—	—	—	—
5.	Gujarat	452.90	19.20	10.50	12.11
6.	Haryana	1.47	—	43.12	—
7.	Jnmmu & Kashmir	2.00	—	0.40	3.50
8.	Karnataka	193.22	11.28	—	23.48
9.	Kerala	—	0.22	1.05	5.56
10.	Madhya Pradesh	102.23	3.28	23.35	43.86
11.	Maharashtra	343.84	25.35	26.41	52.67
12.	Manipur	—	—	—	—
13.	Orissa	323.19	135.74	92.79	38.50
14.	Rajasthan	254.98	11.74	15.38	18.73
15.	Tamil Nadu	—	—	5.49	10.80
16.	Uttar Pradesh	997.18	411.02	517.80	738.56
17.	West Bengal	2.31	1.15	3.14	5.64
	TOTAL	3275.47	890.13	1007.31	1266.42

MINISTRY OF HEALTH AND FAMILY WELFARE

11. Rural Health Programme

1. *Introductory*—The Rural Health Programme includes Minimum Needs Programme (MNP), Community Health Volunteers Scheme (CHVS) later known as Village Health Guides Scheme (VHGS), Multi-purpose Workers Scheme (MPWS) and Re-orientation of Medical Education Scheme (ROME), MNP was introduced in the State Plan during the Fifth Five Year Plan (1974-79) for development of the rural health care delivery system and includes Primary Health Centres, Sub-centres and Community Health Centres (upgraded Primary Health Centres). MNP forms part of the State Plan and is funded by the States entirely out of earmarked allocations. Recurring expenditure on the new Sub-centres started from 1981-82 onwards is being met by the Centre under the Family Welfare Programme. VHGS, started in 1977 was wholly financed by the Central Government till 1978-79; was equally shared by the Central Government and State Governments till November 1981. Full central financing was revived in December 1981. The MPWS started in 1974 was fully financed by the Central Government till 1978-79, after which funding is done on matching basis by the Central and State Governments. For the ROME launched in 1977, the Central Government initially gave one time grant of Rs. 4.79 lakhs per medical college which was enhanced (December 1981) by Rs. 11.25 lakhs per college, apart from providing three mobile clinics for each college. The remaining expenditure was to be borne by State Governments.

During the Sixth Plan it was decided to take up a Centrally sponsored scheme of Training of Public Health and Para medical workers (plan outlay being Rs. 500 lakhs) with full central funding. It was only in March 1983 that assistance amounting to Rs. 18.28 lakhs was released to the States/Union Territories.

1.1 The implementation of the programme was test checked in 22 States and 5 Union Territories. The important points noticed during test check are discussed in the succeeding paragraphs.

2. *Overall Review of Performance*

2.1 Financial Performance

Table below gives the allotment, expenditure, shortfalls and Central assistance in regard to implementation of the various schemes upto 1982-83 :—

Programme	Allotment		Expenditure		Cumulative shortfall	Central assistance released		Central assistance admissible according to approved pattern	Excess
	Upto 1979-80	For 1980—83	Upto 1979-80	For 1980—83		Upto 1979-80	For 1980—83		
				(Rupees in Lakhs)					
State Plan Scheme									
Minimum Needs Programme . .	15864.14	15472.27	13088.27	13795.70	4452.44				
Centrally Sponsored Schemes									
Village Health Guides Scheme .	3483.28	8858.10	2558.71	6732.86	3049.81	3396.64	6253.14	7154.48	2495.30
Multi-purpose Workers Scheme .	1662.00	1718.69	1346.42	1479.15	555.12	1088.77	1027.00	1870.43	245.34
Re-orientation of Medical Education (Excluding the value of mobile clinics value Rs. 1713.94 lakhs)	144.58	791.11	177.50	481.33	276.86	386.00	840.65	434.78 (X)	791.87 (XX)
Total. . .	21154.00	26840.17	17170.90	22489.04	8334.23	4871.41	8120.79	9459.69	3532.51

(X) Central assistance utilised (XX) Un-utilised Central assistance

(i) Under the Minimum Needs Programme, there was shortfall of Rs. 4452.44 lakhs (Annexure) in 26 States and Union Territories. Rs. 414.08 lakhs were diverted to purposes other than those covered by the Programme.

(ii) Under the Village Health Guides Scheme, Central assistance of Rs. 9649.78 lakhs was released to 26 States and Union Territories, while admissible Central assistance according to prescribed pattern of the assistance was Rs. 7154.48 lakhs, resulting in excess release of Central assistance of Rs. 2495.30 lakhs. In 15 States and Union Territories, the actual expenditure including the share of States (Rs. 3153.88 lakhs) even fell short of the total Central assistance (Rs. 3849.57 lakhs) released to them. After adjusting the share of States, the excess Central assistance worked out to Rs. 1473.58 lakhs in these States and Union Territories. Against Central assistance of Rs. 7905.10 lakhs released to 11 States, the States accounted for Rs. 7227.80 lakhs only, over-all short accountal being Rs. 677.30 lakhs.

(iii) Under Multipurpose Workers Scheme, against admissible Central assistance of Rs. 1870.43 lakhs, Central assistance of Rs. 2115.77 lakhs was received by the States during the period 1974-75 to 1982-83, showing receipt of excess assistance of Rs. 245.34 lakhs. In 11 States/Union Territories the total expenditure of Rs. 525.58 lakhs incurred on the scheme, including the share of the States/Union Territories, was even less than the amount of Central assistance of Rs. 669.16 lakhs.

(iv) Of the Central assistance of Rs. 1226.65 lakhs given to 21 States and Union Territories under ROME Rs. 791.87 lakhs remained un-utilised. In addition, 317 mobile clinics valuing Rs. 1713.94 lakhs received under U.K. Aid Programme were also given to 106 Medical Colleges and there was poor utilisation of these clinics.

(v) The expenditure of Rs. 343.94 lakhs in 11 States and 2 Union Territories, though recorded against Central assistance under the scheme of Health Guides, Multi-purpose Workers and

Re-orientation of Medical Education was, in fact, utilised for purposes not covered by the schemes.

(vi) In releasing assistance, the Central Ministry did not take into account the progress of expenditure and Central assistance in excess was released under the Centrally sponsored schemes.

2.2 *Physical performance*

The targets and achievements in implementation of various schemes under Rural Health Programme are given below :—

Name of the Scheme	Number as on 31-3-80	Sixth Plan (1980-85) Target	Target for 1980-83	Achievement for 1980-83)
(*i*) *Minimum Needs Programme*				
Primary Health Centres .	5484	600	392	471
Sub-Centres . . .	48049	40000	19238	17594
Community Health Centres (Upgraded Primary Health Centres)	218	174	269	253
Subsidiary Health Centres	2112	1000	1507	1070
(*ii*) *Village Health Guides Scheme*				
(a) Guides trained (in thousands) . .	140	220	265.28	83.43
(b) Primary Health Centres covered . . .	2305	2505	2831	1793
(*iii*) *Multi-purpose Workers Scheme*				
Health Workers trained .	84246	59000	43500	40365
Others trained . .	35620	23450	17964	16125
(*iv*) *Reorientation of Medical Education*	No targets fixed. Comments in item (iv) below.)			

The following features of physical progress are relevant :—

(i) While the overall progress has been satisfactory during the Sixth Plan period in the case of Primary Health Centres, shortfall ranging from 73 to 100 *per cent* was noticed in 6 States and Union Territories (Bihar, West Bengal, Sikkim, Haryana, Andhra Pradesh and Andaman & Nicobar Islands). The number of Sub-centres set up during the Sixth Plan fell short of the target by about 9 *per cent* for the country as a whole, the shortfall being pronounced in the case of 6 States and Union Territories where it ranged between 87 and 100 *per cent*. In some States, Sub-centres, though set up, were not functional for want of medical staff or other reasons. Only 34 *per cent* of the Sub-centres set up till March 1982 had their own buildings. Against the total requirement of 89,980 Sub-centres to cover 74 *per cent* of the projected rural population by the end of the Sixth Plan, the total number of Sub-centres set up was 65,643, leaving a gap of 24,337. Much larger number of Sub-centres than 89,980 would, therefore, be necessary to ensure coverage of 74 *per cent* of the population based on 1981—census. Although 253 upgraded Primary Health Centres were set up during the first three years of the Sixth Plan, 114 upgraded Primary Health Centres in 7 States were not provided with necessary infrastructure including services of specialists.

(ii) The shortfall in achievement of target of training of village health guides in the first three years of the Sixth Plan was 68.5 *per cent* and in coverage of Primary Health Centres 36.67 *per cent*. The shortfall was particularly significant in Karnataka (91 *per cent*), Nagaland (68 *per cent*) and Chandigarh (62 *per cent*). Even though emphasis was placed on training of women health guides, their number was insignificant in three States (Rajasthan, Orissa and Haryana). Out of 5,955 Primary Health Centres set up by the end of 1982-83 only in 4098 Centres trained village health guides were available. The shortfall in filling up the posts of Additional Medical Officers for Primary Health Centres was over 78 *per cent* in 12 States and Union Territories.

(iii) Although the Sixth Plan envisaged coverage of 406 districts by March 1983, the training of multi-purpose workers was complete only in 329 districts, no training having been taken up in 36 districts till March 1983.

(iv) Under Re-orientation of Medical Education scheme, out of 174 Primary Health Centres in 17 States/Union Territories construction of dormitory type residential accommodation was completed only in 28 centres, work was in progress in 55 centres ; and in 91 centres work was yet to be taken up. Against the target of 108 seminar rooms/lecture rooms to be constructed, not even a single one had been completed. Mini-buses for transporting faculty members/medical officers were acquired by 28 colleges only out of 57 colleges in 13 States and Union Territories. 39 colleges in 10 States and Union Territories covered only about 48 *per cent* of the community development blocks out of their target of 117 blocks in the first phase. The medical colleges in Bihar did not cover any community development block till April 1983. No posting of the interns was made to rural areas in Bihar and Orissa. Interns were posted for only 1-3 months against the required minimum of 6 months in 18 medical colleges. Out of 58 colleges in 15 States and Union Territories, no under-graduate medical student was posted to rural areas by 42 colleges, while in 16 colleges the posting ranged between 2 and 6 weeks. Out of 75 colleges in 18 States and Union Territories, posting of faculty members to rural areas was done only by 11 colleges.

Out of 46 mobile clinics in 10 States and Union Territories, 31 were not utilised at all, while the utilisation of the remaining 15 was negligible. Utilisation of 27 clinics in 5 other States and Union Territories was also poor. In Tamil Nadu and Maharashtra 23 mobile clinics were diverted to other purposes.

(v) No study has been undertaken to evaluate the effect of the scheme on the health of the people.

3. *Minimum Needs Programme*

3.1 *Introductory*

The programme envisaged (i) establishment of one Primary Health Centre for each community development block ; (ii) establishment of one Sub-centre for each rural population of 10,000, (iii) up-gradation of one out of every four Primary Health Centres into 30-bed rural hospital, (iv) provision of medicines at the rate of Rs. 12,000 per Primary Health Centre per annum and Rs. 2,000 per sub-centre per annum and (v) making up of deficiencies in construction of buildings for the Primary Health Centres, Sub-centres and staff quarters. The Sixth Five Year Plan envisaged establishment of additional Primary Health Centres and sub-centres so as to achieve by 2000 A.D. target of one Primary Health Centre for rural population of 30,000 (20,000 in hill and tribal areas) and one Sub-centre for rural population of 5,000 (3,000 in hill and tribal areas) in a phased manner. Conversion of 174 Primary Health Centres into 30-bed Community Health Centres and conversion of 1,000 out of the existing rural dispensaries into Subsidiary Health Centres were also programmed.

3.2 *Under-utilisation and diversion of funds.*

3.2.1 As against allotment of Rs. 31336.41 lakhs, expenditure incurred was Rs. 26883.97 lakhs upto March 1983. Rupees 4452.44 lakhs remained unutilised. State-wise details are given below :—

S. No.	State/Union Territory	Period	Allotment	Expenditure	Shortfall(—) / Excess (+)	Percentage Shortfall
1	2	3	4	5	6	7
			(Rupees in lakhs)			
1.	Andhra Pradesh	1974—83	1403.20	1276.70	(—)126.50	9.01
2.	Assam . .	1974—82	1379.96	1234.95	(—)145.01	10.50
3.	Bihar . .	1974—83	4177.10	3379.48	(—)797.62	19.09
4.	Gujarat . .	1974—83	292.31	274.35	(—)17.96	6.14
5.	Haryana . .	1974—83	594.81	402.91	(—)191.90	32.26
6.	Himachal Pradesh	1974—83	244.27	235.15	(—)9.12	3.73
7.	Jammu & Kashmir (a)	1976—82	302.14	303.53	(+)1.39	—
8.	Karnataka .	1974—83	4118.92	4075.12	(—)43.80	1.06
9.	Kerala . .	1974—83	950.18	804.60	(—)145.58	15.32
10.	Madhya Pradesh	1974—83	1913.66	908.63	(—)1005.03	52.51
11.	Maharashtra .	1974—83	2959.40	2484.15	(—)475.25	16.05
12.	Meghalaya .	1974—82	313.50	289.75	(—)23.75	7.57
13.	Manipur . .	1974—82	257.00	252.84	(—)4.16	1.61
14.	Nagaland (b) .	1974—83	190.75	132.54	(—)58.21	30.51

1	2	3	4	5	6	7
15.	Orissa . .	1974—83	1205.69	1180.23	(—)25.46	2.11
16.	Punjab . .	1974—83	1872.81	1612.31	(—)260.50	13.90
17.	Rajasthan .	1976—83	2979.21	2850.30	(—)128.91	4.32
18.	Tamil Nadu .	1974—83	NA	NA	NA	NA
19.	Tripura . .	1974—83	319.20	202.26	(—)116.94	36.63
20.	Uttar Pradesh	1974—83	2688.91	2572.37	(—)116.54	4.33
21.	West Bengal	1974—83	2873.30	2082.49	(—)790.81	27.52
22.	Chandigarh	1974—83	53.53	39.86	(—)13.67	25.53
23.	Delhi (c)	1979—83	12.55	9.82	(—)2.73	21.75
24.	Goa, Daman & Diu	1974—83	100.76	142.20	(+)41.44	—
25.	Mizoram	1977—82	93.16	110.38	(+)17.22	—
26.	Pondicherry	1974—83	40.09	27.05	(—)13.04	32.52
	Total		31336.41	26883.97	(—)4452.44	14.20

NA—Not available.

Note :—(a) Excludes figures in respect of Rural Hospitals for 1979-80.

(b) Excludes figures of capital expenditure for 1974—78 and figures of revenue for 1982–83.

(c) Figures of expenditure for 1982-83 are provisional.

3.2.2 Out of the funds placed at the disposal of State Governments for implementation of the programme during 1974-75 to 1982-83, Rs. 429.15 lakhs were found diverted for purposes not relating to the programme.

In Kerala, Rs. 332.56 lakhs were spent on the schemes of 'Improvement to rural hospitals' and 'Revision of staff pattern-Nurses', not covered under the programme. In Himachal Pradesh, out of Rs. 29.65 lakhs, a sum of Rs. 16.43 lakhs was spent on drugs and equipment in dispensaries and district hospitals, Rs. 5.34 lakhs on the construction of Rural Family Welfare Centre and the balance amount on vehicles and equipment not covered by the programme. In Nagaland (Rs. 9.79 lakhs, and Himachal Pradesh (Rs. 5.28 lakhs) required to be met from State non-plan funds were spent out of State plan funds intended for the programme. In Union Territory of Chandigarh, Rs. 4.10 lakhs (out of Rs. 6.96 lakhs from 1979-80 to 1982-83) were utilised for the purchase of medicines and equipment etc., required for other schemes. In Orissa, Rs. 41.33 lakhs drawn towards purchase of medicines, furniture and equipment were diverted for other purposes. In Punjab, machinery, equipment and medicines valuing Rs. 6.44 lakhs purchased under the programme during 1976-77 to 1982-83 were diverted for use in civil hospitals and dispensaries.

3.3 *Targets and achievements*

At the beginning of 5th Five Year Plan, there were 5,283 Primary Health Centres and 33,509 Sub-centres. During the period 1974-80, 201 Centres and 14,540 Sub-centres were established against the target of 141 Centres and 17,144 Sub-centres. The position at the beginning of the Sixth Plan period and of targets and achievements during the first three years of the Plan is given below :—

Items under the programme	Number as on Ist April 1980	Sixth Plan Target (As per 6th Plan docu-ments (1980-85)	1980-81		1981-82		1982-83		Number as on 31st March 1983
			Targets (A)	Achieve-ment (A)	Targets (A)	Achieve-ment	Targets	Achieve-ment	
1	2	3	4	5	6	7	8	9	10
Primary Health Cen-tres (PHCs) .	5484(A)	600	61	84	122	283	209	104	5955
Sub-centres . .	48049(A)	40000	5244	2143	6063	7783	7931	7668	65643
Community Health centres (Upgraded Primary Health Centres) . .	218	174	167	81	26	50	76	122	471
Subsidiary Health Centres . .	2112(A)	1000	589	231	135	197	783	642	3182

(A) Figures as shown in the Annual Plan document of the Planning Commission for 1982-83 have been adopted as the data furnished by the Ministry of Health and Family Welfare were different.

While the overall progress of setting up of Primary Health Centres was satisfactory during the Fifth and the Sixth Plan periods, there was shortfall in the case of Sub-centres with reference to targets. As against the total requirement of 89,980 Sub-centres to be opened by the end of the Sixth Plan as per the projected rural population of 57.28 crores as on 1st March 1984, 65,643 Sub-centres were opened by March 1983, leaving a gap of 24,337 Sub-centres.

During the first three years of the Sixth Plan (1980-83) there was shortfall ranging from 70 to 100 *per cent* in establishment of Primary Health Centres, Sub-Centres, Upgraded Primary Health Centres and Subsidiary Health Centres in some States as detailed below :—

	Shortfall
Primary Health Centres	100 *per cent* in West Bengal, Sikkim and Andaman & Nicobar Islands. 88 *per cent* in Haryana 80 *per cent* in Andhra Pradesh and 73 *per cent* in Bihar
Sub-centres	100 *per cent* in Haryana, Arunachal Pradesh and Delhi 93 *per cent* in Kerala 89 *per cent* in Jammu & Kashmir 87 *per cent* in Tripura
Upgraded Primary Health Centres	100 *per cent* in Haryana, Kerala, Manipur, Nagaland, Arunachal Pradesh, Sikkim and Goa, Daman & Diu. 78 *per cent* in West Bengal.
Subsidiary Health Centres	100 *per cent* in Haryana and Kerala 81 *per cent* in Rajasthan

3.4 *Functioning of Referral hospitals/PHCs/Sub Centres, etc.*

3.4.1 *Upgraded Primary Health Centres—Referral Hospital*

One out of every four Primary Health Centres was to be upgraded to 30 bed referral hospital having specialised services in medicine, surgery, paediatrics, gynaecology, etc. However, during test check, it was observed that 114 hospitals (27 in

Rajasthan, 16 in Orissa, 25 in Andhra Pradesh, 35 in Maharashtra, 6 in Punjab, 4 in Gujarat and 1 in Haryana) were either not provided with beds/requisite equipment/extra staff including specialists needed for such hospitals or were partially provided with infrastructure facilities.

In Punjab, out of 6 hospitals established in three districts during 1979-80 to 1982-83 one was functioning without any bed, 4 were provided with only 8 to 25 beds and only one was provided with 30 beds. There were no arrangements for carrying out operations in 4 hospitals, laboratory examination in 3 hospitals; and only 3 hospitals had been provided with X-ray plants. 13 rural hospitals were sanctioned for establishment in urban areas. Further, against establishment of one rural hospital in each block, 2 hospitals each were provided in 15 blocks whereas no hospital was established in 22 blocks.

In Gujarat, out of 4 hospitals, in one hospital 24 beds were available but only 6 were used for indoor patients and the remaining 18 in three wards for other purposes (one ward with 6 beds as office, one ward with 6 beds as store and one ward with 6 beds as operation theatre). In other 2 hospitals the bed utilisation was 15.8 *per cent* and 28 per *cent* between December 1981 and December 1982 and during April 1981 to February 1982, respectively. In the fourth hospital, no basic infrastructure had been provided (upto January 1983) even 12 years after upgradation in January 1971.

In Maharashtra, out of 6 Cottage Hospitals (whose redesignation as rural hospitals was under consideration) which had started functioning between August 1981 and February 1982, 2 were having only out-patient departments and the remaining 4 hospitals had 6 to 20 beds.

In Madhya Pradesh, test check of records of 14 districts showed that in 10 districts, out of 16 PHCs sanctioned during March 1979 to January 1983 for conversion into 30 bed rural hospitals, only one hospital had actually started functioning

(June 1982). In 4 Primary Health Centres sanctioned for conversion (March 1979 to March 1983), none of the additional posts sanctioned by Government was filled ; in 9 PHCs sanctioned for conversion (May 1979 to January 1983), 56 out of the 112 additional posts were still vacant (June 1983) and the remaining 2 PHCs were identified (March 1983) for conversion into hospitals after delays ranging from 6 to 7 months from the date of sanction for conversion.

In Uttar Pradesh, out of 14 Primary Health Centres sanctioned for upgradation in 4 districts during 1979-80 to 1982-83, only 4 have started functioning and the remaining could not function due to non-completion of buildings and non-posting of adequate staff.

In Orissa, the Upgraded Primary Health Centres were not provided with specialists services in surgery, anaesthesia, medicine, obstetrics and gynaecology provided under the scheme. In 7 Upgraded Primary Health Centres there was no assistant surgeon with post-graduate qualification.

During test check in various Upgraded PHCs/PHCs in various states, it was observed in respect of 63 cases of X-ray Plants that (a) in 6 States (Himachal Pradesh, Madhya Pradesh, Punjab, Uttar Pradesh, West Bengal and Jammu and Kashmir), 15 X-ray machines were not installed even after 6-48 months of their receipt in hospitals/PHCs, due to non-availability of buildings, electricity connection, non-posting of technicians, etc., (b) there was delay in installation/commissioning ranging from 6 to 48 months in 11 cases in Maharashtra and 9 to 36 months in 8 cases in Orissa, due to non-availability of buildings, inadequate power supply, radiographer, etc. and (c) in 9 States (Gujarat, Karnataka, Orissa, Punjab, Andhra Pradesh, Maharashtra, Madhya Pradesh, Jammu & Kashmir and Tripura), 29 X-ray machines were lying idle for periods ranging between 6 to 72 months, due to non-availability of proper buildings, electricity connection, defects in units, want of technicians, etc.

3.4.2 *Primary Health Centres (PHCs)*

Against the sanctioned strength of 8 beds in each PHC, out of 18 Primary Health Centres in 3 districts of Punjab, there were no arrangements for indoor treatment in 3 PHCs and one PHC had no bed.

In 3 districts of Assam having 50 PHCs, it was planned to have 10 beds in each PHC, but this was actually done in only 8 PHCs and 4 PHCs had no beds. Diet to indoor patients in the hospitals was provided in only 12 PHCs.

In Orissa, in 3 districts, none of the 3 Primary Health Centres established during 1980-83 test checked, had indoor facilities, though one ward attendant had been appointed from July 1982 in each of the PHCs. Out of the 3 PHCs established in the Sixth Plan, one PHC (at Nuegaon) functioning from April 1982, was without a Medical Officer (June 1983) and another (set up at Jagannathpur in April 1982) was established at a place where a Sub-centre (under Mariganga PHC) was also functioning and the area for PHC was neither demarcated nor any Sub-centre attached to it.

In West Bengal (24-Parganas), 8 PHCs and 41 Subsidiary Health Centres were not rendering indoor treatment facilities for want of kitchen and staff quarters, though Medical Officers and other staff had been posted.

134 out of 266 PHCs functioning in Karnataka (since March 1980) and a 30 bed hospital and 2 Sub-centres in Tripura (since March 1980 and 1982-83) did not have adequate water supply arrangements.

Notwithstanding the directives of the Planning Commission that no Primary Health Centre should be set up in the Project area districts during the Sixth Five Year Plan (1980—85), Tamil Nadu Government sanctioned upto March 1983 establishment of 12 Centres (capital cost: Rs. 125.76 lakhs) in area Project districts covered by Danish International Development Agency.

3.4.3 *Subsidiary Health Centres (SHCs)*

In Punjab, out of 308 SHCs (supposed to have 4 beds each) established upto 1982-83, 124 SHCs had no beds and only 10 had 4 beds each; and arrangements for indoor treatment existed in only 26 centres.

In Haryana, out of the 9 newly opened SHCs in 4 districts covered, no beds for indoor patients were provided at 2 centres for want of indoor wards and in 5 centres, the beds provided were not utilised.

3.4.4 *Sub-Centres*

In Orissa, out of 1449 Sub-centres opened during 1980-81 to 1982-83, 789 Sub-centres were not actually functioning due to non-posting of ANM (Health Worker female).

In Madhya Pradesh in 14 districts, out of 287 additional and Mini PHCs and 653 Sub-centres sanctioned from September 1975 to March 1980 (location selected during March 1977 to September 1981), 62 additional and Mini PHCs and 498 Sub-centres were still to commence functioning (July 1983).

In Tripura, during 1979-80 only 111 Sub-centres were functioning. though the State Government reported to the Government of India in November 1980 that 124 Sub-centres were functioning in the State as on 1st April 1980.

3.5 *Construction of buildings*

According to the provisional information available with the Ministry, buildings for 4,525 Primary Health Centres and 19,900 Sub-centres were constructed upto December 1982. Construction of buildings for 683 centres and 4,095 Sub-centres were in progress and the remaining were functioning without buildings of their own. Test check of records brought out the following points :—

(i) In Tamil Nadu, the construction work of 17 buildings sanctioned in January 1982 had not commenced by March 1983.

(ii) In Punjab, 199 staff quarters (estimated cost : Rs. 39.80 lakhs) and in Tamil Nadu 43 buildings (estimated cost : Rs. 387.62 lakhs) remained incomplete even after delay of 24 months and 12 to 48 months, respectively (March 1983).

(iii) Delays were noticed in completion of 20 buildings in Tamil Nadu and 15 buildings in Tripura, the period of delay ranging from 12 to 60 months and 4 to 36 months, respectively. Avoidable expenditure of about Rs. 5.52 lakhs was incurred on the construction of a dispensary with staff quarters in Tamil Nadu due to delay in award of works.

(iv) 20 buildings, including some completed 2 to 3 years back, had not been handed over in Rajasthan (May 1983).

One hospital building costing Rs. 7.11 lakhs constructed in April 1981 in Punjab and one Primary Health Centre with staff quarters constructed at a cost of Rs. 3.74 lakhs in March 1983 in Tamil Nadu, had not been taken over for want of basic amenities like water supply, sanitary arrangements, etc. (June 1983).

In Uttar Pradesh, due to non-taking over of building constructed in 1982-83 at a cost of Rs. 207 lakhs for Upgraded PHC, the hospital has not started functioning ; and 9 members of staff posted for the PHC were being utilised elsewhere, and equipment and drugs worth Rs. 1.66 lakhs were lying in store (April 1983).

There was delay in taking over of buildings after their completion in 11 cases—4 to 28 months for 3 buildings in Karnataka, 12 to 24 months for 4 buildings in Rajasthan and 12 to 36 months for 4 buildings in West Bengal.

In West Bengal, 30 Sub-centres in one district constructed at a cost of Rs. 6.55 lakhs and sanctioned for opening in 1976-77 had not been opened (May 1983) as the requisite staff to run the centres has not been posted.

(v) 2 buildings constructed at a cost of Rs. 22.02 lakhs (one completed in September 1980 and taken over in January 1981 and the other completed in June 1981 and taken over in May 1982) in Karnataka had not been put to intended use (April 1983).

3.6 *Posting of Staff*

Test check in 12 States (Gujarat, Karnataka, Tamil Nadu, Haryana, Himachal Pradesh, Madhya Pradesh, Rajasthan, Meghalaya, Manipur, Maharashtra, Nagaland and Assam) revealed that against the sanctioned strength of 4,550 medical officers and 28,059 para medical staff, 777 and 6,064 posts, respectively, were lying vacant for various periods ranging from 2 months to 8 years during 1974-75 to 1982-83. The vacancies were attributed to non-availability of trained/suitable personnel.

3.7 *Supply of Medicines to PHCs and Sub-centres*

In the following cases, actual supplies of medicines and drugs did not conform to the norms approved in 1974.

(i) In Karnataka, medicines and drugs worth Rs. 86.38 lakhs were not supplied to 4,319 Sub-centres during 1978-79 to 1982-83.

(ii) In Andhra Pradesh, the total number of Sub-centres increased to 5,493 by the end of March 1983, but provision for drugs continued to be made for 4,264 Sub-centres opened till February 1981.

(iii) In Uttar Pradesh, 75,765 Sub-centres were supplied during 1974–75 to 1982-83, medicines worth Rs. 10.73 crores which was adequate for 53,650 Sub-centres only, showing overall shortfall of 29 *per cent*.

(iv) In Orissa, in 3 districts test checked, it was found that in 10 PHCs, the supply was below Rs. 5,000 per annum, during 1978-79 to 1982-83. In 29 PHCs of Puri district, medicines were supplied at the rate of Rs. 0.52 lakh per annum per Centre. There was no supply of medicines at all for four years from 1979-80 to 1982-83 in 2 PHCs. In 4 districts, no medicines were supplied to 366 Sub-centres involving 71 PHCs between 1979-80 to 1982-83. Value of medicines supplied varied from Rs. 99 to Rs. 668 per annum in Ganjam district and from Rs. 807 to Rs. 1,560 per annum in Kalahandi district. It was also observed that Rs. 35.40 lakhs were drawn for purchase of medicines for Sub-centres during 1974-75 and 1975-76, but no medicines were actually supplied to the Sub-centres and instead utilised in the hospitals, dispensaries and PHCs.

(v) In Rajasthan, out of 2 districts test checked, in one district, information supplied in respect of one Primary Health Centre showed that the supplies of medicines was far below the norm of Rs. 2,000 per anum in 2 out of its 3 Sub-centres and ranged from Rs. 332 to Rs. 825 during 1978-79 to 1982-83. In 2 PHCs, no medicines were supplied to 2 Sub-centres (started in June 1981 and August 1980) upto the end of March 1983. In the other district, the average value of medicines supplied to the Sub-centres (started upto 1978-79), ranged from 52 to 61 per cent of the norms (during 1974-75 to 1978-79 Plan period), whereas it was 54 to 85 *per cent* in the case of Sub-centres started during 1979-80 to 1982-83 (during 1980-81 to 1982-83—Plan period).

3.8 *Other points of interest*

(i) In Bihar, 695 and 1169 Medical Officers were appointed and posted to PHCs on an ad hoc basis without routing their selection through the Public Service Commission in March 1979 and June 1981, respectively. The Medical Officers were going without any pay and allowances since March 1980 and June 1982, respectively (April 1983) as the posts could neither be extended nor could the appointments be regularised by the State Public Service Commission, even though the Medical Officers continued to serve in the PHCs. It was stated that no action could be taken by the Government due to pending court cases.

(ii) In Punjab, an expenditure of Rs. 6.64 lakhs was incurred upto 1981-82, including Rs. 2.51 lakhs on employment of staff in 2 districts, though no hospital in these districts was established.

(iii) In Orissa, in 4 PHCs and 1 Upgraded PHC, no diet was supplied between 1974-75 to 1982-83, though expenditure of Rs. 1.26 lakhs was incurred on appointment of cooks.

(iv) In Uttar Pradesh, purchase of 6,000 vials of "frozen dried" Immuniglobin Anti D 250 mg.-3 ml. at higher rate resulted in avoidable expenditure of Rs. 3.57 lakhs in 1980-81.

4. *Community Health Workers/Volunteers/Health Guides Scheme*

4.1 *Introduction*

4.1.1 The scheme was implemented in phases from October 1977. It envisaged three months' training of the community health workers (later designated as community health volunteers/ health guides) in basic health care aspects. The workers were to be selected by the village community from among themselves at the rate of one worker per 1000 population. During the training period, the workers were to be paid monthly stipend of Rs. 200 and on commencement of work, monthly honorarium of Rs. 50. They were also to be provided with work aides (manuals and medicine kits) and refills of medicines worth Rs. 600 *per annum* (generally, the states replenished medicines on monthly or quarterly basis). They were expected to spend two or three hours daily for community health work besides following their normal vocation and to attend to elementary curative needs of the community as also to health education, immunisation detection and reporting of malaria cases, family planning etc.

4.1.2 During 1977-79 the scheme was wholly financed by the Central Government. From 1979-80, the financing pattern was changed providing for sharing of expenditure equally by Central and State Governments. Some of the States regretted their inability to implement the scheme without *cent per cent* Central assistance and suspended the scheme (Bihar, Punjab and Rajasthan). Full Central funding was revived from December 1981 (a) providing for appointment of a suitable woman for the village as a health guide and opting for a man only when a suitable woman was not available and (b) envisaging that target of one health guide for each village of 1,000 population be achieved by 31st March 1984. 4 States/Union Territory (Jammu and Kashmir, Kerala, Tamil Nadu and Arunachal Pradesh) were implementing alternative schemes, for which Central assistance was made available.

4.2 *Release of Excess Central assistance and diversion of funds*

4.2.1 In 26 States and Union Territories, the expenditure incurred was Rs. 9,291.57 lakhs. Central assistance released to these States and Union Territories (as per records of the Ministry) aggregated Rs. 9,649.78 lakhs, although assistance admissible to the States/Union Territories was Rs. 7,154.43 lakhs only (according to the norms laid down by the Government) thus resulting in excess Central assistance of Rs. 2,495.30 lakhs. The State-wise details are given below :—

Sl. No.	State/Union Territory	Period	Allotment	Expenditure as per States records	Shortfall (—) Excess(+)	Central assistance released as per ministry's records	Central assistance admissible	Excess(+) Shortfall(—)
		(Rupees in lakhs)						
1	2	3	4	5	6	7	8	9
1.	Andhra Pradesh	1977-83	1326.47	1191.40	(—)135.07	1130.53	902.30	(+)228.23
2.	Assam	1977-83	420.19	317.15	(—)103.04	312.32	240.52	(+)71.80
3.	Bihar	1977-83	22.90	30.32	(+)7.42	257.21	21.36	(+)235.85
4.	Chandigarh (Except	1977-83 1979-80)	5.88	0.96	(—)4.92	0.96	0.96	Nil
5.	Delhi	1977-83	20.70	13.25	(—)7.45	13.25	13.25	Nil
6.	Goa, Daman & Diu +(Except	1977-83 1981-82)	56.79	17.91	(—)38.88	38.62	12.40	(+)26.22
7.	Gujarat@	1977-83	1153.86	**1014.60	(—)139.26	999.50	725.97	(+)273.53
8.	Haryana	1977-82	276.67	230.07	(—)46.60	208.03	150.16	(+)57.87
9.	Himachal Pradesh	1977-83	242.32	204.32	(—)38.00	229.36	137.64	(+)91.72
10.	Jammu & Kashmir	1977-81	35.05	36.93	(+)1.88	11.10	22.96	(—)11.86
11.	Karnataka	1977-83	376.08	121.66	(—)254.42	200.18	86.45	(+)113.73
12.	Madhya Pradesh	1977-83	986.57	843.13	(—)143.44	857.76	674.99	(+)182.77
13.	Maharashtra	1977-83	1407.98	1073.97	(—)334.01	1162.06	775.89	(+)386.17
14.	Manipur	1977-81	25.95	66.17	(+)40.22	49.72	36.21	(+)13.51
15.	Meghalaya +(except	1977-83 1981-82)	58.39	39.38	(—)19.01	42.56	28.27	(+)14.29
16.	Mizoram	1977-81	33.60	37.63	(+)4.03	41.70	22.71	(+)18.99

1	2	3	4	5	6	7	8	9
17.	Nagaland . . . +(except . . .	1978-83 1981-82)	25.26	22.90	(—) 2.36	23.14	14.98	(+)8.16
18.	Orissa . . .	1977-83	902.75	660.99	(—)241.76	617.34	476.49	(+)140.85
19.	Pondicherry . . +(except . . .	1977-83 1981-82)	30.70	13.71	(—) 16.99	30.98	9.90	(+) 21.08
20.	Punjab . . . +(except . . .	1977-83 1979-80 to 1981-82)	89.46	49.67	(—) 39.79	89.80	49.67	(+) 40.13
21.	Rajasthan . .	1977-83	259.72	145.00	(—)114.72	282.33	79.14	(+)203.19
22.	Sikkim . . .	1977-81	9.74	7.27	(—) 2.47	10.28	5.49	(+) 4.79
23.	Tamil-Nadu . .	1980-83	45.16	38.63	(—) 6.53	14.38	19.32	(—) 4.94
24.	Tripura . . .	1977-83	58.74	**34.21	(—) 24.53	42.64	30.13	(+) 12.51
25.	Uttar-Pradesh . .	1977-83	4470.45	3080.34	(—)1390.11	2443.08	2190.35	(+)252.73
26.	West Bengal . . +(except . . .	1977-83 1981-82)	N.A.	512.80	N.A.	540.95	426.97	(+)113.98
	Total		12341.38	*9291.57	(—)3049.81	9649.78	7154.48	(+)2495.30

**Expenditure figures for 1982-83 are provisional

*Excluding figures of West Bengal.

@Expenditure is based on actual grants released by the State to Gram Panchayats.

+As break-up of expenditure for 1981-82 (For April 1981 to November 1981 & December 1981 to March 1982) was not available, Central assistance due could not be worked out. Hence figures for this year have not been taken into account.

—Central assistance admissible is based on the expenditure figures intimated by the respective Accountants General.

In 15 States and Union Territories (Goa, Daman and Diu, Bihar, Himachal Pradesh, Karnataka, Madhya Pradesh, Maharashtra, Meghalaya, Mizoram, Nagaland, Pondicherry, Punjab, Rajasthan, Sikkim, Tripura and West Bengal) the total expenditure of Rs. 3,153.88 lakhs incurred on the scheme, including share of State Governments/Union Territories, even fell short of the total Central assistance of Rs. 3,849.57 lakhs by Rs. 695.69 lakhs. After adjusting the share of the States, the excess Central assistance over the amount due was Rs. 1,473.58 lakhs in these States and Union Territories.

With reference to Central assistance released as per records of the Ministry, there was short accountal of Rs. 677.30 lakhs in the books of the 11 State Governments (Andhra Pradesh, Bihar, Gujarat, Himachal Pradesh, Karnataka, Maharashtra, Meghalaya, Orissa, Rajasthan, Uttar Pradesh and West Bengal). In Maharashtra, assistance received during 1977-78 to 1982-83 as per State records was Rs. 146.93 lakhs more than that shown by the records of the Ministry.

Though the Ministry did not have information about the expenditure incurred on the scheme by the States/Union Territory of Uttar Pradesh, Bihar, Jammu and Kashmir and Pondicherry, grants were released for the subsequent years. Whereas the grants sanctioned to the States were paid provisionally subject to adjustment with reference to audited statements of expenditure, no provisional adjustments were carried out by the Ministry on the basis of expenditure statements received from the State Governments.

4.2.2 Test Check revealed that in 7 States and Union Territories (Goa, Daman & Diu, Manipur, Orissa, Himachal Pradesh, Delhi, Nagaland and Haryana), a sum of Rs. 90.38 lakhs meant for the scheme was diverted to meet expenditure on purposes not connected with the scheme (for flood control, furniture, medicines for other hospitals, salaries of Officers working under other cadres, etc.).

4.3 *Targets and achievements*

4.3.1 Out of 5,484 Primary Health Centres existing on 31st March 1980, 2,305 Primary Health Centres were covered by the scheme (besides 674 Primary Health Centres covered/to be covered by alternative schemes) and the number of trained health guides was 1.40 lakhs. The Sixth Plan envisaged coverage of the entire country by the end of the Sixth Plan, but the target was revised in 1981, providing for full coverage by 31st March 1984. For achieving the above objective, 2.80 lakhs additional trained health guides were needed.

The following table shows the targets and achievements during the first three years (1980-83) of the Sixth Plan :

	Number as on 1-4-80	Sixth Plan Target	1980-81 Target	1980-81 Achievement	1981-82 Target	1981-82 Achievement	1982-83 Target	1982-83 Achievement	Total 1980 to 1983 Target	Total 1980 to 1983 Achievement
Community Health Volunteers/ Guides trained (Number in thousands).	140	220	122	25.39	50	21.33	93.28	36.71	265.28	83.43
Primary Health Centres covered (In units)	2305	2505	1192	309	884	375	755	1109	2831	1793

Thus, in the first three years of the Sixth Plan, the number of health guides trained fell short of the target by 68.5 *per cent* and the Primary Health Centres covered by 36.67 *per cent*.

Out of 5,955 Primary Health Centres set up by the end of March 1983, the health guides scheme had been implemented in 4,098 centres, major shortfall in achievements being in Bihar (88 covered against 587 to be covered upto March 1984) and Rajasthan (158 covered against 232 to be covered upto March 1984). Test check revealed that in 10 States and Union Territories (Karnataka, Nagaland, Chandigarh, Madhya Pradesh, Uttar Pradesh, Tripura, Assam, West Bengal, Andhra Pradesh and Haryana), against 2.72 lakhs health guides to be trained upto March 1984, only 1.57 lakhs were trained upto March 1983, the percentage of shortfall being 42.28. The shortfall was pronounced in Karnataka (91.4 *per cent*), Nagaland (67.60 *per cent*) and Chandigarh (61.67 *per cent*).

4.3.2 As stated earlier, in the revised scheme, the main emphasis was on deployment of women as health guides.

Test check revealed that in Rajasthan, out of 66 health guides trained/under training (May 1983) none was a woman. Moreover, in 2 districts test checked, out of 1,143 persons trained during earlier spell of the scheme and redeployed on revival of the scheme, none was female. In Orissa, out of 569 health guides selected during 1982-83, 456 (80 *per cent*) were male. In Haryana, in 17 out of 27 Primary Health Centres test checked, no female candidate was selected and in the remaining 10 Centres, the number of female guides was 24 out of 931.

4.4 *Additional Medical Officers*

One additional medical officer was to be posted at each Primary Health Centre covered by the scheme to train the guides and to supervise in the field also. However, in 12 States and Union Territories (Mizoram, Tripura, Chandigarh, Uttar Pradesh, Madhya Pradesh, Sikkim, Himachal Pradesh, West Bengal, Assam, Pondicherry, Haryana and Orissa), as against 2,294 medical officers required for the scheme only 486 were appointed, the shortfall being 78.81 *per cent.* The shortfall in Tripura, Mizoram and Chandigarh was 100 *per cent.*

In some cases, there was considerable delay in filling up the posts after introduction of the scheme in concerned PHCs. Test check revealed that in 5 States and Union Territories (Madhya Pradesh, Himachal Pradesh, Maharashtra, Meghalaya and Delhi), out of 528 medical officers appointed, delay in appointment exceeded one year in the case of 253 officers and three years in the case of 90 officers. Non-appointment/delay in appointment of medical officers has apparently been a major factor in shortfall in training of the health guides and in the progress of the scheme.

4.5 *Drop outs*

In cases where the guides stopped performing their duties within three years from the date of training, the expenditure on training etc. of alternate persons was to be met by the village community. In some States, although the guides stopped doing their duties, alternate workers were not trained. In Maharashtra, there were 731 vacancies of guides in 14 districts as on December 1982. No alternative arrangements were, however, made in these cases. Government stated (June 1983) that Gram Panchayats were not coming forward to bear the cost of training of alternate persons. Test check of 29 districts in Andhra Pradesh, Himachal Pradesh, Orissa and West Bengal showed that 1,130 health guides stopped working and no substitutes were posted in their places.

4.6 *Supply of manuals and kits*

Each health guide was to be supplied with a printed manual during the very first week of training as far as possible for guidance in day to day work. In 7 States and Union Territory (Uttar Pradesh, Andhra Pradesh, Assam, Maharashtra, Tripura, Orissa and Goa, Daman & Diu), as against 1,41,417 health guides trained, only 62,587 were supplied manuals. Thus

78,830 health guides (55.74 per cent), though in position, were not supplied any manuals. The incidence of non-supply was particularly high in Tripura (81 *per cent*) and Assam (67.55 *per cent*). In Orissa no medicinal kits were provided to 1,290 guides (June 1983). In Rajasthan, kit boxes were not supplied at all to 136 community health volunteers out of 274 in 3 Primary Health Centres. In Goa, 223 health guides trained from 1977-79 received medicinal kits only in 1980. In Bihar, medicinal kits valuing Rs. 4.32 lakhs were lying unutilised and had become time barred and iron-boxes supplied to 1,478 health guides (value Rs. 2.76 lakhs) were not collected from them, although the scheme was abandoned in September 1980. In Karnataka out of 5,788 kits valuing Rs. 10.75 lakhs received from the Government of India during January 1979 to August 1979, 3,300 kits (valuing Rs. 6.13 lakhs) were supplied to the districts not implementing the scheme, where they were lying idle for periods ranging 44 to 50 months.

4.7 *Supply of medicines to health guides*

In 115 centres in 3 States (Haryana, Himachal Pradesh and Orissa), 7,120 health guides did not receive medicines timely. The delay in supply of medicines ranged from one month to 36 months. In Rajasthan, the medicines were never replenished to the health guides of 16 Primary Health Centres of one district (out of 17 Primary Health Centres in all). In another district, out of total 353 trained health guides in 4 Primary Health Centres test checked, replenishment of medicines was made to only 16 guides. In Sikkim, there was no supply of medicines for 42 months during the period from April 1979 to March 1983. In Himachal Pradesh, during 1979-80 to 1982-83, medicines valuing Rs. 4.90 to Rs. 24.20 per month were supplied to the guides against the prescribed value of Rs. 50 per month. In Madhya Pradesh, during 1977-78 to 1982-83, medicines valuing Rs. 145.21 lakhs only were supplied against the requirement of Rs. 214.51 lakhs.

In Uttar Pradesh, a sum of Rs. 592.03 lakhs was placed at the disposal of Director, Health Services during 1981-82 and

1982-83 (Rs. 305.57 lakhs during 1981-82 and Rs. 286.46 lakhs during 1982-83) on 31st March of the respective years, for purchase of medicines, kits and laboratory equipments, etc. These funds having not been utilised during respective years were transferred to Personal Ledger Account of the Director. During 1982-83, a sum of Rs. 299.62 lakhs was spent out of the amount transferred during 1981-82. As on 31st March 1983, a sum of Rs. 292.41 lakhs (Rs. 5.95 lakhs pertaining to 1981-82 and Rs. 286.46 lakhs pertaining to 1982-83) was lying in personal ledger account.

4.8 *Honorarium to guides*

The scheme envisaged payment of monthly honorarium of Rs. 50 to the health guides in position. Test check revealed that in Andhra Pradesh, Haryana, Manipur and Delhi there was delay in payment of honorarium to the guides ranging from 1 to 8 months. In 5 districts of West Bengal test checked, delay in payment to 501 health guides exceeded one year. In Orissa, out of 4,066 health guides, 820 guides were not paid honorarium even after lapse of periods ranging from 1 to 46 months, whereas 3,246 workers were paid honorarium for 2 to 6 months at a time, after lapse of 1 to 23 months.

In Madhya Pradesh and Uttar Pradesh honorarium at the rate of Rs. 50 per month was not paid to the guides, as shown in the following table. The reasons for shortfall in payment were not intimated.

State and period	Total honorarium due	Honorarium paid	Honorarium less paid	Percentage of shortfall
	(Rupees in lakhs)			
1. Madhya Pradesh 1977-78 to 1981-82. . .	214.51	136.25	78.26	36.48
2. Uttar Pradesh 1979-80 to 1981-82 . .	940.11	731.06	209.05	22.24

In Karnataka, the health guides were paid honorarium at much higher rate (Rs. 100 per month to undergraduates and Rs. 150 per month to graduates) instead of the prescribed rate of Rs. 50 per month. This involved excess payment of honorarium of Rs. 7.84 lakhs over the norms fixed by the Government of India.

4.9 *Review of work by village health committee*

In accordance with the instructions issued by the Ministry in August 1981, a village health committee was required to be formed to review the work done by health guides and to send a monthly report to Medical Officer Incharge of Primary Health Centre concerned. A test check revealed that no such committees were constituted in State/Union Territories of West Bengal, Tripura, Pondicherry and Goa, Daman and Diu. In Orissa and Punjab, such committees though partially formed, did not function properly. In Himachal Pradesh also, such committees were partially formed in March 1983.

4.10 *Discontinuance of scheme*

4.10.1 In Punjab, the scheme was discontinued from April 1979 and was revived from December 1981. Out of 233 community health volunteers trained upto March 1979 (in one district test checked), only 61 had again been posted as health guides and those too after imparting training afresh.

In Rajasthan, where the scheme was frozen in October 1979 and was revived in December 1981, out of 1,545 Community Health Volunteers trained (prior to freezing of the scheme in the State), in two Districts test checked, only 1,143 volunteers agreed to continue to work on revival of the scheme. Thus expenditure incurred on training of remaining 402 volunteers proved infructuous.

4.10.2 In Rajasthan, in the two districts test checked, 5 additional medical officers were posted in Primary Health Centres during the period October 1979 to June 1981, though the scheme was frozen in October 1979. In addition, medical officers already in position in Primary Health Centres of these districts performed regular Primary Health Centre duties during September 1979 to December 1981. Expenditure on salary of these officers aggregating Rs. 6.99 lakhs was charged to the scheme, although the same was frozen during that period.

4.11 *Implementation of alternative Schemes*

4.11.1 A modified scheme, called "Rehbar-i-Sehat" was implemented by Jammu and Kashmir from 1975-76, for which assistance was given by Central Government. Rehbar-i-Sehats on completion of their training were provided with manuals and kits on the scale as approved by the State Government. The Central assistance of Rs. 26.20 lakhs was received for the scheme upto 1981-82. Expenditure incurred upto 1980-81 was Rs. 36.43 lakhs including the State's share. Figures of expenditure incurred for the year 1981-82 were not available with the State Government. During test check of 6 blocks (out of total 20), the following points were noticed.

(a) The main objective of the scheme was to provide facilities of health care where those were not available. In six blocks test checked, Rehbar-i-Sehats were operating in areas where health institutions already existed.

(b) Under the scheme, each Rehbar-i-Sehat was required to attend to the health care of popplation of 1,000. The ratio of Rehbar-i-Sehat to population in one block was 1:523 whereas in two blocks, it ranged from 1 : 2,368 to 1 : 5,200.

(c) 113 Rehbari-i-Sehats out of 483 trained upto March 1983 either did not report for duty or left the job, resulting in infructuous expenditure of Rs. 0.68 lakh on their training.

(d) One additional medical officer was to be posted in each block. He was to conduct periodical visits/supervision to ensure that Rehbar-i-Sehats were functioning properly. Additional Medical Officers were not posted in 5 out of 6 blocks test checked.

4.11.2 A Mini Health Centres scheme was implemented by the Tamil Nadu Government from March 1977 with the object of providing comprehensive health care services to village community by involving voluntary organisations. Under this scheme, each centre was to provide health care to 1,000 families or 5,000 rural population in adjacent areas. Upto 1979-80, the expenditure on the scheme was shared equally by Government of Tamil Nadu and voluntary organisations concerned. From 1980-81, it was shared by Government of India, Government of Tamil Nadu and voluntary organisation in the ratio of 1 : 1 : 2. The Central assistance received during the years 1980-81 to 1982-83 aggregated Rs. 12.39 lakhs.

Test check of 149 Mini Health Centres in four districts (out of total 234 centres in these districts) brought out the following points :—

(a) In one district, out of 87 Mini Health Centres set up, 52 (60 *per cent*) were located within a radius of 5 Kms, from existing Governmental/private medical institutions which was contrary to the guidelines of the scheme.

(b) As against 1,000 families (5,000 members) to be enrolled by each centre, 105 centres (70 *per cent*) out of 149 centres test checked had not enrolled any member. In 44 centres, number of families enrolled ranged from 53 to 532 only.

(c) Out of 149 Mini Health Centres 69 (46 *per cent*) had not employed staff as per norms; in 63 Mini Health Centres, out of 126 workers employed, 73 workers (32 males and 41 females) did not possess the prescribed qualification; in 18 centres, male multipurpose workers were not employed and in 7 centres, only 5 lay first aiders were employed against prescribed strength of 21.

In two districts, contrary to Governmental instructions, grants amounting to Rs. 2.28 lakhs had been distributed to two voluntary organisations running 21 centres (during the years

1981-82 to 1982-83), though staff had not been employed as per the prescribed pattern.

5. *Multipurpose Workers Scheme*

5.1 *Introductory*

5.1.1 The scheme was started in 1974 with the objective of integrating all the vertical programmes in health and envisaged (a) training of medical staff at various levels-orientation of district level medical officers and key trainers of the health and family welfare training centres at the Central Training Institutes; training of medical officers of Primary Health Centres, block extension educators and other supervisory staff at the health and family welfare training centres run by State Governments (which were to be suitably strengthened), training of health supervisors and unipurpose workers at selected P.H.Cs. (b) appointment of health workers—one male and one female—for every 5,000 of the rural population in a phased manner and appointment of supervisors (male and female) at the rate of one for every four health workers (male and female) and (c) rationalisation of pay scales of multipurpose workers and supervisors. The scheme was to be introduced in a phased manner and the Sixth Plan envisaged the entire country to be brought within the ambit of scheme by March 1983.

5.1.2 The Scheme was centrally sponsored with *cent per cent* assistance from the Central Government upto March 1979, after which 50 *per cent* expenditure was to be borne by the State Governments.

Test check of records of 27 States and Union Territories revealed that an expenditure of Rs. 2825.57 lakhs was incurred on implementation of the scheme from 1974-75 to 1982-83.

against the allotments of Rs. 3380.69 lakhs. Statewise detailsare given below :—

S. No.	State/Union Territory	Period	Allotment	Expenditure	Excess (+) / Shortfall (—)	Central assistance received	Central assistance admissiole	Excess (+) / Shortfall (—)
1	2	3	4	5	6	7	8	9
					(Rupees in lakhs)			
1.	Andhra Pradesh .	1974—83	423.81	435.57	(+) 11.76	332.86	335.64	(—) 2.78
2.	Assam . .	1974—82	24.13	25.40	(+) 1.27	24.74	17.88	(+) 6.86
3.	Bihar . .	1977—83	66.45	26.17	(—) 40.28	42.35	13.07	(+)29.28
4.	Gujarat* . .	1975—82	302.13	219.20	(—) 82.93	195.11	164.70	(+)30.41
5.	Haryana . .	1974—83	135.05	84.06	(—) 50.99	55.10	52.95	(+) 2.15
6.	Himachal Pradesh	1979—83	41.93	38.62	(—) 3.31	71.97	36.94	(+)35.03
7.	Jammu & Kashmir	1977—81	8.68	5.81	(—) 2.87	7.38	2.91	(+) 4.47
8.	Karnataka . .	1974—83	328.55	283.66	(—) 44.89	202.61	214.10	(—)11.49
9.	Kerala . .	1974—83	116.81	127.79	(+) 10.98	92.14	72.24	(+)19.90
10.	Madhya Pradesh	1976—83	258.24	127.46	(—)130.78	148.93	78.73	(+)70.20
11.	Maharashtra .	1974—83	114.46	110.73	(—) 3.73	47.99	69.14	(—)21.15
12.	Meghalaya . .	1977—83	8.48	9.02	(+) 0.54	10.07	5.36	(+) 4.71
13.	Manipur . .	1975—82	15.14	12.15	(—) 2.99	9.91	6.73	(+) 3.18
14.	Nagaland .	1979—83	4.24	..	(—) 4.24	2.98	..	(+) 2.98
15.	Orissa . . .	1976—83	204.35	165.65	(—) 38.70	103.72	108.13	(—) 4.41
16.	Punjab . . .	1975—82	189.12	128.91	(—) 60.21	73.08	41.85	(+)31.23
17.	Rajasthan . .	1974—83	245.09	190.44	(—) 54.65	147.68	148.43	(—) 0.75
18.	Sikkim . .	1977—82	1.31	0.62	(—) 0.69	1.35	0.31	(+) 1.04

1	2	3	4	5	6	7	8	9
19.	Tamil Nadu .	1975—83	238.82	269.34	(+)30.52	126.20	159.97	(—) 33.77
20.	Tripura . .	1980—83	7.95	2.01	(—) 5.94	3.06	0.70	(+) 2.36
21.	Uttar Pradesh .	1974—83	412.04	312.18	(—)99.86	370.91	198.20	(+)172.71
22.	West Bengal .	1974—83	189.98	205.10	(+)15.12	25.10	118.93	(—) 93.83
23.	Chandigarh .	1977—83	2.61	0.02	(—) 2.59	N.A.	N.A.	N.A.
24.	Delhi . . .	1974—83	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
25.	Goa, Daman & Diu	1974—83	7.21	2.19	(—) 5.02	5.64	1.44	(+) 4.20
26.	Mizoram . .	1979—82	27.79	41.97	(+)14.18	10.37	20.99	(—) 10.62
27.	Pondicherry .	1974—83	6.32	1.50	(—) 4.82	4.52	1.09	(+) 3.43
	TOTAL . .		3380.69	2825.57	(—)555.12	2115.77	1870.43	(+)245.34

N.A. —Not available.

*Expenditure represents grants paid to Panchayats for implementation of the scheme without adjustment of unutilised amounts.

5.2 Under utilisation Central assistance and diversion of funds

5.2.1 Against admissible Central assistance of Rs. 1,870.43 lakhs, Rs. 2,115.77 lakhs were received by the States from the Government during the period 1974-75 to 1982-83, showing receipt of excess assistance of Rs. 245.34 lakhs. Under-utilisation of Central assistance was particularly pronounced in Uttar Pradesh (46.56 *per cent*), Bihar (69.14 *per cent*), Meghalaya (46.77 *per cent*), Madhya Pradesh (47.13 *per cent*), Punjab (42.73 *per cent*), Himachal Pradesh (48.67 *per cent*), Jammu and Kashmir (60.57 *per cent*), Nagaland (100 *per cent*), Sikkim (77.04 *per cent*), Tripura (77.12 *per cent*), Goa, Daman and Diu (74.47 *per cent*) and Pondicherry ((75.88 *per cent*).

In 11 States/Union Territories (Uttar Pradesh, Bihar, Meghalaya, Madhya Pradesh, Jammu and Kashmir, Himachal Pradesh, Sikkim, Tripura, Nagaland, Goa, Daman and Diu and Pondicherry), total expenditure of Rs. 525.58 lakhs incurred on the scheme was even less than the amount of Central assistance of Rs. 669.16 lakhs.

5.2.2 The scheme was to be introduced in various States in a phased manner with a few districts being taken up for retraining at a time. The Government of Andhra Pradesh obtained (February 1976) funds for creation of 1,000 posts of female health workers/supervisors. Of these, 792 posts were utilised in 17 non-multipurpose districts from February 1976 to March 1983, resulting in diversion of funds amounting to Rs. 220 lakhs.

In Jammu and Kashmir, Rs. 14.01 lakhs intended for drugs for use by the multipurpose workers, in Himachal Pradesh, Rs 1.26 lakhs during 1976-77 to 1982-83 and in Goa, Daman and Diu, Rs. 4.41 lakhs during 1976—83, were diverted to other schemes or for items not intended for the scheme. In Punjab, machinery and equipment worth Rs. 7.60 lakhs purchased for the scheme in two districts during 1979-80 and 1980-81 were used in other institutions.

5.3 *Progress of the scheme*

5.3.1 The progress made in training of various categories of officers and health workers during the first three years of the Sixth Plan was as follows :—

S. No.	Category	Position as on 31st March 1980	Sixth Plan target	1980-81 Target	1980-81 Achievement	1981-82 Target	1981-82 Achievement	1982-83 Target	1982-83 Achievement	Achievement upto March 1983
1	2	3	4	5	6	7	8	9	10	11
I.	*Central Training Institutes* (7)									
1.	District level Medical Officers (DLMOs)	1233	600	160	157	150	127	60	56	1573
2.	Key trainers .	457	300	60	51	100	81	34	63	652
3.	District Extension Media Officers and their deputies (DEMOs/Dy. DEMOs) . .	82	1100	200	103	200	25	200	94	304
II.	*Health and Family Welfare Training Centres* (47)									
1.	Medical Officers (M.O. PHC) .	7949	7000	1500	1223	2000	1032	2000	1396	11600
2.	Block extension educators (BEE) .	3228	2450	500	592	600	673	600	319	4812
3.	Health Assistants HA (Male) .	15391	8000	2000	3351	2000	1893	2000	1708	22343

4. Health Assistants (HA) (Female) .	7280	4000	1200	1147	1200	817	1200	1217	10461
III. *Primary Health Centres (NA)*									
1. Health Workers HW (Male) .	51167	34000	8000	14693	9000	4991	9000	3883	74734
2. Health Workers (HW) (Female) .	33079	25000	7000	7943	7000	5527	3500	3328	49877
TOTAL . .	119866	82450	20620	29260	22250	15166	18594	12064	176356

N.A. — Not available.

NOTE:—(*i*) The targets for training of D.L.M.Os and key trainers for 1981-82 and 1982-83 and of B.E.Es and H.W (F) for 1982-83 as shown in Annual Plan document of the Planning Commission for 1982-83 have been adopted although data furnished by the Ministry was different.

(*ii*) Number trained in respect of category II and III of the table during 1982-83 is provisional.

Though the Sixth Plan envisaged the entire country to be brought within the ambit of the scheme by March 1983, out of 406 districts training was completed only in 329 districts upto March 1983 and it was in progress in 41 districts. In 36 districts the training was yet to be taken up (March 1983).

During 1980-83, the shortfall was more in case of DEMOs/ Dy. DEMOs (63 *per cent*) and Medical Officers (P.H.C.) (33.61 *per cent*) with reference to targets. In Andhra Pradesh, West Bengal, Kerala, Jammu and Kashmir, Meghalaya, Tripura and Mizoram no targets were fixed for the training.

5.3.2 The following aspects affecting the training of officials as Multipurpose workers were noticed :—

(i) *Rationalisation of Pay Scales.*—The scheme envisaged that pay scales of multipurpose workers/supervisors (one for every 4 workers) should be rationalised before their appointment. However, only Gujarat and Karnataka have rationalised the pay scales so far (March 1983).

(ii) *Strengthening of health and family welfare training Centres.*—With a view to strengthening health and family welfare training centres in the States, the Government of India decided in 1977 to provide additional 3 temporary posts each for 22 centres (out of total 47) on an experimental basis (one Medical Lecturer/Maternal Child Health, one Senior Training Officer/Nursing and one Senior Training Officer/Sanitation, per centre). Further, one post each of laboratory technician and laboratory attendant was sanctioned by Government (October 1975) for each Health and Family Welfare Training Centre (47 Centres in all) in Family Planning Demonstration Area, to provide demonstrative experience to the trainees and do routine laboratory work at the Primary Health Centre ; purchase of laboratory equipment costing Rs. 0.10 lakh for each of such Primary Health Centre attached to Health and Family Welfare Training Centre was also sanctioned by the Government (May

1976) specifying the list of equipments to be purchased. Test check brought out the following position :—

(a) Out of 22 centres, additional posts in the training centres had not been sanctioned in 14 centres (4 in Andhra Pradesh, 1 in Haryana, 1 in Punjab, 2 in Rajasthan, 6 in Uttar Pradesh) and in the remaining 8 centres (2 each in Kerala and Karnataka, 3 in Madhya Pradesh and 1 in Tamil Nadu), 18 out of 24 posts were filled in after delays ranging from 12 to 53 months.

(b) In 47 Primary Health Centres attached to 47 Health and Family Welfare Training Centres, only 23 posts of laboratory technicians (shortfall 51 *per cent*) and 19 posts of laboratory attendants (shortfall 60 per cent) had been filled up.

5.3.3 Delays ranging from 1 to 5 years were noticed in deployment of trained personnel.

State	Number of districts for which data gathered	Number of personnel trained	Period during which training completed	Period of delay in deployment of trained personnel
1. Uttar Pradesh .	56	26,929	1976-77 to 1980-81	1—5 years
2, Andhra Pradesh .	6	2,933	1977-78 to 1980-81	1—2 years
3. Karnataka . .	5	2,105	Upto March 1979	15 months

During test check it was observed that in the following cases, although training had been completed quite sometime back, the scheme was still to be introduced at the time of study in respective States.

State/Union Territory	Data of number of districts studied or persons	Period during/ by which training was completed	Period of study
1. Rajasthan . .	1 district	by 1978-79	3/83 to 6/83
2. Nagaland . .	52 persons	1978-79 to 1981-82	5/83
3. Delhi . . .	102 persons	May 1976 to September 1979	4/83 to 8/83
4. Manipur . .	3 districts	by December 1981	May 1983
5. Pondicherry . .	8 Communes	by May 1981	2/83 to 4/83

In 4 districts of Andhra Pradesh, 1,842 personnel trained during 1978-79 to 1981-82 and in 2 districts of Punjab, 471 personnel trained during 1978-79 to September 1982 were yet to be deployed functionally (March 1983).

In West Bengal, there were 4,216 Sub-centres sanctioned upto March 1983. There was a deficit of 1,020 multipurpose workers (female), while there was a surplus of 2,873 multipurpose workers (male). In Tripura, there was no trained multipurpose worker (female) in 136 Sub-centres.

5.3.4 In Jammu and Kashmir, female workers trained were illiterate and lacked basic minimum qualifications.

5.4 *Supply of kits and manuals*

5.4.1 Government of India provided to the State Governments 1.49 lakh kits (containing drugs, equipment etc.) and 88,986 manuals for distribution to the multipurpose workers to enable them to discharge their field duties efficiently. The following points were noticed during test check :—

(i) In 8 States/Union Territory (Andhra Pradesh, Assam, Himachal Pradesh, Maharashtra, Madhya Pradesh, Meghalaya, Orissa and Pondicherry) out of 37,316 multipurpose workers trained, 11,379 (30.49 *per cent*) were not supplied with kits and 20,160 workers out of 30,321 (66.49 *per cent*) were not given manuals. In Madhya Pradesh, none of the Supervisors and multipurpose workers posted in 14 districts test checked were provided with manuals in Hindi.

Delays ranging from 6 to 60 months were noticed in distribution of kits/manuals to trained workers in 10 States/Union Territories (Andhra Pradesh, Himachal Pradesh, Haryana, Jammu and Kashmir, Kerala, Meghalaya, Rajasthan, Orissa, Mizoram and Pondicherry).

(ii) In West Bengal, 2,400 kits (value : Rs. 17.31 lakhs) and in Kerala, 1,642 manuals (value : Rs. 4.5 lakhs) had not been distributed till June 1983 and March 1983 respectively. 874 out of 1,072 kits received in Tamil Nadu during March 1979 to July 1980 in 4 health unit districts remained undistributed (April 1983) as the scheme had not been functionally introduced. In Punjab, no kits were issued to the multipurpose workers in 2 districts. In one district 266 kits received from the Government of India were lying unutilised.

(iii) Haryana and Karnataka accounted for 16,113 kits and 9,305 manuals against the supplies of 18,095 kits and 9,964 manuals, resulting in non-accountal of 1,982 kits and 659 manuals (value : Rs. 11.55 lakhs). The Union Territory of Goa, Daman and Diu was supplied 238 number of kits but only 110 were accounted for by them.

6. *Re-orientation of Medical Education Scheme*

6.1 *Introductory*

6.1.1 This scheme was launched by the Central Government in 1977 with a view to involving medical colleges in the country in direct delivery of health care services to rural and semi-urban population and for giving a rural re-orientation to training of medical students and interns. Each medical college was to accept total responsibility for promotive, preventive and curative health care of at least three community development blocks and was to extend total health care to the entire district in which the medical college was located, in a phased manner over a period of 3 to 5 years, evolving well knit referral service complex with the active involvement and continuous dialogue with District hospitals/Taluk/Tehsil hospitals, sub-divisional hospitals and PHCs involving posting of medical college staff to rural hospitals, pooling of resources and man power of the college and the rural hospitals and involvement of medical college staff in training of para-medical and other ancillary staff upto PHC level.

Rural re-orientation was to be given to undergraduates and to interns by posting former for atleast 8 weeks annually and the latter for entire period of internship in district and other lower formation hospitals upto the PHCs. The entire faculty members were to be posted at PHCs and Sub-centres by rotation for sufficiently long periods, where they were to be responsible for guiding the training of under-graduate students as well as interns and were to supervise the development of entire health care delivery programme. The services of medical personnel in district and lower formation hospitals were also to be utilised for the under-graduate training programme and they were to be given appropriate teaching status in the medical colleges.

Effective administrative machinery was to be evolved for co-ordinated efforts. Constitution of a State level committee, Medical college level committee (Regional co-ordination committee) and an Institutional committee to be constituted by the Dean, were envisaged.

6.1.2 Government decided (April 1978) to give a one time Central grant of Rs. 4.79 lakhs per college for covering 3 development blocks under phase I of the programme. For consolidating the first phase of the programme and establishment of infrastructure for embarking on the extension of the programme under phase II, the pattern of assistance was revised in December 1981, providing for additional financial assistance of Rs. 11.25 lakhs per college (total Rs. 16.04 lakhs) providing (a) Rs. 2.84

lakhs per PHC for construction works for a teaching annexe consisting of dormitory type residential accommodation for 5 faculty members, 10 male students and 5 female students and seminar room-cum-lecture rooms and Rs 0.36 lakh per PHC for additions and alterations to the PHCs/operation theatre, (b) 0.75 lakh per college for procurement of a mini-bus for transporting faculty members/students/interns, etc., (c) Rs. 0.30 lakh for construction of a garage for each of the 3 mobile clinics provided.

In addition, three mobile clinics (received under U.K. aid) were provided for each medical college for use in selected Primary Health Centres.

The States were required to bear expenditure on items like addition to faculty, drivers/mechanics for mini bus/mobile clinics, expenditure on POL of vehicles and other expenses, the annual expenditure of which was estimated at Rs 2.50 lakhs per college per annum during the Sixth Five Year Plan.

6.2 *Under-utilisation of Central assistance*

6.2.1 Central assistance of Rs. 1,330.36 lakhs was received by 103 medical colleges in 22 States and Union Territories (March 1983). In addition, 317 mobile clinics valuing Rs. 1713.94 lakhs, received under U.K. Aid Programme, were also given to 106 medical colleges at the rate of 3 each (except one college in Maharashtra which was given only 2 clinics). Test-check (July 1982 to June 1983) of the records of 86 Medical institutions in 21 States and Union Territories revealed that out of total central assistance of Rs. 1,226.65 lakhs received by them during 1977-78 to 1982-83, only Rs. 434.78 lakhs was utilised, leaving an unutilised balance of Rs. 791.87 lakhs, representing 64.56 *per cent* assistance; State wise position is shown in the following table :—

Sl. No.	Name of the State/ Union Territory	No. of Colleges Test-Checked	Period	Outlay	Expenditure	Shortfall	Central Assistance received	Expenditure Out of Central assistance	Un-utilised Central assistance
						(Rupees in lakhs)			
1.	Andhra Pradesh	8	1977—82	219.40	96.34	(—)123.06	130.95	46.95	84.00
2.	Assam .	3	1979—83	29.38	8.82	(—) 20.56	48.12	6.44	41.68
3.	Bihar .	9	1979—83	65.05	43.34	(—) 21.71	86.76	38.22	48.54
4.	Delhi .	1	1979—83	16.04	3.80	(—) 12.24	16.04	3.80	12.24
5.	Goa, Daman & Diu .	1	1979—83	NA.	**0.94	N.A.	16.04	0.75	15.29
6.	Gujarat .	3	1979—83	N.A.	N.A	N.A.	80.20	55.31	24.89
7.	Haryana .	1	1978—82	26.17	8.75	(—) 17.42	16.04	8.75	7.29
8.	Himachal Pradesh	1	1979—82	19.58	15.70	(—) 3.88	16.04	12.64	3.40
9.	Jammu & Kashmir	1	1978—83	23.71	10.72	(—) 12.99	16.04	7.39	8.65
10.	Karnataka .	9	1978—83	79.53	41.20	(—) 38.33	105.96	35.09	70.87
11.	Kerala .	4	1980—83	@51.50	95.79	(+) 44.29	64.16	4.79	59.37
12.	Madhya Pradesh	4	1979—82	N.A.	N.A.	N.A.	66.64	6.04	60.60
13.	Maharashtra .	7	1979—82	78.41	77.15	(—) 1 26	83.48	21.98	61.50
14.	Manipur .	1	1979—83	N.A.	**2.79	N.A.	16.04	2.79	13.25
15.	Orissa .	3	1979—82	13.18	19.18	(+) 6.00	48.12	11.58	36.54
16.	Pondicherry .	1	1978—82	8.18	4.26	(—) 3.92	16.04	4.26	11.78
17.	Punjab .	3	1979—83	39.27	35.30	(—) 3.97	48.12	32.15	15.97
18.	Rajasthan .	5	1978—83	45.27	45.72	(+) 0.45	80.41	24.16	56.25
19.	Tamil Nadu .	7	1977—83	N.A.	**46.88	N.A.	106.17	36.17	70.00
20.	Uttar Pradesh	7	1977—83	161.62	45.97	(—)115.65	96.20	22.13	74.07
21.	West Bengal .	7	1978—82	59.40	106.79	(+) 47.39	69.08	53.39	15.69
		86		935.69	658.83	(—)276.86	1226.65*	434.78	791.87

*Excluding Rs. 1713.94 lakhs being the value of Mobile clinics.

@Includes provision for upgradation of Department of Opthalmology during 1980-81 as separate provision for the Rome Scheme is not available.

**Excluded from total of the column as relevant allotment figures are not available.

Under utilisation of assistance was particularly pronounced in Kerala (92.53 *per cent*) Goa, Daman & Diu (95.32 *per cent*) Assam (86.62 *per cent*) and Madhya Pradesh (90.94 *per cent*).

The Ministry was not maintaining any records to watch the actual expenditure incurred by States/Union Territories/ autonomous institutions out of grants released to them under this scheme.

6.2.2 Out of 18 colleges in 6 States/Union Territories (Andhra Pradesh, Bihar, Haryana, Himachal Pradesh, Delhi and Punjab) which received Central assistance amounting to Rs. 313.95 lakhs upto March 1983, expenditure of only Rs. 3.15 lakhs was incurred, on items of recurring and non-recurring nature in 5 colleges in Punjab only out of their own resources.

6.3 *Inadequate coverage of rural areas for Health care*

Test check of 39 colleges in 10 States and Union Territories showed that against target of 117 blocks to be covered by them in the first phase, 56 community development blocks (47.86 *per cent*) were covered. The medical colleges in Bihar did not cover any community development blocks till April 1983.

Out of the 17 States and 3 Union Territories, only one Union Territory of Pondicherry had taken up the second phase of coverage. In most of the States/Union Territories, even the first phase was yet to be completed, although the entire district was to be covered within 3 to 5 years (scheme was initiated in July 1977).

Out of 37 colleges in 7 States and one Union Territory, the requirement of pooling together of resources of medical colleges and Primary Health Centres was met by only one college.

Out of 58 colleges in 13 States/Union Territories, the requirement of evolving a well knit referral complex was met by only two colleges. Out of 75 colleges in 18 States and Union Territories the posting of faculty members to rural areas was done by 11 colleges only.

6.4 *Shortfall in training and creation of facilities*

6.4.1 No posting of interns was made to rural areas in Bihar and Orissa. In Uttar Pradesh, 378 interns out of 891 were not at all posted to rural areas. Test check revealed that from 18 medical colleges in 6 States/Union Territories (Andhra Pradesh, Rajasthan, Pondicherry, Delhi, Manipur and Madhya Pradesh), the interns were posted for periods ranging from one to three months, against the required minimum of six months.

Out of 58 colleges in 12 States and 3 Union Territories no undergraduate medical student was posted to rural areas by 42 colleges (72.41 *per cent*) total posting period in 14 colleges ranged between 2 to 4 weeks and in the remaining 2 colleges 5 to 6 weeks, against requirement of 8 weeks training annually.

6.4.2 A major portion of Central assistance in respect of each college (Rs. 12 lakhs) out of total grant of (Rs. 16.04 lakhs) was for construction of teaching annexes (dormitories for faculty members and students) and seminar-*cum*-lecture rooms and addition and alteration to PHC/operation theatres in 3 selected PHCs, which were eventually needed for training of interns and under-graduates. In 58 colleges in 17 States and Union Territories against assistance of Rs. 441.55 lakhs given for construction in 174 Primary Health Centres during 1979-80 to 1982-83, construction of dormitory type residential accommodation was completed only in 28 centres, work was in progress in 55 centres and in 91 centres it was yet to be taken up. In 36 colleges in 12 States and Union Territories, 108 Seminar rooms/lecture rooms were to be constructed, but construction of not a single seminar room/lecture room had been completed (March 1983).

The provision for addition and alteration to operation theatre in selected PHCs was made in the scheme apparently presuming the presence of operation theatres in PHCs. In Rajasthan, PHCs had no operation theatres.

6.4.3 Out of assistance to 57 colleges in 13 States and Union Territories for purchase of mini buses (for transportation of faculty members/medical students), 28 colleges only had acquired mini-buses (till March 1983).

6.5 *Utilisation of Mobile Clinics*

317 mobile clinics valuing Rs. 1,713.94 lakhs were provided to 106 Medical Colleges at the rate of three mobile clinics to each college (one per selected PHC). These clinics were specially designed and equipped to serve as small hospitals on wheels capable of rendering all manner of general and specialised services delivered in whatever area was selected for attention. According to instructions issued by Government of India (April 1980), careful and methodical plans were to be prepared for use of mobile clinics for welfare of people in rural areas and urban slums and these were not to be used as transport vehicles for staff.

Out of 46 mobile clinics (value : Rs. 249.23 lakhs) test checked in 10 States and Union Territories (Bihar, Delhi, Goa, Daman and Diu, Jammu and Kashmir, Madhya Pradesh, Maharashtra, Orissa, Tamil Nadu, West Bengal, Punjab and Armed Forces Medical College, Pune), 31 clinics (67.39 *per cent*) were not utilised at all, while the utilisation of remaining 15 was negligible (ranging from 2 days to 41 days). Utilisation of 27 mobile clinics (value : Rs. 140.67 lakhs) in 5 States and Union Territories (Assam, Himachal Pradesh, Andhra Pradesh, Delhi and Pondicherry) was also low. Delay upto 25 months in pressing mobile clinics into service was noticed in Madhya Pradesh, Jammu and Kashmir and Punjab.

In 6 medical colleges of Tamil Nadu, the mobile clinics were used as transport vehicles after removing the equipment and keeping them in safe custody. In Maharashtra also, 5 clinics were diverted for other purposes. The following difficulties in the use of the clinics were also pointed out in 8 States and

Union Territories (Tamil Nadu, Rajasthan, Assam, Orissa, Haryana, Madhya Pradesh, Maharashtra and Goa).

(a) The vans could not be manouvered in village roads due to their big size.

(b) Sterile conditions could not be ensured for surgical operations and post operative care facilities were lacking in the PHCs.

(c) The generators could not work for more than 2-3 hours at a stretch and therefore, the number of operations that could be performed got limited.

(d) During summer season vans became very hot inside and it was very difficult to work inside the vans.

(e) Working space in the vans was very little and so the surgeons were reluctant to operate in the vehicle.

(f) Other difficulties like, non-provision of para-medical staff to the mobile clinics, non-allotment of fuel for generators, non-provision of personnel for maintaining the vans and operating generators, non-availability of spares and poor servicing done by the State Government's Health Transport Agency, non-filling of post of drivers, late registration of vehicle with the transport authority were also pointed out.

6.6 *Other points of interest*

(i) Furniture, equipment and books (value : Rs. 9.90 lakhs) remained unutilised in 4 States (Gujarat, Uttar Pradesh, Karnataka and Orissa).

(ii) In Himachal Pradesh, Medicines and drugs (value : Rs. 2.27 lakhs) were purchased out of assistance meant for construction works and purchase of mini bus and medicines (value : Rs. 1.65 lakhs) were diverted for purposes not connected with the scheme in (Himachal Pradesh, Karnataka and Bihar).

(iii) An expenditure of Rs. 2.36 lakhs was incurred on staff and transportation charges not connected with the scheme in Himachal Pradesh and Madhya Pradesh.

(iv) In Uttar Pradesh, unutilised funds out of Central assistance amounting to Rs. 7.62 lakhs were transferred to the personal ledger accounts (March 1979) and balance of such funds on April 1983 was Rs. 3.92 lakhs.

Summing up—

— The Rural Health Programme was implemented in the State and Union Territories during 1974-83 involving a total expenditure of Rs. 396.60 crores against the allotment of Rs. 497.94 crores resulting in shortfall of Rs. 83.34 crores. In the three Centrally Sponsored schemes, the expenditure incurred was Rs. 127.77 crores, against the allotment of Rs. 166.58 crores, the Central assistance given was Rs. 129.92 crores against the entitlement of Rs. 94.60 crores resulting in excess assistance of Rs. 35.32 crores which remained unutilised.

— In 17 States and Union Territories, the total expenditure (Rs. 3,679 lakhs) including States' share incurred on Village Health Guides scheme and Multi-purpose Workers scheme was even below the total Central assistance of Rs. 4,519 lakhs released for these schemes. The excess Central assistance over the amount due worked out to Rs. 1,474 lakhs in 15 States and Union Territories for the Village Health Guides scheme.

— In 13 States/Union Territories, expenditure of Rs. 344 lakhs, though recorded against the three Centrally Sponsored schemes, was, in fact, utilised for purposes not covered by the schemes.

— There was shortfall in setting up of Primary Health Centres ranging from 73 to 100 *per cent* during the first three years of the Sixth Plan in 6 States and Union Territories.

— The number of Sub-centres set up fell short of the targets. In some States, Sub-centres, though set up, were not functional. The total requirement of Sub-centres to cover the projected population by the end of the Sixth Plan was the estimated requirement of 89,980 Sub-centres. As against that 65,643 Sub-centres were opened by March 1983, leaving a gap of 24,337. Much larger number of Sub-centres than 89,980 would be necessary to ensure coverage of 74 *per cent* of the population under 1981 Census.

— 114 Upgraded Primary Health Centres in 7 States were either not provided with beds, requisite equipment and extra staff including specialists needed or were partially provided with infra-structure facilities.

— Only about 34 *per cent* of the Sub-centres and 77 *per cent* of the Primary Health Centres set up till March 1982 were having their own buildings till December 1982. There were delays in construction and utilisation of buildings. Seventeen *per cent* of the sanctioned strength of medical officers and about 21 *per cent* of the para-medical staff were lying vacant over periods ranging from 2 months to 8 years in 12 States.

— Inadequate irregular and even non-supply of medicines in many cases, supply of medicines in excess of the prescribed scale in some others and diversion of medicines meant for Primary Health Centres and Sub-centres to other hospitals were noticed.

— The number of village health guides trained fell short of the targets and only 4,098 Primary Health Centres were provided with village health guides against the total number of 5,955 Primary Health Centres opened upto March 1983. Although during the Sixth Plan the main emphasis was on deployment of women as health guides, in 3 States the health guides trained or selected for training were preponderantly male. In 5 States, 1,861 village health guides stopped doing their duties within three years from the date of training.

— Cases of non-supply of medicines to health guides or supply far below the prescribed norms, were noticed in 6 States. Manuals were not supplied to about 56 *per cent* of the health guides in 7 States and Union Territories. Payment of honorarium to health guides in 9 States and Union Territories was delayed considerably or not made regularly or made at rates different from the prescribed rates.

— The shortfall in filling up the posts of Additional Medical Officers for Primary Health Centres was over 78 *per cent* in 12 States and Union Territories.

— Although the Sixth Plan envisaged coverage of 406 districts by March 1983, the training of multi-purpose workers was complete only in 329 districts. In 36 districts, training was not taken up at all till March 1983. There were delays ranging from 1 to 5 years in deployment of trained personnel in 3 States.

— In 8 States about 30 *per cent* of the multi-purpose workers were not supplied with kits, while about 70 *per cent* were not given manuals. Delays ranging from 6 months to 5 years were also noticed in the distribution of kits and manuals in 10 States. Although rationalisation of pay scales of multi-purpose workers was envisaged, this was done only in 2 States.

— The objective of the scheme of Reorientation of Medical Education remained, by and large, unfulfilled because of poor coverage of community blocks by medical colleges, non-posting of faculty members, under-graduates and interns to rural areas, non-completion of construction works and under-utilisation of mobile clinics.

— The fourth Centrally Sponsored scheme for training of public health and para-medical workers was not implemented till March 1983.

— No study has been undertaken to evaluate the effect of the scheme on the health of the people .

The matter was reported to the Ministry in August 1983; their comments were awaited (November 1983).

ANNEXURE

[Referred to in paragraph 2.1 (i)]

Minimum Needs Pragramme

Sl. No.	State/Union Territory	Period	Allotment		Expenditure		Cumulative Shortfall
			Upto 1979-80	For 1980—83	Upto 1979-80	For 1980---83	
1	2	3	4	5	6	7	8
					(Rupees iu lakhs)		
1.	Andhra Pradesh	1974—83	678.30	724.90	631.44	645.26	(—)126.50
2.	Assam	1974—82	946.30	433.66	728.14	506.81	(—)145.01
3.	Bihar	1974—83	2353.40	1823.70	1848.61	1530.87	(—)797.62
4.	Gujarat.	1974—83	151.47	140.84	138.51	135.84	(—)17.96
5.	Haryana	1974—83	137.72	457.09	140.60	262.31	(—)191.90
6.	Himachal Pradesh	1974—83	119.90	124.37	108.91	126.24	(—)9.12
7.	Jammu & Kashmir (a)	1976—82	171.05	131.09	157.29	146.24	(+)1.39
8.	Karnataka	1974—83	2125.78	1993.14	2007.83	2067.29	(—)43.80
9.	Kerala.	1974—83	580.38	369.80	488.14	316.46	(—)145.58
10.	Madhya Pradesh	1974—83	660.77	1252.89	212.36	696.27	(—)1005.03
11.	Maharashtra	1974—83	1291.01	1668.39	1020.30	1463.85	(—)475.25
12.	Meghalaya	1974—82	166.85	146.65	119.79	169.96	(—)23.75
13.	Manipur	1974—82	131.74	125.26	131.74	121.10	(—)4.16
14.	Nagaland(b)	1974—83	103.00	87.75	49.84	82.70	(—)58.21

15. Orissa	1974—83	749.75	455.94	696.87	483.36	(—)25.46
16. Punjab	1974—83	875.06	997.75	730.37	881.94	(—)260.50
17. Rajasthan	1976—83	1340.49	1638.72	1310.49	1539.81	(—)128.91
18. Tamil Nadu	1974—83	N.A.	N.A.	N.A.	N.A.	N.A.
19. Tripura	1974—83	172.67	146.53	89.96	112.30	(—)116.94
20. Uttar Pradesh	1974—83	1463.14	1225.77	1386.63	1185.74	(—)116.54
21. West Bengal	1974—83	1527.30	1346.00	981.71	1100.78	(—)790.81
22. Chandigarh	1974—83	13.08	40.45	8.55	31.31	(—)13.67
23. Delhi(c).	1979—83	2.50	10.05	8.96	0.86	(—)2.73
24. Goa, Daman & Diu	1974—83	62.10	38.66	59.65	82.55	(+)41.44
25. Mizoram.	1977—82	22.84	70.32	23.65	86.73	(+)17.22
26. Pondicherry	1974—83	17.54	22.55	7.93	19.12	(—)13.04
TOTAL		15864.14	15472.27	13088.27	13795.70	(—)4452.44

N.A. — Not available.

NOTE :—(a) Excludes figures in respect of Rural hospitals for 1979-80.

(b) Excludes figures of Capital expenditure for 1974—78 and figures of revenue for 1982-83.

(c) Figures of expenditure for 1982-83 are provisional.

MINISTRY OF EDUCATION AND CULTURE

(Department of Sports)

12. IX Asian Games 1982—Some aspects

1.1 *Introductory.*—Government approved (December 1978) the proposal to hold the IX Asian Games in New Delhi, which were held from 19th November to 4th December 1982 and 4,595 participants from 33 countries participated in 21 events. Nineteen events were held in various stadia in New Delhi and the remaining 2 were held at Bombay and Jaipur.

1.2 The Ministry of Education and Culture was the nodal Ministry responsible for providing facilities for holding the Games, making necessary provision and allocation of funds, release of grant/financial assistance to the concerned agencies, import of equipment, training of Indian teams, etc. For ensuring timely, efficient and economical provision of facilities required for holding the Games, Government set up (June 1980) a Steering Committee under the Chairmanship of the Union Minister of State for Education and Culture. The Committee was authorised to take decision and give necessary sanctions including expenditure sanctions on behalf of the Cabinet on all matters connected with the Games. The Committee was also made responsible for construction/renovation of sports venues and creation of other infrastructures/facilities for the Games. A number of Ministries/Departments and autonomous bodies were made responsible for providing various facilities. All the concerned agencies received their instructions and financial sanctions from the Steering Committee.

1.3 In December 1978, an estimated expenditure of Rs. 21 crores (excluding Rs. 6.50 crores to be spent by the Delhi

Development Authority, New Delhi Municipal Committee, Municipal Corporation of Delhi and other agencies) was approved by the Government. It was decided in July 1980 to hold 6 events at Rai in Haryana, and an estimate for Rs. 37.70 crores (excluding Rs. 4.35 crores to be met by the Government of Haryana and the NDMC) was approved. However, with a view to bringing down the expenditure on the Games and considering the avoidable inconvenience to the competitors etc., Government of India decided in November 1980 that the events proposed to be held in Haryana would also be held in Delhi. The estimates for Rs. 54.83 crores (excluding Rs. 2.75 crores to be met by the NDMC) were approved in November 1980. It was also decided that whatever expenditure had already been incurred by the Haryana Government for the purpose of holding the events to be held at Rai would be reimbursed. After rejecting the claims for Rs. 18.43 lakhs from various agencies, Government of Haryana claimed re-imbursement of Rs. 8.45 lakhs on this account from Government of India. Another claim for Rs. 1.52 lakhs is under arbitration. The State Government had, however, stated that if in future any award was given by any court, it would also have to be reimbursed by the Central Government.

1.4 Against the approved estimates of Rs. 54.83 crores (November 1980) and budget provision of Rs. 74.52 crores (1979—84), the amount released by Government upto September 1983 was Rs. 62.43 crores, as detailed below :—

Estimates 1	Item 2	Amount Released 3
		(Rupees in crores)
16.21	Jawaharlal Nehru Stadium	22.67*
6.00	Indoor Stadium	9.72
1.00	Cycle Velodrome	1.14
2.47	National Stadium-Renovation	2.69
6.50	Swimming Pool	6.27
0.20	Lawn Tennis	0.33

* The figure of Rs. 22.67 crores includes grant of Rs. 1.18 crores released to SOC for Giant Score Board.

1	2	3
		(Rupees in crores)
0.70	Shooting Ranges	1.29
1.75	Pragati Maidan	0.54
2.00	Renovation of various stadia other than National Stadium	1.63
6.00	Organisation of the Games	8.16
2.00	Grants-in aid for sports equipment	2.99
1.50	Preparation of Indian Teams for participation in the Games	5.00
8.50	Other expenditure	
54.83		62.43

In addition, expenditure was also incurred by NDMC for the Swimming Pool over and above the Government grants received. The details of expenditure incurred on various facilities etc. together with the share of the Government and other agencies are given in Annexure. This does not include the expenditure of about Rs. 38.98 crores incurred by the DDA from its own funds for the Sports Village Complex including expenditure on furnishings. This does not also include expenditure on widening of roads, construction of fly-overs, electrification of Railways, installation of communication system by P&T etc. met out of normal budgets of Departments concerned. The Ministry intimated (October 1983) that information about the expenditure incurred by other Ministries/Departments was still under collection. A number of claims is yet to be settled (November 1983) and the accounts are yet to be finalised.

1.5 The actual conduct of the Games was organised by the Indian Olympic Organisation, which set up a Special Organising Committee SOC. Government released a grant of Rs. 923.83 lakhs to the SOC up to March 1983. The abstract of receipts and disbursement of the SOC upto 31st March 1983 as extracted from the compiled annual accounts is given below :—

Receipts		Disbursements	
	(Rupees in lakhs)		(Rupees in lakhs)
Government of India Grants	923.83	Establishment expenditure	139.26
Sale of tickets	185.39	Travelling expenditure	79.98
Franchise, royalty and advertisement revenues	154.88	Other administrative expenditure	112.92
Receipts from foreign participants	119.37	Hospitality expenditure	203.09
Donations	202.94	Catering	17.32
Other receipts	16.51	Transport hire charges	195.87
		Fixed assets including Score Boards	203.22
		Rent	84.42
		Uniforms	59.88
		Other expenditure	309.54
		Closing balance	197.42
	1602.92		1602.92

The accounts of the SOC for 1982-83 are yet (November 1983) to be certified by Auditors.

1.6 Certain comments on expenditure incurred by Railways and Posts and Telegraphs are included in Paragraph 4 of Chapter II of Railway Audit Report and Paragraph 31 of Chapter V of the P&T Audit Report of the Comptroller and Auditor General of India for 1982-83.

1.7 A test check of some of the transactions connected with the Asian Games was conducted during September 1982 to June 1983 and important points noticed are given in succeeding paragraphs.

ANNEXURE X

(Vide Paragraph 1.4)

Position upto 30th September 1983

Sl. No.	Venue (Stadia)	Events held	Agency responsible for construction/ renovation	Estimate	Actual expenditure	Committed	Released/ Spent
1	2	3	4	5	6	7	8
				(Rupees in crores)	(Rupees in crores)	(Rupees in crores)	
1.	Jawaharlal Nehru Stadium (Lodi Road).	Opening and Closing Ceremonies, Athletics and Football.	C.P.W.D.	16.21 (November 80) revised to 20.03 (March 1982)	20.21	100 *per cent* Government contribution	22.67
2.	Indoor Stadium, Rajghat Sports Complex.	Badminton, Gymnastics and Volleyball.	D.D.A. (contributory work).	16.06 (November 80) revised to 25.83 in March '82.	27.53 (March 1983)	9.82	9.72
3.	Cycle Velodrome, Rajghat Sports Complex.	Cycling	D.D.A. (deposit work for Government).	0.72 in June '81 revised to 0.985 in March '82, Proposal for revised estimate of Rs. 1.40 crores submitted in March 83.	1.07 (February 1983)	Deposit work for Government	1.14
4.	National Stadium	Hockey	C.P.W.D.	2.47 in September '81 for renovation (including Rs. 71.50 lakhs for the cost of Astroturf.)	2.11 (excluding the work of Astroturf).	100 *per cent* Government contribution.	2.69
5.	Swimming Pool, Talkatora Gardens.	Swimming	N.D.M.C. (contributory)	2.75 (September '78) revised to 9.25 (August '80) revised to 9.01 (September '82).	9.20	6.50	6.27

6. New Lawn Tennis Stadium, Hauz Khas.	Lawn Tennis	C.P.W.D.	0.20 (November '80) Revised to 0.33.	0.33	100 *per cent* Government contribution.	0.33
7. Shooting Ranges, Tuglakabad.	Shooting	D.D.A. (deposit work for Government)	0.70 (November '80) Revised to 1.13 in August '82.	1.61 (December 1982)	100 *per cent* Government contribution. Deposit work for Government	1.29
8. Pragati Maidan	Boxing and Table Tennis.	C.P.W.D.	1.75 (November '80).	The report of concerned auditor was awaited. Hence actual expenditure is not known. However, a sanction for Rs. 0.54 crore was issued by the Department of Sports to the Trade Fair Authority of India.		0.54
9. Ambedkar Stadium	Wrestling	D.M.C. (grant-in-aid work)	2.00 in November '80.	0.74 (May 83)	100 *per cent* Government contribution.	0.68
10. Delhi University Ground.	Archery, Handball.	Delhi University (grant-in-aid work).		0.36	—do—	0.43
11. Harbaksh Stadium and Nicholson ranges (Delhi Cantonment).	Equestrian	Ministry of Defence.		0.42	—do—	0.26
12. Chattarsal Stadium (Model Town).	Football	C.P.W.D.		0.23	—do—	0.22
13. Delhi Golf Club	The SOC sanctioned Rs. 2.5 lakhs to the club for provision of additional facilities. The Department of Sports also released Rs. 3.86 lakhs to the club. Information about estimates and actual expenditure is not available as accounts have not been obtained by the SOC/Department of Sports (July 1983).					

2. *Talkatora Swimming Pool*

2.1 *Introductory*.—The New Delhi Municipal Committee (NDMC) decided (September 1978) to construct an Indoor Swimming Pool of Olympic standards with a sitting capacity of 3,500 at an estimated cost of Rs. 2.75 crores. Promotion of an All India Competition for the design and drawings for the pool was decided in May 1979. The Board of Assessors appointed by the NDMC noted (September 1979) that none of the designs contributed by the competitors satisfied the basic stipulation that the design should be in tune with the environment of its location and enhance the quality of the Talkotara gardens. However, the design of party 'B' was placed first for award. Based on the opinion of the Organising Committee of the Asian Games 1982 to have an open stadium of suitable design for international games, it was decided in September 1979 to revise the earlier design for a covered swimming pool. The Organising Committee indicated (October 1979) that the requirement was for an open swimming pool with 10 *per cent* seating capacity being covered with permanent construction. Accordingly, the architect 'B' was asked (November 1979) to prepare a design without any extra cost, fees or obligation of any kind. The revised plan submitted by the architect was considered by the NDMC and found (December 1979) to be broadly in agreement with the design concepts of the Organising Committee. In the first meeting of the Reconstituted Steering Committee held on 8th August 1980, the President NDMC pointed out that the cost of the proposed covered swimming pool would be about Rs. 6.5 crores as against the estimate of Rs. 2.75 crores. It was decided to authorise the NDMC to construct the swimming pool of Olympic standards provided the work was completed within time for the Games. It was noted in that meeting that the air-conditioning of the pool was not necessary, but it may have a seating capacity of 5,000. In the Coordination Committee meeting held on 14th August 1980 it was, however, decided that the swimming pool should be covered and fully air-conditioned. The estimates were then revised to Rs. 9.25 crores by the architect on the basis of line sketches, preliminary specifications etc. for a seating capacity of 6,000. The increase was mainly due to rise in cost index, larger land coverage and several new items. The change in decision from open swimming pool to covered swimming pool with full air-conditioning resulted in increase in cost by about Rs. 3 crores (Rs. 1.25 crores for roof and Rs. 1.80 crores for air-conditioning), besides increase in cost due to rise in cost index, large land coverage and several new items. After commencement of work, the roof construction was abandoned on account of unsafe design, and the revised estimates of Rs. 9.01 crores were approved by Government in September 1982. The construction was completed in November 1982 and the accounts of project were still to be closed pending settlement of claims, disputes, etc. The actual expenditure upto February 1983 was Rs. 9.20 crores. Government had sanctioned in January 1981 total grant of Rs. 6.50 crores, out of which Rs. 6.27 crores were released upto September 1983. Since the conclusion of the Games, NDMC had incurred an expenditure of Rs. 9.67 lakhs during December 1982 to February 1983 on upkeep and maintenance of Pool (depreciation and interest on capital excluded). The possession of the pool has not been handed over by the Special Organising Committee to the NDMC and its future use was stated (March 1983) to be under consideration of Government.

2.2 *Design defects and consequent infructuous expenditure.*—The roof construction of the indoor swimming pool was unique and was first of its kind in India. However, the detailed drawings, calculations etc., were not obtained from architect and the design was not got checked independently for its safety and stability as was done by the DDA for the Indraprastha Indoor Stadium before inviting tenders for commencement of work. During execution of work, owing to frequent changes in the drawings at the instance of contractor's consultants etc. the technical officers of NDMC developed doubts about soundness and safety of the design. Ultimately the checking of the design was entrusted (May 1981) to IIT, New Delhi. Though all the drawings were not furnished by the architect, preliminary checks indicated that from stability considerations the roof was unsafe. Accordingly, it was decided, by the Chairman of the Steering Committee in August 1981 that the swimming pool be open and that the roof of suitable design be built later.

By the time the decision to omit the roof was taken in August 1981, Rs. 27.99 lakhs had been spent on work of fabrication of the roof structure. NDMC decided to make use of the RCC roof units already manufactured and accorded a credit of Rs. 9.36 lakhs to the work in August 1982. The details of their utilisation are, however, not known. Steel modules also fabricated for the roof at a cost of Rs. 19.69 lakhs were lying unused (September 1983). The approved plan for the covered pool comprised 88 columns some of which supported the main structure of the building, but were largely meant for supporting the roof structure. On account of the abandonment of the roof, the columns had to be raised to uniform length of 16 metres and these were connected through a ring beam in order to lend shape to the structure. The total expenditure on casting of the 88 columns, construction of ring beam and vinartex finish thereof amounted to Rs. 27.83 lakhs upto March 1983. The columns and the ring beam would not have been necessary, in case an open pool was initially designed and constructed.

After the decision to abandon the roof was taken, it was found necessary to raise the capacity of boilers from 16 lakh to 48 lakh kilo calories by installation of additional boilers and strengthening of heat exchange system in order to ensure the prescribed water temperature in the pool during the months of November—December when the swimming events were to be held. Provision for suitable thermal treatment through false ceiling and other measures under the seating tiers which became exposed to Sun also became necessary. A total expenditure of Rs. 29 lakhs was incurred on these items. Since the idea of subsequent coverage of the structure with roof was envisaged in the orders of the Chairman, Steering Committee, the expenditure of Rs. 29 lakhs incurred on the above items would also become superfluous on construction of a roof in future.

Difficulties also developed with the main contractor who was awarded civil and sanitary works in October 1980 at a negotiated cost of Rs. 4.49 crores. An additional 8.5 *per cent* over tendered cost was granted in lieu of withdrawal of certain conditions by the contractor. The Contractor raised disputes on account of frequent changes in design and drawings made by the architect. An amount of Rs. 5.69 crores had been paid to the contractor till February 1983 and the case was stated (September 1983) to have been referred to arbitration. The contractor has not yet filed the claims (March 1983). The following points in connection with the execution of work by the civil contractor are relevant :—

(a) An expenditure of Rs. 41.90 lakhs was incurred on 116 extra/substituted items against the sanctioned amount of Rs. 9.90 lakhs for 42 items. Sanction in respect of 74 extra/substituted items is awaited (March 1983).

(b) Against total mobilisation advance for Rs. 59.94 lakhs payable under agreements of October 1980 and November 1981, advances amounting to Rs. 89.94 lakhs were paid to the contractor during December 1980 to August 1982. Although in terms of the original agreement of October 1980, mobilisation advance was recoverable on *pro rata* basis by the time 90 *per cent* of the work was done, the recovery was kept in abeyance under the provisions of the Memorandum of Agreement of November 1981 till the arbitrator's award. Out of total amount of Rs. 89.94 lakhs paid, a sum of Rs. 21.15 lakhs had only been recovered, the recovery of the balance amount of Rs. 68.79 lakhs being thus deferred indefinitely.

(c) NDMC had agreed to enhance the tendered cost of work by 1.5 *per cent* on the condition of the contractor paying interest at the rate of 18 *per cent* per annum on the mobilisation advances. The total amount enhanced on this account was Rs. 6.74 lakhs. However, interest charges were not recovered from the contractor on the third, fourth and fifth mobilisation advances paid during 1981 and 1982. The total amount of interest due for recovery but not actually recovered worked out to

Rs. 20.31 lakhs (March 1983). The Department stated (September 1983) that necessary recovery would be finalised on conclusion of the arbitration proceedings.

(d) A total amount of Rs. 81.97 lakhs was also recoverable (September 1983) from the contractor on various counts as under :—

	(Rupees in lakhs)
Cost of building materials issued to contractor	21.66
Payments made to suppliers on behalf of contractor	5.60
Unadjusted advance payments from bills paid for works measured as provided for in the terms. and conditions of agreement of October 1980	51.69
Non-recovery of compensation on account of shortfall in weekly targets in terms of agreement of November 1981	2.48
Non-recovery of electricity charges paid on behalf of contractor (out of Rs. 3.32 lakhs paid, only Rs. 2.78 lakhs actually recovered from contractor)	0.54
Total	81.97

(e) The contractor was allowed enhancement in the tender rate by 1 *per cent* on the condition of the contractor paying electricity charges. While the actual expenditure incurred by the contractor was only Rs. 3.32 lakhs upto 29th December 1982, the enhancement allowed to the contractor was Rs. 4.49 lakhs.

(f) The civil work was required to be completed by 11th March 1982, but was actually completed on 17th November 1982, there being no formal extension after 11th June 1982. Though the time-schedule approved by the NDMC in August 1980 envisaged completion of work by May-June 1982, frequent changes in design leading ultimately to the abandonment of roof structure led to such a situation that the remaining works on civil and sanitary side had to be split up into smaller units for execution by independent agencies to ensure completion of the work before the start of the Games. Formalities like inviting tenders were set aside due to paucity of time. The total amount for which work orders were got executed in excess of the prescribed limit of Rs. 75,000 for the municipal engineers worked out to Rs. 39.05 lakhs relating to civil works which were regularised by *post facto* sanction in January 1983. Against the rates of Rs. 7.62 lakhs quoted by the main contractor for certain items, the actual value of 24 work orders executed through independent agencies was about Rs. 13 lakhs. An amount of Rs. 5.38 lakhs was stated to be recoverable from the contractors, but it has not been debited to the contractor's ledger or otherwise recovered. It was stated by NDMC (September 1983) that the recovery of the amount would be accounted for in the final bill under preparation.

2.3 *Payment of fee to architect.*—The fee for the architect 'B' was approved in July 1980 at 3½ *per cent* of the value of work, which was estimated by the architect in May 1979 as Rs. 2.88 crores. At the time of finalising the detailed terms of payment to the architect in 1980, after taking into account increase in cost index and additional items, the value of work for the purpose of application of the rate was estimated by NDMC at Rs. 6.58 crores and the maximum ceiling of the fee fixed at Rs. 23 lakhs. An amount of Rs. 16.73 lakhs had been paid to the architect (28th February 1983). The agreement with the architect provided for the architect retaining such consultants as may be necessary for successful and timely completion of the project. In the course of execution of the work, doubts were expressed by the technical officers of NDMC about the suitability of the roof structure. These were then referred to Engineers India Limited and others for independent check for which payments of Rs. 3.93 lakhs were made to these agencies. The following points were noticed in this connection :—

(a) In arriving at the ceiling of Rs. 23 lakhs, the cost of air-conditioning was estimated at Rs. 1.44 crores. Subsequently, the estimated expenditure on air-conditioning was reduced to Rs. 0.82 crore due to elimination of roof structure and there were other changes. Corresponding adjustment in the fee was not effected. No penal action against the architect for faulty roof design has also been considered.

(b) The payment of Rs. 3.93 lakhs made in connection with the project consultancy job to Engineers India Limited and others was not adjusted from the fee of the architect.

(c) Under the agreement, the architect was required to prepare a master PERT chart giving *inter alia* the programme of submission of details of estimates, drawings, etc. for getting these approved by the NDMC. No such chart was, however, prepared and approved by the NDMC. In case of delay in submission of drawings etc. the architect was liable to pay Rs. 1,000 per day subject to the maximum of the amount equal to fee payable to him. Except for civil work for which 21 drawings had been submitted, in no other case drawings were received from the architect by the scheduled date of 30th November 1980. The drawings were received upto August 1982 and there was delay of 639 days. The completion of the project was also delayed from April to November 1982. The amount of Rs. 6.39 lakhs was thus recoverable from the architect. It was stated by NDMC (September 1983) that pending finalisation of his claim, the recovery has not been made from the architect.

3. *Construction of Indoor Stadium*

3.1 Delhi Development Authority was entrusted with the responsibility of constructing an Indoor Stadium on 110 acres plot of land owned by Government in Indraprastha Estate. After a design competition, 'A' was appointed as the architect, and pending settlement of detailed terms, he was asked to do work of pile loads etc. Under the agreement, the architect was to be allowed 3½ *per cent* fee in stages subject to ceiling of Rs. 49 lakhs. A preliminary estimate of Rs. 16.06 crores (prepared by the architect) was approved by the Government in November 1980. This was, however, revised to Rs. 25.83 crores, which was approved by Government in March 1982. The increase of Rs. 9.76 crores was attributed to (a) increase in market rates (Rs. 4.07 crores), (b) deviations on detailed drawings (Rs. 3.17 crores), (c) due to partition wall (Rs. 0.48 crores), (d) due to SOC requirements (Rs. 1.80 crores) and (e) due to DDA's requirement and other causes (Rs. 0.24 crore). The actual expenditure booked upto March 1983 was Rs. 27.53 crores and a number of final claims are yet to be settled with the result that the total liability is not ascertainable.

3.2 The Architects did not prepare detailed estimates for obtaining technical sanction, before invitation of tender and finalisation of contracts. The Project Board in its meetieng held on 9th January 1982 approved the relaxations with the direction that relevant detailed estimates should be prepared and technical sanction accorded within 6 months of the award of the work. In December 1982, the Project Board extended this date upto 15 January 1983, but detailed estimates have not, so far, been prepared (November 1983). The Department stated (November 1983) that the case was being placed before the competent authority for effecting a suitable recovery from the Architect's fee on this account.

3.3 Civil work of estimated cost of Rs. 2.01 crores was awarded (16th October 1980) to a contractor 'B' at tendered cost of Rs. 3.95 crores, 95.67 *per cent* above the estimated cost, while the justified rate was 70.70 *per cent*. The contractor was also given (October 1980) mobilisation advance of Rs. 39.49 lakhs at 10 *per cent* of tendered cost.

The works included the construction of 8 pylons stipulated for completion by April 1981. To accelerate the progress of work for completion by August 1981, the contractor was given advance of Rs. 9.76 lakhs in March 1981 and Rs. 30 lakhs in July and September 1982. The work could, however, be completed in November 1982. The delay was attributed to modification of erection scheme of steel roofing which necessitated modification of the construction sequence of the pylons and increase in the scope of work in the pylons over what was envisaged in the drawing earlier.

All the 8 pylons upto full height (43 metres) were to be made available to contractor 'C' doing the structural steel work by May 1981 to be used for various jobs of lifting etc. As the pylons could not be made available in time, the contractor 'C' was asked to submit an alternative proposal and the contractor submitted an estimate of Rs. 22.89 lakhs for hiring cranes and other equipment. An expenditure of Rs. 23.16 lakhs was incurred on hiring of 3 cranes for doing steel structuring work. The rates of hire charges were not settled in advance and the department paid hire charges at varying rates even for cranes of same capacity.

3.4 Contractor 'C' (a Government of India undertaking) was awarded structural steel work in October 1980 at tendered cost of Rs. 154.94 lakhs, 22.04 *per cent* over the estimated cost of Rs. 126.96 lakhs. Total payments of Rs. 283.79 lakhs have been made to the contractor so far (October 1983).

After the award of work, specifications were changed considerably, resulting in extra items costing Rs. 96.71 lakhs which constituted 62.4 *per cent* of the tendered cost. In the 29th meeting of the Project Board held on 14 November 1981, the Chief Project Engineer reported that all the rates given by the contractor for extra and substituted items, etc. seemed to be inflated and that they "are not ready to submit the detailed analysis of each particular item". The Vice-Chairman of DDA, thereafter, decided that the rates given by the contractor, being a Government organisation on their actual observations and certification, should be acceptable. Payments of Rs. 1.03 crores were released to the contractor upto January 1982 without such a certificate, which has not been furnished so far (October 1983).

3.5 *Wooden flooring of Indoor Stadium.*—A select list of 8 contractors was prepared in December 1980 for awarding the contract for wooden flooring in the arena of the indoor stadium after taking into account the financial and technical ability and previous experience of the contractors. The estimated cost was Rs. 14.75 lakhs. Without preparation of the detailed estimates and technical sanction, quotations were invited on 15th June

1981 from the contractors in the select list and 7 responded. The lowest quotation of Rs. 23.17 lakhs was submitted by contractor 'A', while the second and the third lowest tenderers did not deposit the earnest money.

On the basis of the decision taken in the meeting of the Project Board held on 25th June 1981, negotiations were decided to be held with 5 tenderers, excluding the two tenderers who did not deposit the earnest money. Only 4 firms attended the negotiations on 6th July 1981. Even after the negotiations, the offer of the firm 'A' at Rs. 24.25 lakhs was the lowest. The Consultant, however, recommended re-invitation of the tenders. The Project Board in its meeting held on 9th July 1981 referred the matter to an *Ad hoc* Committee under the Chairmanship of a retired Director General of CPWD to conduct negotiations with 5 valid tenderers including the firm 'F' which did not turn up for negotiations on 6th July 1981. All the 5 firms were asked to send samples by 5th August 1981. Only firm 'A', which quoted the lowest rate, sent the samples in time. The firm 'F', which was ultimately awarded the work and which did not turn up at the time of negotiations on 6th July 1981, again defaulted in submitting the samples. The *Ad hoc* Committee, excepting the Consultant, was satisfied about the offer of firm 'A' and the Chairman of the Committee recommended the acceptance of this offer. The Consultant, however, considered the rate of firm 'A' unworkable and recommended re-tendering which was not favoured by other members of the *Ad hoc* Committee. The Project Board, however, was not satisfied with the report of the *Ad hoc* Committee and again referred back the case to the *Ad hoc* Committee to examine the justification for the rates. The *Ad hoc* Committee met on three days in the first week of September 1981 and on this occasion considered the rates of firm 'A' too low and felt that the firm was not equipped with adequate plant and machinery. Another firm 'D', which was the second lowest tenderer (after excluding the two lower tenderers 'B' and 'C' who did not deposit the earnest money), was also considered unsuitable, as it did not have adequate equipment, machinery and regular workshop. At this stage, the *Ad hoc* Committee decided to conduct negotiations with firms 'B' and 'C' who did not deposit the earnest money and who were excluded from consideration earlier. The offer of firm 'B' of Rs. 25.07 lakhs was considered too low and unworkable, while the offer of the firm 'C' (Rs. 32.61 lakhs) was considered nearer to the justified rate of Rs. 30 lakhs (the Consultant worked out Rs. 35 lakhs as the justified amount). The Committee recommended to the Project Board to have negotiations with this firm to get details in order to judge their capacity. The Project Board in its meeting held on 11th September 1981, however, again referred the case back to the *Ad hoc* Committee to conduct negotiations with only 4 contractors 'C', 'D', 'E' and 'F', excluding firms 'A', 'B' and 'G'. The *Ad hoc* Committee, after conducting the negotiations on 18th September 1981 and 22nd September 1981, recommended invitation of fresh tenders from six of the seven firms excluding firm 'A' with some stipulation about source and supply of teak wood, size of teak wood, guarantee period, etc. The Project Board, however, decided on 24th September 1981 in favour of conducting *ab-initio* negotiations with six of the tenderers excluding firm 'A' and also directed that the *Ad hoc* Committee might visit workshops/factories of the firms. These firms included firm 'D' which was earlier considered as not having adequate facilities in the workshop. The *Ad hoc* Committee sent experts for inspection of factories of six tenderers and finally asked only five firms (excluding 'D') on 16th October 1981 to submit quotations. The firm 'F', which had submitted the second highest quotation in response to the original invitation of tenders, and had not turned up at the time of negotiations on 6th July 1981 and did not submit samples by 5th August 1981, submitted (16th October 1981) the lowest offer of Rs. 47.92 lakhs. The *Ad hoc* Committee found its rate reasonable and recommended its acceptance, which was accorded by the Project Board on 22nd October 1981.

The contract was awarded on 29th October 1981 to firm 'F' at Rs. 47.92 lakhs. The contractor was paid Rs. 50.46 lakhs up to November 1982 and a further amount of Rs. 5 lakhs was estimated as payable to him.

One of the items included in the agreement was 'adjustable device' at the tendered cost of Rs. 60 each. This was substituted immediately after the award of the work by an item with a rate of Rs. 303.35/Rs. 349.45 each depending on the type. This resulted in an additional liability of Rs. 3.02 lakhs. The contractor was also given an extra-contractual concession of mobilisation advance of Rs. 7.50 lakhs at an interest of 18 *per cent per annum*. The Inspection Team which visited the factory of the contractor had reported (5th October 1981) that the firm was basically a forest lessee not owning any seasoning plant and there was no built-in arrangement with the firm for pressure impregnating chemical plants about which the firm only gave assurance for early procurement. The firm also did not have any earlier experience of execution of wooden flooring.

The Chief Technical Examiner made (August 1982) the following observations on the finalisation of this contract.

> "It is worth while to mention that original tenders were received on 15th June 1981 and final decision was made on 22nd October 1981, which has taken four long months to do all sorts of exercise to finally bring 'F' to the first lowest and the moment they came the first lowest, the Project Board readily accepted their tenders at the rates much higher than the first four lowest tenderers and the justified amount worked out by the Consultant."

4. *Jawaharlal Nehru Stadium*

4.1 *Expenditure on sewage pipe line by CPWD*

For the disposal of sewage from Lodhi Road Complex (including the requirement of the main Athletic Stadium) into the sewage pumping station of Municipal Corporation of Delhi (MCD) at Sewa Nagar, the Central Public Works Department

(CPWD) laid C.I. pipeline of 450 mm dia. The work commenced on 20th December 1980. On 20th July 1981 the CPWD sought permission from MCD to connect the line to the latter's pumping station. The Conservancy and Sanitation Engineering Department MCD replied on 12th August 1981 that they were not aware of the proposal and desired that the CPWD might send sewage plans in accordance with proper procedure to MCD for scrutiny and approval.

While approving the sewage plans in September 1981, MCD stipulated that interim disposal of the sewage should be made in 66" dia. Sewer of MCD which already existed in the area, but final disposal would be in sewage pumping station at Sewa Nagar for which "augmentation action" was under study. Further, on 1st October 1981 MCD intimated CPWD that the feasibility study conducted by the former showed that it was not possible for their pumping station at Sewa Nagar to take the additional discharge and hence CPWD would have to connect their line directly with MCD's egg-shaped sewer beyond railway line near the pump house.

The CPWD could not, therefore, complete the work of 450 mm dia. sewage line before the Asian Games and had to stop further execution of the work during October 1982 after incurring an expenditure of Rs. 6.29 lakhs (Rs. 3.50 lakhs on laying the pine line and Rs. 2.79 lakhs on unused pipe and pig lead).

As an alternative arrangement and to meet the requirement of ASIAD 1982, the CPWD laid 300 mm (12") dia. pipe line in February-March 1982 at a cost of Rs. 1.57 lakhs connecting the same with 66" dia. sewer of MCD as suggested by the latter.

Thus, taking up the work without proper planning/ co-ordination with MCD and without prior approval of plans by MCD resulted in blocking of Government funds to the extent of Rs. 6.29 lakhs and extra expenditure of Rs. 1.57 lakhs.

The Department stated (September 1983) that "there was no blockade of Government money or extra expenditure involved because the pipes already laid are being made use of and revenue is being realised". The Department stated further (October 1983) that "450 mm. dia. C.I. pipe line, laid already, will be diverted when Railway authorities provide culvert across Sewa Nagar Station and the sewer line will be connected with the main sewer. A part of the line will have to be dismantled for making diversion but there will be no damage to C.I. pipe lead etc. and the same will be re-used".

4.2 *Conclusion of contracts at higher negotiated rates*

Item rate tenders for the work of reinforced cement concrete ramps and sub-station building for the main athletic stadium at Lodhi Road Complex, New Delhi (estimated cost : Rs. 55.15 lakhs) were invited by the Central Public Works Department on 5th November 1980. Out of five tenders received, the lowest offer of Rs. 90.89 lakhs was from firm 'C' and the next lower of Rs. 93.81 lakhs was from firm 'D'.

As both the offers contained certain conditions, negotiations were conducted with the tenderers on 10th November 1980. Both the contractors withdrew/modified some of the conditions and revised their offers as under :—

Contractor 'C'	Rs. 91.55 lakhs
Contractor 'D'	Rs. 90.35 lakhs

In the meantime, decision to delete earthen embankment of 1.8 metre alongwith its connected items in all the ramps was taken to effect economy. Consequently the position of the two tenders altered as under :—

Contractor 'C'	Rs. 78.88 lakhs
Contractor 'D'	Rs. 80.87 lakhs

Instead of awarding the work to 'C' after deleting earthen embankment at the rates quoted by firm 'C', fresh negotiations were conducted by the Department on 20th November 1980 with both the contractors after intimating them about the aforesaid change in work. Contractor 'C' did not agree to execute the work due to change in scope at their tendered rates. Contractor 'D', however, agreed to execute the work after modifying their rebate from 5 *per cent* (originally offered during earlier negotiation) to 3.5 *per cent*. As a result of the second round of negotiations, the offer of contractor 'D' worked out to Rs. 82.15 lakhs.

The Central Works Board in its meeting held on 28th November 1980 decided that contractor 'C' being the lowest tenderer, be contacted and if they were willing to execute the work at rates not exceeding the rates quoted by contractor 'D' and also on the same terms and conditions, the work be awarded to them, and if they were not agreeable, the work be awarded to contractor 'D'.

Accordingly, the department contacted contractor 'C' on 29th November 1980 who demanded 4 *per cent* increase over their tendered amount of Rs. 78.88 lakhs. This increase was accepted and work was awarded to contractor 'C' on 29th November 1980 at Rs. 82.03 lakhs. The work was completed by contractor 'C' on 18th November 1982 at a cost of Rs. 88.24 lakhs (final bill not yet paid—May 1983).

Under the terms of notice inviting tenders, the Department had reserved to themselves the right to accept the whole or any part of the tender and the tenderer was bound to perform the same at the rate quoted. Further, the contractor 'C' had agreed to abide by and fulfil all the terms and provisions contained in the notice inviting tenders. Accordingly, the Department could have awarded the work to contractor 'C' at his tendered amount of Rs. 78.88 lakhs after deletion of the earthen embankment etc., particularly when it was an item rate tender *i.e.,* contractor having quoted rate for each item. The decision to negotiate the terms further resulted in award of work at an extra cost of Rs. 3.15 lakhs. The department stated (September 1983) that the work was awarded after negotiations as per directions of Advisory Board (Board).

4.3 *Outstanding recoveries against the contractor*

The work of reinforced cement concrete structural frame of the main athletic stadium (Jawaharlal Nehru Stadium) was awarded (October 1980) to contractor "A" against two separate agreements for Rs. 218.24 lakhs for each contract. The works commenced on 26th October 1980 and were completed on 10th November 1982. Final bills for the works prepared in February 1983 disclosed that a total amount of Rs. 7.77 lakhs was recoverable from the contractor. In addition, Rs. 4.18 lakhs were found due from the contractor on account of unused material not returned after completion of works. After adjusting security deposit, the net amount recoverable works out to Rs. 9.71 lakhs.

Scrutiny of the final bills showed that the recovery was mainly due to the following reasons :—

(a) Non-return of unused surplus steel for which recovery was due at twice the issue rate (Rs. 7.28 lakhs).

(b) Recoveries of Rs. 2.94 lakhs under one contract and Rs. 2.91 lakhs under another contract were due on account of rectification of defects which were got done through another contractor "B" in September 1982 at the risk and cost of contractor "A" who failed to take up the rectification work. Even though the Department was aware that the work was substandard/defective, no amount was withheld from the running account bills of the contractor "A".

The Department stated (September 1983) that "the contract stipulated fabrication of 5,500 M.T. of reinforcement for reinforced cement concrete (RCC) frame structure.

Due to limitation of time and place, the material was scattered all over the 25 acre site and structural designs were being prepared while execution was in progress. It was not possible to work out the actual requirement of steel before work was started. Calculations were, therefore, made at the end of the contract." The Department also stated (September 1983) that no payment had been made to the contractor after it was decided to get the defective work done at the risk and cost of the contractor "A".

The Department has initiated (March 1983) action to invoke arbitration proceedings for enforcing recovery.

5. *Special Organising Committee*

5.1 *Sale of Indoor arena advertising space*

The Special Organising Committee issued (November 1981) limited tender enquiry to leading national/international adverisers to bid for buying the advertising space in various stadia. Only one international agency made an offer at a commission of 25 *per cent* of gross proceeds. Thereafter, it was also able to secure a proposal for advertisements for US $ 3.75 million net. At that stage, an Indian company also made an offer of Rs. 210 lakhs for the entire space, but it was not considered as it was too low. As negotiations were going on, another foreign firm offered US $ 6 million and an agreement was entered into with this firm in March 1982. The payment terms were as under :

$ 1 million—on or before 31-8-1982,
$ 2 million—on or before 30-9-1982 and
$ 3 million—on or before 31-10-1982.

The payment in Indian currency was limited to US $ 0.75 million. The firm was required to execute an irrevocable bank guarantee. After concluding the agreement, the Special Organising Committee granted the following concessions to the firm :—

(i) The bank guarantee of US $ 6 million was altered to $ 5 million in foreign exchange and the balance of $ one million was accepted to be guaranteed in Indian currency.

(ii) Right to sell space to Indians upto $ 3 million in Indian rupees (against $ 0.75 million provided in the agreement) with corresponding increase in payment in Indian currency.

Inspite of these concessions, the firm started disputes and did not pay any of the three instalments on the plea that the SOC had failed to perform its obligations. In one of the disputes relating to the claims of the firm to enter the games venues and advertise from the date of signing the agreement, the Special Organising Committee held that the firm could advertise only during the games. The entire agreement ultimately fell through and was terminated in November 1982. At this belated stage, the Special Organising Committee made efforts directly and could procure advertisements for net amount of Rs. 44.25 lakhs only.

The form of bank guarantee included in the agreement provided for conditional guarantee which stipulated, "We guarantee to the society that advertisers should remit to the Society US $ 5 million subject, however, to the society performing its obligations under the agreement". These obligations were not, however, spelt out in the agreement.

The foreign firm offered (August 1982) to pay to the Special Organising Committee, an amount of about Rs. 100 lakhs stated to have been collected by it in India on the condition that the amounts which the firm would collect from outside India would be retained by them. The Special Organising Committee, however, did not agree to it and referred the matter to Arbitration Tribunal as per terms of the agreement.

5.2 *World wide television rights*

On a limited enquiry for awarding an exclusive agency work of sponsoring world wide television rights for the Games, a foreign firm expected to generate US $ 5 million or more. The firm also agreed (December 1981) to furnish a bank, guarantee to generate minimum of US $ 4 million and in case the firm failed to generate revenue upto US $ 4 million the balance would be recoverable by the SOC from the bank guarantee. This offer to furnish a bank guarantee was, however, subject to the condition that the agreement was executed not later than 15th January

1982. Even though a draft agreement was sent to the party on 8th January 1982, the agreement was not executed by 15th January 1982. The agreement executed in April 1982 only provided that the firm was to pay US $ 1 million by 31st May 1982 failing which the S.O.C. would terminate the agreement.

The firm failed to fulfil the obligation and requested extension for 30 days with the stipulation that they would generate revenue worth US $ 2 million instead of US $ 1 million. The firm again failed and the contract was terminated in August 1982 with the result that the Specal Organising Committee did not earn any revenue against this contract.

In so far as regions covered by the participating countries are concerned, the Special Organising Committee received a royalty payment of US $ 2,50,000 by sale of T.V. rights for telecast to all participating countries to Asiad—Pacific Broadcasting Union and Arab States Broadcasting Union.

5.3 *Printing and sale of tickets*

The total seating capacity for all the events of the Games (excluding yatching) on all the days was 28.84 lakhs and the ticketed capacity for which tickets were to be sold have been indicated as 24.37 lakhs (84.50 *per cent* of the total seating capacity).

Against the ticketed capacity of 24.37 lakhs, tickets numbering 35.67 lakhs were got printed by SOC. 34.95 lakhs of tickets with face value of Rs. 342.90 lakhs were got printed from India Security Press, Nasik at a cost of Rs. 19.83 lakhs for sale in India. The reasons for printing 11.30 lakhs tickets at a cost of about Rs. 6.40 lakhs in excess of the seating capacity are not on record. The tickets were sold by State Bank of India through its branches all over India and the accounts rendered by the Bank in June 1983 indicated that 19.73 lakh tickets of the face value of Rs. 177.81 lakhs (51.85 *per cent* of Rs. 342.90 lakhs) were sold, and unsold tickets of the face value of the Rs. 165.09 lakhs were retained by the Bank. However, SOC stated (September 1983) that the unsold tickets held by the Bank had been *test counted* physically and found to be correct as per statement furnished by the Bank who had also been advised to dispose them of.

Out of 71,800 tickets of the face value of US \$ 2,00,425 got printed for sale in foreign countries, 52,660 tickets were issued to Air India and Indian Airlines and 19,140 tickets were kept by the SOC in State Bank of India. 18,362 tickets were sold at US \$ 66,340 (33.10 *per cent* of the value) by Air India and Indian Airlines and the remaining 34,298 tickets were returned to the SOC. The unsold tickets were stated to have been destroyed by SOC in April 1983.

In working out the ticketed capacity of 24.37 lakhs, the number included for the Opening Ceremony was 54,567 and for the Closing Ceremony was 58,617 against the total capacity of 75,000 approximately of the Jawaharlal Nehru Stadium. Out of the total ticketed capacity of 24.37 lakhs, the number of tickets remaining unsold was 4.45 lakhs, representing roughly 20 *per cent* of the total ticketed capacity. These included unsold tickets for popular games like football (2.65 lakhs) and athletics (0.76 lakh) at Jawaharlal Nehru Stadium and hockey (0.20 lakh) at National Stadium.

The unsold tickets remaining with the State Bank of India were not physically counted in full before instructions for their disposal had been issued. The unsold tickets printed for foreign countries were also destroyed by the SOC before completion of audit of the accounts. The relevant file has, however, not been made available to audit. Reasons for destruction of unsold tickets before completion of audit are not clear. The exact position of 19,140 tickets (meant for sale in foreign currency) retained by the SOC was not ascertainable from the records produced to audit.

5.4 Procurement and installation of Giant Score Board

For installation at the newly constructed Jawaharlal Nehru Stadium, Government entered into a contract (March 1981) with a Hungarian firm for supply, installation and commissioning of a computer controlled giant score board at a cost of US $ 10,52,480 (Rs. 84.20 lakhs) which was to be later maintained by National Institute of Sports, Patiala. Spares of the value of Rs. 13.68 lakhs were later ordered in October 1982.

The installed score board was to be handed over by the firm in July 1982 but this could not be done, at first due to malfunctioning of the computer system due to some cards getting burnt and later due to fault diagnosed in the 'DIABLO' Disc Drive system (supplied by an American firm). The repaired system was brought back in October 1982 and was made to work but without the athletics and foot-ball special effects software. Subsequently, during the Games in November/December 1982, certain features for athletics and football software were added with the help of Disc Drive system (of a different specification) which the firm brought as reserve, but complete software could not be commissioned. Spare parts of the value of US $ 5,781 (Rs. 0.56 lakh) were supplied after the Games and spares of value of US $42,120 (Rs. 4.10 lakhs) still remain to be supplied (July 1983).

The SOC intimated (October 1983) that two discs with full programmes have since been supplied and the score board system has no basic defects and is now working to the entire satisfacton of the engineers of Computer Maintenance Corporation, Bombay (A Government of India Undertaking) to whom the work of operation and maintenance has since been assigned.

5.5 Expenditure on Uniforms

Only in August 1982, SOC decided to provide uniforms of various specifications to all personnel involved in the conduct of the Games to facilitate quick identification. Item-wise requirement of uniforms and the categories and numbers of entitled personnel were finalised as late as in October 1982. Total expenditure of Rs. 37.05 lakhs was incurred on purchase of cloth and tailoring and Rs. 25.89 lakhs on ready made items. No quotations/tenders for procurement of cloth readymade items and tailoring services were called for.

Uniforms were issued in bulk to various categories of personnel and entries were made in the register in bulk for issues upto 17th December 1982, the Games being over on 4th December 1982 (it may be mentioned that fabric for blazers and pants were issued to certain officials before the games and tailoring charges were reimbursed to them). On 18th December 1982, uniforms valuing Rs. 14.16 lakhs were still in stock. Uniforms valuing Rs. 6.90 lakhs were issued from 18th December 1982 to June 1983. Uniforms valuning Rs. 7.26 lakhs are still in stock (July 1983), which included 6,298 arm bands costing Rs. 1.03 lakhs out of 9,762 arm hands procured. The SOC replied (October 1983) that staff of many agencies did not collect arm bands and as the number involved was too large, it was not practicable to ensure complete distributions.

5.6 *Disposal of kiosks*

160 kiosks were installed by the SOC in the various stadia at total cost of Rs. 10.40 lakhs. After the games, it was found on physical verification that 51 kiosks valuing Rs. 3.32 lakhs were short, these having been removed by some of the caterers at the instance of Working Chairman of the Catering Committee.

The SOC decided (February 1983) to gift kiosks to the Municipal Corporation of Delhi/Delhi Administration. 29 kiosks have already ben transferred to the Corporation. The SOC informed (January 1984) that although initial verification revealed that 51 kiosks were missing, it became possible to locate them subsequently and have since been donated to various organisations like Municipal Corporation of Delhi, Army, social welfare organisations etc.

6. *Renovation of National Stadium-Avoidable/extra expenditure on laying synthetic surface*

The sanction by Government issued in September 1981 for renovation of National Stadium for Rs. 2.47 crores included provision for procurement and laying of synthetic surface at an estimated cost of Rs. 71.50 lakhs. The Asian Games Rules did not require a synthetic surface for hockey and in all the previous Asian Games, hockey had been played on natural surface.

The Government had decided (August 1980) to import turf of a bigger area of the size of football field (109 metres × 70 metres) so that football events could also be held when required. A contract for the import of 8,884 square metres of Astro turf (including 1,254.18 square metres for the National Institute of Sports, Patiala) at estimated cost of Rs. 71.50 lakhs was entered into with an American firm in October 1981. By then, it came to be known that Federation International Football Association had not approved World Cup competition to be played on artificial turf.

The firm was requested (November 1981) to reduce the supply, but it did not agree. It was, therefore, decided (December 1981) that out of extra turf of about 2,603 square metres, 697 square metres of turf be utilised by adding a skirting of 2 metres on the north side and 3 metres on the western side and that the remaining 1,906 square metres turf be laid in the National Institute of Sports at Patiala so that it would get turf on half of normal hockey ground with the original patch of 1,254 square metres. Total expenditure of Rs. 12.23 lakhs was incurred on providing base for the turf in the Stadium. Expenditure of Rs. 20.95 lakhs in procuring 2,603 metres of turf and the base was thus entirely avoidable.

The firm also demanded additional payment of $ 30,000 (Rs. 2.85 lahks) for laying the surplus turf at Patiala, but subsequently it agreed to do this with provision of labour force and free boarding and lodging for the crew (approximate cost : Rs. 0.28 lakh). However, it did not agree to warranty clause of 5 years for the surplus turf laid at Patiala. A further additional expenditure of Rs. 7.13 lakhs was expected to be incurred on the preparation of the base at Patiala (Information on actual expenditure is awaited).

The NIS Patiala stated (September 1983) that the actual requirement for an Astro turf hockey field at the NIS Patiala was for full hockey field, but for want of funds, it was originally decided to have only one-fourth of the hockey field covered with Astro turf so that at least the practice for the conversion of penalty corners could be carried through on synthetic field. Further, with the surplus material transferred from Delhi, they have laid a half size hockey Astro turf field which has enabled them to train the National Team on six-a-side system in the field and that its Board has passed a resolution in August 1982 that they should cover the space between the synthetic parts to make it a full size hockey field. The fact remains that the orders for the extra turf of about 2,603 square metres were placed for the football field for which use of Astro turf was not permissible and that efforts to reduce the supply of turf actually failed.

7. *Asian Games Village Complex*

7.1 The Delhi Development Authority (DDA) decided (May 1980) to construct a sports village complex on 65 acres of land at Siri Fort, New Delhi for providing 853 flats for residential accommodation for participants and officials of the Games. The complex also included Cultural Centre (Auditorium), Reception Centre, Administrative Block, Kitchen-*cum*-Dining Hall, etc. The responsibility for furnishing the flats in the Village to accommodate 5,000 participants (later increased to 5,500 by SOC in August 1982) was also entrusted to DDA. DDA was to sell the flats with furnishings after the Games were over. DDA decided (January 1981) to re-orient the proposal of construction of overhead tank into overhead tank-*cum*-restaurant-*cum*-viewing gallary with provision for air-conditioning. The Project Board of DDA approved an estimate of Rs. 21.58 crores which was also later sanctioned by the Steering Committee. Expenditure of Rs. 36.37 crores was booked upto March 1983 (including Rs. 5.24 crores incurred on Cultural Centre, Practice Hall and Coffee Shop). The expenditure incurred by DDA on furnishing the flats was Rs. 252.20 lakhs (excluding Rs. 8.5

lakhs on account of additional number of participants indicated by SOC).

The following points were noticed in connection with execution of various works :—

7.2 *Civil works for flats*.—Civil works relating to construction of 696 residential flats were divided into 5 groups and each group was further sub-divided into three parts and the works were awarded after calling tenders on percentage basis without preparing detailed estimates indicating the quantity of different items of work. The agreement provided for the use of first class teak wood frames for doors and windows. However, on the recommendation of the architect this was substituted by pressed steel frames for reasons not recorded. The Chief Technical Examiner, who inspected a group of works, held that the substitution in effect resulted in monetary benefit to the contractors, as the rate of teak wood in the agreement was less than the market rate. On the basis of difference between the agreed rate and the market rate, the contractors for all the groups got monetary benefit of Rs. 11.66 lakhs by substitution of this item.

Pressed steel frames for doors and windows which were provided as substitute items were of 1.5 mm thickness instead of 1.25 mm prescribed by ISI and included in the Delhi Schedule of Rates. Substitution by a non-standard item not only led to increased liability, but also to disputes over the rates as a result of which all the five contractors had gone in for arbitration. The Chief Technical Examiner during examination of the work pointed out that the steel frames were showing heavy rusting and these might not last long, if the trend of rusting continued, which he considered difficult to be stopped as the frames had already been placed in position. It was also pointed out that no treatment for frames was given according to the ISI specification and the primer was wholly sub-standard. Again 22 mm thick grit wash plaster was provided in the agreement, but subsequently the specification was changed to 27 mm thickness for which rate of Rs. 12.20 per sq. m. was sanctioned against the justifiable rate of Rs. 9 per sq. m. arrived at by the Technical Examiner, leading to an excess payment of Rs. 5.85 lakhs to the contractor for 386 residential units. Another extra item for making 1.5 mm grooves in the plaster was paid at the rate of Rs. 2.14 per metre against Rs. 1.30 per metre worked out by the Technical Examiner, leading to excess payment of Rs. 2.11 lakhs.

The Department (December 1983) explained that :—

(1) The wooden frames were changed to steel frames on aesthetic considerations in a meeting held under the Chairmanship of Vice-Chairman DDA when Chief Engineer, DDA, Chief Architect and Consultants were also present. It has also been stated that the allegation of undue benefit to the contractor is not correct as in case of use of teak wood the contractor would have lost 23% whereas in the case of steel frames the loss is 25.5%.

(2) For using frames of 1.5 mm thickness as against 1.25 mm thickness, it has been stated that it was necessary for greater structural strength.

(3) For sanction of higher rates in respect of grit washed plaster and for making grooves in the plaster, it has been stated that the rates arrived at by the Chief Technical Examiner are not correct.

The work of internal water supply was awarded in December 1980 to firm 'A' without preparing detailed estimates and without technical sanction, at 25.20 *per cent* above the estimated cost of Rs. 4.57 lakhs against the justified rate of 12.14 *per cent*. The terms of agreement provided that 100 mm GI pipes would be supplied by DDA. After the award of work, DDA came to know that GI pipes of 100 mm were not available in the stores. It was, therefore, decided in January 1981 to use 150 mm GI pipes instead. The work was to be completed by April 1981. However, as it was held up by the contractor for want of settlement of rates for the substituted items of work, the agreement was rescinded in June 1981 by which time the firm had been paid Rs. 3.27 lakhs including Rs. 3.03 lakhs for substituted and extra items of work for which final rates were still to be settled (April 1983). On the request of the contractor an arbitrator was appointed in November 1981 and the firm claimed (August 1981) Rs. 1.26 lakhs together with interest. DDA did not submit its counter claims and statement of facts till April 1983. At the risk and cost of firm 'A' the balance of work at estimated cost of Rs. 3.51 lakhs was awarded to another firm 'B' at its tendered rate of Rs. 5.92 lakhs. Payment of Rs. 4.96 lakhs had been made to the firm upto April 1982, but the accounts with this firm also remained to be finalised (November 1983). The amount recoverable from firm 'A' on account of work done at its risk and cost by firm 'B' also remains to be worked out (November 1983).

7.3 *Cultural Centre.*—The construction of the Cultural Centre, Coffee Shop and Practice Halls was approved in January 1981 at an estimated cost of Rs. 1.59 crores. Detailed estimates were, however, not prepared. The actual expenditure incurred upto March 1983 on these items of work was Rs. 5.24 crores.

Civil works were awarded in January 1981 for Rs. 1.19 crores, that is, at 60.09 *per cent* above the estimated cost of Rs. 74.67 lakhs (approved in January 1981). There were frequent changes in the designs after the award of works. The entire scope and concept of the works was not determined with the result that the construction of Warming-up Halls/Green Rooms and back stage of Cultural Centre had to be awarded later. The basic design of the building for the Centre with seating capacity of 2,500 was kept flexible so that after the Games the building could be divided into two auditoria, each with seating capacity for 1,250 persons. Accordingly, foyers on each side of the building were provided. In October 1981 designs were, however, changed to provide for only one hall for which the main front foyer was required. Two side foyers already constructed and the expenditure incurred thereon (not quantified) has been largely rendered infructuous.

Contractor 'A' who was awarded the Civil works was to complete them by 6th February 1982. The progress of work was held by the Division to be slow from time to time and the work was considered defective. Consequent on the decision to construct the main foyer on account of the change in the design of the Centre, tenders were invited for its construction on 22nd January 1982 from 26 firms, which did not include firm 'A'. Without waiting for response to the tenders already invited, fresh tenders were invited through the press on 11th February 1982 to which firm 'A' responded. The work was then awarded to contractor 'A' for Rs. 21.03 lakhs, that is 124.5 *per cent* above the estimated cost, as against 60.09 *per cent* at which the original work was awarded. The extra expenditure with reference to the original rate was Rs. 6.04 lakhs. This work was completed in September 1982.

In regard to the main civil works for the Cultural Centre, the contractor 'A' expressed (July 1982) his inability to complete the work in time and suggested that DDA could take up the work departmentally for completion with recovery of the actual cost from him. DDA did not rescind the contract, but decided to get the remaining work completed through other agencies at the risk and cost of contractor 'A'. Though auditorium was to be used during the Games, the work had not been formally declared complete (March 1983). Materials against which secured advance of Rs. 3.07 lakhs was given to contractor 'A' had also been taken back by the contractor. A sum of Rs. 18.81 lakhs is recoverable from the contractor (Rs. 10.16 lakhs on account of the higher cost of work after adjusting the rates as per agreement payable to the contractor, Rs. 3.91 lakhs on account of materials issued, Rs. 3.07 lakhs on account of removal of materials against which the secured advance was given and Rs. 1.67 lakhs as compensation for delay/non completion of the work).

The construction of Warming-up Halls/Green Rooms and back stage of Cultural Centre which were not included in the original tender for the main work due to non-availability of complete designs was subsequently awarded (April 1982) to contractor for Rs. 6.49 lakhs, that is at 150 *per cent* above the estimated cost, as against 60.09 *per cent* at which the original civil works were awarded. The extra expenditure with reference to the original rate amounted to Rs. 5.83 lakhs.

Tenders for interior decoration of main front foyer and two side foyers (estimated cost : Rs. 21.16 lakhs) were invited in August 1982 from the contractor on the select list for opening on 12th August 1982. The tenders were actually opened on 13th August 1982. A firm 'B' who was not on the select list and who quoted that day the lowest price even though received late was also considered on the ground that the rates quoted by the firm were the lowest. After negotiations, the firm was, however, permitted to enhance the rates further by Rs. 2.75 lakhs on the plea that even after the increase, its rates were lower than the rates of others. Even before the commencement of the work, architectural designs and drawings of approved items were changed resulting in substituted/extra items costing Rs. 6.58 lakhs in respect of Main front foyer and Rs. 3.73 lakhs in respect of one of the side foyers 'A'. Out of the agreement items costing Rs. 6.44 lakhs in respect of Main front foyer and Rs. 8.43 lakhs in respect of the side foyer 'A', the cost of actual work done was only Rs. 0.23 lakh and Rs. 2.72 lakhs respectively. (The actual cost of the work was not ascertainable).

The work was to be completed by 2nd November 1982. However, only 85 *per cent* of the work of the main front foyer, 70 per cent of the one side foyer and 35 *per cent* of another side foyer were completed by March 1983. The work done against scheduled items was 3.58 per cent in respect of the main foyer and 32 *per cent* in respect of one of side foyers. The foyer had to be used during the Games without decoration or with partial decoration, frustrating the objective of the expenditure. The delay attracted penalty of Rs. 2.12 lakhs which has not been levied. The rates of substituted and extra items have not been approved by the competent authority. The contractor had been allowed payment at 90 *per cent* as against permissible 50 *per cent* for non-scheduled rates. As the firm had neither completed the job, nor rectified the defects despite several notices, a suggestion for rescinding the contract was made in March 1983 on which final decision was awaited (April 1983).

A firm from which tender was not invited and which submitted a belated offer for the interior decoration of foyers was thus irregularly awarded the work. The firm was permitted to enhance its rates for the work which, however, was not completed in time and the foyer had to be used without decoration or with partial decoration. The Chief Technical Examiner of Central Vigilance Commission held (February 1983) the work as substandard and observed that almost all the Public Works Codal requirements were not followed by the DDA in this case.

7.4 Overhead water tank-cum-restaurant-cum-viewing gallary.—The original idea of constructing an overhead water tank at an estimated cost of Rs. 12.89 lakhs was modified to construct an overhead water tank-cum-restaurant-cum-viewing gallary at an estimated cost of Rs. 22.45 lakhs. The height of the overhead tank was raised for this purpose. It was also decided that package type air-conditioning would be installed by the lessee of the restaurant. In January 1982 it was decided to install air-conditioning departmentally at an estimated cost of Rs. 9.73 lakhs. The entire civil work was completed on 26th December 1982 and the expenditure incurred upto March 1983 was Rs. 48.70 lakhs. The restaurant has not been commissioned and air-conditioning system has not been installed (October 1983).

The tower restaurant was allotted in June 1982 to a party at a licence fee of Rs. 1.65 lakhs per month for the first five years and Rs. 1.85 lakhs per month for the next five years. The party demanded (July 1982) handing over of the restuarant with all civil works/services by 31st July 1982 to enable them to commission the restaurant by 1st November 1982, on which the economics of the offer of the party were based. On account of non-completion of civil works, the possession could not be given by 31st July 1982 to the party, who consequently withdrew the offer. The restaurant could not be let or leased out so far (July 1983).

After considering the comparative cost of package type of air-conditioning (Rs. 9.73 lakhs) and chilled water air-conditioning (Rs. 10.90 lakhs) DDA decided to install chilled water air-conditioning. The work was awarded in September 1982 at a cost of Rs. 15.60 lakhs for completion by October 1982. However, it could not be set up as the firm which executed the civil works warned (March 1983) that the slabs on the second floor might not withstand the weight of heavy air-conditioning blowers and that it would not be responsible for any damage or mishap. The Civil Engineering Department also advised the Electrical Department in April 1983 that they should not load the building with more than the designed load. The work was, therefore, suspended. Final decision is awaited (June 1983). The expenditure incurred on air-conditioning contract upto March 1983 has not been indicated.

The DDA stated (October 1983) that the basic purpose of the construction of the tower was to provide an aesthetic over-head tank and the restaurant and viewing gallary were only by-products of the scheme, there was inordinate delay on the part of the Government of India in giving clearance for the height of the tower, and there were other unavoidable hurdles. The work of air-conditioning was reported to be almost complete. According to DDA, activisation of the restaurant was not considered very essential by the SOC, as there already existed one full-fledged coffee shop besides the availability of such facilities in the Central Dining Hall-*cum*-kitchen complex. In June 1983 fresh tenders for allotment of the restaurant were invited and only two tenders (one for Rs. 0.35 lakh per month and the other for Rs. 0.25 lakh per month) were received but were rejected.

The civil work was awarded in September 1981 at negotiated cost of Rs. 36.60 lakhs at lump sum basis with a stipulation that extra Rs. 4 lakhs would be payable on completion and delivery of machine room within seven months from 25th September 1981. Payment of Rs. 1.80 lakhs for construction of a machine room was made. However, the machine room could not be completed within the stipulated period. An amount of Rs. 0.46 lakh was also spent by the DDA on engaging labour for early completion of the work. This is yet (June 1983) to be recovered from the contractor. Payment of Rs. 1.80 lakhs was held (February 1983) irregular by the Technical Team of the Central Vigilance Commission and a show cause notice was issued by DDA in March 1983 to the contractor for recovery. The contractor contended that the delay was on account of change in structural and architectural designs. The question of grant of extension was stated (June 1983) to be under consideration.

The department stated (October 1983) that "there were certain unavoidable hurdles in the execution of the works and extension of time had been granted on merits without levy of compensation by the competent authority. As such the question of recovery of Rs. 1.80 lakhs from the contractor does not arise".

7.5 *Furnishings.*—Furnishings valued at Rs. 36.99 lakhs remained unutilised, and on physical verification after the Games, furniture and furnishings valued at Rs. 18.61 lakhs were found short. No enquiry has been initiated for the shortage.

7.6 *Dining Hall equipment.*—Rs. 49.30 lakhs were sanctioned in March 1982 for provision and installation of cold storage, deep freezers, hot water boilers, ventilation for the dining hall and the kitchen in the village complex to be made by DDA as deposit work on behalf of the Government. Terms of sanction stipulated that the equipment were to be handed over to Government after the completion of the Games or were to be disposed of as per instructions of Government. Games were over in December 1982, but the decision about disposal of equipment remains to be taken (July 1983).

Summing up.—The DDA incurred expenditure of about Rs. 36.37 crores on construction of Asian Games Village Complex and Rs. 2.61 crores on furnishings out of its own funds on the understanding that it would sell the flats and the furnishings after the Games were over. The flats are yet (November 1983) to be sold.

—The civil works for construction of residential flats were awarded without detailed estimates and technical sanction and specifications of number of items and materials were substituted later leading to unintended benefit to contractors, excess payments and disputes.

—In the case of Cultural Centre, the actual cost of foyer exceeded the estimated cost as the drawings and designs were not ready before inviting tenders for awarding civil works and as there were frequent changes in the designs leading to redundance of some works already executed. Certain items of work like Practice Hall and Green Rooms were not included in the original tender and had to be awarded later at a higher cost. There was delay in execution of work by the civil contractor who expressed his inability to complete the work and the incomplete work was got done through other agencies at the risk and cost of the original contractor. Even though this contractor failed to complete the civil work, contract for a new item of civil work at a higher rate was given to him inspite of the original notice inviting tenders not being sent to this firm. Recovery of Rs. 18.81 lakhs from the contractor on various counts is awaited.

—The work of interior decoration of foyers was awarded to a firm who was not on the select list but who quoted the lowest price after closing of the last date of the tender. The work was not completed in time and the delay attracted penalty which was not levied. The work has been held to be substandard and the Public Works Codal requirements have not been followed.

—The overhead water tank-*cum*-restaurant-*cum*-viewing gallary could not be completed in time and the type of air-conditioning selected was found to be heavier than the designed load bearing capacity of the building loading to suspension of the work. The possession of the tower restaurant could not be given in time to a lessee who offered to pay a monthly fee of Rs. 1.65 lakhs. It has not been possible to lease out the tower restaurant so far.

—Furniture and Furnishings valued at Rs. 36.99 lakhs purchased for the flats in the Games Village Complex remained unutilised and on physical verification, furniture and furnishings valued at Rs. 18.61 lakhs were found short. The department stated (October 1983) that as clarified by the Special Organising Committee, furniture and furnishings worth Rs. 9.22 lakhs (out of Rs. 18.61 lakhs) had been removed by the Committee to the Jawahar Lal Nehru Stadium for furnishing its residential wing. Furnishings arranged for 500 more participants at the instance of SOC at a cost about Rs. 8.5 lakhs were found to be redundant as the number of participants actually staying in the village was well within the original estimate of 5,000 against the revised figure of 5,500 indicated by the SOC.

8. *Avoidable/Extra expenditure on Shooting ranges*

The Delhi Development Authority constructed shooting ranges for the Asian Games at Tughlaqabad as deposit work on behalf of the Government. Against the sanctioned cost of Rs. 112.75 lakhs (including supplementary estimates for Rs. 35.98 lakhs) expenditure of Rs. 160.50 lakhs was incurred on the construction and maintenance of the ranges upto December 1982, including Rs. 4.53 lakhs representing the expenditure incurred on behalf of NIS/SOC on items, which were originally required to be arranged by those bodies. The ranges continue to be maintained by the DDA. The following points were noticed during test check :—

(a) The work for construction was awarded in anticipation of technical sanction and no detailed estimates were prepared before commencement of work.

(b) An expenditure of Rs. 1.12 lakhs was incurred on the construction of a room for locating clay-pigeons manufacturing machines. Subsequently, however, the machines were not imported and manufactured clay-pigeons were imported.

(c) In the case of steel work for providing trusses the actual quantity executed was 0.85 lakh kgs. against 0.61 lakh kgs. provided in the agreement. The rate adopted in the agreement was Rs. 16 per kg. and Rs. 15.60 per kg. while the market rate of the item obtained by the Division was Rs. 12.50 per kg. Extra expenditure for the total quantity executed over the market rate worked out to Rs. 2.79 lakhs.

(d) A decision to set up an additional set of trap and skeet ranges was taken in May 1982 subsequent to the award of the original work. The work was awarded at rates higher than the original rates resulting in extra expenditure of Rs. 0.40 lakh. One of the considerations for setting up the third trap and skeet range was the discount reported to be available on the equipment for shooting. However, the foreign firm did not allow the discount of Rs. 0.92 lakh on the additional equipment ordered.

9. *Extra expenditure on Handball Court*

A total grant of Rs. 42.51 lakhs was sanctioned by Government to the Delhi University for staging handball and archery events at the University cricket ground during the Asian Games. The actual expenditure incurred upto 31st March 1983 was Rs 36.08 lakhs and a further expenditure of Rs. 5.79 lakhs was anticipated.

A clay finished court was considered adequate for the handball event by the Special Organising Committee in September 1981. In January 1982 the SOC decided taraflex surface court for which taraflex was to be provided to the University. The original estimate for wooden base handball court of Rs 3.02 lakhs prepared in February 1982 was revised to Rs. 5.32 lakhs, which was sanctioned on 30th March 1983. After inviting tenders in April 1982, doubts about suitability of wooden base were expressed and the risk of taraflex court not being ready in time for the Games was apprehended. Advice of the manufacturer was sought, who advised that a cement concrete base could be used subject to the conditions/specifications indicated by it. Tenders were accordingly called on 1st June 1982. However, on 3rd June 1982 the SOC decided that 2" deodar wood plankings and cement concrete finish laid on a lean concrete should be constructed. As there were uneven bounce of the ball and the playing surface was also uneven, it was decided on 24th September 1982 to remove the wooden planks etc. and to remodel the handball court. When taraflex was laid on the concrete base and still crumpled under the feet of the players, it was decided on 12th October 1982 to provide asphaltic surface at an additional cost of Rs. 0.89 lakh. As it did not suffice, it was decided on 5th November 1982 to fix taraflex on asphaltic with dunlop adhesive at a further additional cost of Rs. 0.11 lakh. The total additional amount involved in changes after award of contract on 10th June 1982 worked out to Rs. 1.69 lakhs, over the cost of Rs. 1.56 lakhs on laying a concrete base as per specifications of the manufacturer for the taraflex. No alternative use could be made of the dismantled particle boards procured at Rs. 0.79 lakh for the wooden base.

10. *Construction of Cycle Velodrome*

The Delhi Development Authority was entrusted with the construction of Cycle Velodrome in the Indraprastha Indoor Stadium complex. The original preliminary estimate of Rs. 72.07 lakhs framed in June 1981 was revised in March 1982 to Rs. 98.53 lakhs to provide for construction of additional dormitory and construction of track on strip foundations as designed by the consultants partly set off by reduction in cost (Rs. 2.86 lakhs) on account of deletion of roofing of sitting stands. However, 4 supplementary estimates totalling Rs. 15.52 lakhs were further framed during July to November 1982 to provide for (a) roofing over the seating stand, construction of photo finished structure and T.V. platform at estimated cost (Rs. 11.92 lakhs), (b) furniture in Velodrome (Rs. 1.55 lakhs),

(c) First Aid room (Rs. 1.06 lakhs) and maintenance of Velodrome (Rs. 0.99 lakh), etc. Another revised estimate of Rs. 139.90 lakhs was sent to Government of India, Department of Sports for approval in March 1983. Out of this, Rs. 107.00 lakhs were spent upto February 1983 and the balance was yet to be paid. DDA stated that variations occurred due to provision for horticulture work, expenditure on filling the low lying area having increased much beyond the provision in the revised estimates, provision for external electrification and provision of dormitory accommodation with all modern toilets and other facilities as against dormitory accommodation with big halls provided in the preliminary estimates.

A test check of records in April 1983 revealed that after item rates tendering, the civil work was awarded in May 1981 to contractor 'A' for Rs. 46.24 lakhs against the original estimates of Rs. 28.06 lakhs. The DDA stated (October 1983) that the tendered amount was 64.78% above the estimated cost as against the justified rates of 59.58% above. Certain items of work (such as shuttering, wood work of window, 25 MM thick red Agra sand etc.) were increased by 85 to 15,733 *per cent* in excess of permissible increase of 5 per cent and the rates for these items were 100 to 520 *per cent* above the estimated rates. This resulted in extra payments of Rs. 8.67 lakhs to the contractor on items for which provision in original agreement was only Rs. 1.05 lakhs and vitiated the original tenders.

MINISTRY OF AGRICULTURE

(Department of Agriculture & Cooperation)

13. **Purchase and disposal of imported complex fertilisers :—** Although in its 28th Report, the Public Accounts Committee (5th Lok Sabha, 1971-72) had cautioned Government of India against importing fertilisers far in excess of requirement, which had resulted in overstocking in the past, the Ministry of Agriculture (Department of Agriculture and Cooperation) through the Department of Supply continued to import huge quantities of fertilisers The department imported 1.74 lakh tonnes of complex fertilisers in 1972-73, 2.94 lakh tonnes in 1973-74, 4.69 lakh tonnes in 1974-75 and 6.72 lakh tonnes in 1975-76. The import of complex fertilisers during 1975-76, *inter alia,* included some varieties which had not been procured during the earlier years (1970-71 to 1974-75).

The following four grades formed bulk of the import during 1975-76 :—

Grade of fertiliser	Quantity (In lakh tonnes)	Value (Rs. in crores)	Remarks
20 : 20 : 0	2.43	56.17	
15 : 15 : 15	2.19	43.66	
24 : 24 : 0	0.98	24.27	Imported for the first time
17 : 17 : 17	0.76	16.74	—do—

The bulk of complex fertilisers of grades 20 : 20 : 0 and 15 : 15 : 15 imported in 1975-76 were having water solubility of P_2O_5 (Phosphorous Pentaoxide) ranging between 33 and 50 *per cent.* The quantity of import of grade 15 : 15 : 15 during 1974-75 and 1975-76 in fact far exceeded the quantities earlier imported. The fertilisers with lower water solubility of P_2O_5 were imported inspite of the fact that the Ministry had issued a circular (September 1974) cautioning the States about the selective use of ANP with low water soluble P_2O_5. The complex fertilisers included 1.15 lakh and 1.75 lakh tonnes of fertilisers of grades 15 : 15 : 15 and 20 : 20 : 0 respectively with 50 *per cent* water solubility of P_2O_5 for which the Department of Supply concluded two contracts on 16th and 29th November 1974 without obtaining clearance of specifications from the Department of Agriculture and Cooperation. After conclusion of the first contract, the Department of Supply sought clearance of specification from the Department of Agriculture and Cooperation, but the latter observed (December 1974) that it might be difficult to utilise fertiliser of grade 15 : 15 : 15 with P_2O_5 water solubility of less than 80 *per cent* for Indian soils and crops and that this was useful for long duration crops like sugarcane, but even there the existence of Potash might make it unattractive. However, later on, since the contracts were already finalised and also in order to accommodate the traditional suppliers this was accepted even though the technical opinion was clearly against it.

Out of the above, 2.26 lakh tonnes of 20 : 20 : 0 and 2.19 lakh tonnes of 15 : 15 : 15 grades were imported specifically for the seeding programme of the Fertiliser Corporation of India (FCI), but it did not lift the allotted quantities of these grades as per the schedule indicated by it. The main reasons for this, *inter alia*, were :

- deteriorated condition of fertilisers as it remained stored in open for a long time and lack of demand for it ; and
- scope for and suspicion of adulteration and shortages as the fertilisers were in hand-stitched bags and were channelised through private trade.

The department did not enter into any formal agreement with the FCI before resorting to import of the fertilisers. The gradewise stock/issue of these fertilisers for the period 1973-74 and 1974-75 at the time of further imports of above fertilisers were not available with the department.

Fertilisers of grades 24 : 24 : 0 (0.98 lakh tonnes) and 17 : 17 : 17 (0.76 lakh tonnes) were imported for the first time for general purposes in view of shortages of straight nitrogenous and phosphatic fertilisers in the international markets as stated by the department. The position of world production/consumption of nitrogenous, phosphatic and potassic fertilisers during 1971-72 to 1975-76 as indicated below, do not, however, bear out the contention of the department.

Year	Name of fertilisers (In thousand tonnes)			
	Nitrogenous	Phosphatic	Potassic	Total
1971-72				
Production	34885	22369	19466	76720
Consumption	33324	21092	17605	72021
1972-73				
Production	37825	23673	20185	81683
Consumption	35677	22440	18794	76911
1973-74				
Production	40437	24879	22230	87546
Consumption	38697	24157	20733	83587
1974-75				
Production	42514	27060	23698	93272
Consumption	38596	23922	19856	82374
1975-76				
Production	43896	26126	23384	93406
Consumption	42908	25182	21440	89530

Source : FAO Annual Fertiliser Review for the years 1974, 1976 and 1977 and FAO fertiliser year-book for the years 1978 and 1979.

The Fertilisers and Chemicals Travancore Limited (FACT) and Indian Farmers Fertiliser Cooperative Limited (IFFCO) to whom the above fertilisers were offered, lifted only 0.34 and 0.35 lakh tonnes respectively.

The department stated (September 1983) that FACT did not lift the remaining stock of fertilisers of grade 17:17:17 as they did not want to hazard the sale of their own manufactured fertilisers by marketing the above old stock and IFFCO did not lift the remaining stock of fertilisers of grade 24:24:0 as they had stopped production of this grade because there was no demand for it.

In January 1978, the department had observed that the imported fertilisers remained stored in open for a long time absorbing moisture which led to deterioration in the condition of the material. A number of samples of these fertilisers were subsequently analysed and it was found that most of them were not having the specified nutrient contents and the physical and chemical conditions of the material were also bad. When asked to intimate the details of the arrangements and efforts made for their proper storage and also the action taken against the Food Corporation of India, who was the custodian of the fertilisers and was responsible for proper receipt and storage of fertilisers, the department stated in September 1983 that the result of an inspection by a team consisting of officers of the FCI, Food Corporation of India and the State Werehousing Corporation of the stocks at Meerut and Hapur only did not disclose any deterioration in the stock of fertilisers, but it did not indicate the action taken by it against the Food Corporation of India for storing the stock in open resulting in its deterioration.

In March 1976 as a result of Government decision to transfer the onus of handling the distribution of all non-potassic fertilisers to the Food Corporation of India on ownership basis, 5.92 lakh tonnes of complex fertilisers valued at Rs. 94.08 crores (on the basis of pricing formula) were passed on to that Corporation. The cost of 5.92 lakh tonnes of complex fertiliser at the average purchase rate of Rs. 2,214 per tonne was Rs. 131.07 crores. The difference of Rs. 36.99 crores between the procurement prices and prices charged from the Food Corporation of India indicated the subsidy borne by the Fertiliser Pool till the time of transfer to the Food Corporation of India on ownership basis.

As the Fertiliser Pool was incurring huge expenditure of about Rs. 14.37 crores per year on continued stock holding of these complex fertilisers, the department entered into a 'package deal' in September 1977 (when it had 5.33 lakh tonnes of complex fertilisers in stock) with the FCI for the disposal of the entire stock of 2.53 lakh tonnes of grade 20:20:0; 1.53 lakh tonnes of grade 15:15:15 and 0.20 lakh tonnes of grade 13 : 13 : 20 (0.07 lakh tonnes lying with the Fertiliser Pool and 0.13 lakh tonnes lying with the Kerala State Co-operative Marketing Federation). The Ministry of Finance however, while concurring on the proposed package deal, asked (November 1977) the department to obtain the orders for formal write off of losses and to examine the possibilities of fixing responsibility for the loss which have not been done so far (September 1983). The FCI incurred a loss of Rs. 15.57 lakhs under this 'package deal'.

As the department could not make much headway in the disposal of these fertilisers either through the package deal or otherwise and had incurred expenses of Rs. 31.13 crores (at the rate of Rs. 14.37 crores *per annum*) during March 1976 to April 1978 on storage, interest on capital and other miscellaneous expenses on the continued stock holding of these fertilisers, 5.33 lakh tonnes of fertilisers (out of which grades 20:20:0, 15:15:15, 24:24:0 and 17:17:17 accounted for 5.11 lakh tonnes) worth Rs. 80.63 crores lying with the Food Corporation of India were physically transferred to a number of fertiliser companies in May 1978 for disposal at prices to be fixed by each company without the approval of the Central/State Governments. Out of the above total stock, one of the companies was asked to lift 11,200 tonnes of fertilisers from Kerala State Co-operative Marketing Federation at Rs. 1,785 per tonne and sell at Rs. 1,035 per tonne. The cost of 5.33 lakh tonnes of fertilisers at the average pool issue price worked out to Rs. 84.95 crores as on 1st March 1976. The difference of Rs. 4.32 crores between the pool issue prices as on 1st March 1976 and on 2nd May 1978 indicated the subsidy borne by the Fertiliser Pool. The Ministry of Finance while concurring with the above arrangement again impressed upon the department to obtain the orders for formal write off of losses and to fix responsibility for the initial import of the complex fertilisers which were awaited (September 1983). The quantity of book balance of the stock as on 2nd May 1978 was yet to be intimated by the department (September 1983).

As an incentive, it was further decided (October 1978) to allot to these companies imported urea, at a concessional rate of Rs. 1,435 per tonne against the pool issue rate of Rs. 1,445 per tonne. During 1978-79 and 1979-80, 2.56 lakh and 2.43 lakh tonnes of urea respectively were allotted to these companies. However, the companies lifted 3.42 lakh tonnes on which the sale support worked out to Rs. 34.20 lakhs.

Against the value of Rs. 80.63 crores, these companies remitted only Rs. 41.20 crores to the Food Corporation of India till April 1981. Department stated (September 1983) that this had resulted in a tentative loss of Rs. 32.78 crores and the actual loss could be worked out after complete disposal of stocks. The department did not have any information about the rate at which different quantities of fertilisers were sold gradewise. The residual unsold stock of fertilisers was stated to be about 5,600 tonnes.

The increase in storage charges effective from 2nd May 1978 was also decided to be paid to various State Warehousing Corporations by these companies and was to be re-imbursed by the department. The losses would further increase if interest charges on the capital cost of the complex fertilisers for the period May 1978 till the disposal of the entire stock and also interest and storage charges etc. for the period prior to March 1976 are taken into account.

It was also seen that no uptodate reconciliation of the quantities of fertilisers issued to/sold by various companies and of the amount of sale proceeds remitted by them to the Food Corporation of India was done.

Thus, Government suffered a total loss of about Rs. 106 crores excluding the outstanding liabilities on account of storage and interest on the blocked capital as stated above on the disposal of complex fertilisers imported without carefully considering their suitability and demand in India. The deteriorated condition of stock of fertilisers stored in the open caused further erosion in demand.

MINISTRY OF COMMERCE

AND

MINISTRY OF FINANCE

(Department of Economic Affairs : Banking Division)

14. Export Credit (Interest Subsidy) Scheme, 1968

Introduction :

In June 1968, the Export Credit (Interest Subsidy) Scheme, 1968 (hereafter referred to as scheme), effective from the 3rd March 1968, was introduced as an export promotion measure. Under the scheme, export credit of various types like packing credit or pre-shipment credit, post-shipment credit and term loans are allowed by banks for prescribed maximum period at interest rates not exceeding the ceiling rates prescribed by the Reserve Bank of India (RBI) from time to time. Government pays subsidy at 1.5 *per cent* to banks provided repayment of credit is made according to the prescribed manner and the banks do not charge interest at rates exceeding those prescribed by the RBI.

The exporter wishing to avail of the facility of term loan is required to obtain prior approval of the RBI. The instalments and the due dates of repayment are stipulated in advance. Each instalment is to be treated as an independent unit for watching realisation of the proceeds. Payment has to be received from the foreign importer within six months from the due date of the instalment, failing which no subsidy is admissible on such term loans.

Mention was made in Paragraph 27 of the Report of the Comptroller and Auditor General of India for 1975-76. Union Government (Civil) of the various irregularities in the payment of interest subsidy of Rs. 38.63 crores to the public and private sector banks during 1968-69 to 1975-76 and the outstanding export credit of Rs. 950.00 crores (31st March 1976). The export credit outstanding on 31st March 1983 was reported to be Rs. 1,820 crores. The age-wise analysis of the outstanding could not be indicated by the RBI.

During 1976-77 to 1981-82 a total subsidy of Rs. 78.09 crores was paid, of which Rs. 65.95 crores were given to public sector commercial banks.

A test-check of the accounts for the period 1976-77 to 1981-82 of export credits in 144 branches, out of a total number of 2082 branches of 66 banks in the country receiving interest subsidy, disclosed, *inter alia,* that interest subsidy amounting to Rs. 282.56 lakhs had been drawn by 128 branches either irregularly or in excess as detailed in the following paragraphs :—

(A) Packing Credit :

(i) *Packing credit not utilised for exports.*—Packing credit of Rs. 184.33 lakhs advanced during 1981 in 28 cases had not been utilised (April 1983) at all for exports, making the interest subsidy of Rs. 1.02 lakhs paid on these credits inadmissible.

(ii) *Non-execution of export orders.*—Interest subsidy of Rs. 0.93 lakh became recoverable as 10 exporters could not execute the export orders within the prescribed period of 180 days from the date of credit.

(iii) *Interest subsidy on outstanding advances.*—In 79 cases, packing credit advances of Rs. 745.05 lakhs paid during May 1973 to December 1981 were not repaid according to the prescribed manner, leading to inadmissibility of subsidy of Rs. 1.87 lakhs.

(iv) *Irregular liquidation of advances.*—Packing credit advances were liquidated in 39 banks by debiting to the current accounts, cash accounts or pledge accounts of the exporters contrary to the instructions, which rendered the subsidy of Rs. 12.92 lakhs inadmissible.

(v) *Liquidation of packing credit advances beyond the date of realisation of export proceeds.*—In two nationalised banks, packing credit advances in 21 cases were liquidated after a lapse of 56 to 443 days from the date of realisation of export proceeds. As no subsidy is admissible after the actual date of realisation of export proceeds, subsidy of Rs. 0.44 lakh paid to the banks therefore became recoverable.

(vi) *Delay in adjustment of packing credits.*—Packing credits are required to be liquidated by the proceeds of export bills negotiated/purchased by the bank. 6 banks did not adjust packing credits on the same day on which bills were purchased, resulting in excess claim of subsidy amounting to Rs. 0.33 lakh.

(vii) *Interest subsidy claimed for excessive periods.*—Interest subsidy on packing credit advances for export of certain specified items is admissible for a maximum period of 180 days which can be extended by 90 days by the RBI. Three banks claimed interest subsidy beyond the period of 180 days without obtaining approval of the RBI. Excess subsidy so paid to the banks during 1976-81, amounting to Rs. 13.17 lakhs, became recoverable.

(viii) *Charging of higher rates of interest from exporters.*—21 banks had charged interest either in excess of the prescribed rate or the penal rate of interest and also claimed interest subsidy of Rs. 3.91 lakhs. The subsidy so claimed is irregular.

(ix) *Liquidation of packing credits beyond admissible periods.*—Packing credits for exports of other than specified items are to be liquidated within 90 days. Further extension of time upto 45 days can be granted by the banks if the delay has occured for reasons beyond the control of the exporter. It was noticed in 31 banks that the banks had been extending the period beyond 90 days without having any evidence on record to show that the exports were delayed for reasons beyond the control of the exporters. Subsidy amounting to Rs. 37.05 lakhs received by these banks against such exports had, thus, become recoverable.

(x) *Non-maintenance of distinct accounts.*—The scheme requires the banks allowing packing credits to exporters to segregate and maintain separately the accounts of every packing credit and ensure that each packing credit is liquidated by the proceeds of the relative export and/or cash incentive for such export.

Instead of maintaining separate account for each packing credit, some banks have maintained a running account of all the packing credits given to a particular exporter from time to time; fulfilment of export commitment against any individual credit was not, therefore, susceptible of verification. It was also not possible to ascertain from these accounts whether the repayments were made in time. These banks claimed subsidy on all packing credit advances as a matter of course without excluding those advances or parts thereof which had already been realised or which remained outstanding beyond the prescribed period of 180/90 days from the date of their payment or against which exports did not materialise, either fully or partly. In the absence of clear evidence of fulfilment of export commitments, the admissibility of the interest subsidies paid during 1976-81 to such banks could not be verified in audit.

(xi) *Repayment of outstanding loans against fresh loans/adjustment against current accounts.*—A foreign bank granted packing credit amounting to Rs. 7.88 lakhs to a firm during 3rd November 1977 to 10th February 1978 which remained outstanding till 25th November 1978. On that date, the bank paid to the firm further packing credit of Rs. 35 lakhs against fresh export order, and the outstanding amount of Rs. 7.88 lakhs was adjusted by transfer to the firm's current account. The firm was again given a packing credit of Rs. 15 lakhs on 8th February 1979. The firm effected exports to the extent of Rs. 15.28 lakhs and the balance amount of Rs. 34.72 lakhs was allowed to be liquidated in instalments over a period of 2 years, but did not liquidate the advances within the prescribed time limit and was allowed loans far in excess of the export orders. It was also allowed to repay the outstanding loans out of fresh loans granted against different export orders. The interest subsidy paid to the bank amounting to Rs. 0.37 lakh was not admissible and has become recoverable.

(xii) (a) *Cancellation of contracts.*—Two banks extended the packing credit facilities under the scheme to certain exporters but on subsequent dates the contracts were cancelled. Irregular drawal of subsidy on such cases amounting to Rs. 2.36 lakhs has become recoverable.

(b) *Execution of fresh contracts by cancellation of previous contracts.*—Contracts were entered into by a bank with certain exporters and packing credit advances were given to them, but subsequently fresh contracts were executed by cancelling the previous contracts. The interest subsidy of Rs. 0.11 lakh already drawn on the credits advanced against the cancelled contracts became recoverable from the bank.

(xiii) *Grant of packing/pre-shipment credits after export of goods.*—Packing credit/pre-shipment credit is to be granted before the export of goods. But five banks extended such credits after the export of goods. Subsidy to the extent of Rs. 0.27 lakh had become recoverable.

(xiv) *Claiming subsidy against duty drawback.*—Payment of packing credit advances against the payments to be received from Government as duty drawback was discontinued from January 1976, but four banks claimed Rs. 1.05 lakhs as subsidy for packing credit advances against duty drawback payments, which was not admissible.

(B) Post-shipment credit :

(i) Interest subsidy on export bills is admissible for transit period against a demand bill and upto a notional due date in the case of usance bill (payable on a specified future date), subject to the prescribed maximum period.

(a) When the banks purchase/discount a bill but subsequently transfer it to bills for collection, subsidy against such bill is admissible only upto the date of transfer of the bill for collection.

Ten banks, however, claimed and received during 1976—81 subsidy on such bills in excess of the prescribed period. Excess drawal of subsidy in these cases was Rs. 0.61 lakhs, which is recoverable.

(b) (i) In some cases, the banks adjusted the post-shipment credits alongwith overdue interest, from the exporter's cash credit account. Excess drawal of subsidy in these cases amounting to Rs. 0.53 lakh was recoverable.

(ii) *Bills for collection converted as bills purchased.*—When the exporters present a bill to the bank merely for collection, and the bank purchases it at a later date at the exporters' requests, subsidy against such bills is admissible only for the unexpired portion of the total period, after deducting the period between the date of submission of the bill in the first instance and the date of purchase from the total period for which subsidy is admissible. 2 banks, however, claimed and received during 1976-81 subsidy on such bills for the full period, including the expired portion of the tenor. The excess drawal of subsidy in these cases was Rs. 0.39 lakh.

(iii) *Belated receipt of export proceeds.*—The scheme contemplates grant of subsidy on bills purchased/negotiated only if the bill is paid within a period not exceeding 180 days from the date of expiry of the normal transit period in the case of demand (sight) bills and the due date in the case of usance bills. Some banks, however, claimed and obtained subsidy even when the proceeds were received beyond the stipulated period of 180 days. In 58 banks, such drawal of subsidy amounted to Rs. 11.65 lakhs.

(iv) *Excess claims for transit period.*—The scheme permits interest subsidy for transit period, the scale for which has been laid down depending on the countries to which the exports are made. 51 banks claimed and obtained subsidy for the transit period in excess of the prescribed scales ranging from 1 to 110 days, resulting in excess claim of subsidy amounting to Rs. 7.41 lakhs.

(v) *Wrong computation of usance period.*—In certain cases, where, as per the terms of contract, the usance period was to have commenced from the date of shipment of the goods, three banks on being presented with the bills late, calculated the usance period from the dates of negotiation of the bills instead of from the dates of shipment, and claimed interest subsidy in excess amounting to Rs. 0.35 lakh.

(vi) *Charging of higher rates of interest than prescribed.*—Ten banks even after charging interest at the normal rates, *i.e* rates higher than the ceiling rates for the transit period in case of demand (sight) bills and usance period in case of usance bills, claimed interest subsidy amounting to Rs. 0.88 lakh which was not admissible.

(vii) (a) *Claims beyond date of realisation of export proceeds.*—As the credit is liquidated on realisation of export proceeds, interest subsidy is not admissible beyond the date of payment of bills. It was, however, noticed that 39 banks claimed interest subsidy for the full transit period although export proceeds had been realised earlier. The amount of interest subsidy received by these banks for periods beyond the date of realisation of export proceeds in 15,280 cases amounted to Rs. 44.20 lakhs.

In reply to an audit query, the RBI stated (May 1982) that in respect of demand bills the bank may claim subsidy for the normal transit period even if a bill was paid before expiry of such period. The views of the Ministry of Finance in this regard, sought for in January 1983, were still awaited (September 1983).

(b) Similarly, in the case of usance bills, many banks have continued to claim subsidy for the full notional period even though the export proceeds were realised before the due date, which was in contravention of the instructions issued by the RBI on 27th April 1978. In 78 banks|branches, amount of interest subsidy paid after that date for the period beyond the date of realisation of export proceeds amounted to Rs. 18.01 lakhs.

(viii) *Subsidy claim on full value of export bill.*—According to the scheme, post-shipment advances are admissible against the value for which export bills are purchased/discounted. Some banks retained 'margin money' against the export bills but claimed interest subsidy on the full value of the bills including the margin money retained. 26 banks/branches claimed inadmissible subsidy amounting to Rs. 1.08 lakhs.

(ix) *Non-refund of subsidy.*—A nationalised bank claimed subsidy at the time of purchase of export bills which were subsequently reversed due to non-realisation of export proceeds. The bank, however, did not refund the subsidy amounting to Rs. 0.11 lakh claimed in 223 cases while reversing the bills.

(x) *Claiming subsidy beyond admissible periods.*—Nine banks claimed interest subsidy of Rs. 3.83 lakhs in respect of the period beyond the prescribed maximum limit.

(C) Term loans :

(i) *Post-shipment credit wrongly treated as term loan.*—An agreement was executed on 6th May 1974 for extending special bank credit of Rs. 25 crores to a country by Bank 'A' in participation with banks 'B' and 'C' to facilitate purchases of specific capital goods from India. According to the contracts finalised under the credit arrangement, 5 *per cent* of the contract value was payable in advance, 7½ *per cent* of the contract value was payable against shipping documents and 87½ *per cent* of contract value was payable under deferred terms.

As per clauses 3 and 4 of the agreement, each disbursement to be made by bank 'A' to the banks in that country would be shared by banks 'A', 'B' and 'C' in the ratio of 5 : 3 : 2 of the contract value, and one of the designated banks would function for negotiating shipping (export) documents with the exporters to the extent of 7½ *per cent* of each contract price.

Scrutiny of records revealed that export bills on shipment of goods were negotiated by the exporters with bank 'B' and these bills paid against delivery under letters of credit opened by foreign buyer, were accounted for by the bank as deferred term credits and subsidy of Rs. 23.98 lakhs was claimed and paid for, which was recoverable.

(ii) *Delayed payment of instalments.*—A public sector bank granted an export credit amounting to Rs. 397 lakhs to a firm on deferred payment terms. The export credit was to be repaid in 5 yearly instalments, the first instalment falling due on 15th December 1976. The foreign buyer delayed the payment and the first three instalments were realised from him after a lapse of 13 to 18 months from the due dates. The fourth and fifth instalments were reimbursed by a corporation after a lapse of 19 months and 22 months respectively from the due dates as the foreign buyer defaulted in the payment. The bank charged penal interest at 17.5 *per cent* with effect from 1st November 1980 on overdue instalments.

The basic requirements for the eligibility of interest subsidy under the scheme, viz. payment should be received from the overseas buyer within six months from the due dates of instalment and that the export credit should be adjusted by remittances received from abroad in respect of the export financed by the bank, having not been fulfilled, the subsidy amounting to Rs. 20.89 lakhs drawn by the bank (upto 30th June 1982) became recoverable.

(iii) *Inadmissible subsidy.*—A contract for supply, on long term basis, of sugar machinery to a foreign country valued at Rs. 285 lakhs was entered into by a firm in November 1972 with a Government corporation of that country, which was guaranteed by the Government of that country. The contract was financed by two banks in equal shares. The loan was to be repaid in ten half yearly instalments, commencing from 24th May 1975. The corporation could not make the payments and the repayment was rescheduled twice, once in October 1975 and again in July 1978. In November 1980, the foreign Government's guarantee was invoked and the entire loan amount with interest was realised in March 1981. According to the provisions of the scheme, each instalment of loan repayable is to be treated as an independent unit and subsidy is not admissible for the period from the date of payment if repayment thereof is received after 180 days of the due date. Accordingly, subsidy amounting to Rs. 10.72 lakhs drawn by the bank became inadmissible.

(iv) *Delayed payment by overseas buyers.*—Interest subsidy of Rs. 8.32 lakhs was claimed by eight banks where the payments of instalments by the overseas buyers were made after the prescribed period of 180 days.

(v) *Loans refinanced by Industrial Development Bank of India.*—Four banks extended term loans which were refinanced by Industrial Development Bank of India (IDBI), and claimed interest subsidy amounting to Rs. 7.53 lakhs contrary to the provisions of the scheme.

(vi) A firm entered into a contract in July 1969 with the State Railways of a country for shipping 480 sets of turn-outs for Rs. 130 lakhs. The maximum loan admissible against deferred payment was Rs. 104 lakhs (80 *per cent* of Rs. 130 lakhs) and this amount was further to be reduced by Rs. 12.98 lakhs, representing the value of materials not shipped/exported by the firm (Rs. 7.46 lakhs) and promissory notes matured before granting the loan (Rs. 5.52 lakhs). Therefore, the net amount of loan available against deferred term was Rs. 91.02 lakhs (Rs. 104 lakhs minus Rs. 12.98 lakhs). The bank, however, granted loan of Rs. 123 lakhs on deferred payment terms. The bank was entitled to draw subsidy on the admissible amount of Rs. 91.02 lakhs only. The bank, however, claimed interest subsidy on the entire amount of loan of Rs. 123 lakhs. Excess subsidy amounting to Rs. 2.74 lakhs claimed by the bank was, thus, refundable.

(vii) *Charging of higher rates of interest.*—Three banks claimed subsidy amounting to Rs. 1.64 lakhs though they had charged interest at a rate higher than the rate stipulated in the original contracts.

(viii) *Non-materialisation of exports etc.*—Interest subsidy amounting to Rs. 1.08 lakhs was claimed by a bank against the term loans in 11 cases which were recovered from the exporters either because the exports did not materialise or the buyers abroad defaulted. The subsidy paid is required to be refunded by the bank.

(ix) *Non-payment of instalments of loan*.—A firm was granted a term loan of Rs. 11.08 lakhs between September 1970 and April 1975 by a bank for export of textile machinery and spares to a foreign country, the repayment of which was to be made in 10 equal annual instalments by the foreign buyer, the first instalment being due on 21st October 1974. The foreign buyer did not pay the instalments due on 21st October 1978, 21st October 1980 and 21st October 1982, and against the instalment due on 21st October 1981, only an amount of Rs. 0.94 lakh was paid.

The repayment was to be made within six months from the due date of the instalment, failing which no subsidy was admissible. The excess subsidy of Rs. 0.46 lakh drawn on these instalments, thus, became inadmissible.

(x) (a) *Adjustment of loan instalments from current account*.—The instalment of Rs. 9.61 lakhs of a term loan granted to a firm, which was due for repayment in September 1974 was actually adjusted by the bank from the current deposit account of the firm in July 1977. The bank, however, claimed interest subsidy amounting to Rs. 0.25 lakh which was inadmissible.

Similarly, in 16 other cases, the bank adjusted instalments of term loans from the current deposit accounts of the exporters and claimed interest subsidy of Rs. 0.21 lakh, which was not admissible.

(b) *Inadmissible subsidy*.—In another case of term loan, the bank charged penal interest from the exporter for the period 2nd July 1979 to 17th July 1980. As no interest subsidy was payable for the period for which penal interest was charged, subsidy of Rs. 0.19 lakh paid to the bank became inadmissible.

(xi) *Non-adjustment of repayment.*—Excess subsidy of Rs. 0.33 lakh was claimed by a bank as some of the credits, relating to repayment of principal against deferred term loan, were not adjusted by it on the dates of their receipt. The excess subsidy is required to be refunded by the bank.

(xii) *Deferred term credit offered in excess.*—An export order for Rs. 97.07 lakhs was to be financed equally by two banks. As per agreement, 90 *per cent* of the total contract value (Rs. 87.36 lakhs) was payable in 16 equal half-yearly instalments. One of the banks extended the deferred term credit for Rs. 54.61 lakhs (as against the admissible amount of Rs. 43.68 lakhs) and claimed subsidy thereon. The excess subsidy of Rs. 0.15 lakh drawn is recoverable.

(D) Other points :

(i) *Subsidy on credits not connected with exports.*—The primary requirement of the scheme is that the credits should either result in or be in connection with export of goods. Three banks, however, drew interest subsidy of Rs. 1.78 lakhs on the credits which were not connected with the export of goods.

(ii) *Records not maintained.*—In accordance with the provisions of the scheme, the banks are required to indicate full particulars of adjustment against each loan. However, during test-check, it was found that 7 banks had not indicated the mode of repayment in 156 cases. In the absence of that information it could not be verified in audit whether the exports had actually materialised and whether the interest subsidy amounting to Rs. 1.82 lakhs drawn in these cases was actually admissible.

(iii) *Subsidy claimed twice or in excess.*—During test-check, it came to notice that (a) 16 banks claimed interest subsidy amounting to Rs. 2.16 lakhs twice over for the same export advance and (b) 48 banks claimed interest subsidy amounting to Rs. 2.78 lakhs in excess due to errors in calculation.

(iv) *Export of de-oiled cakes.*—The RBI permitted grant of packing credit advances to exporters of hand picked selected

(HPS) groundnut and deoiled and defatted cakes, to the extent of the value of raw materials required even if the value thereof exceeded the value of the export order. The advance in excess of the export order was required to be adjusted within a period not exceeding 15 days from the date of advance.

Three banks, however, allowed packing credits for the excess amount for a period exceeding 15 days. The amount of subsidy drawn in seven cases for the period in excess of 15 days, amounting to Rs. 0.69 lakh was, thus, recoverable.

(v) *Export of railway wagons to a foreign country.*—The original contract for export of 3600 wagons by the State Trading Corporation of India (STC) was revised in January 1975 to 1300 wagons. The price of wagons was increased and delivery period extended upto December 1975 from earlier stipulation of July 1973. A bank extended packing credit loan of Rs. 2.95 crores to one of the wagon builders although the maximum amount admissible was Rs. 2.54 crores. Interest subsidy claimed upto 31st December 1980 on the excess amount of Rs. 0.41 crore amounted to Rs. 1.81 lakhs.

The bank also claimed subsidy amounting to Rs. 28.18 lakhs for the period in excess of the maximum permissible period on the credits extended to three wagon builders. The excess subsidy, thus, claimed by the bank amounted to Rs. 29.99 lakhs.

To sum up, interest subsidy amounting to Rs. 78.09 crores was granted to the banks under the scheme during 1976-77 to 1981-82. Test-check revealed that subsidy amounting to Rs. 282.56 lakhs (packing/pre-shipment credits : Rs. 75.80 lakhs, post-shipment credits : Rs. 89.05 lakhs, deferred term loans : Rs. 78.49 lakhs and other items : Rs. 39.22 lakhs) had been drawn either irregularly or in excess of the admissible amounts.

The matter was reported to Government (August 1983); comments are awaited (November 1983).

MINISTRY OF COMMERCE

15. Cash assistance for export of ayurvedic, unani and siddha medicines.

Ayurvedic, unani and siddha medicines are being exported to a number of countries, mainly for use by Indians settled abroad. The major markets are East Africa, Middle East and Sri Lanka.

In 1983, there were 6 exporters of ayurvedic, unani and siddha medicines registered with the basic Chemicals, Pharmaceuticals and Cosmetics Export Promotion Council (CHEMEXCIL) which is concerned with the export of these medicines.

The export of ayurvedic, unani and siddha medicines qualified for import replenishment at 10 *per cent* of f.o.b. value from 1975-76 to 1976-77, 15 *per cent* from 1977-78 to 1981-82 and again at 10 *per cent* from 1982-83 to 1983-84. Cash assistance has been allowed at 20 *per cent* of f.o.b. value from 1st April 1976 to 19th July 1981 and at 10 *per cent* from 20th July 1981 to 31st March 1985. Though the indigenous medicines were exported in three varieties, viz. ayurvedic, unani and siddha, these were clubbed together for publication of the export figures, as per the classification prescribed and adopted, by the Director General, Commercial Intelligence and Statistics (DGCIS), Calcutta. The CHEMEXCIL had also not compiled separate production/export figures. Exports during 1976-77 to 1981-82 were as follows :—

Year	F.o.b. value of exports (Rs. in lakhs)
1976-77	98.00
1977-78	21.78
1978-79	77.60
1979-80	98.33
1980-81	201.45
1981-82 (Upto November 1981)	168.22
Total upto November 1981	665.38

Source : DGCIS, calcutta

2. *Cash assistance decision from* 1976-77 *to* 1978-79.—In January 1976, new guidelines for sanctioning cash assistance were issued which necessitated review of the existing cash assistance rates. The inter-Ministerial Committee, which is also called Cash Assistance Review Committee (CARC), constituted to determine the level of cash assistance on export of different products, decided to continue the existing rates of cash assistance up to 30th June 1976 in its meeting held in March 1976 and also introduced cash assistance on *ad hoc* basis for certain new items including ayurvedic, unani and siddha medicines. The Committee laid down the criteria to be followed in formulating proposals by the Ministry for consideration of the committee for deciding the rates of cash assistance on various items of export beyond 30th June 1976.

Information on all the points laid down in the criteria could not be collected by the Ministry from the CHEMEXCIL, yet they recommended (April 1976) to the CARC that cash assistance at 20 *per cent* on exports of ayurvedic, unani and siddha medicines be continued upto 31st March 1977. The CARC accepted (May 1976) the recommendations of the Ministry and orders to continue cash assistance at the rate of 20 *per cent* of f.o.b. value were issued (June 1976) effective till 31st March 1977. The proposal was not submitted to the Main Marketing Development Assistance (MMDA) Committee which is authorised to sanction cash assistance on a regular basis after assessing the requirements of the product and other aspect connected therewith.

In October 1976, the Ministry, by a general order, extended the cash assistance on these products at the same rate of 20 *per cent* of f.o.b. value upto 31st March 1979.

Thus, the cash assistance introduced on an *ad hoc* basis for a period of only three months (April—June 1976) by the CARC was extended upto 31st March 1979 without analysing the actual requirements of the industry or referring the case to the MMDA Committee. During 1st April 1976 to 31st March

1979 ayurvedic, unani and siddha medicines valued at Rs. 197.38 lakhs were exported attracting cash assistance of Rs. 39.47 lakhs, which was not justified as it was neither based on any detailed cost study after obtaining the requisite cost data from the trade, nor was it authorised by the MMDA Committee.

3. *Cash assistance decision from 1st April 1979 to 30th September 1982.*—On the recommendations (January 1978) of the Alexander Committee, set up by the Ministry of Commerce in November 1977, the pattern of cash assistance was revised. The Alexander Committee recommended cash assistance for a limited period only, particularly for compensation of various types of unrefunded indirect taxes, neutralisation of disadvantages of freight, development of market and initial promotional cost of the export commodity.

The CHEMEXCIL was asked (October 1978) by the Ministry to furnish certain information so as to formulate the policy of cash assistance on this item in the light of the above principles. The council, however, could not collect and furnish the requisite information in respect of a number of items including ayurvedic, unani and siddha medicines. In respect of the items for which proforma details were not received from the export promotion council, the CARC decided (March 1979) that items for which past exports were less than Rs. 25 lakhs, a cut of 50 *per cent* should be imposed and in respect of products with more than Rs. 25 lakhs of export performance, a cut of 25 *per cent* should be imposed. However, in respect of ayurvedic, unani and siddha medicines, the CARC decided (March 1979) to maintain the cash assistance rate of 20 *per cent* for a period of one year (upto 31st March 1980) so as to encourage export of indigenous medicines even though the proforma details were not forthcoming from the CHEMEXCIL.

In March 1980, the CARC again extended cash assistance at the same rate upto March 1981, for the items for which the information was wanting on the ground that the cash assistance rates for these items had already been substantially reduced from April 1979. In the case of ayurvedic, unani and siddha medicines, however, it decided to extend cash assistance at 20 *per cent* upto 31st March 1982.

In April 1981, the Chief Controller of Imports and Exports (CCIE), New Delhi reported to the Ministry that in view of the highly attractive rate of cash assistance on ayurvedic, unani and siddha medicines, certain exporters were exporting crude drugs under the name of ayurvedic medicines only to claim higher rate of cash assistance. He had also apprehended cases of over-invoicing of these sub-standard drugs and expressed his inability to compare the f.o.b. value of exports made by different exporters as each exporter used to give different description of the item according to his own formulation. Accordingly, he suggested that a review of the rate of cash assistance on this item should be done. The matter was placed before the CARC in April 1981, which directed the Ministry to examine the following aspects and report the matter for its further consideration :—

- — the basic considerations on the basis of which cash assistance of 20 *per cent* was fixed for this item from 1st April 1979 and whether the rate would need revision; and
- — whether, even if cash assistance was to be allowed on ayurvedic medicines, crude drugs, involving little or no processing, should qualify for cash assistance.

The CARC considered (June 1981) the note prepared by the Ministry explaining as to how the cash assistance was fixed and their difficulty to indicate the exact quantum of support required for boosting/maintaining the export of indigenous medicines. The CARC, however, felt that there might not be any justification for cash assistance of more than 10 *per cent* unless adequate data were made available by the export-promotion council. The CARC also directed the Ministry to obtain the data for further review. As the data could not be obtained, the CARC decided (July 1981) to reduce the cash assistance to

10 *per cent* of f.o.b. value. Accordingly, orders were issued to reduce the cash assistance to 10 *per cent* with effect from 20th July 1981. During April 1979 to 19th July 1981, ayurvedic, unani and siddha medicines valued at Rs. 363.71 lakhs were exported which attracted cash assistance of Rs. 72.74 lakhs at 20 *per cent* without any justification.

The review of rates of cash assistance on different items of export became due on 1st April 1982. However, in the absence of details, the rates of cash assistance as applicable on 31st March 1982 were extended upto 30th September 1982.

4. *Cash assistance decision from* 1*st October* 1982 *to* 31*st March* 1985.—In September 1982, the CARC considered a note prepared by the Ministry on the basis of data furnished by CHEMEXCIL in respect of only one manufacturing firm for four of its preparations only. The note, among other things, also indicated that restrictions were being imposed by certain countries like USA and U.K. on the import of medicinal preparations based especially on indigenous system of medicines like ayurveda. The CARC recommended a cash assistance rate of 5 *per cent* of f.o.b. value after taking into consideration the disadvantages on taxes not refunded (2 *per cent*), interest on working capital (1 *per cent*) and market development (2.5 *per cent*).

The Ministry, however, decided (September 1982) to continue cash assistance at 10 *per cent* for the period 1st October 1982 to 31st March 1985, ignoring the recommendation of the CARC.

It would, thus, be seen that the Ministry treated a single firm as representative of the whole industry. India, being the principal producer of ayurvedic medicines, could cater to the needs of the Indians settled abroad without any competition in the international markets. There was, therefore, no justification for cash assistance even at 5 *per cent* as no market development was involved.

5. *Export of sub-standard ayurvedic medicines.*—In the case of export of drugs, cash assistance is admissible only on those

items which appear in the Indian Pharmacopoeia, the British Pharmacopoeia and the Pharmacopoeia of USA, etc. and included in the manufacturing licence issued under the Drugs and Cosmetics Act, 1940 (as amended). A case of export by a firm 'A' of sub-standard ayurvedic medicine known as 'Vitality Pills' without being manufactured according to the terms, conditions and specifications laid down in the drug manufacturing licence issued to it by the Government of Maharashtra was brought to the notice of the Ministry by the CCIE in 1981. The DGCIS, Calcutta, did not incorporate exports of 'Vitality Pills' as 'ayurvedic medicines in the export figures compiled and published by him even though cash assistance at 20 *per cent* was paid thereon. The Joint Chief Controller of Imports and Exports (JCCIE), Bombay had paid cash assistance amounting to Rs. 91.98 lakhs on the exports made by the firm during 1978-79 and 1979-80.

In reply to an audit query, the Export Inspection Agency, Calcutta, intimated (May 1983) that the exports of ayurvedic, unani and siddha medicines were not covered under Export (Quality Control and Inspection) Act, 1963. Thus, in the absence of quality control and pre-shipment inspection, crude/ sub-standard medicines had been exported in the name of ayurvedic medicines and irregular payment of cash assistance to the extent of Rs. 91.98 lakhs became possible.

In December 1981, the JCCIE directed the firm, after rejecting its first appeal filed on 9th December 1981 in response to a show cause notice issued to it in November 1981, to refund the amount paid on the grounds that the goods exported were essentially not the same as mentioned in the drug manufacturing licence and also were not manufactured in accordance with the terms and conditions of the licence. A second appeal (February 1982) of the firm against the recovery orders was also rejected by the CCIE in April 1983. The firm had submitted a review petition in May 1983 and the refund was yet (June 1983) to be made.

6. *Quantum of cash assistance.*—Exports of ayurvedic, unani and siddha medicines worth Rs. 665.38 lakhs had been made during 1976-77 to November 1981, on which cash assistance payable would work out to Rs. 122.62 lakhs. Thus, cash assistance which was introduced from 1st April 1976 for only three months was allowed to continue for 9 years (1976-77 to 1984-85) on *ad hoc* basis without any detailed cost study and proper justification.

Despite cash assistance, the industry had not taken any serious steps for evolving a system of quality control to check the export of crude medicines, which might tarnish the image of the industry in the importing countries resulting in imposing of restrictions on such indigenous medicines. The CHEMEXCIL which has been constituted to secure the active association of producers and exporters in the country's export efforts, in respect of chemical items entrusted to it, failed to discharge its duty in providing Government with representative and verified cost data on ayurvedic, urani and siddha medicines.

7. *Summing up.*—The following are the main points that emerge :—

— The inter-Ministerial committee (CARC) was not empowered to introduce cash assistance on either regular or *ad hoc* basis on a new item of export as this could be done only by the MMDA Committee; thus it went beyond its authority in introducing the cash assistance.

— Indian exporters of ayurvedic, unani and siddha medicines were not facing any competition in the international market. The cash assistance (Rs. 122.62 lakhs) paid on *ad hoc* basis from April 1976 to November 1981 without analysis of cost data and disadvantages encountered by the exporters was not justified.

— Instead of withdrawing/reducing the cash assistance, the CARC decided to continue the cash assistance at 20 *per cent* on ayurvedic, unani and siddha medicines with effect from 1st April 1979, whereas in similar other cases the CARC imposed a cut of 50 *per cent*. There was no reason for sanctioning such a higher rate which encouraged the manufacturers to export crude and sub-standard ayurvedic drugs.

— In the absence of quality control and pre-shipment inspection, sub-standard medicines had been exported in the name of ayurvedic medicines and irregular payment of cash assistance to the extent of Rs. 91.98 lahks was made for which recovery orders were issued in December 1981, but no recovery was effected till June 1983.

— The CHEMEXCIL failed in providing Government with representative and verified cost data on ayurvedic, unani and siddha medicines. The data furnished by it in respect of one manufacturing unit in September 1982 could not be considered as representative of the whole industry. The decision of the Ministry to allow cash assistance at 10 *per cent* from 1st October 1982, ignoring the CARC's recommended rate of 5 *per cent* was arbitrary and irregular. Even 5 *per cent* cash assistance was not justified as no market development was involved.

16. Cash assistance for export of steel wire ropes and wire-strands

Cash assistance to promote export of steel wire ropes and wire strands, manufactured mainly from high carbon steel wires (93 *per cent*) and zinc (7 *per cent*), was introduced in 1966-67 and is still available. Two different rates of cash assistance and import replenishment have been prescribed for two identical wire products with no difference in material composition as —

(i) steel wire ropes and wire strands; and

(ii) steel wire products made of wire finer than 0.457 mm and/or of special steel such as high carbon/high tensile steel.

While the rate of cash assistance was lower in the case of wire products, the rate of import replenishment was higher in its case than in the case of steel wire ropes and wire strands excepting during 1977—81 when the rate of import replenishment was identical in both the cases.

The following points were noticed in connection with the grant of cash assistance on these two products.

Payment of cash assistance in excess of cut-off point during September 1967 to September 1972.

Contrary to the recommendation (1966) of the Cabinet Committee on exports prescribing maximum limit of cash assistance at 15 *per cent,* cash assistance was allowed at 20 *per cent* during this period on a total export of Rs. 745.36 lakhs, leading to payment of Rs. 37.27 lakhs in excess of the recommended cut-off point.

Classification of steel wire ropes and wire strands for the purpose of import replenishment from 1977-78.

Prior to 1977-78, the nomenclature of all exportable items entitled to both cash assistance and import replenishment was identical in both the cash assistance compendium and the import policy book. In the orders issued in June 1977 it was stated that steel wire ropes and wire strands made of high carbon steel wire rods would fall under serial No. A-4 of Section II of the import policy book 1977-78, namely 'steel wire products made of special steel such as high carbon/high tensile steel'. By another order issued in December 1977 the exporters became entitled to import replenishment of 60 *per cent* and 50 *per cent* on the galvanised and ungalvanised steel wire ropes and wire strands respectively. No regrouping was, however, done for the purpose of cash assistance and a separate classification for steel wire ropes and wire strands was maintained with a cash assistance of 15 *per cent,* which exceeded the cut-off point formula.

Cash assistance decision 1979—82

When the rates of cash assistance for various items of export were due for revision from 1st April 1979, the Engineering Export Promotion Council (EEPC) forwarded (December 1978) the requisite data, at the instance of the Ministry, relating to three firms which indicated that steel wire ropes and wire strands were made of high carbon steel. The EEPC recommended cash assistance at 15 *per cent* from 1st April 1979. The agenda papers prepared by the Ministry for consideration of the Cash Assistance Review Committee (CARC) did not mention anything about material composition and also the fact that the exporters were enjoying import replenishment at 60 *per cent* and 50 *per cent* on galvanised and ungalvanised wire ropes and wire strands respectively. The CARC fixed the cash assistance at 15 *per cent* for a period of three years from 1st April 1979 which, thus, again exceeded the cut-off point recommended by the Cabinet Committee till 31st March 1981. The amount paid in excess over the recommended cut-off point during 1978-79 to 1980-81 was Rs. 80.07 lakhs. The Ministry stated (October 1983) that it was not possible for the CARC to implement the cut-off formula as the period for which cash compensatory support rates were announced was different from the period for which import replenishment was announced and consequently, the port offices had been issued instructions to restrict cash compensatory support to 25 *per cent* of the value addition by applying a *pro rata* cut in order to implement the cut-off formula. The import replenishment on galvanised wire ropes was, however, reduced from 60 *per cent* to 10 *per cent* from 1st April 1981.

Decision of the Headquarters Classification Committee

Considering the high rate of import replenishment available with the 15 *per cent* cash assistance for these products, Headquarters Classification Committee (HQCC) decided (June 1980) that export of steel wire ropes and wire strands should be eligible for cash assistance at 10 *per cent* of the f.o.b. value as applicable to wire products and communicated this decision in July 1980 to the EEPC and all the licensing authorities under the Chief Controller of Imports and Exports (CCIE). One of the considerations which weighed with the HQCC in arriving at this decision was that the Director General of Technical Development (DGTD) advised classification of this product under serial No. 38 of the cash assistance compendium. As steel wire ropes and wire strands were manufactured mainly from high carbon steel wire rods, there was no need to have a separate classification for it from the very beginning. On account of the introduction of a separate nomenclature for steel wire ropes and wire strands the industry derived an additional unwarranted advantage of cash assistance to the extent of Rs. 304.94 lakhs during 1966-67 to 1981-82 (upto November 1981). The Ministry stated (October 1983) that there was a need to classify these two items separately for the purpose of cash assistance and import replenishment and that the entries which were in existence from 1966-67 had been made at the recommendation of the DGTD.

Review of HQCC's decision

On announcement of the new rate of cash assistance of 10 *per cent* in July 1980, representations were received by the Ministry from the EEPC and one of the major exporters (who contributed 87 *per cent* of the export in 1980-81) for restoration of cash assistance to 15 *per cent* on the ground that there was a specific entry for wire ropes and wire strands in the cash assistance list. The Ministry, after considering the representations, decided (February 1981) that firm 'A' should not be denied cash assistance as claimed by it for exports made prior to 1st April 1979, that in respect of the exports made on or after 1st April 1979 the items should be classified as steel wire products attracting cash assistance of 10 *per cent* and that the import replenishment granted to exporters during 1977-78 and 1978-79 could be adjusted against pending/future entitlements. The Ministry also maintained that cash assistance and import replenishment could not be claimed on different classifications.

On receipt of further representations, the Ministry placed the matter before the CARC for consideration. The CARC decided (December 1981) that since firm 'A' had exported steel wire ropes for which there was a specific entry in the cash assistance list, it would be appropriate to classify the item under specific category of 'steel wire ropes and wire strands' for cash assistance purposes. It was also decided that necessary adjustments for the import replenishment allowed to the firm should be on the basis of classification now decided. The CARC noted that since there was no import replenishment specifically from 1978-79 onwards, the firm was not entitled to any import replenishment and the import replenishment already allowed was ordered to be adjusted against its pending or future entitlements. The CARC also decided to withdraw the clarificatory orders issued in July 1980 on the basis of the decision taken by the HQCC. The above decision of the CARC was conveyed (February 1982 and March 1982) for implementation.

During 1978-79 to 1980-81 import replenishment licences worth Rs. 1124.66 lakhs were issued to 5 major exporters, but no adjustment had been effected so far (June 1983). The Ministry stated (October 1983) that the reduction of import replenishment could not be made in cash as the reduction was to be made from firms' future entitlements and that the office of the CCIE was processing the cases in order to determine the quantum of adjustment of the excess import replenishment.

Cash assistance decision effective from 1st October 1982

Although the review on rates of cash assistance became due on 1st April 1982, the rates of cash assistance in force on 31st March 1982 were extended up to 30th September 1982 in the absence of details from various Export Promotion Councils. The CARC decided (September 1982) to fix the rate of cash assistance at 10 *per cent* of the f.o.b. value on export of steel wire ropes and wire strands including wire products made of special steel such as high carbon/high tensile steel. The Ministry, however, fixed the rate at 12 *per cent* from

1st October 1982 to 31st March 1985, ignoring the recommendation of the CARC without adequate justification. According to the recommendations of the Alexander Committee (January 1978), cash assistance on an item of export should not continue indifinitely, but should be available only for a limited period during which the relevant disadvantages could be eliminated by conscious efforts. Continuance of cash assistance on steel wire ropes and wire strands from 1966-67 upto March 1985 is contrary to this recommendation.

Export replenishment for 1981—84

From 1981-82 separate classification for 'steel wire ropes' was given in the import policy book but 'wire strands' made from high carbon steel continued to get higher percentage of import replenishment. The omission to link wire strands made from high carbon with that of wire ropes resulted in the drawal of higher import replenishment by the exporters against the export of wire strands and consequential drain on the foreign exchange reserves. In the case of one of the major exporters (firm 'A') alone, the excess import replenishment claimed during 1981-82 was Rs. 2.81 lakhs.

Summing up.—The following are the main points that emerge :—

— The Ministry/CCIE failed to restrict the payment of cash assistance on the export of steel wire ropes and wire strands to the cut-off point, which resulted in the excess payment of Rs. 117.34 lakhs during 1967—72 and 1978—81.

— Steel wire ropes and wire strands were mainly made from high carbon steel wire rods and there was no need to classify the two items 'steel wire ropes and wire strands' and 'steel wire products made of wire finer than 0.457 mm and/or of special steel such as high carbon/high tensile steel' separately for the purpose of cash assistance and import replenishment from 1966-67. The omission to classify the 'steel wire ropes and wire strands' according to its material composition led to an unwarranted payment of cash assistance of Rs. 304.94 lakhs since June 1966.

— By reversing the decision of the HQCC, Government yielded to the demand of the exporters against the recovery of over-payment of cash assistance which was drawn by them by adopting dual nomenclatures for cash assistance and import replenishment.

— Due to different nomenclature for cash assistance and import replenishment beyond 1977-78, the exporters claimed excessive import replenishment. Even though orders for the adjustment of excess drawal of import replenishment by exporters had been issued (February 1982 and March 1982), no adjustment had been made so far (June 1983) against excessive import replenishment licences worth Rs. 1124.66 lakhs issued to five major exporters.

— The decision to grant cash assistance at 12 *per cent* of f.o.b. value as against 10 *per cent* recommended by the CARC from 1st October 1982 was un-justified.

— Cash assistance for export of steel wire ropes and wire strands was introduced in 1966-67 and has been sanctioned upto 31st March 1985. This is contrary to the recommendations of the Alexander Committee (1978).

— Even though separate classification had been given to 'steel wire ropes' in the import policy book from 1981-82 to 1983-84, wire strands made from high carbon steel continued to enjoy more import replenishment than 'steel wire ropes' which is not justified.

17. Sale of Tea at concessional rates.

India Tea Centre, London, was established in November 1963 by Tea Board of India, to publicise and to promote Indian tea in U.K. As part of its activities the India Tea Centre London buys quality tea of different varieties from producers and exporters in India and sells them to the public at its counter. The selling prices of the packed tea are fixed from time to time on the basis of cost plus handling charges and also keeping in mind the prevailing prices of similar tea in the retail market.

The Centre had sold during the period from November 1979 to October 1982, tea to certain parties/individuals at rates lower than those fixed for sale at the counter. Different varieties of tea valued at approximately 62,880 pounds sterling (at the prescribed selling rates) were sold to 9 parties for about 41,920 pounds sterling resulting in a loss of about 20,960 pounds sterling (Rs. 3,31,170 at the rate of £ 1 = Rs. 15.80) to the Tea Centre. Three parties accounted for 78 *per cent* of the total loss. No specific orders or instructions of the Director Tea Promotion London/Tea Board Calcutta for selling tea at lower rates were available. The Tea Centre, London, maintained that the tea has been sold to concerns/individuals as prospective importers and that too after persuading them, to consider investing and importing tea directly from India. The following observations are relevant in this connection :

(i) There are no contemporary records to indicate the information/data based on which the parties concerned were chosen as prospective importers. No information regarding the market capability/experience of the parties would appear to have been obtained and examined before effecting concessional sales to these parties. No commercial intelligence on these parties was obtained by the Director Tea Promotion by his own efforts or through the commercial wings of the Indian Missions concerned.

(ii) No machinery exists in the Tea Board/Tea Centre for monitoring or obtaining feed back information regarding export promotion/sales of Indian tea achieved through the efforts of these parties to whom the benefit of concessional sales price was extended ostensibly for the said purpose. Without making any assessment of the sales promotion efforts made by these parties, tea were sold at concessional rates to some of them on successive occasions.

(iii) Tea was sold to these parties in large quantities instead of in small quantities as introductory offer as is usually done, to assess the market-capability of the parties.

(iv) Substantial quantity (27.12 *per cent* by value of total concessional sales) was sold to one individual who does not appear to have been connected in any manner with Tea Export Trade. The other parties to whom the sales were made include a restaurant, a local government establishment, a firm which was already importing large quantities of tea from different concerns in India and an Air Company.

The matter was reported to the Ministry of Commerce and the Tea Board (July 1983); their replies were awaited (October 1983).

MINISTRY OF EXTERNAL AFFAIRS

18. A. Purchase of properties and furniture by High Commission of India, London

In order to provide free furnished residential accommodation as per prescribed scales to Government officials serving outside India, the Government decided in 1978 to acquire built up properties for official as well as residential use. The guidelines issued by Government (January 1979) provided, apart from aspects of security and location, structural soundness, conformity of the plinth area available to prescribed norms, clearance from legal angle in regard to encumberances and owner's title, and economic viability on the basis of projections of rents over a period of time. The proposals for acquisition of properties to the Ministry of External Affairs were required to be sent with certificates from professional evaluators regarding structural soundness of the property as well as value and certificate from lawyers regarding owners' title to the property in question.

The High Commission of India, London incurred an expenditure of Rs. 4.94 crores (including Rs. 37.64 lakhs on furniture and furnishings) during 1980-81 and 1981-82 on purchase and furnishing of 63 built up properties in London and 1 property in Liverpool. A review in Audit of the purchase of property and furniture disclosed the following irregularities :—

(i) For acquisition of properties involving substantial amount, a Senior Civil Engineer of CPWD with the rank of First Secretary was posted to the High Commission. The HCI issued one advertisement in the Financial Times in July 1979 and another in Evening Standard and Estate Gazette in January 1980. Further, the Administrative Officer (Housing) had recorded in March 1979 that he had contacted telephonically certain developers/Estate Agents. Excepting these, there was nothing on record to establish that HCI conducted any broad-based survey to ascertain availability of suitable properties, as well as market trends of property values.

(ii) The properties purchased were located on the basis of information supplied by officers of HCI, offer of vendors or developers of property on telephonic conversation. In view of this restrictive methodology adopted for selection of properties, it is not possible to establish that the properties purchased by the High Commission of India were the best bargains for the price paid.

The HCI in reply to Audit query in this regard maintained "that all round efforts were made to find suitable properties in the desired locations". It has been further mentioned "........ we saw dozens of properties and only after convincing ourselves regarding the location and suitability of a particular property we proceeded with the purchase in each case".

There is, however, no contemporary record to establish any extensive survey having been made to locate suitable properties.

(iii) For the purpose of evaluation of the properties in London and furnishing certificates regarding their structural soundness, the HCI obtained the services of M/s. "D" Chartered Surveyors, stated to have been recommended by the Royal Institute of Chartered Surveyors. They were paid a sum of £ 946.59 for the services rendered by them for four properties for which Ministry's sanction is yet to be obtained.

The Surveyors who had conducted inspections of the various properties at the preliminary, intermediate and final stages of construction had not given categorical certificates of structural soundness of the properties at the time payments were made therefor to the builders/agents. The Surveyors had, in fact, made a number of observations on various aspects of the constructions of the properties. The HCI, however, made payments of full value of the properties between February 1980 and September 1981 without obtaining categorical certificates from the Surveyors that all their observations had been complied with and that the Constructions are structurally sound. On this being pointed out in Audit, the HCI obtained from the Surveyors on 20th July 1982 a general certificate of structural soundness covering all the 63 properties in London. This belated certificate merely regularised a *fait accompli* situation.

No detailed evaluation reports with reference to plans, drawings, specifications and materials used had been obtained from the Surveyors in regard to all the properties. While factual Evaluation Reports (indicating *inter alia* that asking price for the properties were reasonable) were obtained in respect of few properties, no evaluation reports whatsoever were obtained and kept on record in respect of few other properties.

(iv) The HCI incurred an expenditure of Rs. 37.50 lakhs in purchase of furniture and furnishings for the properties purchased in London. The irregularities noticed in the purchase of furniture and furnishings are as under :—

(a) In all cases the provisions of General Financial Rules requiring purchase of items of stores costing more than Rs. 10,000 by following open tender procedure were ignored. The reasons for non-compliance with the requirements of the rules were not on record nor was sanction of competent authority obtained.

(b) In all cases even the procedure of limited tender enquiry was not followed. No written enquiry giving details of furniture and furnishings, carpet and other misc. items required were sent to the firms for obtaining the rates therefor. Rates were obtained by contacting individual firms on telephone or otherwise. There was nothing on record to show that the specifications of the required items/articles and quantities thereof were furnished to the firms. As a result the firms quoted for articles of varying description and quality. As such no proper comparison of rates could be made.

(c) Instead of making the tender enquiries as broad based as possible, HCI confined its enquiries to a limited number of firms (seven in all). Out of this list of seven firms only 2 or 3 firms were approached to give estimates for various items for various properties. The reasons for limiting enquiries to only these particular firms were not on record. In reply to Audit query on the subject, HCI explained that 2 firms were selected on basis of discussions with various suppliers and furnishing agencies; of this one firm had been supplying furniture for over a decade to 9 KPG (Embassy Residence) and their quality was found to be high while the other firm was one of the biggest stores in London advertising continuously on the radio; one firm was suggested by a Builder and one firm sent proposals on its own.

(d) The Ministry of External Affairs in their telex messages dated 20th December 1979 and 1st January 1980, in connection with purchase of furniture for the houses at location 'X' directed HCI :—

(i) to float tenders for all the furniture items in order to achieve economies ;

(ii) to keep in mind scale and norms laid down for furniture and furnishing items ; and

(iii) to include only furniture/equipments of functional design and reasonable cost.

HCI also intimated the Ministry in telex of 2nd January 1980 that it was proceeding with purchase in the best interest of Government in anticipation of sanction "through a Committee of Minister (Consular), counsellor (Administration) and our engineer First Secretary." This was approved by the Ministry. In actual fact, however, the purchase proposals pertaining to the location 'X' alone were considered by a Committee to a limited extent. In all other cases, the purchase proposals were processed by the First Secretary (P&M) and got approved by DHC/AHC.

(e) Despite the requirement of IFS (PLCA) Rules and the directives of the Ministry to procure only items within scale, large number of non-scale items were purchased. A few are listed below :

Sl. No. Article	No.	Value
(*i*) Teak Wall Unit	67	£7248 .07
(*ii*) Ironing Tables/Boards	54	£629 .06
(*iii*) Kitchen chairs	12	£135 .00

The Mission stated in reply to Audit Memo that "formal sanction of Government will, if considered necessary, be sought ....the items supplied are in fact offset against others not supplied".

(f) Refund of Value Added Tax obtainable in case of purchases relating to the period 1980-81 to 1982-83 were not obtained in all cases. Refunds amounting to about £ 24500 in respect of furniture purchases are yet to be obtained.

HCI stated that the matter was being pursued with the U.K. Government. VAT refund estimated at £ 2398, in respect of furniture purchased for Warren Close Houses could not be claimed from the U.K. Government as the supplier expressed his inability to certify that the goods sold by him were of U.K. manufacture as after initial supply "many of the items were exchanged and in fact re-exchanged".

(g) Although full payments have been made to the supplying firms, none of the items for which payments have been made have been taken to stock. No Stock Register is also being maintained. Further, Inventory of the articles supplied to the occupants of the various properties have not been prepared and furnished to the occupants and their acknowledgements obtained by the Mission. Inventory Registers duly verified are yet to be opened in respect of furniture items provided in the various properties. The HCI explained that this work was in arrears on account of inadequacy of staff.

From the facts mentioned in the foregoing paragraphs, it cannot be said that the rules and procedures were fully observed and property, furniture and furnishing procured were the best buys for the price paid. No broad based survey was undertaken to locate suitable properties. The final payment was made even before obtaining the final structural soundness report from the Surveyors. The Evaluation reports were not obtained in all cases and those obtained were not based on plans drawings, specifications and material used.

As regards purchase of furniture and furnishing, not only were the open tender procedures ignored but also the procedure of limited tender enquiry was not fully observed. Tender Enquiry was limited to only seven firms in all. No written enquiry giving full details of articles to be purchased *i.e.* description, quantity, quality etc. was furnished to firms. The purchase Committee constituted for the purpose did not consider the proposals except in case of one property at Warren Close. VAT refunds in many cases had not been obtained. The Government has not thus derived best benefit out of an expenditure of nearly Rs. 5 crores on purchases of properties and furniture.

B. Delay in occupation of houses and avoidable expenditure on rent

(i) *High Commission of India, London*

Most of the houses that were purchased were allotted to and occupied by officials after considerable lapse of time. The delay in occupation of the houses ranged from 2 weeks to 37 weeks after they were certified fit for occupation by the Surveyors. As a result, during the period the houses were not occupied, officials continued to occupy rented/leased accommodation involving expenditure of about Rs. 6.87 lakhs on rental charges of the leased houses. The additional expenditure on rent of leased houses in cases where the delay in occupation exceeded four weeks was about Rs. 5.14 lakhs.

The High Commission of India stated that delay in occupation of these houses was due to time required for provision of security items like latches, made to order curtains for windows, furniture, gas cooker, telephone etc. It may be mentioned that there was a full fledged department (Project and Maintenance) under the exclusive charge of an officer of the rank of First Secretary to attend to all matters connected with purchase of property, their maintenance etc. in the High Commission of India.

(ii) *Embassy of India, Moscow*

It was noticed that out of the residential buildings taken on lease by the Mission, two flats remained vacant, one for

5½ months and the other for 12 months. The first flat was hired in August 1980 for an Attache whose posting did not materialise and this was subsequently allotted to another officer in February 1981 after a lapse of five and a half months. The second flat was vacated by a Counsellor of that Mission in April 1979 on his transfer. As his substitute was not likely to be posted for the next four months, the Ministry of External Affairs directed the Mission in May 1979 to surrender the said flat. The Ministry directed the Mission again in July 1979 to surrender this accommodation forthwith to avoid further infructuous expenditure on rent of this flat, but the Mission did not act on the directions of the Ministry on the grounds that once the flats were surrendered it would be difficult to get them back again whenever officers were posted. This stand is not tenable as the Mission is provided with housing by Governmental Agency and no case of difficulty in this regard has been observed. The Mission incurred an infructuous expenditure of Rs. 0.67 lakh on payment of rent of these two flats.

According to the existing orders whenever accommodation is available with the Mission, the officers posted to that Mission on their first arrival should be accommodated in such vacant residential buildings/flats, whether it is in accordance with the entitlement of the officers or not and they should not be put up in a hotel. During the period when one of these flats and another transit flat were lying vacant, an officer joined the Mission on transfer. Instead of accommodating him in one of the two vacant flats, he and his family members were put up in a hotel for a period of 15 days.

19. **Acquisition of properties abroad.**—With a view to checking expenditure on account of increasing rents of buildings abroad, Government decided (April 1976), as a matter of policy, to acquire/construct property abroad for office as well as residential use of Indian missions. Land was acquired at the following places for construction of buildings during 1959 to 1979 at a total cost of Rs. 51.11 lakhs, excluding cost of a plot at Brasilia gifted by the Brazilian Government and a plot at

Kuwait obtained on exchange basis :

Serial number	Mission/country	Purpose for which land acquired	Year of acquisition	Area of the plot of land	Cost of land	Annual rent paid for hired building during 1979-80	1980-81	1981-82	1982-83
1	2	3	4	5	6	7(a)	7(b)	7(c)	7(d)
				(Hectares)				(Rupees in lakhs)	
1.	Port of Spain (Trinidad and Tobago)	Residence of High Commissioner	1959	0.21	0.08	2.65	2.65	3.46	4.29
2.	Ankara (Turkey)	Chancery building and staff residences	1962	*1.20	3.49	1.76	5.52	6.50	3.50
3.	Kabul (Afghanistan)	Chancery building embassy residence and staff residences	@1962	1.91	1.98	7.47	7.49	7.10	7.00
4.	Brasilia (Brazil) .	—do—	@1965	2.50	Gift	12.98	10.57	9.75	6.50
5.	Islamabad (Pakistan)	Embassy, Chancery and other residences	1971	4.34	9.60	20.99	20.56	15.06	22.50
6	Kuwait	Chancery and embassy residence	1974	0.04	Exchange	5.71	6.89	6.89	6.89
7.	Bangkok (Thailand)	× Chancery and residence	1974	0.70	30.11	6.32	7.09	8.39	9.80
8.	Lusaka (Zambia)	Chancery building	1975	0.73	0.77	1.30	1.25	1.25	1.44

1	2	3	4	5	6	7(a)	7(b)	7(c)	7(d)
9.	Colombo (Sri Lanka) .	**Chancery building and staff residences	1979	1.42	5.08	0.65	1.07	1.07	0.27
		TOTAL :			51.11	59.83	63.09	59.47	62.19

*0.08 hectare utilised in 1964 for construction of embassy residence.

**For Architectural reasons, the scope of the Colombo Construction Project is being revised and only the Chancery building is proposed to be constructed now. Rent shown in column 7(d) includes rent of chancery only.

@A separate building for embassy residence was purchased in 1978. Rent shown in column 7(a), 7(b), 7(c) and 7(d) includes rent of chancery building and staff residences only.

×Chancery building constructed and in use since March 1980.

Construction of buildings on these plots has not commenced till March 1983. Although substantial provision in the Budget of the Ministry was made for building construction during the year 1979-80, 1980-81 and 1981-82, no allocation was made for construction on most of these plots, and even in case where there was some allocation, there was no actual utilisation. The actual capital outlay on building construction during 1979-80 and 1981-82 was about 65 and 51 *per cent* of the Budget provisions respectively of those years. There was thus no constraint of resources.

According to the Ministry (January 1982), the delays in construction were due to (i) purely local reasons like problems of payments for plots, reconciliation of requirements with local regulations, political developments, difficulty in obtaining services of suitable local architect and contractors etc. (ii) consultation with a number of authorities in India before concept plan of the proposed construction at Islamabad and Colombo could be finalised and (iii) suggestion of the Ambassador to construct Embassy residence instead of residential quarters at Bangkok.

The Ministry further stated (May 1983) that construction in Ankara has commenced, in Lusaka about 40 *per cent* of the work has been completed, in Colombo and Islamabad bids received were under scrutiny, decision to construct residential quarters at Bangkok has been taken and in Port of Spain construction project has been approved.

In the meantime, on account of delay in construction, the Government continued to incur expenditure on rentals on hired buildings and the expenditure reported was Rs. 59.83 lakhs in 1979-80, Rs. 63.09 lakhs in 1980-81, Rs. 59.47 lakhs in 1981-82 and Rs. 62.19 lakhs in 1982-83. The register of periodical charges maintained by the Ministry being incomplete, the figures of rent reported to have been paid could not be verified in audit.

20. Purchase of property by Embassy of India, Brussels at higher cost and delay in disposal of the existing property

The Embassy of India, Brussels purchased a property in October 1968 at a cost of about Rs. 15 lakhs for locating its office. Subsequently, this building was found to be inadequate and the Mission was authorised in 1978 to purchase a new office building on the condition that the existing building would be sold early. The deal did not materialise as the local Municipal laws did not permit any additional construction. A team of officers of the Ministry of External Affairs visitied Brussels in March 1980 to examine the Mission's proposal to shift its office to a more suitable location. The team inspected one vacant plot of land and one existing building and recommended purchase of the existing building. It suggested that subject to market evaluation by the best evaluator in Brussels, the price should be brought down by negotiation to B.F. 65 million (Rs. 1.625 crores).

Accordingly, the property was evaluated by three agencies including one bank. The bank indicated the market value of the building only at B.F. 35 million. The two other surveyors/experts evaluated it at B.F. 54 million and B.F. 52.6 million respectively.

In March 1980 the Mission informed the Ministry of External Affairs that in view of considerable difference in the value of the property indicated by the bank and by surveyors/experts, it had located another surveyor whose findings would be able to help in determining the final price. The Mission then asked another expert to evaluate the property by the end of month. This expert evaluated (March 1980) the property at B.F. 65.5 million. The Mission then negotiated with the owner of the property and the purchase price was settled at B.F. 60 million in May 1980. The sale deed was executed in August 1980 and after completion of repairs, alterations and additions costing Rs. 24.82 lakhs, the Mission moved into the newly purchased building in January 1981.

The following points were noticed in audit :—

(a) There is no evidence to support that the Mission made extensive survey to locate a suitable property, particularly in the light of the opinion of an expert surveyor obtained by the Mission in July 1980 about the depressed condition of the real estate market, specially of office building, in Brussels from the beginning of 1930. The Mission confined itself to processing only one proposal for purchase of a built up property which alone was shown to the team visiting from India in March 1980.

(b) The basis on which the team suggested that the price of the property should be negotiated down if possible to B.F. 65 million was not on record. Although there were differences between the valuation by the two experts, the logic of getting advice from another expert and relying on his valuation at a higher figure of B.F. 65.5 million would appear to be arbitrary. Even with reference to the earlier higher valuation of B.F. 54 million, the settlement of the purchase price at B.F. 60 million was a definite disadvantage in a situation of falling real estate market in Brussels.

(c) The building was constructed in 1953 and all the evaluators had indicated that it would require repairs and modifications. The First Secretary (P&M) Indian High Commission, London estimated cost of repairs/alterations/additions as B.F. 14.30 million. No detailed estimate of cost of repairs/additions/alterations to the building were prepared by the Mission and approved by the Ministry before or after the purchase of the new building. The Ministry suggested in May 1980 that the owner should be persuaded to do the repairs at his cost, the expenditure on additions and alterations should be kept to the barest minimum and economy in expenditure may be effected by surrendering posts of messengers, guards, etc. The Mission did not make any effort to get the repairs done by the owner. However, it incurred expenditure of Rs. 24.82 lakhs on repairs, modifications, additions, etc. without approval of the Government. The Ministry which accorded *ex-post-facto* approval in January 1982 observed (June 1981) "that this is a clear case where the Ambassador had acted beyond his powers... However, since the expenditure has already been incurred and the Government has been presented with a *fait accompli,* the Ministry have agreed to the expenditure being regularised".

(d) One of the reasons for the visiting team recommending the purchase of this building was that it had potential to provide one or even two apartments for class III staff and the team had anticipated a saving of Rs. 25 lakhs on this account. The Mission has, however, not used any portion of the building for providing residential accommodation for any Class III staff.

As enjoined in the authorisation given by the Ministry of External Affairs to purchase the new building in July 1978, the Ministry's clearance to purchase the new building in 1980 was also on the specific pre-condition of selling the existing building. The Mission was shifted to the new building in January 1981. Between July 1978 and March 1983 the Mission and the Ministry alternately considered proposals for sale of the building and its conversion as staff apartments without really making up the mind. In the meanwhile, office property values had gone down in Brussels and this property which was valued at B.F. 11 million in October 1978 was valued in July 1980 by the same valuer at B.F. 10 million. In March 1983, the Mission received an offer for only B.F. 6 million for this property indicating further significant fall in property values in Brussels. During the entire period from January 1981 to September 1983 the property remained vacant and the Mission incurred an expenditure of B.F. 10.55 lakhs (Rs. 2.58 lakhs) on heating and other common charges. It may be mentioned that the three other Government of India offices in Brussels are located in leased premises incurring annually Rs. 5.40 lakhs as rent. No serious efforts would appear to have been made to see whether any of these offices could be shifted to this building.

Ministry stated (November 1983) that the Mission was making vigorous efforts to find out the cost of converting the old building into optimum number of residential flats and was preparing a specific proposal for conversion, and due to shortage of space it would not be possible for the Mission to provide residential accommodation to any Class III staff in the new building premises.

21. **Purchase of residential building at San Francisco**

The residence leased for the Consul General was not being satisfactorily maintained by the landlord. He was also not agreeable to extend the lease. A proposal for purchase of a residential building at a cost of $ 2,85,000 for the Consul General was, therefore, made in January 1977 to Ministry of External Affairs. This did not materialise and another proposal for purchasing a house (year of construction; 1951) for $ 2,75,000 was sent to the Ministry in January 1978. The purchase was strongly recommended by India's Ambassador in Washington in view of the location of the house, state of maintenance and the possibility of appreciation in the value of the house in course of time. The proposal was turned down by the Ministry (February 1978) on the ground that it was uneconomic. According to Government the economic cost was assessed between $ 1,25,000 and $ 1,60,000. The instructions of the Ministry regarding calculating the economic cost for purchase of property were circulated in May 1978. The Consulate pointed out in February 1979 that the rent paid for the Consul General's house was unrealistically low as no alternative accommodation was available at that rent. The working of the economic cost on the basis of such rent paid would, therefore, be unrealistic. The Consulate considered that a reasonable estimate for purchase price would be $ 3,00,000.

In August 1979, the Consulate proposed purchase of a house for $ 4,50,000 but was advised by the Ministry (September 1979) to locate a house within a maximum ceiling of $ 3,00,000. The ceiling was considered impracticable by the Consulate. They pointed out that the Consul General's residence, which was offered (March 1976) by the previous owner to the Government of India for $ 1,50,000 prior to its sale to the present owner, was estimated to cost about $ 4,50,000. The Consulate sought (September 1979) a ceiling of $ 4,50,000 for purchase of a house. The Ministry raised the ceiling to $ 4,25,000 in March 1980.

Two more attempts (April-May 1980) by the Consulate to purchase fell through even after offering prices ranging between $ 4,50,000 and $ 4,60,000, as the houses were bought for higher amounts by other parties. In May 1980, the Consulate sought the Ministry's approval for purchase of another house available for $ 6,50,000 with surplus land measuring 6,000 Sq. ft. attached to it which could be sold for $ 1,00,000 to $ 1,25,000 Ministry approved the purchase, if the price could be settled at $ 6,00,000 and directed a team of officers to finalise the deal. As the owner was not willing to accept a price below $ 6,25,000 fresh clearance was sought from the Ministry who enquired whether an immediate buyer for the surplus land would be found. On being informed by the Consulate that an immediate buyer could not be guaranteed, the Ministry turned down (September 1980) the proposal. The ceiling was raised to $ 5,50,000 in December 1981, and again between $ 5,50,000 and $ 7,50,000 in March 1982. A house (year of construction; 1927) was finally bought for $ 7,50,000 in May 1982, although the economic cost worked out to only 2,40,000.

As early as in May 1976, the high rentals in San Francisco area were brought to the notice of the Ministry. The Consulate has also informed the Ministry in August 1979 that real estate value in San Francisco had increased by about 30 per cent in one year. On account of rigid adherence to a formula and an inadequate appreciation of local factors, Government had lost an attractive offer in January 1978 for purchase of a comparatively new house for $ 2,75,000 and ended up by purchasing an order house (constructed in 1927) for $ 7,50,000 resulting in an extra expenditure of $ 4,75,000 (Rs. 44.17 lakhs). The rent paid during the period from February 1978 to May 1982 was $ 71,837 (Rs. 6.11 lakhs).

22. **Over-stocking, pilferage and purchase of sub-standard paper.**—Against the average annual consumption of 108 reams of kraft|manila|wrapping paper during 1975-76 and 1976-77, the details of indents placed on the Stationery Office, Calcutta, by the Ministry of External Affairs, the supplies received, issues made and closing balance of such paper were as follows :—

Year	Indent placed	Supplies received (REAMS)	Issues made	Closing balance
1977-78	1,425	592	319	367
1978-79	11,000	628	684	310
1979-80	8,300	151	298	163
1980-81	2,500	2,161	157	2,167
1981-82	20	200	189	2,178

The steep rise in the issue of paper during 1977-78 to 1979-80 was on account of bulk issues made to certain Sections, divisions, individuals of the Ministry and private firms. The Minstry could not produce for audit the accounts of utilisation of 480 reams (value : Rs. 1.15 lakhs) of paper issued to private printers|stationers during these years.

While placing the indent for 8,300 reams in March 1979 for the year 1979-80, the Ministry certified that the indent was prepared with due care after thorough scrutiny and on the basis of consumption during the last three years. The average consumption for the three years ending 1978-79 was, however, only 353 reams. The stock in hand was indicated by the Ministry in the indent as 7 reams. However, the book balance, which was incorrectly shown at a reduced figure, was 272 reams at that time. The actual balance was 310 reams. The position indicated in the indent did not apparently conform to the facts.

The stock balance as on 31st March 1982 was 2,178 reams (value : Rs. 5.24 lakhs). Based on the actual average issue of 215 reams during 1979-80 to 1981-82, the stock was almost equivalent to 10 years' requirement. Apart from inventory carrying cost, the accumulation of heavy stock is fraught with the risk of deterioration in quality. The high stock position was brought to the notice of the Ministry at the time of Local Audit during September 1980 to January 1981. The Ministry cancelled (July 1981) the pending supply order for 2,849.5 reams pertaining to 1979-80.

Against the actual indent of 8,300 reams for 1979-80, the Stationery office, Calcutta, directed four firms, including a Lucknow based firm, to supply 5,097 reams of paper (value : Rs. 6.49 lakhs excluding excise duty). The order on the Lucknow firm was placed in October 1979 for supply of 121 reams of kraft paper. The firm supplied in November 1979 a sample to the Ministry for approval and requested that if the paper was not found suitable, the stationery office may be advised to cancel the order. Although the Ministry informed the firm in November 1979 that the sample was of very poor quality yet it was approved on the ground that there was no alternative but to accept it as the need was urgent. The consignment was received from the mill on 23rd January 1980. While forwarding a random sample of the consignment to the Inspection Wing of the Stationery office for test on 5th April 1980, the Ministry stated that they had found the paper according to the specifications. The Inspection Wing of the Stationery office, however, found (May 1980) the paper to be of sub-standard quality because of the lower breaking length and presence of mechanical pulp and some specks on the sheets. According to the instructions in the rate contract, the samples were required to be sent by the Ministry for inspection within 10 days from the date of the receipt of the consignment (23rd January 1980) and complaint about the sub-standard quality of paper was required to be lodged with the mill within 45 days from that date. As the sample was sent to the Inspection Wing only on 5th April 1980, the formal complaint with the mill could be lodged on 6th May 1980. The full payment of Rs. 0.58 lakh for the supply was made by the Ministry without affecting any price reduction. Several defects like non-maintenance of stock register according to the quality and specification of different types of paper, use of erasures and over-writings, casting the total in pencil, omission to strike the balance etc. were noticed. No internal check or physical verification of stock was carried out during the period covered by audit.

The Ministry informed (February 1983) that the actual stock balance on 30th September 1982 was 1,734 reams against the book balance of 2,165 reams involving a shortage of 431 reams (Value : Rs. 1.04 lakhs). The Ministry further informed (September 1983) that records for 1980-81 and 1981-82 had been handed over to Vigilance unit for investigation.

23. Idle cash balances in Indian Missions abroad.

Financing arrangements

The Indian missions abroad except in Nepal are financed by remittances through banks on the basis of periodical authorisations by the Ministry of External Affairs. The Embassy of India, Kathmandu, obtains funds directly from the Reserve Bank of India, Calcutta. The remittances are designed to ensure that the monthly closing balance of the mission does not exceed its six weeks' net average requirement for recurring expenditure. Special remittances are also made, but if they remain unutilised for over two months, the additional funds are to be adjusted by suitable reduction in the amount of the normal monthly remittance to the mission.

With a view to keeping an effective control over the remittances to the missions and to avoid accumulation of large cash balances abroad, the missions are required to send to the Ministry a monthly report, in the prescribed form showing the cash balance held (in hand as well as in the bank) alongwith certificates to the effect that (a) the sum asked for was limited to six weeks' net recurring expenditure (after taking into account the closing balance); (b) in the case of non-recurring expenditure the amount was required for disbursement during the next two months, and (c) the funds required were within the sanctioned budget provision/financial limit.

2. Control over cash balance reports

2.1 Test check (May 1983) of the records in the Ministry for the period 1980-81 to 1982-83 relating to 84 missions revealed that not a single mission sent the monthly report in time for all the 12 months in the years 1981-82 and 1982-83. Table below indicates the position in regard to receipt of reports from the missions :—

Statement of flow of receipts	No. of missions		
	1980-81	1981-82	1982-83
No report	32	45	29
1 to 3 months in a year	11	37	6
4 to 6 months in a year	9	2	16
7 to 9 months in a year	12	Nil	32
10 to 11 months in a year	18	Nil	1
12 months in a year	2	..	..
	84	84	84

2.2 The Ministry did not maintain any register to keep a watch over the regular receipt of cash balance reports (CBRs) till March 1983. The Ministry stated (September 1983) that a register for the purpose was being maintained since April 1983.

2.3 Scrutiny of a few CBRs revealed discrepancies between the closing balances of previous month and the opening balance, expenditure incurred during the month and accounting of the consular and other receipts. While proposing monthly requirements, the missions did not furnish the budget grants of all the wings and the anticipated receipts and payments in Indian rupees. The prescribed certificates were also generally not furnished. The Ministry neither asked for details in support of the monthly requirements, nor was it aware of the expenditure of all the wings before authorising remittances. The Ministry stated (September 1983) that they had reiterated (June 1983) their instructions to the missions to work out their monthly requirements taking into account the budget estimates of all the wings and their anticipated receipts etc. Remittances were authorised by the Ministry to six missions despite there being heavy balances with the missions. The Ministry remained unaware of the correct cash balance and only in cases where the missions specifically asked for stoppage of remittances for adjusting excessive cash balances, the Ministry acted upon the request.

3. *Accumulation of large cash balances resulting in loss of interest.*—26 out of 40 missions test checked were found holding balances far in excess of their authorised six weeks' average expenditure. The total average monthly cash balance held in excess over the six weeks' average expenditure in these missions was Rs. 327.97 lakhs (160 per cent) during 1982-83. The exact amount and the month/year from which the excesses continued could not be determined from Ministry's records due to non-receipt|irregular receipt of CBRs.

3.1 The cash balances held by the Embassy of India, Surinam at Paramaribo during the period March 1978 to December 1981 were far in excess of normal requirements, such excesses ranging from 269.55 *per cent* in March 1978 to 1433.29 *per cent* in March 1980. The loss of interest, calculated at the rate of 10 *per cent* per annum, worked out to Rs. 4.28 lakhs for the period 1978-79 to 1981-82.

3.2 A remittance of US $ 6 lakhs (Rs. 57.83 lakhs) was made at the instance of the Ministry to the mission in Beirut for purchase of property in Damascus. The amount was received by the mission in May 1982 and remained unutilised (June 1983). The Ministry noticed (November 1982) that the mission was holding excessive cash balance following which investment in the form of short term deposits was made in January 1983. The injudicious remittance of US $ 6 lakhs to the mission in Beirut for purchase of property in Damascus and failure to take timely action for its investment resulted in loss of interest of US $ 29,750 (Rs. 2.97 lakhs) calculated @ 8.5 *per cent* per annum for the period May 1982 to December 1982. The Ministry stated (September 1983) that the funds routed through Beirut for property project in Damascus got held up in Beirut because of war conditions. It was further stated that out of the funds now available with the mission, it was holding Rs. 45.80 lakhs in fixed deposit, that monthly remittances to the mission had been stopped and that action was also being taken to determine the alternative use to which the extra funds could be put.

3.3 For construction of chancery-cum-residential complex in Jakarta (the anticipated date of completion : March 1982), special remittance of Rs. 99 lakhs were made to the mission in 3 monthly instalments of Rs. 20 lakhs each and the balance in 3 monthly instalments of Rs. 13 lakhs each from October 1981. At the end of March 1983, the mission had cash balance of Rs. 60.86 lakhs (against 6 weeks' requirement of Rs. 6.75 lakhs). Neither the Ministry had any record of investment of the excess balance nor were any efforts made by them to adjust the excess balance by stoppage of regular monthly remittances, which resulted in avoidable retention of heavy cash balance by the mission and consequent loss of interest of Rs. 6.75 lakhs calculated at the rate of 10 *per cent* per annum from January 1982 to March 1983. The Ministry stated (September 1983) that the mission had since invested Rs. 45 lakhs in interest bearing deposits in June 1983. It was further stated that the mission's remittance of Rs. 4.5 lakhs for September 1983 had been cancelled and that in case the construction project was delayed further, alternative use of the extra funds would be envisaged.

3.4 At the request of the mission in Viena, special remittance of Austrian shillings 32 lakhs (Rs. 18.82 lakhs) was made for specific conferences. In the cash balance report of November 1982, the mission, while indicating the closing balance of Rs. 32.20 lakhs, stated that additional funds amounting to Rs. 18.82 lakhs were received from the Reserve Bank of India in August 1982 to meet expenditure on an exhibition and trade fair in 1982. However, separate arrangements to meet the expenditure in this respect were made by the concerned authorities. The amount was retained by the Mission for anticipated expenditure on the repairs of embassy residence which was under consideration of the Ministry. Excessive balance of Rs. 20 lakhs was invested in January 1983 in fixed deposits for three months. Remittance of funds without knowing the budget provision/sanction to expenditure in foreign exchange resulted in loss of interest of Rs. 0.53 lakh calculated @6.75 *per cent* per annum for the period August 1982 to December 1982. The Ministry stated (September 1983) that the extra funds had since been utilised partly for the repairs of the embassy residence and partly for other requirements of the mission and that the cash balance held by the mission at the end of July 1983 was well within its admissible cash balance limit.

3.5 At the close of March 1982, the mission in Beijing had a cash balance of Rs. 21.45 lakhs which was in excess of the mission's requirements for six weeks by Rs. 12 lakhs. As per mission's demand, the Ministry financed the mission to the extent of Rs. 78.70 lakhs during 1982-83. The local receipts and expenditure of the mission during the year were Rs. 12.82 lakhs and 78.94 lakhs, respectively. While financing the mission, the Ministry neither adjusted the excess balance of Rs. 12 lakhs as on 31st March 1982 nor taken into account the local receipts, which resulted in accumulation of cash balance of Rs. 34.04 lakhs at the end of March 1983. The Ministry, however, stopped remittances for May and June 1983 and asked (May 1983) the mission to review the position to bring the amount within the admissible limit. Delay in adjusting the excess and failure to take into consideration the mission's local receipts in financing the mission resulted in loss of interest of Rs. 2.27 lakhs calculated @ 10 per cent per annum on the average excess balance of Rs. 20.94 lakhs during April 1982 to April 1983. The loss for the earlier period could not be determined due to non-receipt of cash balance reports by the Ministry from the Mission. The Ministry stated (September 1983) that Mission's remittance from May to August 1983 were cancelled and the mission's cash balance at the end of July was Rs. 21.87 lakhs as against its admissible limit of Rs. 9.75 lakhs. It was further stated that the extra funds now held were required by the mission for making payments of arrears of rent for accommodation, at enhanced rates, to the local Government and that enhance rent was being negotiated with the local Government and that in case this payment did not materialise in the near future, alternative use of funds would be envisaged.

3.6 Apart from regular monthly remittances from India, the mission in Khartoum received Rs. 84.54 lakhs and Rs. 34.02 lakhs from the Government of Sudan in October and December 1982 for purchase of Chancery building and purchase of property, respectively as per cash balance reports of the respective months. The former amount was utilised in the month of receipt itself whereas the latter amount remained unutilised. According to the cash balance report for March 1983, the cash balance of the mission was Rs. 36.35 lakhs, out of which Rs. 24.81 lakhs were for purchase of property. While the Ministry was enquiring about the details of the receipts and contemplating stoppage of regular remittances from India, there was loss of interest of Rs. 1.24 lakhs calculated @10 *per cent* per annum from December 1982 to May 1983. The Ministry stated (September 1983) that the extra funds received by the mission related to a technical credit due for payment to India which were lying blocked in Sudan because of their inability to repay the same to India in foreign exchange. It was further stated that Rs. 24.8 lakhs would be paid to the seller when he completed certain legal formalities. The amount could neither be invested in interest bearing deposits nor externalised according to the local regulations. Remittances to the mission had been stopped since April 1983. However if the Cash Balance Reports had been received in time the stoppage of remittance to the Mission could have been made much earlier.

3.7 *Loss due to devaluation of currency.*—The mission at Colombo was generally holding excessive cash balance during 1978-79 to 1980-81. Due to devaluation of Sri Lanka currency on 1st April 1978 (Re. 1 equivalent to S. L. Re. 1.89 from Re. 0.8298) and 1st January 1981 (Re. 1 equivalent to S.L.

Rs. 2.25), the mission suffered loss of Rs. 15.38 lakhs and Rs. 1.60 lakhs respectively in Indian currency on the cash balance of S.L. Rs. 22.62 lakhs and Rs. 18.86 lakhs held in May 1978 and December 1980 (actual month of conversion in the books). In addition, due to devaluation of Pound Sterling from Indian Rs. 17.4225 to Rs. 15, the mission suffered loss of Rs. 0.09 lakh on the sterling balance of £ 3,621 held in June 1978. The Ministry stated (January 1984) that the cash balance S.L. Rs. 22.62 lakhs included a sum of S.L. Rs. 9.03 lakhs (equivalent-Indian Rs. 9.49 lakhs) which was remitted in August 1976 for the purchase of land and was neutralised during October 1978 to March 1979 by stopping remittances due to non-finalisation of deal.

4. *Investment/transfer of excessive balances*

4.1 There are a few self-financing missions namely, Doha, Dubai, Jeddah and Mascot. No guidelines|instructions for the investment/transfer of the excessive balances in these missions had been issued by the Ministry (June 1983). The Ministry stated (September 1983) that the Ministry of Finance was being approached regarding future use of extra funds accumulated in the self-financing missions from their own receipts.

4.2 Test check (May 1983) of 44 missions' accounts maintrained in the office of the Controller of Accounts of the Ministry showed that 10 missions earned interest of Rs. 20.52 lakhs on investment of cash balances during 1980-81 to 1982-83, as detailed below :

Year	No. of missions	Amount of interest earned
		(Rupees in lakhs)
1980-81	7	8.52
1981-82	10	8.05
1982-83	5	3.95
TOTAL		20.52

The Ministry neither maintained a register of the investments made with dates of their maturity nor was fully aware of the investments made by the missions. The Ministry stated (September 1983) that a register was now being maintained containing details of the funds invested by the missions.

Absence of proper monitoring and control over cash balances thus led to accumulation of idle cash balances with various missions abroad with consequent loss of interest.

MINISTRY OF EXTERNAL AFFAIRS, MINISTRY OF COMMERCE (Items 3 and 4) and DEPARTMENT OF TOURISM (item 11)

24. Special Concessions in grant of passages.

A review of passages allowed to India based personnel on their postings in Missions abroad disclosed that in certain cases special concessions were allowed either in relaxation of rules or otherwise conferring financial benefits on individual officials. A brief resume of instances coming to the notice of audit follows :—

(1) A dependent family member of an India based official of High Commission of India, London was allowed to take up employment in a Commercial organisation. This could be allowed in exceptional cases provided the concerned family member was declared as "independent" and the official was prepared to reimburse in full to the Government the cost of passage already incurred on the dependent concerned. The member of the family was declared "independent" on 27th July 1982, although he took up the appointment as a trainee on a salary with effect from 7th September 1981. However, reimbursement of the cost of passage and home leave fares (Rs. 24,530) already incurred for this member of the family was not enforced. On this being objected to in audit, the Government have issued (November 1983) orders for recovery.

(2) Air passage (Rs. 16,000) was allowed to a Second Secretary in High Commission of India, London to take his father from India to London at Government cost in relaxation of the rules, on the ground that the father was a widower dependent on the officer who was his only son.

(3) The Ministry of Commerce sanctioned in March 1979 the grant of one set of home leave fares (Rs. 10,886) to an

officer posted as First Secretary (Commercial) in the Embassy of India, Rome for his Indian maid-servant as a special case on the ground that it was in lieu of the home leave fare entitlement of the officer, which was not availed of by him.

(4) Against the entitlement of only one passage on emergency home leave fare, passages were sanctioned by the Tea Board, Calcutta in December 1976 to the Director Tea Promotion, London, his wife and three children when the officer's mother in India was seriously ill. At the instance of audit the matter was examined by the Ministry of Commerce in consultation with the Ministry of External Affairs who held that the grant of home leave fare was admissible either to the officer or his spouse alone and in this case the officer could be granted emergency passage for self only. The Ministry of Commerce, however, again sanctioned in June 1982 another emergency home leave fare to the wife of the officer, regularising the home leave fare already availed of by her in December 1976. As either the officer or his spouse alone could be sanctioned one emergency home leave fare, sanction of Rs. 36,194 out of Rs. 48,258 paid by the Tea Board was inadmissible. Government have since ordered (November 1983) that the cost of passages amounting to Rs. 24,129 of the three children is to be recovered from the officer.

(5) An India based officer posted as Counsellor-cum-Chief, Indian Dairy Development Corporation at the Indian Embassy at Brussels brought an Indian female domestic servant to the state of his posting at Government cost on 1-4-1979. The officer later on brought at his own expense the husband of the domestic servant to that station. He, however, was sent back to India on grounds of illness in June 1980. With the approval of the head of the Mission the female domestic servant was also allowed to return to India in June 1980 alongwith her husband at Government cost (Rs. 7,416). Premature repatriation at Government cost is permissible only on account of misconduct or due to serious illness or mental or physical disability of an Indian domestic servant. In this case this condition was not fulfilled.

(6) According to the rules|orders issued by Government, in case of an officer posted abroad the members of his family who reside with the officer are entitled to passages to the station of posting of the officer at Government's cost.

In the case of a lady officer who was transferred to Delhi in August 1979, the cost of return passage from the station of posting to Delhi was allowed to her husband in relaxation of rules, as he had resided with her only for a period of nine out of twenty two months of posting of the officer at that station.

Grant of passage to the husband of the officer when he had not resided with her during the entire period of her posting at that station and had also not resided with her for the minimum period of two years, a condition prescribed to be fulfilled for grant of passage for the family members, if any of them are to precede the officer, grant of passage at a cost of Rs. 5,217 in relaxation of rules was not in order.

(7) An Indian based domestic servant of the HOM at Paris, was appointed as a temporary messenger in the Mission from 15th February 1979 after relinquishment of charge by the Ambassador on 17th November 1978. The messenger was allowed transfer passage to India (amounting to Rs. 6,245) in April 1979. This was inadmissible as on appointment as messenger in the Mission, his entitlement to transfer passage to India as India based domestic servant of the former Ambassador ceased. On this being objected to in Audit the Mission has approached the Ministry of External Affairs for regularisation of the expenditure. However, agreeing with Audit that the passage allowed was inadmissible, the Ministry had ordered recovery of the amount from the official concerned.

(8) While permitting (June 1981) a First Secretary of the Indian Mission at Brussels to bring a domestic servant from India in replacement of repatriated servant at Government cost, the Ministry of Commerce stipulated that the officer would not be allowed to send his new domestic servant on

home leave on transfer from Brussels to his next station of posting.

The officer's request for grant of permission for the servant to precede him in anticipation of his own transfer was acceded to by the Ministry (August 1982) on the condition that the requirements of rules should be fulfilled. On transfer of the officer, however, the Ministry allowed passage to the domestic servant alongwith other members of the family of the officer though the domestic servant had not resided with him for the minimum period of two years prescribed under the rules for entitlement of passage at Government cost. Grant of passage at a cost of Rs. 7,300 was thus, not in order.

(9) Two sons of an official of the High Commission of India, London were allowed to precede him to India on transfer passage on educational grounds on official's own request in anticipation of his transfer orders. While sanctioning the transfer passage in relaxation of the rules in April 1981, the M.E.A. stipulated that the official would not be entitled to avail of any further passages from India to London in respect of his sons during his term at London, including extension if any. The transfer passages were availed of by two sons in April 1981.

The official was transferred to India by the Government of India in September 1981 and Mission informed the official that he would be relieved of his duties in the Mission in February 1982. On receipt of the transfer orders, the official represented to the High Commission stating that there were three persons who had arrived before him and were still in the High Commission and he should be relieved only after they were relieved on the basis of "First come first go." In October 1982, the official applied for grant of Children's Holiday Passage for his two sons to visit him at London on the grounds that such passage is admissible in case the tenure of the Government servant at the station from where his children availed of transfer passage is extended for a period of not less than one year. The Finance Division of the Ministry was not agreeable to allow grant of Children's Holiday Passage in this case in view of the specific stipulation made by M.E.A. in April 1981 while granting transfer passages to the children of the official unless formal orders extending tenure are issued. Thereupon the Ministry granted to the official extension of tenure in the Mission upto 31st March 1983 and also sanctioned the Children's Holiday Passage applied for in relaxation of the condition stipulated by the Ministry in their order of April 1981, that the official's children would not be entitled to any further passages from India to London during his term at London including extension, if any. The official's two children availed of Children's Holiday Passage in December 1982 involving expenditure of Rs. 26,196.

(10) An officer who joined a Mission abroad on 20th February 1978 and had left behind in India his child for educational purposes and was receiving education in India, availed of Children's Holiday Passage in respect of that child during vacations in May-July 1978. The child again visited her parents during her vacation in May 1979 on Children's Holiday Passage She did not return to India but joined studies at the station of posting of her father. The officer requested for conversion of her holiday passage to a one way ticket for joining the parents on posting. The Ministry on the recommendation of the Mission accorded ex-post-facto sanction to the grant of one way air passage on students concession ticket by economy class in respect of officer's child in relaxation of the provisions of IFS(PLCA) Rules. By according this sanction, the Ministry had allowed the child of the officer to join him after lapse of over one year of his joining the Mission in contravention of the IFS(PLCA) Rules and also allowed a set of Children's Holiday Passage costing an amount of Rs. 7,822 in departure of the provisions of IFS(PLCA) Rules.

(11) A lady Information Assistant joined the Tourist Office at Chicago on 24th February 1977 on transfer. As per extant rules, passages and other travelling allowance for entitled members of an officer's family are admissible only if they join the officer at the new station within six months which can be extended by Government upto 12 months. In February 1978 the

Department of Tourism permitted the officer's husband to join her before 26th February 1978 and accordingly Air India issued a free passage from Madras to New York. The air ticket from New York to Chicago was provided by the Tourist Office, New York. The officer's husband reached New York only in March 1978. The Department of Tourism therefore instructed (June 1978) the Tourist Office to recover the cost of passage from Madras to Chicago. A representation from the officer (March 1979) was turned down by the Department (June 1979). On a further representation from the officer (July 1979), the Department in consultation with the Ministry of External Affairs and Integrated Finance, agreed to grant her husband free passage from Madras to Chicago in relaxation of the rules provided the husband was residing in Chicago and did not precede her on her next transfer or on the occasion of home leave. The husband had returned to India in November 1978 and the Department of Tourism was not informed of this. When this was pointed out (February 1982) in audit, the Tourist office proposed (October 1982) to set off one free passage to India due to her in lieu of the passage availed by her husband in February-March 1978. As she was transferred from Chicago to India in August 1982 she was no longer entitled to any free passage. The cost of passage (Rs. 7,740) irregularly availed of in March 1978 has not been recovered so far (November 1983).

(12) The husband of a Second Secretary posted in New York was employed gainfully in a legal firm in New York during July 1977 to April 1980. The officer was, however, granted Home leave fare for her husband in December 1977 which was not covered by rules. The cost of inadmissible passage was Rs. 15,448. The Ministry of External Affairs informed the Mission (December 1979) that the officer's husband was not entitled to Home leave fares and reiterated the decision (February 1980). However, in June 1980 the Ministry reversed their earlier decision and decided to grant Home leave fares to the officer's husband. As the grant of Home leave fares was not covered by rules, the matter was taken up in audit with the

Ministry (March 1982). The Ministry at the instance of audit decided (February 1983) to recover the cost of Home leave fares from the officer. Particulars of recovery are, however, awaited (November 1983).

(13) An official of the Indian Mission in Washington was sanctioned Home leave fares to Delhi and back for himself and his family members consisting of wife and two daughters in June 1980. Only one daughter performed the journey from Washington to Delhi. In February 1981, the Mission came to know that one of his daughters had got married two days prior to the departure of the family for India on Home leave in July 1980. As married daughters are not entitled to Home leave fares, one way fare ex-Washington to Delhi amounting to Rs. 8,226 was recoverable from the official. The amount has not been recovered so far (November 1983).

(14) An official of the Indian Mission at the Embassy of India, Washington was granted (July 1978) a return passage (Rs. 7,357) from Washington to New Delhi in favour of his daughter to enable her to join a Medical college in India. The official was transferred to Cairo in February 1979 but he did not join his new post. The grant of passage to his daughter was not, therefore, covered by the rules. No recovery is possible, as the official had been dismissed from Government service.

DEPARTMENT OF TOURISM

25. "Operation Europe" Scheme for promotion of Tourist Traffic.

1. *Introduction*

1.1 The Ministry of Tourism and Civil Aviation launched (July 1968) a Scheme called "Operation Europe" for promotion of tourist traffic to India from the continent of Europe (excluding U.K.) to be implemented jointly by the Department of Tourism and Air India. In order to achieve maximum efficiency in utilisation of resources, the scheme envisaged :

(i) assumption by Air India of the administrative and technical control and responsibility for tourist publicity of the Tourist Officers in Europe ;

(ii) the control over the Tourist offices to be vested with Regional Director (Tourism), based at Geneva, responsible to Air India's Regional Manager, Continental Europe ;

(iii) the expenditure to be shared by the Department of Tourism and Air India in the ratio of 80 : 20 ;

(iv) pay and allowances of officers and staff of tourist offices to be disbursed through Indian Missions|Posts ;

(v) the expenditure on publicity, promotion travel and office contingencies to be initially incurred by Air India and the share of Government of India to be reimbursed to Air India after taking into account the pay and allowances drawn from Missions.

2. *Expenditure on "Operation Europe"*

During the years 1973-74 to 1980-81, total expenditure of Rs. 700.61 lakhs was incurred as under :

	(Rs. in lakhs)
Establishment charges	182.57
Travelling allowance	19.83
Other charges	186.91
Allied Publicity (Incurred by the Tourist Offices)	76.69
Regional Publicity	234.61
TOTAL	700.61

3. *Accounting Arrangement*

The responsibility for accounting remained with Air India, whose accounting is centralised at the Central Accounts Office at Bombay. The accounts of "Operation Europe" were, however, compiled in the Regional Tourist Office, Geneva, where the vouchers were retained. Basic accounting records like Cash Book, Ledgers, Register for Charges Recoverable etc. were not maintained, with the result that neither the accuracy of monthly|annual accounts could be verified, nor proper watch over progress of expenditure could be kept. These accounts were also not subjected to any scrutiny by the Internal Audit organisation of Air India.

4. *Expenditure Control*

The provision of funds for "Operation Europe" was approved annually by the Government of India. Excepting for 1976-77 and 1977-78, the actual expenditure exceeded the sanctioned provision in all the years. The amount actually spent by the Government of India also exceeded the provision for Government's share of 80 per cent during 1973-74 and 1977-78 to 1980-81.

5. *Delegation of Powers*

Arrangement for closer coordination between Air India and Department of Tourism for promoting tourist traffic from Europe became effective from July 1968. However, prior to the issue of orders in October 1981 by Government of India on financial powers, no orders or instructions regarding financial powers exercisable by the Officers of the Tourism Department and|or Air India in relation to "Operation Europe" existed. There was also no internal delegation of powers down the line with the result that expenditure was incurred by Directors|Managers of the field offices irrespective of the nature of expenditure involved, the only limitation being the budget allotment.

6. *Appointment of Advertising Agents*

6.1 Since its inception, 'Regional Publicity' under "Operation Continental Europe" of Government of India Tourist Office (GITO) was being handled by 'A' who were the advertising and publicity agents for Air India (European Region) as well. In June 1972, however, a reappraisal of the Agency's suitability for the job, *vis-a-vis* others available for the purpose, was considered necessary. Air India invited four agencies, including 'A', to compete for this assignment and they made their respective 'presentations' on 31st October and 1st November 1972, in Geneva. The financial terms of business were not spelt out by them, which left selection to be made on the basis of technical and artistic merits alone. A Selection Committee, specially constituted for the purpose examined the presentations. The majority of the Selection Committee placed the agency "B" on the top, followed by "A" and "C". Air India decided (December 1972) to select firm "C" for 1973-74. The specific reasons for selection of firm "C" in preference to "B" and "A" were not on record.

6.2 On 15th March 1973, GITO entered into a formal contract with "C" on terms and conditions identical with those of the contract which subsisted between GITO and "A" upto 31st March 1973. The contract, detailing the terms of business between the Tourist Office and the Agency, was initially valid for a period of one year (1st April 1973 to 31st March 1974) only, but could be extended by the 'client' GITO, on year to year basis, by sending a written intimation to the 'agency' not later than six months from the expiry date of the contract in force. It could also be terminated by either party by giving a six month notice in writing to the other contracting party "C", a London based advertising agency, opened a branch office in Geneva (Switzerland) to handle the advertisement and publicity work of GITO and Air India's regional office at Geneva.

6.3 On the expiry of the contract on 31st March 1974, however, neither the existing contract was renewed, nor was a new one entered into. However, the existing business arrangements continued to be observed by the 'client' GITO as well as the 'agency' "C" upto 30th September 1975. Effective from 1st October 1975, however, "C" closed down its branch office at Geneva which was simultaneously taken over, alongwith its business assets and liabilities, by another firm 'D'. Regional Director, Continental Europe, Air India as well as GITO were informed of the new arrangement by 'C' through a letter dated 25th September 1975. The Accounts Manager had raised (31st October 1975) the issue whether GITO should deal with the new Agency. This was not pursued.

6.4 On 1st April 1976, 'D' intimated, in writing its agreement to continue to handle the advertisement and publicity accounts of Air India and GITO on the terms and conditions contained in the contract signed with 'C' on 15th March 1973. GITO neither accepted this offer in writing, nor entered into a formal contract with 'D'. However, GITO continued to entrust its publicity etc. programmes to 'D'. No inquiries were made to ascertain (i) the legal and commercial status, (ii) financial stature and (iii) professional ability and market reputation of 'D'. Failure to take these steps at this point of time resulted in GITO continuing its unauthorised business relationship with 'D' which eventually led to heavy financial loss to Government.

6.5 The Agency continued to function in that capacity upto June 1978 in respect of Air India and upto April 1979 in respect of GITO. After 1st April 1976, the new advertising agency 'D' began dealing with and receiving payments from GITO in the name of its predecessor 'C' with whom it had no legal affiliation or connection. There was nothing on record to indicate that this irregularity was ever challenged or got clarified by GITO.

6.6 In April 1979, GITO became aware that 'D' had ceased to function. The Agency had closed down its office in Geneva in March 1979 and had ceased functioning without fulfilling its business obligations to GITO for which it had received substantial advance payments. During 1975-76 to 1978-79, advance payment amounting to S.Frs. 2,908, 648.22 had been made to 'D'. Subsequent enquiry established that 'D' had not even been registered under Swiss laws.

6.7 Although Air India terminated their business arrangements with 'D' in June 1978 on the ground that the presentations given by the Agency were not found suitable for the massive advertising campaign proposed by Air India, GITO continued to retain 'D' for their advertising and publicity campaign right upto April 1979 despite their decision to launch publicity campaign very different from the routine media advertising undertaken upto 1977-78. During the period from June 1978 to November 1978, payment of S.Frs. 6,81,000 was made to this Agency by GITO.

6.8 According to the terms of the contract, agency commission was payable to the Agency at the rate of 15 *per cent* by the Media/GITO, whereas 'D' claimed on additional commission of 5 *per cent* of the gross amount charged by the media as 'Concept and Design' charges. This claim was extra-contractual. Between 1st April 1976 and 31st March 1978, S.Frs. 63,883 were paid in the Agency Accounts towards this additional commission for which there was no authority.

6.9 GITO initially contemplated legal proceedings against 'C' and|or 'D' for failure to perform, but did not do so on legal advice for the reasons that GITO had no legal contract with 'C', and firm 'D' was not listed in the Registrar of Commerce in Geneva, and as such, was not a 'commercial entity' under the Swiss Law. The only alternative available according to the legal advice was to proceed against the sole owner of 'D' in his individual capacity. This was to be considered after evaluating the financial claims and taking into account the legal costs and other considerations. Final decision was awaited (October 1983).

7. *Market Research*

With the approval of the Department of Tourism, GITO entered into a contract (July 1978) with firm "G" under which the latter was asked to carry out research on "the potential for tourism to India from Continental Europe and the optimum means to promote and develop this potential" and to submit its findings to GITO. No competitive proposals|quotations for this job were invited by GITO and the firm "G" was assigned this job on the recommendation of the firm "D". Under the terms of the contract, the research work was to be completed within 12 months and two weeks of the signing of the contract viz., by 20th July 1979 at a total cost of S. Frs. 3,87,000 to be released in two instalments of S. Frs. 1,00,000 each and S. Frs. 1,87,000 in the third instalment. The first instalment was to be released by July 1978. GITO released the first instalment on 30th May 1978 and the second instalment on 27th November 1978. Both these instalments were released to "D" instead of firm "G". GITO made no effort to ascertain whether the amount had been passed on by firm "D" to firm "G". On 2nd April 1979, firm "G" wrote to GITO about delays in receiving payments under the contract and informed that it had received payment of S. Frs. 1,00,000 only, though by this time GITO had paid to the firm "D" S. Frs. 2,00,000. The second instalment of S. Frs. 1,00,000 paid to firm "D" was thus appropriated by it. No responsibility has been fixed for making payment to "D" which was not legally entitled to claim and receive the amount. No legal action was also initiated by GITO to enforce recovery from "D".

Non-payment of second instalment to firm "G" brought progress of the research project to a stand-still. In an attempt to salvage the project and to avoid possible legal action by firm "G", GITO renegotiated the deal (October 1979). Firm "G" agreed to complete the project with a changed methodology at a total cost of S. Frs. 2,87,000 instead of S. Frs. 3,87,000 agreed to earlier. The balance amount of S. Frs. 1,87,000 was paid to firm "G" on 19th October 1979. The research study report was forwarded to Government in April 1981. In the revised methodology, consumer motivation survey (3,000—3,500 interviews) was dropped. No approval of the Department of Tourism was obtained by GITO for adoption of this changed methodology for the project. The utility of the research study after the deletion of the consumer motivation survey from the scope of the study, could not be ascertained.

8. *Production of Sales Aids*

GITO had planned for production of "Sales Aids" as a part of regional publicity during 1978-79, which was to comprise three brochures viz. 'Sales Guide', 'Holidays Available' and 'Travellers' Handbook', an audio-visual set of transparencies and pre-recorded cassettes and a container. The Sales Aids project was to be completed in 1978-79.

The cost of the project as estimated by firm 'D' was S. Frs. 5,33,750. The project was entrusted for execution to "D" without considering alternative agencies or inviting competitive quotations. Approval of the Government of India was also not obtained.

The following payment schedule was agreed to on 23rd June 1978 between GITO and "D" for execution of this project :—

(i) 25% on placement of order;
(ii) 25% on final approval of proofs;
(iii) 25% on delivery of advance copies; and
(iv) 25% on delivery of total material.

'On account' payment of S. Frs. 2,06,250 was admissible to firm 'D' in terms of the contract till November 1978. GITO, however, did not maintain separate account of the 'on account' payments made to "D" for this project.

By the end of November 1978, the final proofs of 3 out of the 5 components were received from the agency. However, most of the stage proofs had been taken back by the firm.

"D" closed down in April 1979 without making any further progress. In October 1979 "art work" of sales guide and the originals or master duplicates of the colour transparencies for audio-visuals prepared/collected by "D", were recovered by GITO from the building previously occupied by "D" with the help of Swiss authorities. The firm submitted (March 1979) a total claim for S. Frs. 5,54,014.40. No detailed evaluation of work done by "D" and accepted by GITO has, however, been made. Air India has estimated this as S. Frs. 1,69,175 while the ex-Accounts Manager of GITO in his report of September 1979 has estimated this as S. Frs. 2,24,445 after setting off a loss of S. Frs. 1,00,000 in this transaction. The basis for this estimate is not on record. However, according to the assessment of audit, the claims admissible to the agency with reference to the volume of work done would work out to only S. Frs. 63,688.

Consequent on the failure of "D", GITO entered into a contract on 12th February 1980 with another firm "R" for production of a modified class of sales kits and two of the three brochures originally envisaged at a cost of £ 77,627 with a cost escalation cover of £ 1,900 on reproduction of transparencies. The contract was duly executed by firm "R" by October 1980 at a total cost of £81,685 (Rs. 14,90,751) which was £ 2,158 more than the amount stipulated in the contract.

9. *Media Advertising*

The agency "D" had also executed certain "Media Advertising Work" during 1978-79, for which accounts were pending finalisation at the time of closure of the agency. In this case too, no separate account of 'on account' payments made to the firm, was maintained by GITO.

The agency submitted claims for S. Frs. 1,31,556 duly backed by documentary evidence which was accepted by GITO. Although further claims were not submitted, on the basis of the reports obtained from Directors of Government of India Tourist Offices in Europe, GITO assessed a further claim for S. Frs. 1,47,365. The scrutiny by audit, however, revealed that claims for S. Frs. 67,093.74 had already been billed and included in the adjusted amount of S. Frs. 1,31,556.

A further amount of S. Frs. 1,42,117 was adjusted against the advance paid to the agency in 1978-79 on account of the production cost on media advertising during that year. This was merely an estimate based on production cost on media advertising during 1977-78. This is not, however, supported by any paper cutting, cost estimates furnished by media or media brokers or any other document.

10. *Overall Account with Agency "D"*

The total 'on account' payments released till 27th November 1978 for "Media Advertisement", "Sales Aids Project" and "Market Research" to agency "D" was S. Frs. 9,10,323 (Rs. 40,80,341) out of which it had passed on S. Frs. 1,00,000 (Rs. 4,48,230) to firm "G", leaving it accountable for S. Frs. 8,10,323 (Rs. 36,32,111). The releases were made without due care as :

(a) there was no valid contract with "D";
(b) the antecedents of "D" were not verified;
(c) payments were made before they were due;
(d) payments were made which the agency was not legally entitled to receive; and
(e) no safeguards like bank guarantee etc. were obtained to secure financial interest of Government.

Final assesment of the amount due to the firm 'D' on account of work done is yet to be made. However, on the basis of estimates made by audit, the amount payable for "Sales Aids Project" and "Media Advertising" would work out to S. Frs. 2,83,067 (Rs. 12,68,791). The amount outstanding against 'D' on the above basis works out to S.Frs. 5,27,256 (Rs. 23,63,320) the recovery of which appears to be doubtful.

11. The Department has stated (September 1983) that departmental action has been initiated against the defaulting officials and corrective measures with regard to accounting procedures, appointment of advertising agents for overseas tourist offices etc., are being formulated.

Summing up :

The expenditure incurred during 1973-74 to 1980-81 on "Operation Europe" scheme launched for promotion of tourist traffic to India from Europe was Rs. 700.61 lakhs. Control over expenditures and delegation of financial powers were not adequate.

An advertising agency was selected in preference to two other firms, who were placed on top by the Selection Committee. Even after the expiry of the contract with this advertising agency and closure of its business, the publicity and other business was entrusted to another firm which took over the business of the agency without entering into a valid contract and without verifying antecedents of the successor firm. The successor firm also ceased to function and closed down its office after substantial advance had been given to it. Subsequent enquiry established that the successor firm had not even been registered under the Swiss laws. This firm remained accountable for advance of Rs. 36.32 lakhs. The final assessment of the amount due from the successor firm is yet to be made. However, according to the assessment of audit, the amount outstanding works out to about Rs. 23.63 lakhs, the recovery of which appears to be doubtful.

Departmental action is reported to have been initiated against defaulting officials and corrective measures are reported to be under formulation in the Ministry.

MINISTRY OF SOCIAL WELFARE

26. Compensation in excess of the established loss of Excise Revenue.

The Government of India decided in March 1978 to compensate the State Governments to the extent of 50 *per cent* of the established annual loss of excise revenue resulting from the imposition of prohibition policy from 1978-79 and payable upto

1983-84 taking 1977-78 as the base year. 'On account payments' aggregating Rs. 4457 lakhs (Rs. 1500 lakhs during 1978-79 and Rs. 2957 lakhs during 1979-80) were made by the Ministry to 10 States on the basis of estimates worked out by the Planning Commission. The payments so made were provisional and were subject to final adjustment on the basis of established loss of revenue to be certified by the Accountants General who were requested for certification by the Ministry in July 1979. Information received from the Accountants General during November 1980 to March 1981 disclosed that :—

(a) Five States to whom 'on account payments' of Rs. 237.21 lakhs was made did not suffer any established loss.

(b) Three States to whom 'on account payments' of Rs. 2360.75 lakhs was made, suffered a total established loss of Rs. 4257.46 lakhs of which 50 *per cent* (i.e. Rs. 2128.73 lakhs) was to be borne by the Centre. This resulted in an excess payment of Rs. 232.02 lakhs to these three States.

2. The Ministry took up the matter with the State Governments in June 1981 for refund of excess releases. Out of the total Central assistance of Rs. 469.23 lakhs thus released in excess to 8 States, the Ministry recovered only Rs. 117.02 lakhs from four States (Rs. 17.77 lakhs in March 1983, Rs. 41.89 lakhs in May 1983 and Rs. 57.36 lakhs in September 1983). The balance amount of Rs. 352.21 lakhs from 4 States is yet to be recovered. The Government of Assam had issued (September 1983) sanction to the payment of Rs. 17.05 lakhs as refund to the Government of India during the current financial year 1983-84.

MINISTRY OF INFORMATION & BROADCASTING

27. Publications Division

1. *Introductory*

The Publications Division is responsible for publishing books, pictorial albums and journals to inform the general public about the policies and programmes of the Government and the cultural heritage of the country. From 1978, it has been bringing out a news weekly on employment. It also undertakes sale of publications brought out by bodies like National Book Trust, National Council for Educational Research and Training (NCERT), etc. on commission basis. The work relating to unpriced publications was transferred from the Publications Division to the Director of Advertising and Visual Publicity (DAVP) in 1975.

2. *Overall financial picture.*—The Publications Division has been continuously incurring expenditure much in excess of its receipts, as will be evident from the following summarised position of annual receipts and expenditure for 1979-80 to 1982-83.

Receipts	1979-80	1980-81	1981-82	1982-83
				(Rupees in lakhs)
(*i*) Sales of Publications Division books.	20.71	28.32	26.50	29.34
(*ii*) Commission earned on non-Publications Division books .	6.56	17.60	47.82	54.20
(*iii*) Sales of journals	7.99	10.24	20.52	23.09
(*iv*) Advertisements	1.57	2.35	2.30	1.74
(*v*) Employment News (A) Advertisements	72.59	78.91	97.20	117.90
(B) Sales etc.	16.66	17.43	25.02	40.50
(*vi*) Excess of expenditure over receipts	52.05	71.90	55.49	26.83
TOTAL	178.13	226.75	274.85	293.60

Expenditure	1979-80	1980-81	1981-82	1982-83
			(Rupees in lakhs)	
Plan and Non-Plan				
(*i*) Salaries	61.31	66.57	71.58	85.22
(*ii*) Travelling allowance	0.44	1.12	1.10	0.91
(*iii*) Office expenses	4.82	6.75	7.20	7.42
(*iv*) Publications	37.32	37.99	55.51	69.81
(*v*) Payments for professional and special services,	3.63	3.97	5.37	5.48
(*vi*) Rents, rates and Taxes	2.33	3.95	5.80	6.06
(*vii*) Materials and Supplies	3.56	5.45	4.92	5.08
(*viii*) Other charges	8.96	14.12	13.57	15.68
(*ix*) Employment News	55.76	86.83	109.80	97.94
TOTAL	178.13	226.75	274.85	293.60

The major expenditure of the Division (about 33.35 *per cent* in 1982-83) is on bringing out the Employment News. The receipts therefrom are from advertising as well as sales of the periodicals. The excess of receipts on this item during 1979-80 was Rs. 33.49 lakhs, which came down to Rs. 9.51 lakhs in 1980-81 and was Rs. 12.42 lakhs during 1981-82. The sudden increase (by about Rs. 20 lakhs) in the excess of expenditure of the Division over receipts in 1980-81 compared to 1979-80 was mostly on account of increase in the expenditure on Employment News by about Rs. 31 lakhs. The shortfall in receipts from advertisement during 1982-83 from Rs. 2.30 lakhs to Rs. 1.74 lakhs was attributed to the post of Advertisement Manager having remained vacant for about 8 months.

The improvement in the working results on cash basis during 1981-82 and 1982-83 was mainly on account of increase in the revenue earned from commission on sales of books (including arrears of earlier years) brought out by outside bodies (by about Rs. 30 lakhs and Rs. 37 lakhs respectively) and in receipts from Employment News (by about Rs. 26 lakhs and Rs 62 lakhs respectively).

3. *Publications.*—The targets and actual publications of original titles during 1979-80 to 1982-83 were as follows :—

Year	Target	Actual
1979-80	33	62
1980-81	149	67
1981-82	108	42
1982-83	47	86

At the end of March, 1983 the Division had cumulative backlog of 362 titles of which 215 titles were in editorial pipeline and 147 titles under various stages of production.

Publications brought out by the Division are shown as released on receipt of advance copies numbering between 25 and 100, though the remaining copies of the publication were received after one month to two years from the date of receipt of advance copies as shown in the table below :—

Total number of cases noticed during 1979-83	Gap between receipts of advance copies and remaining copies of the publication				
	1–3 months	3–6 months	6–9 months	9–12 months	1–2 years
72	42	16	6	3	5

Some of the important series brought out by the Division are :—

(i) ***Builders of Modern India.***—Biographies of those eminent sons and daughters of India who were mainly involved with our national renaissance during the last 150 years and about whom authoritative biographies were not easily available are published in this series started in 1958-59. So far (March 1983) 56 biographies in English, 33 in Hindi and 21 in other regional languages have been published and 66 titles in different Indian languages are in various stages of production.

(ii) *Cultural Leaders of India.*—Authentic accounts of the lives and works of the great figures since the earliest times who have contributed in a large measure to the evolution of culture and thought in India and influenced the mind and life of its people are published in this series. So far (March 1983), eleven publications have been brought out.

(iii) *Collected works of Mahatma Gandhi.*—This series (started in November 1956) aims at publishing all the speeches and writings of Mahatma Gandhi. Out of 90 volumes, each to be published in English and Hindi by 1969, the Gandhi Centenary year, 3 volumes in English and 15 volumes in Hindi still remained unpublished (March 1983).

(iv) *States of the Union.*—This series (approved in July 1966) intended to promote inter-state understanding includes books on different States in all regional languages. Upto April 1983 the Division had brought out 26 publications in English, 13 in Hindi and two in Malayalam and Marathi.

(v) *Speeches of Leaders.*—In this series, speeches of national leaders including Presidents, Vice-Presidents and Prime Ministers are published. So far (March 1983) 20 publications in English and 4 in Hindi had been brought out since 1949.

(vi) *India in World Sports.*—In commemoration of IX Asiad 1982 it was decided to bring out a title' India in World Sports' in English, Hindi and eleven Indian languages. Out of 13 volumes proposed to be published, only six volumes were brought out till the end of the Asian Games (December 1982) and Tamil Edition was brought out in March 1983. The remaining six titles were yet to be produced/published (March 1983).

4. *Printing.*—The Editorial Wing of the Division sends the edited manuscripts to its Production Wing, for sending them to the presses for printing. Whereas the manuscripts are marked 'Top Priority' and 'As soon as possible' by the Editorial Wing, no time limit is specified for completion of each type of job. Inordinate delays between the receipt of manuscripts in the Production Wing and sending them to the presses for printing,

as also delays by the Presses were noticed during the four years ended March 1983 as indicated in the table below :—

(a) *Delays by Production Wing*

Year	Total release for which files were made available (excluding the Collected works of Mahatma Gandhi)	Delay in allotment of Jobs to Presses: Less than six months	From 6 months to less than 1 year	From 1 year to less than 2 years	From 2 years to less than 5 years
1979-80	106	60	36	8	2
1980-81	58	38	18	2	..
1981-82	40	39	1	..	..
1982-83	53	27	20	3	3

(b) *Delays by Presses*

Year	Total release for which files were made available (excluding the collected works of Mahatma Gandhi)	Period of Delay: Less than 3 months	From 3 months to less than 1 year	From 1 year to less than 3 years	From 3 years to less than 6 years
1979-80	76	11	16	42	7
1980-81	67	10	32	24	1
1981-82	62	14	35	13	..
1982-83	102	1	40	56	5

These delays were attributed to (i) reluctance of printers to take up jobs due to lowprint orders and delay in making payment of printers bills, (ii) delay in return of proofs etc. to the presses and (iii) delay in supply of paper to the presses.

5. *Pricing of Publications*

5.1 According to the orders issued in 1959-60, the prices of general interest publications were required to be fixed at 100 to 200 *per cent* and those of special publications at 300 *per cent* over and above the direct cost of production. The Division had been fixing the prices of the publications generally at the uniform rate of 100 and 125 *per cent* above the direct cost of production in the case of the publications printed in private and government presses respectively. Though the percentage of actual overheads ranged between 185 and 320 *per cent* during 1979-80, 1980-81 and 1981-82 in only 3 out of 284 cases the prices were fixed at 200 *per cent* above the direct cost of production during these years. The Division incurred a loss of Rs. 86.81 lakhs on account of under pricing of the publications due to short levy of overheads as shown in the table below :—

Year	Direct cost of production				Overheads		
	Percentage of actuals overheads	Private presses	Government presses	Total cost	Chargeable	Actually charged	Short charged
					(Rupees in lakhs)		
1979-80	313	10.18	3.47	13.65	42.72	14.52	28.20
1980-81	320	10.42	7.45	17.87	57.18	23.60	33.58
1981-82	185	20.77	12.30	33.07	61.18	36.15	25.03

5.2 The Division fixed the prices of publications on the basis of estimated cost of production computed at the rates given in 'A' Class schedule of rates issued by the Directorate of Printing. This practice continued even when the Division, on receipt of bills from the Government Presses, much after the release of books for sale noticed that the operational cost of jobs executed by the Government presses was 52 to 2,968 *per cent* above the cost computed at the schedule rates.

Out of 107 jobs allotted to the Government presses during 1979-80 to 1981-82 bills for 70 jobs only had been received (April 1983). A comparison of these bills with the prices fixed by the Division on the basis of the estimated cost of production revealed that Government had incurred a loss of Rs. 34.47 lakhs on account of underpricing of the publications.

It was noticed (April 1983) in audit that in 72 cases the cost of paper was charged less by Rs. 1.17 lakhs as compared to the actual cost of paper charged in other publications during the same period.

5.3 The transportation and other incidental charges on lifting the paper from the Division's godown and transporting the publications to its feeder store at Faridabad, worked on an average to Rs. 340 per production. It was noticed (April 1983) in audit that out of 283 publications brought out by the Division during 1979-80 to 1981-82, incidental charges were added to the cost of production only in 30 cases. Government suffered a loss of Rs. 0.86 lakh due to omission to take incidental charges into account while fixing the prices of remaining 253 publications.

5.4 The prices of volumes produced under the programme 'Collected Works of Mahatma Gandhi' were initially fixed in 1960 at 100 *per cent* above the cost of production at Rs. 9 (popular edition) and Rs. 15 (deluxe edition) per copy of English edition and Rs. 7.50 per copy of Hindi edition. The cost of production had increased manifold but prices of these volumes numbering 81 in English and 75 in Hindi were not revised till August 1982 when it was decided to revise the prices from Rs. 9 to Rs. 20 (popular edition) and Rs. 15 to Rs. 25 (deluxe edition) per copy of English edition and from Rs. 7.50 to Rs. 10 per copy of Hindi edition. On the basis of the estimated cost of production of the reprinted volumes and taking into account the value of unsold books lying in stock, Government suffered a loss of Rs. 15.96 lakhs on sale of 2.04 lakhs copies during 1977-78 to 1981-82 due to belated decision.

6. *Sales*

6.1 The Division sells its publications either directly at the headquarters, sales depots and emporia set up at Delhi, Bombay, Calcutta, Madras, Patna, Lucknow and Trivandrum or through authorised agents and book-sellers at sliding rates of discount ranging between 10 and 55 *per cent*.

6.2 *Sales emporia.*—Sales target of Rs. 4 to Rs. 5 lakhs a year was fixed for each emporium set up in the metropolitan cities and of Rs. 2 to Rs. 3 lakhs a year for each emporium at other places like Lucknow, Patna etc. In the case of the following three emporia, the sales targets fixed were not achieved excepting for Madras in 1981-82 and the actual sales hardly matched even the expenditure on establishment and rent of buildings, as indicated below :—

Emporia	Actual expenditure on establishment and rent of buildings			Sales during the year		
	1979-80	1980-81	1981-82	1979-80	1980-81	1981-82
				(Rupees in lakhs)		
1. Madras	2.71	3.03	3.03	2.65	3.59	4.26
2. Trivandrum	1.61	1.62	1.62	0.39	0.96	0.89
3. Lucknow	..	1.84	2.31	..	0.80	1.73

6.3 *Commission on Sales.*—The sales of publications brought out by the various autonomous bodies like National Council of Educational Research and Training (NCERT), National Book Trust, etc., were taken over by the Division from 1975 on commission basis which ranged between 20 and 45 *per cent* of sales. Payments for these publications sold by the Division upto March and September every year were required to be made (after deducting the commission) in May and November respectively. The Division which authorises the payments, did not maintain ledger accounts of the parties on whose behalf the publications were sold. Consequently, correctness of the payments made by the Division to these bodies could not be verified in audit.

6.4 The Division earns 22.5 *per cent* commission on sales of NCERT text books and in turn allows 12.5 *per cent* discount on outstation sales. During 1979-80, 1980-81 and 1981-82 the net amount of commission earned on such sales was less than even the expenditure on packing and forwarding charges.

Government suffered a loss of Rs. 1.62 lakhs on this account as indicated below :—

Year	Amount of out station sales of NCERT text books	Net amount of commission earned	Expenditure on packing and forwarding charges	Loss
			(Rupees in lakhs)	
1979-80	7.30	0.73	1.17	0.44
1980-81	9.21	0.92	1.44	0.52
1981-82	12.81	1.28	1.94	0.66

6.5 *Unsold stock of priced publications*

6.5.1 The publications should normally be brought out on the basis of sales potential with the aim of selling the entire quantity within 2-3 years on their release and selling 40 to 60 *per cent* of the number of copies of a title within a year of its publication. However, as on 31st March 1982, the Division had a stock of unsold books valuing Rs. 81.48 lakhs (sale price), produced during the period 1957-82.

6.5.2 The unsold stock pertained mainly to the Publications 'Collected Works of Mahatma Gandhi and Gandhian Literature' (2.24 lakhs copies valuing Rs. 24.33 lakhs) and 54 titles brought out in regional languages (value : Rs. 12.32 lakhs) produced between 1959 and 1982. Eighty *per cent* of the deluxe editions (English and Hindi) of the former publications had remained unsold. Out of 977 titles available for sale in various languages the sale of 198 publications pertaining to the period prior to 1979-80 was low.

6.5.3 *Weeding out.*—Out of 5,430 titles, both priced and unpriced, brought out by the Division between April 1947 and March 1982, 1832 titles (33 *per cent*) with 33,48,452 unsold copies valuing Rs. 24.56 lakhs were weeded out by the Division upto December 1977 due to poor sales.

7. *Outstanding dues.*—A sum of Rs. 2.49 lakhs was outstanding as on 31 March 1983, as detailed below, on account of

books supplied to various sales and return parties, Government departments and advertising agents.

Party	1979-80	1980-81	1981-82	1982-83	Total
				(Rupees in lakhs)	
1. Advertising Agents	0.02	0.02	0.21	1.14	1.39
2. Sale and return private parties	0.01	0.02	0.12	0.59	0.74
3. Government departments	0.02	0.01	0.26	0.07	0.36
TOTAL	0.05	0.05	0.59	1.80	2.49

8. *Consumption of paper.*—The paper for the various books and journals printed at private and Government presses is supplied by the Division. A review of ledger account of paper issued to the presses revealed that consumption account of 3,036 reams of paper valuing Rs. 12.14 lakhs issued to 27 presses (private : 21 and Government : 6) had not been rendered as on 31st March 1983.

9. *Journals*

9.1 The Division publishes 21 journals comprising three weeklies, eleven fortnightlies, five monthlies and two quarterlies.

9.2 In paragraphs 22 and 24 of their 38th Report (1964-65) the Public Accounts Committee (Third Lok Sabha) had suggested that the Ministry should explore ways and means and take suitable steps to secure advertisements so that the losses incurred on publications may be minimised. Again in paragraph 2.15 of their 76th Report (1972-73) the Public Accounts Committee (Fifth Lok Sabha) observed that their commercial viability could not be ignored.

In pursuance of these recommendations of the Public Accounts Committee the Ministry made a study of the economics of the journals in 1973 when it was, *inter alia* decided that :

(a) the selling prices be revised in relation to the rise in the costs of production especially when such price rises are made by other publishers ; and

(b) advertisements rates be revised with reference to the prevailing market rates.

These decisions were given effect by the Division only in 1980 and the advertisement rates were increased by 14 to 243 *per cent* from July 1980 and prices of journals were increased by 75 to 150 *per cent* from November 1980, thereby increasing the receipt from advertisements by about 50 *per cent* as compared to the receipt during 1979-80. The increases were made on *ad hoc* basis without correlating them to the prevailing market advertisement rates and the actual costs of production which worked out to 100 to 300 *per cent* above the revised prices of journals. Consequently, Government suffered loss of Rs. 36.50 lakhs on the sales of these journals (except Employment News) during 1981-82. The figures of losses incurred in the previous years were not made available to Audit. However, 21 to 45 *per cent* of the copies of the journals printed during 1979-80 to 1982-83 were distributed free as shown in the table below :—

Year	Number of copies printed	Number of copies supplied free			Total percentage of free distribution to number of copies printed	Value of the copies supplied free
		Publication Division Books	Non-Publication Division Books		(Rupees in lakhs)	
1979-80	22.66	0.18	9.17	9.35	45%	6.91
1980-81	22.31	0.22	8.39	8.61	42%	7.37
1981-82	22.90	0.17	5.17	5.34	23%	5.38
1982-83	21.51	0.11	4.47	4.58	21%	7.15

10. *Embezzlement of Rs.* 1.39 *lakhs*.—The Division did not maintain the Valuables Register to record receipt of cheques and drafts immediately after their receipt from various parties nor was there any arrangement for safe custody of valuables. The credits appearing in the books of the Pay and Accounts office as well as in the ledger accounts of parties maintained by it were

not reconciled with the receipted challans relating to the amounts deposited in the bank although these were required under the rules to ensure that amounts deposited in the bank were correctly credited to the Government account as also to individual accounts of the parties. The official respnsible for preparation of the advertisement bills was assigned the duties of linking the payments with the bills concerned. He had access to ledgers and receipt of cheques in the absence of Receipt and Issue Section Incharge. The dates of deposits of cheques into the bank were not filled in. This led to embezzlement of Rs. 1.39 lakhs between September 1980 and October 1981. The modus operandi followed was to a fake savings account in assumed name in post office and endorsing the cheques/drafts for credit to that account. The embezzlement came to the notice of the Division in November 1981 when a report was lodged with the Police. The Division stated (May 1983) that the clerk concerned had been placed under suspension since December 1981 and that the matter was still under investigation.

11. *Summing up.*—The following features emerge :

— The working of the Publications Division has been consistently resulting in excess of expenditure over receipts.

— The targets fixed for production of some series/publications were not fully achieved.

— Delays ranging from 6 months to 5 years in allotment of jobs and 3 months to about 6 years in printing were noticed.

— The publications were shown as released on receipt of the advance copies, although the bulk supplies were received after one to 24 months.

— The over-head charges fixed in 1959-60 had not been reviewed for upward revision in keeping with the trend of rising prices.

- The selling prices of the books printed at Government presses were fixed on the basis of the estimated cost of production which was much less than the actual cost of production leading to loss of Rs. 34.47 lakhs.
- The production of journals continued to be uneconomical despite upward revision of selling prices and advertisement rates.
- Sales targets were not achieved by 3 sales emporia out of 7.
- Unsold stocks of publications at the end of 1981-82 was Rs. 81.48 lakhs.
- Net commission earned on sales of NCERT publications was less than even the expenditure on packing and forwarding.
- Non-observance of prescribed procedure and absence of internal control facilitated embezzlement of Rs. 1.39 lakhs of advertisement revenues.

The matter was reported to the Ministry in July 1983; their comments were awaited (November 1983).

MINISTRY OF FINANCE

(Department of Expenditure)

28. Irregularities and defects in initial accounts noticed during local audit

Financial irregularities and defects noticed during local audit are included in the Inspection Reports issued to the Departmental Officers for necessary action. Settlement of 3035 Inspection Reports containing 8204 paragraphs issued to various Departments of the Ministry of Finance upto 31st December 1982 was pending on 30th June 1983. The yearwise details given in Appendix III bring out that some of the paragraphs of the Reports have remained outstanding since 1956-57, and in the case of 241 Reports involving 731 paragraphs even the first replies were not received.

The irregularities noticed relate to non-observance of rules relating to handling of cash, non-maintenance of stores accounts properly, inadequate security from officials handling cash or stores, defective maintenance or non-maintenance of log-books of staff cars, purchase of stationery in excess of authorised limit, delay in recovery or non-recovery of advances, excess payment of grants, improper maintenance of G.P. Fund accounts of Group 'D' staff, etc. etc.

Some important points remaining unsettled are mentioned below briefly :

— Rehabilitation Finance Corporation set up in 1948 provided financial assistance of Rs. 1122 lakhs to displaced persons for their rehabilitation in business and industry. The Corporation was wound up on 31st December 1960 and its functions transferred to the Rehabilitation Finance Unit in January 1961, when the outstanding recovery was Rs. 730.22 lakhs including interest of Rs. 134.77 lakhs. Out of this, Rs. 290.75 lakhs were written off till March 1978 because appropriate follow-up action for recovery of loan had not been taken. The progress of recovery of the balance is not known.

— Government sanctioned financial assistance of Rs. 95.66 lakhs to Unit Trust of India (UTI) during 1964-65 to 1976-77 for publicity to attract public savings in the UTI. Of the total assistance sanctioned, Rs. 37 lakhs was given to Savings Mobilisation Board (1965-66 and 1966-67) and

Rs. 15.49 lakhs to Directorate of Advertising and Visual Publicity (1971-72 to 1975-76) against the Budget Account of the UTI publicity. Utilisation Certificates, detailed audited accounts, progress reports, etc. have not been received from these organisations. Ministry stated (December 1983) that the respective agencies maintained their accounts in respect of the amount spent by them and the UTI did not have the details.

— Progress of recovery of penalty amounting to Rs. 66 lakhs imposed in 344 cases till September 1976 by the Enforcement Directorate's Delhi Zonal Office for violation of the provisions of Foreign Exchange Regulation Act was awaited from the Department (May 1983). The Department stated (December 1983) that in 240 cases penalties amounting to Rs. 46.14 lakhs had been realised till July 1983. In 81 cases recovery proceedings had been taken up and recovery in the remaining 23 cases was held up pending decision of courts.

— Regularisation of a case of non-accountal of Rs. 9,000 drawn from the Bank in cash book of the Office of the Assistant Collector, Central Excise, Gaya pointed out in 1981-82.

— Excess drawal of pay and allowances amounting to Rs. 0.94 lakh in excess of sanctioned strength by the Assistant Collector, Central Excise, Ranchl during 1981-82. Overdrawal of allowance (Rs. 0.38 lakh) by an Income Tax Officer (1976-77).

MINISTRY OF CIVIL AVIATION

29. **Idle equipment.**—Three sets of Instrument Landing System (ILS), two sets of Distance Measuring Equipment (DME) and five sets of Non-Directional Beacon (NDB) for

co-location with ILS (cost : Rs. 85.71 lakhs) for installation at three international airports at Delhi, Bombay and Calcutta were imported by the Civil Aviation Department through the Director General of Supplies and Disposals and were received at Delhi (January 1978), Bombay (November 1977 to October 1979) and Calcutta (March and May 1978).

During test-check in audit, it was observed that the instruments purchased could not be put to use immediately on their receipt and had to be kept idle as indicated below :

Delhi.—One set of ILS (cost : Rs. 26.92 lakhs) meant for Delhi airport was received in Delhi in January 1978. In addition, indigenous equipment/material (cost : Rs. 0.80 lakh) was also purchased in March 1979. But on account of operational necessities, the same was diverted to Trivandrum airport in April and May 1980 at a cost of Rs. 0.36 lakh. The installation of the equipment was completed in April 1981 and was commissioned in February 1982 resulting in delay of 4 years and 1 month.

Bombay.—(i) One set of ILS (cost : Rs. 15.60 lakhs) consisting of Localiser, Glide Path and AZT Marker Beacon was received at Bombay in January 1978. Indigenous components including fabrication and sub-assembly charges (cost : Rs. 6.97 lakhs) were also procured. The equipment was transferred to Hyderabad on account of operational necessities. The Glide Path was installed in July 1981 but the Localiser and AZT Marker Beacon have not been installed so far (June 1983). The Department stated (June 1983) that the building for the Localiser had been completed and installation would be carried out shortly. They also stated that the AZT Marker Beacon would be utilised for replacement of one of the old Marker Beacons at Bombay.

Thus, the Glide Path was installed 3 years and 6 months after its receipt, but the Localiser and AZT Marker Beacon had not been installed even after 5 years and 5 months of their receipt.

(ii) Five sets of NDB (cost : Rs. 4.04 lakhs) were received at Bombay in February 1979 (2 sets) and October 1979 (3 sets). One set (October 1979) was transferred to Trivandrum airport in November 1979 and commissioned in January 1982 resulting in delay of 2 years and 3 months. The remaining 4 sets were transferred to Nagpur airport in April 1980. Two sets (February 1979) were installed in December 1982 resulting in delay of 3 years and 10 months, and 2 sets (October 1979) were installed in November 1980 and August 1982 resulting in delay of 1 year and 1 month and 2 years and 10 months respectively. Both these sets were commissioned in December 1982 resulting in delay of 3 years and 2 months.

(iii) Two sets of DME (cost : Rs. 12.04 lakhs) were received at Bombay in November 1977. One set was installed at Bombay in December 1978 resulting in delay of 1 year and 1 month. The other set was installed at Hyderabad airport in March 1983 resulting in delay of 5 years and 4 months.

Calcutta.—One set of ILS (cost : Rs. 27.11 lakhs) consisting of Localizer, Glide Path, Middle Marker and Outer Marker was received at Calcutta in two lots in March and May 1978. In addition, indigenous components for the ILS, costing Rs. 0.79 lakh, were also received at Calcutta in September 1978. The Department stated (June 1983) that the installation of the Glide Path was completed in November 1982. As regards Middle Marker, the Ministry stated (September 1982) that it was understood that the site for the Middle Marker was allotted originally to the State Housing Board by the Government of West Bengal and hence the release of this land for the Civil Aviation Department had been delayed. The Department further stated (June 1983) that the land for the building for the Middle Marker had been acquired recently and Gazette Notification was still awaited; the land for the Outer Marker had been acquired in March 1982 and construction of building was in progress.

Thus, there was delay of 4 years and 6 months in the installation of the Glide Path, but the Localiser, Middle Marker and Outer Marker had not been installed so far (June 1983) resulting in delay of more than 5 years.

The warranty in respect of ILS and DME was valid for 24 months from the date of shipment/15 months after delivery or 12 months from the date of commissioning, whichever was earlier. The warranty in respect of NDB was, however, valid for 15 months after delivery or 12 months after their arrival at ultimate destination in India. The warranty could not be availed of owing to abnormal delay in installation/commissioning of the equipment.

The Ministry stated (September 1982) that the approximate cost of the equipment then was Rs. 90 lakhs whereas the equipment was purchased at a cost of Rs. 28 lakhs (Calcutta). The Ministry's argument is beside the point as the objective of the Government is not to make speculative purchases. As there was overall constraint of financial resources, the blocking up of funds like this would have deprived other priority sectors from optimal funding.

Thus, Government funds (Rs. 85.71 lakhs) remained blocked for periods ranging from 1 year and 1 month to 5 years and 4 months in the case of equipment already installed and over 5 years in the case of equipment yet to be installed without realising the objective. The fact that the equipment purchased had to be kept idle resulting in blocking of funds indicated defective planning and execution.

MINISTRY OF DEFENCE

30. Avoidable payment of penal interest on sales tax

The concession of exemption from sales tax available for goods (including imported and foreign liquors) sold to the Defence Service Personnel through the Canteen Stores Department (CSD) was withdrawn by a State Government with effect from 15th December 1977. Non-payment of sales tax on due date attracted penal interest at the rate of 12 *per cent* for the first 60 days from the date the tax fell due and 24 *per cent* thereafter.

The withdrawal of this concession came to the notice of the CSD Depots on 18th February 1978. On 1st March 1978, the CSD Headquarters (HQ) directed its Depots located in the State to start recovery of sales tax on sales made to units with immediate effect and simultaneously reported the case to the Army HQ for taking up the matter with the State Government for restoration of the exemption with retrospective effect (15th December 1977). The CSD HQ also approached (April 1978) the State Government for the grant of extension for the payment of sales tax up to 30th June 1978 pending decision on the representations made by the local military authorities to the State Government for restoring the exemption. At the same time the CSD HQ instructed (April 1978) the concerned Depots not to remit the sales tax already collected pending a decision on their efforts to get exemption as it was felt that if payment was made, the State Government might not refund the amount paid easily in case the decision went in the favour of the CSD. The State Government, however, did not agree (July 1978) to restore the exemption in the absence of any provisions in the relevant State Acts.

The arrears of sales tax aggregating Rs. 17.96 lakhs in respect of the three Depots for the period 15th December 1977 to 30th September 1978 were paid during April 1979. The sales tax having not been paid by the due date, penal interest amounting to Rs. 2.68 lakhs was paid during August 1979 and November 1981.

Thus, non-payment of sales tax on the due date(s) by the CSD resulted in avoidable payment of penal interest of Rs. 2.68 lakhs.

31. Losses and irrecoverable dues written off/waived and ex-gratia payments made

A statement showing losses and irrecoverable revenue, duties, advances etc. written off/waived and *ex-gratia* payments made during 1982-83 is given in Appendix IV to this Report.

CHAPTER IV

WORKS EXPENDITURE

MINISTRY OF WORKS AND HOUSING

32. Working of the Directorate of Estates, New Delhi and few regional offices

1. *Location and organisational set up of the Directorate of Estates.*—The Head Office of the Directorate of Estates is located in New Delhi with its regional offices at Bombay, Calcutta, Simla, (including Chandigarh), Nagpur, Faridabad, Madras and Ghaziabad, headed by Estates Managers or Assistant Estates Managers. The properties at Indore and Bangalore are controlled through the local authorities of Central Public Works Department (CPWD). This review is based on test-checks in audit conducted at the Head Office at New Delhi and the regional offices at Bombay, Calcutta, Simla, Madras and Nagpur.

2. *Functions of the Directorate of Estates.*—The main responsibilities of the Directorate of Estates include management of :

(a) general pool accommodation, both office and residential, constructed by the CPWD ; (b) leasing and requisitioning of private buildings and payment of compensation thereof to the landlords ; (c) allotment and cancellation of accommodation, recovery of licence fee thereof ; (d) eviction of unauthorised occupants and processing and finalisation of litigation cases ; (e) management of Government hostels, hotels and auditoriums like Curzon Road Hostel, Grand hotel at Simla, Mavlankar Auditorium and Vigyan Bhavan at New Delhi ; (f) administration of some markets in Government residential colonies and elsewhere in Delhi and Ghaziabad ; and (g) allotment of airconditioners, refrigerators, desert coolers and other items of furniture and recovery of hire charges thereof.

3. *Demand and availability of Government accommodation.*

3.1 In Delhi, as on 31st December 1982, there was a total demand of 1,29,503 residential units in general pool accommodation as against availability of 57,220 residential units. The position in regard to the demand, availability and shortfall of residential units in general pool accommodation in Delhi, Bombay, Calcutta, Madras and Nagpur for the last three years was as under :

	Demand	Availability	Shortfall	Percentage of shortfall
(a)	(b)	(c)	(d)	(e)
A-Delhi As on				
31-12-80	1,00,384	44,406	55,978	56
31-12-81	1,00,384	49,335	51,049	51
31-12-82	1,29,503	57,220	72,283	56
NOTE : No fresh applications were stated to have been called for by the Directorate during calendar year 1981; so demands on 31-12-1980 and 31-12-1981 remained the same.				
B-Bombay As on				
31-12-81	8,635	4,857	3,778	44
31-12-82	10,734	6,139	4,595	43
C-Calcutta As on				
31-12-80	6,087	2,785	3,302	54
31-12-81	6,476	2,956	3,520	54
31-12-82	6,429	2,984	3,445	54
D-Madras As on				
31-12-82	3,482	1,167	2,315	66
E-Nagpur As on				
31-12-81	3,153	1,063	2,090	66
31-12-82	2,749	1,063	1,686	61

3.2 The table below indicates the percentage of satisfaction in different types of accommodation in the General pool in

Delhi/New Delhi, Bombay and Calcutta as on 1st January 1983 :

Type Pay range	Total demand			No. of units available			Percentage of satisfaction		
	Delhi	Bombay	Calcutta	Delhi	Bombay	Calcutta	Delhi	Bombay	Calcutta
A. —Less than Rs. 260 p.m. .	24,783	1,648	601	14,129	1,124	284	57	68	47
B —Less than Rs. 500 but not less than Rs. 260 p.m. .	51,041	4,751	3,418	18,008	2,698	1,152	35	57	34
C —Less than Rs. 1,000 but not less than Rs. 500 p.m. .	38,240	3,199	1,681	16,703	1,477	1,150	41	46	68
D —Less than Rs. 1,500 but not less than Rs. 1,000 p.m.	10,794	765	364	5,868	547	146	54	72	40
E to E–III Rs. 1,500 and above p.m.	4,645	371	365	3,512	293	252	76	79	69
	1,29,503	10,734	6,429	57,220	6,139	2,984	44	57	46

It will be seen that though there was marginal increase in the total availability in the number of residential units during the last two years in Delhi, it did not keep pace with the increase in the total demand, with the result that the overall shortage was on the increase. Even in this situation of meeting about half the total demand in the case of Delhi, the percentage of satisfaction in the case of employees within the pay range of Rs. 260 and less than Rs. 1,000 was particularly very low. The Ministry stated (October 1983) that the shortage is due to paucity of funds.

The number of years of service put in by the allottees of certain types of residential accommodations who were getting allotment in December 1982 was as follows :

Type of accommodation	No. of years of service		
	Delhi	Bombay	Calcutta
A	21	23	36
B	29	22	34
C	26	23	27
D	27	23	28

Thus, the percentage of shortage and the number of years of waiting in Delhi were maximum in the case of type B accommodation. This acute shortage was in spite of the construction of 19,900 (15,300 for Delhi, 2,600 for Bombay and 2,000 for Calcutta) quarters under crash programme last sanctioned by Government of India in July 1978. Thereafter sanction was issued only for 52 Type V (E) quarters at Sardar Patel Marg, New Delhi in July 1982 and 128 Type IV (D) quarters at Sector XII, R. K. Puram in June 1983, in New Delhi. There is no further construction programme under implementation.

Even though there was acute shortage of residential units particularly at the lower levels, there has been an increasing trend in out-of-turn allotments during the last two years as indicated below :

Type of accommodation	Ad hoc allotment made during the calendar year		
	1980	1981	1982
A	167	168	234
B	444	558	828
C	69	61	218
D	57	77	66
E	66	83	61
E.I	43	4	..
E.II	6	..	..
E.III	1	..	..
TOTAL	853	951	1,407
Percentage of increase		11	65

Government stated (October 1983) that ad hoc allotments were made mostly on compassionate grounds.

3.3 *Office accommodation.*—The table given below indicates the position of office accommodation in Delhi, Bombay and Calcutta.

	Demand	Availability	Short-fall	percentage of short fall
	(In lakh square feet)			
A – Delhi				
Ason				
31-12-80	79.44	69.10	10.34	13
31-12-81	82.45	73.73	8.72	11
31-12-82	88.16	79.98	8.18	9
B – Bombay				
As on				
31-12-80, 31-12-81, 31-12-82	18.04	14.79	3.25	18
C – Calcutta				
As on				
31-12-80, 31-12-81, 31-12-82	35.81	30.81	5.00	14

The demand had not undergone any change in Bombay and Calcutta during the last several years as the additional accommodation was required to be arranged by the offices themselves. Besides, the Calcutta office had to pay compensation for leased accommodation to the extent of 6 lakh square feet.

4. *Delay in allotment of accommodation.*—Scrutiny of records in the Estate Office revealed that there was considerable delay in allotment of available accommodation. Some instances of delay noticed in test-check in audit are indicated below:

(i) 383 newly constructed type 'C' quarters in Sector V, M. B. Road, New Delhi were handed over to the Directorate of Estates by the CPWD for allotment (140 on 19-1-1982 and 243 on 15-4-1982). Of these, 120 quarters were not occupied even once since the date of their release till 30th April 1983 and 27 quarters were occupied for a few days and thereafter remained vacant. Another 120 quarters were lying vacant till December 1982 and were occupied only from January 1983 onwards. No specific reason for the delay in allotment or for non-allotment of these quarters was on record or made available to Audit. The potential revenue lost was about Rs. 1.17 lakhs upto 30th April 1983.

Government stated (October 1983) that out of 383 quarters, 24 quarters were placed at the disposal of Director General of Civil Aviation on 25th August 1982, another 6 quarters were not handed over by the CPWD as these were being utilised by them and almost all these quarters had to be allotted only after 15th May 1982 because the water supply in respect of these quarters needed to be augmented. Further, these quarters were unpopular and had to be reallotted on the refusal of Government servants to accept allotment and it was with great difficulty that most of them were finally accepted. The Government had, however, not given any details to show that there was no delay on the part of the Directorate of Estates in making allotment and how many out of balance 353 quarters still remained to be allotted.

(ii) On 6th October 1981, 56 Type-D quarters at Minto Road (Multi-storeyed building) New Delhi were handed over to the Directorate of Estates by the CPWD for allotment. Out of these, 24 quarters were kept reserved for possible shifting of allottees of Lower Hastings Square (Gole Market) which was in the custody of President's Estate. The Directorate felt in April 1982 that these reserved flats were not likely to be occupied as no formal offer of these flats had been made to them so far and it was proposed to allot these flats in the general pool, but nothing concrete has been done so far (April 1983) with the result that the 24 flats were still lying vacant (April 1983).

Government stated (September 1983) that the matter regarding allotment of these 24 quarters was to be sorted out by co-ordinating with the Ministry of Health, Dr. Ram Manohar Lohia Hospital, President's Secretariat and the Ministry of Works and Housing with the result that allotment could not be made. Allotment of 17 quarters on 5th May 1983 and 5 more quarters later (dates not given) and realisation of revenue of Rs. 0.18 lakh were also reported. The position in respect of the remaining 2 quarters has not been intimated by Government. The fact, however, remained that the quarters remained unoccupied for a long period resulting in loss of revenue to Government.

(iii) 1014 newly constructed quarters (123 Type-B and 891 Type-C) located at Sadiq Nagar, Lodhi Road Complex, Baba Kharak Singh Marg and Timar Pur in New Delhi/Delhi were handed over by the CPWD to the Directorate of Estates, New Delhi, for allotment during 22nd October 1980 to 16th February 1981 and 16th June 1980 to 10th March 1981 respectively. These quarters were, however, not allotted by the Directorate of Estates promptly. There were delays ranging upto 30 days in 318 cases and of 31 to 180 days in 299 cases. The period of delay in the remaining 397 cases could not be ascertained as the dates of allotment had not been indicated in these cases in the vacancy registers maintained by the Directorate of Estates.

As a result of the late allotment of the newly constructed quarters, the loss of potential revenue in the above cases was Rs. 0.41 lakh. In addition, Government had to incur avoidable expenditure by way of payment of house rent allowance to Government servants, who were entitled to allotment.

Government stated (October 1983) that some of these quarters (details not given) were not on the books of the Directorate of Estates, as these had been placed at the disposal of various organisations. These quarters were also not popular and if these quarters remained vacant in the process of allotment, the delay for the intervening period was inherent in the statutory rules. Details of allotment/re-allotment to show that the delays were unavoidable were, however, not furnished.

(iv) Apart from delay in letting newly constructed quarters as mentioned above, there were also cases of inordinate delay in allotment of quarters which fell vacant, the delay exceeded one month in large number of cases, as detailed below :

Delay in allotment

Type of accommodation	Upto 30 days	From 31 to 180 days	Above 180 days	Total
		No. of cases		
Type 'A'	20	110	2	132
Type 'B'	58	20	1	79
Type 'C'	77	62	2	141
Type 'D'	160	87	1	248
Type 'E'	..	6	..	6
TOTAL	315	285	6	606

Government stated (September 1983) that these quarters had to be allotted and re-allotted in the event of their non-acceptance by the allottees.

The fact, however, remained that there were delays in receipt of vacation reports from the CPWD and the quarters were not allotted/re-allotted promptly.

(v) There were delays ranging from 20 days to 25 months in allotment of 111 quarters in Calcutta, out of which, in 11 cases the delay involved was more than 6 months.

5. *Unauthorised and irregular occupation of quarters.*—In terms of sub-section (g) of Section 2 of the Public Premises (Eviction of Unauthorised Occupation) Act, 1971 a person becomes an unauthorised occupant of any public premises, if the occupation is without authority or after expiry of the authorised period of occupation or for any other reasons as may be determined. In such cases of un-authorised occupation, the Estate Officer has to issue show cause notice and in the event of unsatisfactory reply, the show cause is to be followed by eviction order.

(i) In accordance with a general decision taken by the Directorate of Estates in February 1972, the employees of the Food Department who were absorbed in the Food Corporation of India (FCI) had to vacate the general pool accommodation on 1st September 1972. However, nine employees of the FCI are still occupying general pool accommodation either because allotment to them had not been cancelled even though a period of more than 10 years had elapsed since they became ineligible for general pool accommodation or had been cancelled much later than even their date of retirement/death.

Government stated (September 1983) that the allotment had been cancelled in all the cases and in two out of nine cases, the accommodation had been vacated.

(ii) The Directorate of Estates decided (February 1970) that the houses placed at the disposal of the Indian Airlines Corporation should be vacated by 1st January 1972. However, the Directorate never reviewed the position till June 1981 when the allotment of general pool accommodation to Shri 'A' of Indian Airlines Corporation was cancelled by the Directorate on 17th June 1981, with restrospective effect from 1st January 1972. The case was filed with the Litigation branch on 17th June 1981 for initiating eviction proceedings which were started only in

February 1982 after a period of 8 months. About 2 years have elapsd since the unauthorised retention of accommodation by Shri A was discovered in June 1981, but the premises could not be got vacated so far (April 1983).

Government stated (September 1983) that on the basis of the recomendations made by the Ministry of Tourism and Civil Aviation, Government decided on 18th June 1983 to allow Shri 'A' to retain the accommodation on compassionate grounds upto 31st March 1985. The fact, however, remained that cases of unauthorised occupation of Government accommodation were not being reviewed by the Directorate of Estates regularly with the result that allotment of Government accommodation was denied to eligible Government servants.

(iii) (a) *Estate Office, Delhi.* A test-check of records of the Directorate of Estates, New Delhi covering 1071 cases of unauthorised occupation revealed the following position :—

Type of accommodation	Below 12 months	12 months and above but below 24 months	24 months and above	Total
Type A, B, C	114	261	222	597
Type D.	155	73	30	258
Type E	60	74	27	161
Type E–I, Type–II, Type–III	26	21	8	55
	355	429	287	1071

In 287 cases, the allottees of Government accommodation who had either retired or were transferred out of Delhi or had otherwise become ineligible to occupy Government accommodation, had taken 24 to 153 months in vacating the quarters after the date of cancellation of allotment by the Directorate. In four cases, it was found that the quarters in respect of which the allotment was cancelled in 1972-73 had not been vacated by the allottees concerned so far (April 1983).

In 474 cases (Type 'D' to Type E-III) of unauthorised occupation, it was observed that the eviction orders were passed in 297 cases, but the accommodations were got vacated only in 169 cases. In the remaining 128 cases, the Directorate could not get the accommodations vacated.

(b) *Estate Manager, Bombay.*—In 373 cases, for allottees who had either retired or were transferred out of Bombay or had otherwise become ineligible for Government accommodation during October 1972 to December 1982, the Estate Office had taken time upto 92 months in getting the quarters vacated after cancellation of allotment. In 76 cases, the quarters had not been vacated so far (May 1983). The arrears in respect of licence fee/damages in these 76 cases amounted to Rs. 2.53 lakhs as on 31st December 1982. In all, 55 cases of unauthorised occupation were pending in different courts of law and 2 with the Estate Officer.

In 90 other cases, it was noticed that late orders were issued for cancellation of allotment by the Estate Manager ranging upto 6 months in 72 cases, 12 months in 10 cases and 25 months in 8 cases.

(c) *Estate Manager, Calcutta.*—In 91 cases of cancellation of allotments by the Estate Manager during the last 5 years (1978—82) due to transfer, retirement, etc., the allottees retain unauthorised possession of quarters for periods ranging from 2 to 32 months. The cancellation orders in these cases were also not issued promptly by the Estate Office. The delay ranged from more than a month to 2 years. In the absence of proper records it was not possible to ascertain if all the Government dues by way of damages had been recovered.

In another 6 cases of unauthorised possession of accommodation, 3 of which were for more than 5 years, the amount due for recovery worked out to Rs. 0.78 lakh.

(d) Apart from the cases mentioned above, an amount of Rs. 0.71 lakhs was outstanding in respect of two flats, one under occupation of an association and the other by a cooperative society, whose allotments were cancelled long back. The case, relating to the premises under occupation of the cooperative society, was pending in the court. In the case of the association, the Estate Manager issued the eviction order on 1st December 1976 in the name of a person other than the allottee. The allottee filed a suit in the court of law which held (August 1981) that the eviction order having been made against a different person, the allottee could not be treated as unauthorised. Meanwhile, a claim amounting to Rs. 0.32 lakh for damages upto 31st January 1980 preferred against the association, was also not found tenable in a fresh court case on the basis of the earlier decision of the court that the allottees were not unauthorised occupants and also due to the fact that the claim for damages was vague in so far as it did not indicate the principle and mode of calculation of the damages and the exact period to which it pertained.

Government stated (October 1983) that the association had cleared all the dues and a sum of Rs. 0.36 lakh was outstanding against the cooperative society.

(e) *Assistant Estate Manager, Madras*—It was noticed that, during the period from October 1981 to December 1982, in 6 cases, the allottees of residential accommodation who had either retired or were transferred out of Madras had not vacated the quarters despite cancellation of allotment by the Assistant Estates Manager (AEM). The eviction proceedings had not been initiated in these cases.

Government stated (October 1983) that 3 unauthorised occupants had since vacated the accommodation and the other 3 cases were under consideration for regularisation/extension of time.

(f) *Un-authorised occupation at Nagpur.*—It was noticed that in 16 cases, the allottees had not vacated the quarters despite issuance of cancellation of allotment orders by the AEM during the period from June 1979 to July 1982. The arrears of licence fee outstanding against these allottees as on 31st December 1982 amounted to Rs. 0.23 lakh. In five out of 16 cases, eviction proceedings were initiated after 264 to 381 days from the date of cancellation of allotment.

6. *Delay in initiating eviction proceedings against unauthorised occupants.*—(i) A test-check of the records of the Estate Office, Calcutta disclosed that there had been inordinate delay in initiating eviction proceedings against unauthorised occupants. In 13 cases, though the allotments were cancelled long back (even more than 2 years back in certain cases) neither the fact of vacation, if any, had been recorded in the licence fee register nor was the eviction proceedings under Public Premises (Eviction of Unauthorised Occupation) Act 1971 initiated (December 1982). Assessment of damages, which the unauthorised occupants were liable to pay, had also not been carried out in 22 cases, including the above 13 cases, even though the quarters had been vacated by some of them.

Government stated (October 1983) that out of 22 cases, eviction proceedings had been initiated in 10 cases and in one case the allotment had been regularised.

(ii) The test-check further disclosed that even in cases where eviction proceedings had been initiated, the progress was tardy. Some instances are given below :

(a) An officer of the rank of Assistant Shipping Master, was allotted a flat in a requisitioned building at Park Street, Calcutta with effect from December 1967. He was transferred out of Calcutta on 31st January 1981, but the allotment was cancelled only on 2nd June 1981. Show cause notice was issued in November 1981 which was extended four times upto June 1982, as either the officer failed to appear or extension orders were received from the Director of Estate, New Delhi, the last such orders by telephone on 30th September 1982. Meanwhile, the officer filed an appeal before the Chief Judge, City Civil Court, Calcutta where the case has been pending (September 1983).

(b) The allotment to an officer of the CPWD was cancelled in February 1978, but he was allowed to retain the flat upto August 1978. The officer failed to vacate the accommodation after expiry of the extended period. A show cause notice was issued on 10th November 1978 and the final eviction order was passed by the Estate Manager only on 27th November 1979, whereupon the officer filed a suit against the said eviction order.

(c) In another case where the Government of India purchased two old buildings in 1963 with a view to constructing multi-storeyed buildings on the land after demolishing the existing structures, some 57,763 sq. ft. of covered area was under occupation of 14 private parties. Although the tenancies in respect of all the 14 parties were terminated in 1963 and 1964, only five parties, occupying an area of 12,278 sq. ft. had vacated the premises between October 1965 and May 1976. The High Court at Calcutta vacated (February 1972) the stay orders obtained by the private parties against their eviction. Even though the inordinate delay in the case was due to legal processes, the Estate Office was also partly responsible for the delay, as it took more than 1 year and 3 months in issuing show cause notices to the parties concerned and the final orders of eviction were issued against one party in August 1973, 7 parties in October 1973, and against another party in March 1976. All the 9 parties preferred appeals before the court of law and the cases were still (September 1983) pending at various stages

7. *Under-assessment of damages* :

7.1 *Estate Office, Calcutta.—*

(i) 13 Government quarters had been allowed to remain under occupation of 13 employees of an erstwhile Government organisation, since converted into a Government undertaking. Licence fee at market rate was recoverable for these flats from the undertaking. Though 12 out of the 13 quarters had since been vacated by the occupants between October 1974 and September 1982, licence fee at market rate to the tune of

Rs. 1.01 lakhs still (December 1982) remained to be recovered. Arrears in respect of remaining flat also worked out to Rs. 0.50 lakh upto the end of December 1982.

(ii) A test-check of the recovery register of licence fees further revealed that damages from unauthorised occupants to the tune of Rs. 0.70 lakh were either not assessed or assessed at lower rates due to non-compliance of the instructions issued on 31st July 1976 for enhancement of the rates of market licence fee for un-authorised occupation of Government accommodation.

Government stated (October 1983) that all these cases had been reviewed and supplementary demands raised wherever necessary.

(iii) The mode of calculation of standard licence fee under F.R. 45A for residential accommodation of type A to type EI was revised with a view to include the cost of land and expenditure on its preparation. The same was revised upward to Rs. 2.92 per sq. metre per month from Rs. 2.37 per sq. metre per month with effect from 1st April 1978. The Estate Manager, Calcutta, however, did not carry out the requisite reassessment at the enhanced rate even after a lapse of more than 3 years in many cases. A test-check of the register of rents revealed under-assessment of Rs. 0.27 lakh in respect of 33 cases on this account.

Government stated (October 1983) that all these cases had been overhauled and supplementary demands raised against the departments for realisation.

(iv) Consequent on the introduction of the system of issuing annual licence fee bills, instead of monthly licence fee bills, with effect from 1st April 1972, neither did the Drawing and Disbursing Officers (DDOs)/Pay and Accounts Officers (PAOs) take prompt steps to communicate changes in emoluments by way of increments and refixation of pay, nor did the Estate Office, Calcutta watch the receipt of such particulars to enable prompt completion of records relating to assessment of licence fee, with the result that licence fees continued to be assessed and recovered at old rates for periods ranging from 2 to 6 years. In 21 cases, the accruals of increments were not taken into account and accordingly licence fees continued to be under-assessed for periods ranging from 1 month to more than 2 years.

8. *Grand Hotel (Holiday Home) Simla.*—(i) This building is at present under the administrative control of the Director of Estates, New Delhi and managed locally by the AEM, Simla.

The premises are presently (May 1983) occupied as under :

	Family suites	Married suites	Single suites	Total
1. Office of the AEM			4	4
2. Reserved for AEM .	1			1
3. Placed at the disposal of Defence personnel .			1	1
4. Placed at the disposal of Government of Himachal Pradesh (MLAs Hostel) .	1	3	24	28
5. For use as Holiday home.	11	57	37	105
	13	60	66	139

Out of the 105 suites for use as Holiday Home, 19 suites are to be used as "transit pool suites" and 20 suites as "off-season suites".

(ii) *Short-fall in revenue.*—A comparison of the annual expenditure incurred on the maintenance of the Holiday Home with the revenue realised during 1978-79 to 1982-83 disclosed that during the last five years, there was short-fall of revenue to the extent of Rs. 10.85 lakhs as detailed below :

Year	Expenditure	Revenue realised	Short-fall
	(Rupees in lakhs)		
1978-79	4.25	2.01	2.24
1979-80	3.32	2.87	0.45
1980-81	4.70	2.92	1.78
1981-82	6.99	3.78	3.21
1982-83	7.66	4.49	3.17
TOTAL	26.92	16.07	10.85

Reasons for the short-fall of revenue were neither analysed nor were any remedial measures taken to bridge the revenue deficits.

The short-fall in revenue was apparently due to non-revision of rates of rent fixed in 1970 for various categories of rooms and under-utilisation of available accommodation. The rates of rent for the various categories of suites were originally fixed in March 1970 and the basic rates of rent were never revised thereafter even though a period of 13 years had since elapsed except a nominal increase on account of linen etc. made in June 1982.

The available accommodation in Holiday Home was also never fully utilised. The vacancy position during the past five years (1978-79 to 1982-83) varied from 33 to 41 *per cent* and there was vacancy even during the peak season *i.e.* from April to July. No remedial measures were taken to put the available accommodation to optimum use.

Government stated (October 1983) that this was a welfare activity of the Government and could not be measured in terms of economy. So far as minimising the vacancy period was concerned, the Directorate has introduced the system of advance payment by the prospective occupants.

9. *Arrears of licence fee.*—The arrears of licence fee due for recovery from occupants of Government accommodation were mounting from year to year as would be apparent from the following table :—

	Amount out-standing as on 31-12-1980	Amount out-standing as on 31-12-1981	Amount out-standing as on 31-12-1982
	(Rupees in lakhs)		
1. Directorate of Estates, New Delhi	153.12	184.84	207.75
2. Estate Manager Bombay	..	..	53.35
3. Estate Manager Calcutta	106.66	119.20	141.22
4. AEM Madras	15.33	18.06	17.17
5. AEM Nagpur	4.19	4.92	4.36
6. Grand hotel Simla			4.05
TOTAL :			427.90

This would indicate that effective steps were not being taken for the realisation of Government dues.

9.1 *Directorate of Estates, New Delhi.*—In the case of Directorate of Estates, New Delhi, comparative position of the outstanding arrears of licence fee in respect of residential accommodation, office accommodation, markets, etc. for the period ending 31-12-1980, 31-12-1981 and 31-12-1982 is as under :

Type of accommodation	Arrears as on 31-12-1980	31-12-1981	31-12-1982
	(Rupees in lakhs)		
A – Residential Accommodation			
1. Government Employees	80.84	112.39	105.56
2. Debit of residential units at the disposal of the departments	0.32	0.39	0.39
3. Private parties	11.27	20.02	25.01
4. Semi Government organisations	13.06	10.64	13.08
5. Ex-Ministers and Members of Parliament (MPs)	19.93	16.33	16.40
6. Embassies	0.03	..	0.75
7. State Governments	1.36	2.00	2.92
	126.81	161.77	164.11

B.—*Office Accommodation*			
Private parties and rent paying Government Departments	21.54	18.04	37.60
C - *Markets*	4.77	5.03	6.04
	153.12	184.84	207.75

A comparative study of the total arrears for the past three calendar years would disclose that there was an overall increase of 21 *per cent* and 36 *per cent* at the end of 1981 and 1982 respectively over the arrears at the end of 1980. It would, thus, be apparent that the arrears were mounting instead of declining.

(i) *Arrears outstanding against Government employees* :

In the Directorate, 20 sections are maintaining recovery records (*i.e.* rent cards etc.) of licence fee departmentwise separately for gazetted and non-gazetted officers. On a scrutiny of the records it was seen that arrears of licence fee of Rs. 24.50 lakhs had accumulated against 199 employees whose dues were Rs. 5,000 or above. The following are the reasons for mounting arrears :—

(a) Cancellation of allotments of premises in many cases with retrospective effect ranging from 1 to 8½ years after the date of actual happening of contingencies, *e.g.* retirement/death etc. necessitating cancellation. The arrears of licence fee were reassessed from such retrospective dates at penal rates. This method of cancellation and assessment increased the book amount of rent in arrears and also made it difficult for realisation.

(b) *Absence of review of missing recoveries of licence fee of 6 months and above.*—A large numbers of cases were detected as a result of test-check by Audit of rent cards, where recoveries were found missing for the last six months and above, as categorised below :

(*i*) Recoveries outstanding for the last two years and above upto 55 months.	580 nos.
(*ii*) Recoveries outstanding for last one year and above, but less than 2 years	423 nos.
(*iii*) Recoveries outstanding for the last 6 months and above but less than 1 year	188 nos.
	1191 nos.

No authenticated "Master register" (also termed as Control register) indicating the names of PAOs/DDOs as originally issued in 1976 by the Controller General of Civil Accounts and those added thereafter from time to time had been maintained and in the absence thereof, it was not possible to ensure that recovery schedules had been received/collected from all the concerned PAOs/DDOs. No procedure for the maintenance of "Master register" and collection/distribution of recovery schedules appeared to have been laid down.

(*c*) With the initiation of eviction proceedings by litigation cell of the Directorate in cases of unauthorised occupation of premises beyond permissible period of 2/4 months after retirement/death etc. and thereafter for another six months on medical grounds/education of the children, Rent sections are required to square up the accounts of defaulters and send copy of demands to individual allottees with a copy to their respective departments. In case no payment is received within one month of issuance of the demands, the case of recovery of dues is to be processed alongwith the eviction proceedings. The above procedure was not, however, being followed with the result that the demands at penal rates continued to pile up till vacation of the premises and recovery proceedings could hardly be initiated by that time. By the time the recovery orders could be issued to the District Collectors to realise the demands from the defaulters, their whereabouts were reported to be not traceable in many cases.

Government stated (September 1983) that a sum of Rs. 11.95 lakhs had been cleared against the outstanding balance in respect of Government employees during the period from 1st January 1983 to 30th June 1983.

(d) *Cases of default in payment*

Some illustrative cases of default in payment of licence fee/ revenue are detailed below :

1. Quarter No. F 352, Netaji Nagar was in occupation of Shri A, Beldar in the CPWD. The missing recoveries of licence fee from 1-3-1964 to 31-10-1972 were noticed by the Directorate only in November 1972 when the matter was taken up with the CPWD. The department stated in June 1974 that services of the official were terminated on 12-6-1965 (later on corrected to 12-8-1965) and a copy of the order was also sent to the Directorate. The allotment of the quarter was thus cancelled on 4-7-1974 with retrospective effect from 12-7-1965. Since the quarter was reported to be lying vacant but locked, the possession thereof was taken over by the Directorate only on 24-12-1974 after passing eviction orders. The amount of licence fee accumulated by then was 0.08 lakh.

On 16-5-1975, the recovery proceedings were initiated after vacation of the premises and recovery order issued to the Collector, Delhi on 22-10-1975 and subsequently to Collector and Superintendent of Police, Gurgaon on 16-11-1976. The Police authorities reported on 21-12-1976 that the official was not available at the given address, but no final reply had been received so far from the Collector. Last reminder to the Collector, Gurgaon was issued on 11-8-1982. The amount of Rs. 0.08 lakh could not be recovered so far (May 1983).

2. Shri B, Junior Engineer, CPWD, was in occupation of quarter No. CII/8, Lodhi Road. The missing recoveries of licence fee from 1-5-1971 to 31-10-1972 came to the notice of the Directorate only on 27-11-1972 when the Superintending Surveyor of Works intimated that the officer was relieved from the CPWD on 21-6-1971 (A.N.) on his appointment in the

Delhi Electric Supply Undertaking (DESU). The allotment of quarter was thus cancelled on 27-1-1973 with retrospective effect from 22-8-1971. Shri B was ultimately evicted from the premises on 17-12-1974 and demand on account of licence fee accumulated by then was Rs. 0.16 lakh. The recovery proceedings were initiated on 12-11-1973 and recovery order issued to Collector, Delhi on 4-12-1974. The DESU authorities reported on 24-9-1976 that the services of the officer were terminated from 9-3-1975 as he left for USA and never reported back for duty. The Indian Embassy in USA when contacted, reported on 26-8-1982 that the amount could not be recovered due to non-availability of the officer at the address given by the Directorate. The amount of Rs. 0.16 lakh remained unrecovered so far (May 1983).

(ii) *Arrears outstanding against ex-Ministers and MPs*

An amount of Rs. 10.78 lakhs (items of Rs. 5,000 and above) was recoverable from 60 MPs and 5 ex-Ministers as on 31-12-1982. As many as 50 MPs had already retired from Rajya Sabha or ceased to be members of Lok Sabha. In one case, the outstanding demand of Rs 18,106 pertained to the period 1964—1970 and the ex-MP, who had vacated the premises on 9-3-1970, had since expired in early 1980. In many cases, the demands pertained to the period 1971—80. The ex-MPs and Ministers had already vacated the premises long back *i.e.* more than 7-8 years back but the demands were still outstanding against them. Recovery orders in many cases had already been issued to the District Collectors, but the recoveries had not been remitted by them so far (May 1983). Further 9 ex-MPs and 3 ex-Ministers are still (May 1983) under un-authorised occupation of Government accommodation.

(iii) *Arrears outstanding against private parties for residential and office accommodation and rent paying Government departments for office accommodation*

There are 16 private parties including two rent paying Government departments and one State Government Department against which Rs. 62.21 lakhs were outstanding. Arrears to the extent of Rs. 32.27 lakhs were to be recovered from P&T Department and Delhi Milk Scheme from whom the rent at market rates was charged, but they had disputed the rates. Final decision thereon was still to be taken (May 1983).

An amount of Rs. 21.93 lakhs (approximate) towards licence fee of the premises allotted to two private parties and one State Government Department were pending recovery. The rates had been revised from retrospective dates, but the parties had disputed the same and no payment had been received from them so far. The recovery proceedings under the Public Premises (Eviction of Un-authorised Occupation) Act, 1971 were pending before the Eviction Officer of the Directorate. In another case Rs. 0.32 lakh could not be recovered by the Collector, Bombay for want of complete whereabouts of the defaulting party who had been evicted from the premises on 11-3-1976 *i.e.* more than seven years back. In yet another ten cases, eviction proceedings/recovery proceedings had not been initiated in spite of the fact that no payment of licence fees had been received from them.

(iv) *Semi-Government organisations/Government of India undertakings*

(a) There are 27 cases involving Rs. 11.78 lakhs where licence fees exceeding Rs. 5,000 in each case are recoverable from semi-Government organisations/Government of India undertakings. An amount of Rs. 8.47 lakhs was outstanding (Rs. 6.42 lakhs) against Delhi Development Authority (DDA), (Rs. 1.89 lakhs) against Municipal Corporation of Delhi (MCD) and (Rs. 0.16 lakh) against DESU. DDA had not paid the dues in respect of market rent of 94 nos. of quarters placed at their disposal to rehabilitate the evictees of Turkman Gate. Similarly, MCD and DESU had also not paid their dues since 1978 and October 1982 respectively.

An amount of Rs. 3.31 lakhs was recoverable from 24 employees of semi-Government organisations/Public Sector undertakings which were allowed to retain general pool accommodation as an exception to the Directorate's general instructions in this regard. In many cases, the employees of the Bodies/undertakings had vacated the accommodation long back, but the amount had not been paid by the employees/undertakings. The demand was not pressed by the Directorate against the Bodies/undertakings which were paying the licence fee for the accommodation to them.

Government stated (September 1983) that the arrears of licence fee had been reduced to Rs. 12.44 lakhs to the end of June 1983 and 4 out of 27 cases had been settled.

(b) The Directorate of Estates had decided in September 1966 that, in the event of rent falling in arrears for 2 months in case of allotment of Government accommodation to private persons/organisations, the Rent Group concerned will take up each case and obtain orders of the Director as to whether the allotment should be cancelled and eviction proceedings initiated. The above instructions were not kept in view in several cases where the employees were absent from duty/went on foreign service out of India, but the allotment of accommodation was cancelled much later than the occurrence of the actual contingency. The delayed action to cancel the allotment had not only resulted in accumulation and consequent non-recovery of heavy arrears but also unauthorised retention of accommodation for long time.

(v) *Markets*

An amount of Rs. 5.57 lakhs in respect of 39 shops (each item of Rs. 5,000 and above) was outstanding. In many cases, the shops had been vacated/allottees evicted long back and the demand in some cases pertained to 1962 and onwards. These 39 cases mainly fall in the following three categories :—

	No.	Amount (Rs. in lakhs)
(*i*) Evicted/vacant shops	21	2.29
(*ii*) Default in payment (shopkeepers still occupying the shops)	11	1.99
(*iii*) Tres passers (unauthorised occupation)	7	1.29
	39	5.57

Out of the 32 cases (i and ii) above, recovery certificates had been issued to the Collector, Delhi in 25 cases ; out of which 10 cases involving Rs. 1.41 lakhs were held up for want of present address of the parties. In other cases, action was stated to be still under progress and no recovery could be effected so far (April 1983).

Recovery proceedings against the trespassers were stated to be also in progress. The period of demand, in some cases, is very old and it is likely that with the passage of time, the Directorate might not be able to realise these dues.

9.2 *Estates Manager, Bombay*

For accommodation owned by Government of India in and around Bombay which is utilised for residences, offices and shops, licence fee amounting to Rs. 53.35 lakhs was outstanding on 31st December 1982 as detailed below :

	Amount (Rs. in lakhs)
(*i*) Residential accommodation	45.87
(*ii*) Office accommodation	7.36
(*iii*) Shops	0.12
TOTAL .	53.35

The outstanding amount recoverable for the residential quarters included a sum of Rs. 18.96 lakhs from 880 ex-occupants who had already vacated the flats during the period 1974 to 1982 ; in 30 of these cases, the amount recoverable was more than Rs. 10,000 each, aggregating Rs. 7.81 lakhs.

9.3 *Estates Manager, Calcutta*

The records of the Estate Office, Calcutta revealed that at the end of December 1982, recovery of a total amount of

Rs. 141.22 lakhs was outstanding in respect of different categories of accommodation, as detailed below :

	Amount (Rs. in lakhs)
(*i*) Residential accommodation	17.93
(*ii*) Office accommodation	120.61
(*iii* Shops	1.10
(*iv*) Government hostel	1.58
	141.22

The outstanding amount of Rs. 17.93 lakhs shown against residential accommodation included a sum of Rs. 5.54 lakhs due against 23 persons, with arrears of more than Rs. 10,000 each. Government stated (October 1983) that a sum of Rs. 0.17 lakh had since been recovered. The arrears also included a sum of Rs. 6.39 lakhs due against allottees of quarters at Behala, where 324 double roomed tenements were to be transferred on ownership basis to the eligible allottees and other eligible displaced persons from erstwhile East Pakistan as per decision taken by the Department of Rehabilitation in May 1974. It was stipulated that prior to transfer of the tenements, the allottees would have to clear their outstanding dues in the books of the Estate Office, Calcutta and that they would continue to be under the general pool accommodaion rules till the transfer of the tenements. It was decided by the Direcorate of Estates, New Delhi in April 1975 that the allottees who would deposit the cost of the flat in one lump or 20 *per cent* by way of initial payment would not be considered as allottees under the general pool accommodation rules and recovery of licence fee would be discontinued from them from the date of such deposit. The Estate Officer, Calcutta, however, did not take effective steps for realisation of the large sum of money due from the allottees to enable it to issue the requisite clearance certificate, despite repeated requests from the Rehabilitation Directorate of the Government of West Bengal, even though the allottees started depositing the initial payment of the cost of the flats in February 1975 and thereby ceased to be guided by general pool accommodation rules. Out of Rs. 6.39 lakhs due against the occupants of Behala quarters upto December 1982, a sum of Rs. 3.68 lakhs was recoverable from 61 allottees, some of whom had either died or retired. Government stated (October 1983) that out of Rs. 6.39 lakhs, a sum of Rs. 0.22 lakh had been recovered.

Out of arrears of Rs. 120.61 lakhs shown against 'office accommodation', more than Rs. 1 crore were due from the Posts and Telegraphs Department, the official liquidators and court liquidators. The huge accumulation of arrears since 1972-73 was for want of a final decision as to whether rent at market rate was to be charged against them.

It was noticed that, in a number of cases, the rent accounts could not be completed and closed in time and also posting of recoveries had remained outstanding for periods ranging from six months to more than a year. Non-maintenance of essential records like "Control register" for watching receipt of monthly recovery schedules, register of damages relating to residential accommodation and lack of close pursuance of arrear cases seemed to have greatly contributed to accumulation of arrears pertainig to residential accommodation.

9.4 *Arrears of licence fee—AEM, Madras*

Licence fee of Rs. 17.17 lakhs in respect of residential accommodation was outstanding for recovery from employees as on 31st December 1982. This included Rs. 5.91 lakhs due from allottees who had already vacated the quarters. It was observed that in their case, prompt action was not taken to analyse the outstanding amounts and intimate the drawing and disbursing authorities to ensure recovery. The arrears of Rs. 5.91 lakhs, included a sum of Rs. 0.22 lakh due from an ex-official who was dismissed from service in July 1976 but vacant possession of his quarter was taken only in July 1979. The delay in getting the quarter vacated, was stated to be due to the fact that the AEM who started functioning from April 1977 was appointed as Estate Officer for eviction of unauthorised occupants in November 1978 only prior to which the CPWD authorities, responsible for eviction of unauthorised occupants, had not taken necessary action to evict the official after his dismissal from service.

9.5 *Arrear of licence fee—AEM Nagpur*

Licence fee amounting to Rs. 4.36 lakhs was outstanding for recovery as on 31st December 1982, as per details given below :

	(Rupees in lakhs)
(*i*) Residential accommodation	1.90
(*ii*) Office accommodation	1.26
(*iii*) Markets (Shops)	0.19
(*iv*) Land allotted to canteens	1.01
	4.36

Out of licence fee of Rs. 4.36 lakhs outstanding for recovery as on 31st December 1982, the arrears amounting to Rs. 2.09 lakhs comprised an amount of Rs. 1.90 lakhs recoverable for the residential accommodation including Rs. 1.17 lakhs due from allottees who had already vacated the quarters and Rs. 0.19 lakh on account of shops and platforms including a sum of Rs. 0.17 lakh, due from ex-allottees, which had remained outstanding for want of proper follow up action.

9.6 *Arrears of licence fee—AEM Simla*

(i) It was noticed that an amount of Rs. 3.77 lakhs was outstanding to the end of March 1983 against Himachal Pradesh Government on account of 28 suites of the Grand hotel, Simla which were placed at their disposal for use by their MLAs. The matter was, however, under correspondence between the Ministry of Works and Housing and the State Government concerned.

(ii) As on 31st March 1983 an amount to Rs. 0.28 lakh was due for recovery from 37 officers who were allotted "Transit Pool accommodation" in the Grand hotel during 18-11-1976 to 31-3-1982. It would appear that adequate steps were not being taken to recover this long outstanding dues from the concerned officials. Government stated (October 1983) that six officers had since cleared the dues.

10.1 *Other points of interest*

(i) *Directorate of Estate, New Delhi*

Infructuous expenditure on hiring building

Lok Nayak Bhawan, New Delhi was taken on lease by the Directorate of Estates, New Delhi from the New Delhi Municipal Committee (NDMC) at the rate of Rs. 4.75 per sq. feet. per month with effect from 6th November 1978, portion of the building measuring 4,200 sq. ft. was allotted to Rail Tariff Enquiry Committee (RTEC) from the same date in lieu of accommodation already in their occupation in Vigyan Bhawan. The allotment was accepted by the RTEC in November 1978 itself and it took over possession of the accommodation from the CPWD on 7th December 1978, but physically occupied the allotted portion only on 16th March 1979 from which date it started paying licence fee to the Directorate of Estates. The RTEC had refused to pay rent for the accommodation in Lok Nayak Bhavan, for the period prior to 16th March 1979 on the ground that they could not shift there earlier as the basic facilities, like electricity, water and lifts were not available. The Directorate of Estates denied that water and electricity were not available from the very beginning. It was, however, accepted that the operation of lifts was taken over by the CPWD only on 13th March 1979.

A sum of Rs. 0.91 lakh was outstanding against the RTEC for the period from 6th November 1978 to 15th March 1979. The amount had not been recovered so far (April 1983).

(ii) *Officers owning houses*.—The Directorate had issued instructions in August 1980 and again in August 1981 for separate fixation of rental liability in respect of general pool accommodation allotted to officers owning houses at the place of duty and maintenance of accounts record therefor. In order to ensure that such cases regarding fixation of rental liability are not lost sight of or are not unduly delayed, all allotment sections were directed to maintain a register indicating, *inter alia*, the details regarding rental income of the allottee concerned. A test-check of the registers maintained showed that the registers were not being maintained in the prescribed proforma by some of the sections. The different columns were not filled in and entries therein were not reviewed/authenticated by the supervisory officer. The correctness of the entries made in the registers could not, therefore, be ascertained in audit.

(iii) *Estate Manager, Bombay—Omission from the waiting list.*—During test-check of applications received in December 1981 by the Estate Manager, Bombay, it was seen that names of eleven applicants were not found in the 'waiting list' prepared by the Estate Manager, resulting in denial of accommodation to them. Of these, one application was for type 'B' accommodation with a priority date of August 1961 while the allotments made had already covered those with priority date upto September 1962; eight applications were for type 'C' accommodation with priority date ranging between 1950 and May 1962 while the allotments made had already covered those with priority date upto June 1962 and two applications were for Type 'C' 'ladies pool' with priority date of 1963 while allotments made had already covered those with priority date upto June 1965. This caused hardship to the allottees.

10.2 *Improper maintenance of records*

(i) *Directorate of Estate, New Delhi.—Vacancy Register.*—The vacancy registers were not being maintained properly as many of the columns provided therein were left blank. In most of the cases, the dates of allotment of quarters were not filled in the columns which would indicate the delay in allotment of quarters, if any. The entries wherever made in the registers were also not authenticated by the supervisory staff.

(ii) *Estate Officer, Bombay.*—Rent cards showing, *inter alia*, assessment of licence fee, realisation and arrears were not maintained properly inasmuch as the demands were not being revised at prescribed intervals of six months, consequent on the change in emoluments of occupants as a result of increments, promotion, etc. which had resulted in under-recovery of licence fee. It was also observed that no watch was either kept on the receipt of recovery schedules from the PAOs/departments or if received, those were not posted regularly in the rent cards with the result that the arrears of licence fee worked out on the basis of rent cards did not reflect the correct position of the outstandings.

(iii) *AEM, Nagpur.*—Rent registers showing, *inter alia,* assessment, realisation and arrears of licence fee were not maintained properly inasmuch as the demands in most of the cases were not revised at prescribed intervals of six months consequent on the change in emoluments of occupants as a result of increments, promotions, etc. which had resulted in under-recovery of licence fees. No watch was being kept on receipt of recovery schedules from the PAOs/departments with the result that the arrears of licence fee on the basis of rent registers did not reflect the correct position of the outstandings.

10.3 *Issuance of no demand certificate (NDC)—Estates Manager, Bombay*

(i) The NDC regarding dues of licence fee etc., from a retired Government servant in occupation of Government accommodation is required to be sent by the Estate Manager to the Head of Office, responsible for finalising the claims of retirement benefits within 6 months from the date of his retirement, for recovery of dues from the withheld amount of Death-*cum*-Retirement Gratuity (DCRG). If no NDC is received by the Head of Office, within the prescribed period of six months, such dues shall be presumed to be Nil and the amount withheld from DCRG will be refunded to the retired Government servant. It was, however, observed, during test-check that NDCs were not issued in the case of 90 allottees who had retired from service during the period 1976-77 to the end of October 1982 as detailed below :—

1976	1
1977-78	1
1978-79	2
1979-80	8
1980-81	21
1981-October 1982	57
	90

Government stated (October 1983) that out of 90 cases, no demand certificates had been issued in 15 cases, in 59 cases dues had been intimated to the department concerned for effecting recoveries, 15 cases could not be finalised for want of details and in the remaining one case, no demand certificate was under issue.

(ii) *AEM, Nagpur.*—NDCs were not issued in 6 cases of the allottees who had retired during February 1969 to January 1981 (one case of February 1969). In 14 cases, NDCs were issued after six months from the date of retirement of the employees; the delay ranged upto one year in 8 cases; 4 years in 5 cases and 8 years in one case.

Government stated (October 1983) that all the cases had since been finalised and the recoveries shown in the final demands were being pursued vigorously.

11. *Summing up.*—The following are the main points that emerge :

— There is acute shortage of residential accommodation for Government servants, particularly in the lower ranges, the shortfall ranging between 43 and 66 *per cent* in different parts of the country. A Government servant has to put in service ranging between 21 and 29 years before he gets accommodation in

Delhi and Bombay, while the period is longer (ranging between 27 and 36 years) in Calcutta. In spite of this, there has been a spurt in out-of-turn allotment of accommodation during the last two years in Delhi.

— There was considerable delay in allotment of accommodation both for newly constructed residential units and for units vacated by earlier occupants resulting in substantial loss of Government revenues and avoidable payment of house-rent allowance. A large number of newly constructed quarters remained vacant for want of allotment.

— In a large number of cases of unauthorised occupation of premises, the Estate Office delayed inordinately the cancellation of allotment and/or the eviction proceedings in some cases even beyond ten years. The licence fee etc. for the period of unauthorised occupation has not been recovered in many cases.

— There were many instances of non(assessment of dues and damages or under(assessment thereof, non-compliance of orders of Government for revision of licence fee and non-recovery of licence fee at correct rates resulting in sizeable arrears due for recovery.

— The Holiday Home at Simla maintained by the Directorate was never fully occupied even during the peak-season, the vacancy position in the last 5 years varying between 33 and 41 *per cent*. The Holiday Home also incurred an excess expenditure of Rs. 10.85 lakhs over the income during 1978-79 to 1982-83.

— Effective steps were not taken and proper care not exercised for prompt realisation of arrears of licence fee which mounted from year to year and stood at Rs. 427.90 lakhs as on 31st December 1982. These include dues from Government servants, employees of semi-Government organisations and private parties, many of whom had vacated the premises long back.

retired or died or whose whereabouts were not known. The arrears included amounts pertaining to the year 1962-63 onwards. Delays in cancellation and eviction proceedings, retrospective cancellation of allotment, absence of proper procedures and non-observance of the laid down procedures, delays in posting and completion of rent cards and other records and want of follow-up action for recovery had contributed to the accumulation of arrears.

— A test-check on the applications for accommodation received revealed that names of few applicants were missing from the waiting list prepared by the Estate Manager, Bombay, resulting in denial of accommodation to those applicants.

— No demand certificates required to be issued by the Estate Office in favour of Government servants within a period of six months of their retirement were not issued in many cases or were delayed beyond the period of six months.

33. **Construction of second multi-storeyed office building in the compound of Nizam Palace, Calcutta.**—With a view to meeting partially the chronic shortage of accommodation for Central Government offices in Calcutta, the Ministry of Works and Housing accorded (April 1970) administrative approval and expenditure sanction for Rs. 1.64 crores including departmental charges (revised in December 1976 to Rs. 2.50 crores) for the work of construction of second multi-storeyed office building in the compound of Nizam Palace, Calcutta. Construction work was taken up in January 1973 and about 96 *per cent* of the work was completed upto December 1982. In the course of test-check of accounts of the building, extra|infructuous expenditure and short recoveries from contractors to the extent of Rs. 23.11 lakhs were noticed by Audit as detailed below :

(i) The work of pile foundation and basement was awarded (December 1972) by the Central Public Works Department

(CPWD) to contractor 'A' for Rs. 39.01 lakhs which was 37.5 *per cent* above the estimated cost of Rs 28.37 lakhs. The work was to commence on 7th January 1973 and to be completed by 6th May 1974 but was actually completed on 31st July 1975.

As per notice inviting tenders (NIT) as well as tender schedule the item of 'earth work' did not include 'timber shoring' (protection work to prevent erosion in excavation of earth), but while submitting the tender, the contractor modified the tender schedule and inserted the following item of work under sub-head 'earth work' :—

Item	Rate
Ordinary timber shoring with planks complete with strutts, rummer and files etc.	Rs. 125 per square metre (sqm).

The contractor's rates for other scheduled items were justified by the department in relation to the market rates but since this item was not a scheduled item, it was excluded from the comparative statement.

The item together with the rate quoted by the contractor in the tender schedule was accepted (December 1972) by the department and the contractor was paid Rs. 0.79 lakh for the same.

The item was included by the department in the estimate under the sub-head 'earth work' but was not included in the NIT and tender schedule for this work. The rate of the item as per estimate was Rs. 2.35 per sqm. Had the item been included in the NIT, the amount payable would work out to Rs. 0.02 lakh only as against Rs. 0.79 lakh actually paid to the contractor and the excess payment of Rs. 0.77 lakh could have been avoided.

(ii) The roof of the basement and the columns at the ground floor level had been got constructed through contractor 'D' by July 1976 to protect the basement.

Contractor 'B', entrusted with the work of construction of the superstructure, preferred (September 1976) claim for the cost of joggling due to shifting of the central lines of various columns and beam bars left by contractor 'D' to bring the bars in position. A sum of Rs. 0.10 lakh was paid to contractor 'B' as an extra item under clause 12 of the agreement. This extra expenditure of Rs. 0.10 lakh had to be incurred because the dowel bars had been left in a defective position by contractor 'D' and was, therefore, recoverable from him, but no such recovery had been made (December 1982).

(iii) Tenders for the work of superstructure were received in November 1975 and the negotiated tender of contractor 'B' for Rs. 98.67 lakhs was accepted by the Chief Engineer in May 1976. The work was to commence on 22nd May 1976 and was stipulated to be completed by 21st May 1979.

The progress of the work was very slow from the very beginning. The work not being completed by the stipulated date, two extensions up to 30th April 1980 and 15th June 1981 were granted by the department unilaterally. The work done up to March 1981 was 85.5 *per cent*. No work was done by the contractor from April 1981 onwards. The contract was rescinded (15th July 1981) by the department for failure of the contractor to complete the work by the extended date of completion. No compensation has, however, been levied on the contractor for delay in execution of the work so far (January 1983).

For the balance work (estimated cost : Rs. 25.31 lakhs), fresh tenders were invited in August 1981. The lowest tender for Rs. 47.32 lakhs was accepted and the work was awarded to contractor 'C' (November 1981) with the stipulated date of completion as 9th December 1982. Contractor 'C' had been paid Rs. 16.32 lakhs up to December 1982.

Amount recoverable from contractor 'B' worked out to Rs. 22.24 lakhs. However, the Ministry stated (December 1982) that the exact amount recoverable would be known only after completion of the balance work by the second contractor and publication of the award by the arbitrator.

Summing up.—

- A sum of Rs. 0.77 lakh was paid in excess to contractor 'A' by accepting the rate quoted by the contractor for a non-scheduled item.
- Loss of Rs. 0.10 lakh was sustained owing to non-recovery from contractor 'D' responsible for leaving dowel bars in defective position.
- An amount of Rs. 22.24 lakhs was recoverable from contractor 'B'.

34. **Extra expenditure due to faulty planning and delay**—The Ministry of Works and Housing accorded (December 1977) administrative approval and expenditure sanction for Rs. 1.05 crores, including departmental charges (DC) for the work 'Construction of 184 two-roomed family apartments (multi-storeyed) in Minto Road Complex New Delhi.

The Central Public Works Department (CPWD) took 1½ years (December 1977 to May 1979) to get the building plans approved by the Municipal Corporation of Delhi (MCD) as the latter insisted on one stair-case for every three floors, viz. making four stair cases for 12 floors, as per their bye-laws. Ultimately, the CPWD modified its plans accordingly and these were approved by the MCD in May 1979. The Ministry stated (November 1982) that even otherwise this much time was necessary for the proper planning and designing of a work of this magnitude. The work of pile foundation in 2 blocks was awarded to firm 'A' in May 1979 at its negotiated tender amount of Rs. 12.91 lakhs. The work was to commence on 15th August 1979 and to be completed by 14th February 1980, but it was actually completed on 28th January 1981 at a cost of Rs. 21.94 lakhs including Rs. 20.83 lakhs paid to firm 'A' upto April 1983. The increase in cost of pile foundation and also the delay in completion were primarily due to deviation in quantities and the increased length of driven piles.

Tenders for the work of super-structure were invited in January 1980, but only two tenders were received. These were considered to be high and tenders were re-invited on 7th April 1980. Out of six tenders sold, only one tender was received. The tender was examined by the Central Works Board (Board) in a meeting held on 10th June 1980. The Board decided that in view of the position explained by the Chief Engineer that there had been increase in the prices of petroleum products and other materials and also the fact that a part of the work of pile foundation was in an advanced stage of completion, the single tender of contractor 'B' for Rs. 77.79 lakhs (excluding items 2.6 and 12.6) which was 44.67 *per cent* above the corresponding estimated cost be accepted after obtaining revised expenditure sanction from Government. The tender of contractor 'B' was open for acceptance upto 5th July 1980. The contractor informed the department on 11th June 1980 that due to increase in the prices of petrol and diesel by Government on 8th June 1980, there would be all round increase in prices of materials due to increased cost of transport. He stated that he should be reimbursed the actual additional expenditure consequent on the aforesaid escalation in prices of petrol and diesel. Alternatively, his tender should be treated at 2 *per cent* higher than what he had actually tendered. The department informed (28th June 1980) the contractor that the offer made by him in the tender was open for 90 days according to the notice inviting tenders and no change could be made. However, the department did not award the work to the contractor within the validity period. At the request of the department to extend the validity of his tender, the contractor informed the department on 20th August 1980 that there was tremendous increase in prices of all materials and he was prepared to extend the validity of his tender upto 15th September 1980, if the department would accept his claim for 10 *per cent* increase in his tendered rates. No action was taken by the department and the offer of contractor 'B' was allowed to lapse. The department had made a budget provision of Rs. 50 lakhs during 1980-81 against which an expenditure of Rs. 9.19 lakhs was incurred.

Meanwhile, the estimated cost of the work went upto Rs. 1.78 crores on account of general price rise and provision of two rising mains for fire-fighting at a cost of Rs. 5.50 lakhs (April 1980). The work was cleared for execution by the Expenditure Finance Committee in their meeting held on 10th February 1981. The cost of the work, after deleting the provision for nursery school and excluding the cost of sub-station, was estimated at Rs. 1.90 crores (including DC). It was sanctioned by the Ministry in May 1981. The cost was likely to exceed Rs. 1.90 crores in view of the increase in prices of steel and coal announced in February 1981.

Tenders for the work of superstructure were reinvited (April 1981) for the third time and opened on 23rd May 1981. The tenders were examined by the Board and the lowest tender of firm 'C' was accepted (September 1981) at its negotiated tender amount of Rs. 92.92 lakhs, resulting in an increase of Rs. 15.10 lakhs in the cost of the work. The work was stipulated to be completed by 16th September 1983 but only 77 *per cent* thereof was completed by the end of July 1983 after incurring an expenditure of Rs. 89.03 lakhs (besides Rs. 21.94 lakhs on pile foundations and Rs. 1.96 lakhs on ancillary civil works). The civil works are likely to be completed by March 1984 at a total cost of Rs. 1.48 crores (works outlay). Electrical works, which are also in progress, were completed to the extent of 60 *per cent* to the end of July 1983 at a cost of Rs. 13.83 lakhs. These are likely to be completed by June 1984 at a cost of Rs. 29.83 lakhs (works outlay).

The civil work which could be awarded in July 1980 was awarded in September 1981. The work (including electrical work) was expected to be completed in June 1984 at a total cost of Rs. 1.92 crores (including DC).

Even after more than five years of the issue of administrative approval and large investment of Rs. 1.27 crores (works outlay) the objective of providing housing facilities to the staff remained unfulfilled (July 1983).

The case revealed that :—

— although the work was sanctioned in December 1977, a period of 1½ years was spent in getting the building plans approved by the MCD, which could have been reduced if the department had submitted the plans according to Municipal bye-laws in the first instance ;

— the department failed to foresee the probable excess in the cost of the work, due to rise in prices of labour and material ;

— timely action to get the revised expenditure sanction was not taken with the result that the offer of contractor 'B', which was reasonable, could not be availed of and was allowed to lapse although there was no constraint of financial resources ;

— the work of superstructure, which could have been taken up in July 1980, was awarded in September 1981 by which time the cost of the work had increased by Rs. 15.10 lakhs ;

— the estimated cost of the work had increased from Rs. 1.05 crores (December 1977) to Rs. 1.90 crores (May 1981). The cost was likely to exceed further in view of increase in prices of steel and coal announced in February 1981 ; and

— even after more than five years of the issue of administrative approval and large investment of Rs. 1.27 crores, the objective of providing housing facilities to the staff remained unfulfilled (July 1983).

The Ministry stated (November 1982) that tender for the superstructure could not be accepted without the revised sanction to the work and with a view to avoiding cases of this nature, orders had been issued in December 1981 authorising the CPWD officers to accept tenders in anticipation of revised sanction to the estimates.

35. **Avoidable expenditure.**—Seven offers were received and opened on 7th March 1979 in response to a notice inviting tenders for a part of the work (cost : Rs. 112.08 lakhs) of 'Construction of an Office Building in Lodhi Road Area, New Delhi', approved by the Government of India (May 1978) at a cost of Rs. 8.66 crores. The Central Works Board (Board), after considering various aspects, decided in July 1979 to take only equitable course of taking the calculated risk of rejecting the tenders and immediate recall.

Tenders were recalled only on 26th December 1979 and received and opened on 10th January 1980. The lowest offer of contractor 'A' for Rs. 1.55 crores was Rs. 17.29 lakhs more than the earlier offer of another firm received in 1979 in response to the first call of tenders. The delay in inviting fresh tenders has been attributed by the department (June 1982) to non-availability of adequate steel. However, even when tenders were called in December 1979 adequate quantity of steel was not available with the department according to the information given by the Chief Engineer in February 1983. The extra cost has been quantified as Rs. 12.29 lakhs, excluding Rs. 5 lakhs approximately which would have been payable on account of escalation in labour cost even under the terms of the tender received in response to the first call. The work is still in progress and the expenditure booked by the department upto December 1983 was Rs. 1.57 crores.

The delay in recalling tenders had put the Government to avoidable expenditure which is not precisely quantifiable till the completion of the work.

36. **Unfruitful expenditure.**—Mention was made of non-utilisation till 1973 of the 36 inches diameter (dia) unfiltered water pipe line laid from pump house at Bela Road to Hardinge Bridge, New Delhi by the Central Public Works Department (CPWD) at a cost of Rs. 10.18 lakhs in 1962 as it had been found leaking on testing vide para 39 of the Audit Report (Civil), 1972-73. The line was intended to supply 6,500 gallons of water per minute to some colonies in South Delhi.

The Ministry of Works and Housing appointed (February 1975) a Technical Committee of Experts to go into the reasons for leaking of the pipe line. The Committee suggested measures to activate the pipe line, which were accepted by the Government. A preliminary estimate for Rs. 6.52 lakhs (works outlay) and Rs. 0.77 lakh (departmental charges) for commissioning the pipe line was sent by the Chief Engineer (CE) (New Delhi Zone), CPWD, to the Ministry (February 1977) but no administrative approval and expenditure sanction was communicated. A fresh preliminary estimate, which involved dismantling of certain lengths of pipe and re-laying the pipe line, was sent to the Ministry in November 1980 and was sanctioned for Rs. 12.66 lakhs (including departmental charges of Rs. 1.33 lakhs) by the Ministry in October 1981.

Expenditure of Rs. 0.11 lakh was incurred on shifting of the old pipe for re-laying. The work of commissioning of the pipe line was awarded to contractor 'A' in February 1982 at a cost of Rs. 11.89 lakhs and the work was completed in August 1982 at a cost of Rs. 5.01 lakhs (approx). Revised estimate for the work of re-laying and commissioning of the pipe line as actually executed was not framed and sanctioned by the competent authority (September 1983). When the sluice valve of the pipe line near Tilak bridge was opened on 3rd September 1982 for commissioning the pipe line, a portion of the pipe line had burst out which necessitated replacement of certain length of the 36 inches dia pipe. The damaged portion of the pipe line did not form part of the work done by contractor 'A'. Necessary replacement has not yet been carried out (September 1983). Consequently, the unfiltered water pipe line laid in 1962 has not been commissioned so far (September 1983).

The Ministry stated (September 1983) that modified arrangement for protecting the pipes under the Indraprastha Marg would be necessary and that the pipes cracked near Tilak bridge would have to be replaced. It added that necessary action was being planned to get the remaining work completed so that the pipe line could be commissioned and that unless all the items of the work contemplated in the estimate for commissioning the line were completed, the expenditure could not be treated as unfruitful.

The fact, however, remains that the expenditure of about Rs. 15.30 lakhs incurred (including Rs. 10.18 lakhs as far back as 1962) for commissioning the pipe line had not been fruitful so far (September 1983) and the social objective of supplying unfiltered water to the concerned colonies for grassing/gardening remained unfulfilled to the extent desired.

MINISTRY OF WORKS AND HOUSING
AND
DELHI ADMINISTRATION

37. **Loss of revenue.**—The Public Works Department, Delhi Administration (PWD-DA) constructed 1730 (types I to IV) quarters during the years 1972 to 1979 at Gulabi Bagh for allotment to employees of the Delhi Administration. All the services, except water services of the quarters, were handed over to the Municipal Corporation of Delhi (MCD) in January 1982. The PWD continued to procure bulk water supply from the MCD and distribute amongst the allottees of the quarters. The recovery on account of water charges, fixed by Delhi Administration, was being made at flat rates of Rs. 4.50 *per month* per quarter in respect of type I and II and Rs. 5.50 *per month* per quarter in case of type III and IV from the beginning. It was observed during audit of the PWD Division (June 1980) that the recovery of water charges at flat rates was not commensurate with the expenditure incurred on procurement of water from the MCD as well as on running and maintenance of water supply and the department incurred losses. The department explained (June 1983) that it was not administratively and economically expedient to take over the responsibility of raising the water rates on the basis of metered consumption as this process was beset with a number of complications because, unlike MCD, the PWD officers did not have statutory powers for disconnection, charging reconnection fee, etc., nor did it have full infrastructure for arranging water supply, determination of rates and levy of penal charges for

defaults. The PWD, in order to prevent further loss, approached (May 1983) the Secretary (PWD) to enhance the flat rates of recovery of water charges from Rs. 4.50 and Rs. 5.50 to Rs. 16.00 and Rs. 20.00 respectively. Although the need for revision of rates for water charges was pointed out by Audit in June 1980, the rates were revised with effect from 1st April 1983 only. As a result of non-revision of service charges from time to time, Government had been put to a loss of Rs. 10.20 lakhs during the years 1975-76 to 1982-83.

Delhi Administration stated (October 1983) that they had been pressing hard the MCD to take over the water supply services of these quarters, who showed their inability to do so and unless proper meters were installed at these quarters it was not advisable to charge flat rates at exorbitant rates, which should be commensurate with the normal recovery rate of water charges of other colonies of the Government of India and other colonies of the Local Bodies such as MCD and NDMC. They added that provision of such facilities in Government colonies came under the welfare scheme of the Government and it should not be taken as a loss of revenue to the Government, when they provide certain basic amenities at the minimum standard prevalent in Government colonies. However, keeping in view the sharp increase in the expenditure of water charges by the MCD, they have revised the rates with effect from 1st April 1983.

While the Directorate of Estates reviewed the rates periodically and revised from time to time, which varied from colony to colony, the Delhi Administration did not revise the rates to match the expenditure incurred on the service as required under the rules. As a result of non-revision of water charges from time to time, Government had been put to a loss of Rs. 10.20 lakhs during the years 1975-76 to 1982-83.

38. **Extra expenditure due to failure to accept tender within the validity period.**—Delhi Administration accorded (March 1980) administrative approval and expenditure sanction for the work "providing service road along National Highway (NH) I :

sub-head-construction of service road along part of Grand Trunk (GT) Karnal road from Adarsh Nagar to Auchandi Marg junction" for Rs. 13.73 lakhs including departmental charges. Technical sanction to the detailed estimates for the work was accorded in June 1980 for Rs. 10.07 lakhs.

Notice inviting tenders (NIT) for the work, issued by the Public Works Department, Delhi Administration on 13th May 1980, stipulated that tenders for the work should remain open for acceptance for 60 days from the date of opening of tenders. Five tenders were opened on 5th June 1980. Tender of firm 'A' for Rs. 10.10 lakhs though lowest was conditional and stipulated that it would use its own road rollers and give one *per cent* rebate for the same. Besides, use of sheep foot roller would be allowed and the filled-up earth would be consolidated for every layer of 20 cms with road roller without any deduction for voids. The firm also offered rebate of 0.5 *per cent* and 0.2 *per cent* for regular monthly payment and acceptance of tender within 15 days respectively.

The Superintending Engineer (SE) held negotiation with firm 'A' on 8th July 1980. The firm did not agree to withdraw or modify any of its conditions. Since the conditions had financial implications, the SE invited (17th July 1980) contractor 'B' (second lowest tenderer) for negotiations on 21st July 1980. Before the negotiations could be conducted with contractor 'B', firm 'A' withdrew (17th July 1980) its condition regarding use of sheep foot roller and agreed to give 5 *per cent* deduction for voids as per CPWD specifications. The firm also offered 0.7 *per cent* rebate for regular monthly payments, but insisted on use of its own road rollers and also offered 1 *per cent* rebate for the same, as otherwise its road rollers would remain idle.

As a result of the revised conditions, the tendered amount of firm 'A' worked out to Rs. 9.93 lakhs (1.57 *per cent* above the estimated cost of work put to tender). The firm also extended (21st August 1980) the validity period for acceptance of the tender up to 15th September 1980. The SE requested the Chief

Engineer (CE) on 25th July 1980 for permission to use private road rollers. The Ministry stated (November 1982) that the SE's letter dated 25th July 1980 was not, however, received in CE's office and that a copy thereof was received in his office alongwith SE's letter dated 21st August 1980. Before recommending it to the Director General (Works), the SE was asked on 28th August 1980 to furnish a categorical non-availability certificate of road rollers from the Mechanical and Workshop Division, CPWD, New Delhi which confirmed (29th November 1980) their availability. The department decided (23rd December 1980) that the use of private road rollers might be allowed only after all the available departmental rollers were utilised. However, the position of availability of road rollers in PWD Circle II obtaining in October 1980 indicated that as against the requirement of 40—44 road rollers per month, about 20 road rollers were available for Delhi Administration Zone. It was, however, observed that another work "widening of GT Karnal road in the reach 21 to 23.23 km. (Part of Alipur diversion)—sub-head-earthwork, water bound macadam and premix carpet" was awarded to another contractor at a cost of Rs. 56.02 lakhs on 3rd July 1980 with a stipulation allowing use of contractor's road roller when the road roller was not available from the department after obtaining non-availability certificate. Meanwhile, the extended validity period for acceptance of tender of firm 'A' had already expired on 15th September 1980 and it finally refused (31st December 1980) to extend the validity period any further.

The SE held negotiations with contractor 'B' on 9th January 1981. He refused to reduce his rates, but modified the conditions given in his tender and also extended the validity of his tender upto 25th January 1981. The SE requested (20th January 1981) the CE for permission to accept the second lowest tender of contractor 'B' for Rs. 10.21 lakhs (4.45 *per cent* above the estimated cost of work put to tender) as lower rates were not expected on recall. The SE's letter was received by the Superintending Surveyor of Works (SSW) on 22nd January 1981. The SSW requested the SE on 23rd January 1981 to get the validity period of contractor 'B's tender extended. The CE accorded approval on 31st January 1981 to the acceptance of negotiated tender of contractor 'B' subject to his extending the validity period. The contractor informed the department on 27th January 1981 that he was not interested in extending the validity of his tender.

Tenders were re-invited after deleting the provision regarding issue of road rollers by the department from the NIT and revising the departmental stipulated issue rate of bitumen 80|100 from Rs. 1,750 to Rs. 2,750 per tonne. Out of 5 tenders sold, 4 tenders were received and opened on 11th March 1981. The department accepted (April 1981) the lowest tender of contractor 'C' at a negotiated amount of Rs. 12.31 lakhs (25.85 *per cent* above the estimated cost of work put to tender). The work was completed on 29th November 1982. The department incurred extra expenditure of Rs. 1.36 lakhs.

The Ministry Stated (November 1982) that most of the delay was unintentional and unavoidable if all the formalities in disposing of the tenders at the first call were to be completed and in view of this position, they considered that the question of fixing responsibility for the delay would not arise. The fact, however, remains that the department could not decide for nearly 2 months (17th July 1980 to 15th September 1980) whether the condition of firm 'A' for using its own road, rollers could be accepted or not. Even tender of contractor 'B', who was prepared to use departmental road rollers, could not be accepted due to delay in processing the case. No responsibility for the delay had been fixed so far (September 1983).

The case revealed that the department could not make a realistic assessment of their requirement of road rollers *vis-a-vis* availability thereof within the extended validity period of the lowest tenderer, which resulted in an extra expenditure of Rs. 1.36 lakhs.

MINISTRY OF SHIPPING AND TRANSPORT

(Roads Wing)

39. National Highway By-pass, Srinagar

1. Pathankot-Jammu-Srinagar road (National Highway No. 1-A), passes through Srinagar city. Owing to increase in the intensity of traffic passing through the city portion of the highway, the need for providing a by-pass was felt as far back as in 1962, but the final alignment (length 17.80 Kms.) was fixed and approved by the Ministry of Shipping and Transport in June 1971. No integrated project report was prepared. The estimates for different components were prepared by the project authorities from time to time and were technically approved and financially sanctioned by the Ministry between 1972-73 and 1981-82. The Project was estimated to cost Rs. 708.93 lakhs. Although the estimated cost of the project as a whole exceeded Rs. 5.00 crores, the approval of the Cabinet was not obtained.

The work was started in October 1975 and is expected to be completed in 1984-85.

2. *Estimate and expenditure* :—

Against the approved estimate of Rs. 708.93 lakhs, the actual expenditure up to the end of March 1983 was Rs. 978.09 lakhs.

The work was divided into 17 jobs and in respect of 14 jobs the revised estimated cost showed an increase of Rs. 538.01 lakhs over the original estimates and accordingly revised estimates for Rs. 1166.65 lakhs were submitted in respect of these jobs to the Ministry; sanction to revised estimates for 9 jobs for Rs. 944.77 lakhs was awaited (August 1983).

Percentage of increase in respect of 14 jobs ranged from 12 to 456. The Chief Engineer, Project Organisation. Srinagar attributed the increase in cost (November 1981) to escalation in rates of material and labour and increase in cost of work on account of some unforseeable factors. The table below indicates the broad reasons for increase in cost for some of the components :

Items of work	Number of jobs	Original estimated cost	Revised estimated cost	Percentage of increase for item of work (for individual jobs)	Expenditure booked ending March 1983	Reasons for increase
		(Rs. in lakhs)			(Rs. in lakhs)	
Investigatory works including Soil investigation	2	2.49	6.95*	179 (66 and 456)	4.00	Enhancement in the scope of work as some additional bore holes were done in the approaches of combined bridge.
Land Acquisition	1	75.37	175.00*	132 (132)	163.21	Due to increase in the rates and area of land and difference in centages.
Earth-work	4	356.85	653.76*	83 (129, 152, 145 and 12*)	48.50	Non-depiction of actual extent of jungle clearance in the sanctioned estimate, increase in quantity of earth-work due to discrepancy in the original ground level; depression in original ground levels due to compaction by road rollers and due to increase in rates over the estimated rates.

*Sanction to the revised estimates was awaited (August 1983).

Items of work	Number of jobs	Original estimated cost	Revised estimated cost	Percentage of increase for item of work (For individual jobs)	Expenditure booked ending March 1983	Reasons for increase
		(Rupees in lakhs)			(Rupees in akhs)	
Minor drainage/drainage crossings	2	35.31	71.98*	104 (107 and 82)	59.51	Modification of design for culverts due to low bearing capacity of soil met with in foundation causing increase in items of work, and provision of RCC Hume pipes (NP 3 type) in place of ordinary cement concrete spun pipes provided for in the estimate.
Construction of briages	5	199.62	314.71*	58 (30, 61, 59, 56 and 27)	266.62	Change in the design of the wing walls and culverts; variation in estimated and allotted rates, deviation/additional items, difference in centages and, change of hydrolic data by the State Flood Control Department.

*Sanction to the revised estimates was awaited (August 1983).

3. *Delay in completion of works* :—The delay in completion of some of the components ranged between 18 and 71 months leading to delay in completion of the project as shown below :

Name of the work	Job. No.	Month and year of start of work	Stipulated data of completion of work	Actual date of completion	Delay (in months) up to August 1983	Reasons for delay
Soil investigation for embankment design	34-JK-IA	December 1976	September 1977	In progress	71	Non-availability of drilling rig for additional soil investigation.
Earth work Km. 2.4 to 5	12-JK-IA	October 1975	October 1977	In progress	70	Revision of formation levels and delay in acquisition of land.
Earth work Km. 5 to 10	45-JK-IA	October 1977	December 1979	In progress	44	Delay in land acquisition proceedings.
Construction of Minor drainage crossing from Km 0 to 2.4	38-JK-IA	November 1976	November 1977	March 1982	52	Change in design of the culverts in view of poor soil conditions encountered in foundation.
Construction of bridge over the river JHELUM at Km 1	40-JK-IA	March 1978	March 1980	September 1981	18	Late approval of design by the Ministry.
Construction of combined bridge over Doodganga Nallah	42-JK-IA	April 1978	September 1980	In progress	35	Frequent revisions in design.
Construction of protection work	6-JK-IA	August 1979	November 1979	June 1983	43	Due to damage caused by sudden draw down of water level in the river.

4. *Acquisition of land*

According to the original estimate sanctioned in August 1972 land measuring 1408 kanals was proposed to be acquired gradually by end of 1973-74 at a cost of Rs. 75.37 lakhs. The progress of acquisition, however, remained slow and an amount of Rs. 41.39 lakhs only was utilised towards acquisition of land up to March 1978, whereas the expenditure from 1978-79 to 1982-83 was Rs. 121.82 lakhs; 40 kanals of land are yet to be acquired (August 1983). Delay in acquisition of land was attributed to lengthy procedure to be adopted. Subsequently, the estimate of cost was revised to Rs. 174.91 lakhs; sanction was awaited (August 1983).

Land measuring 303 kanals 18 marlas was acquired at Irakh Gund Aksha falling in the alignment from Km 13 to 18 and final award therefor was issued by the Assistant Commissioner, Srinagar in December 1973 and the occupants (Kamas or cultivators in occupation of this Government land) being allowed a compensation of Rs. 500 per kanal subject to the condition that they prove their claims in accordance with the law and rules and the requisite amount was placed at the disposal of the Collector.

In December 1979, State Housing and Urban Development Department sanctioned a rate of Rs. 3,000 per kanal for similar land for laying a housing colony at Bemina Barthana. This led to a demand by the occupants of Rakh Gund Aksha land for enhancement of their compensation amount of Rs. 3,000 per kanal. Despite the fact that final awards had been issued in 1973 and the rate of compensation could not be altered under the law in force as also observed by the Revenue Secretary/Assistant Commissioner (Collector) in a meeting held in April 1980 to discuss the issue, the Government sanctioned (October 1980) payment of compensation at the enhanced rate of Rs. 3,000 per kanal thus involving an additional expenditure of Rs. 7.60 lakhs.

5. *Execution of works*

The following points relating to execution of the project were noticed during test check of records (June 1981 and July 1982).

(i) Earth work in Km 0 (take off point) to 2.4

(a) The technical approval and financial sanction for the above work was accorded by the Ministry in December 1973 for Rs. 69.53 lakhs. The work was allotted to a contractor in September 1975 after about 2 years due to delay in deciding the agency which would execute the work.

The estimate for the work was revised and sanctioned by the Ministry for Rs. 146.50 lakhs in January 1981. The reasons for the revisions in the estimates were that the natural ground levels were actually lower than those indicated in the proposals on which the original estimates were based resulting in an increase in the earthwork by about 1.48 lakhs cubic metres with corresponding increase in expenditure by about Rs. 46.50 lakhs and that the allotted rates were higher than those provided in the original estimates. Besides, some additional items *viz.*, sand layer and granular material were also to be provided in the base of the embankment.

The Ministry had accorded approval to the execution of the work in accordance with the correct ground level in June 1977.

(b) Tenders for the work were invited in May 1973 and the work awarded in September 1975. The technical note accompanying the Ministry's sanction (December 1973) to the work had *inter alia* indicated that good quality granular soil (Morrum or similar type soil) having a C.B.R. of not less than 10 *per cent* should be used in top 18 inch layer in the main carriage portion and 12 inch in the remaining portion of the road embankment. The Chief Engineer, Project organisation reported to the Ministry in November 1978 that there was no mention in the sanctioned estimate for laying granular material and this was mentioned only in the technical note accompanying the sanctioned estimate. It was further stated by him that since the recommendations were received after the tenders were invited and no mention regarding this item could be made in the notice inviting tenders (NIT), the contractor executing the work had no contractual obligation to execute this item of work. Test check of the records revealed that although the NIT was initially issued in May 1973, receipt of tenders had been extended (February 1974) up to March 1974 and the work was allotted only in September 1975. Further an advance copy of the technical note was issued by the Ministry in May 1973. The Department could have incorporated the provision of granular material by issue of a corrigendum to the NIT at the time of extending the date for receipt of tenders which was, however, not done.

The work of laying Khak Bajri was subsequently allotted to a contractor in July 1981 partly at Rs. 60 and partly at Rs. 45 per cubic metre (less one *per cent* rebate) where as the rate as per the schedule of rates in 1973 was Rs. 40 per cubic metre. Thus by not providing for this item of work in the NIT, an extra expenditure of Rs. 2.04 lakhs had been incurred on 12,747 cubic metres of Khak Bajri.

(ii) Supply, laying and consolidation of khak bajri in Km 2.468 to 5.00 (excluding Pohru, Nowgam inter section)

The work was allotted to a contractor in June 1979 subject to execution of an agreement for completion within six months. The contractor started the work in August 1979 and after supplying part bajri (20,000 cft) stopped the work in September 1979 as sufficient quantity of khak bajri was not available from any quarry. The contractor alleged (October 1979) that due to delay in allotment of work to him by about eight months the suppliers with whom he had arranged the supply of khak bajri had executed other contracts and that khak bajri had exhausted. In October 1980 the Chief Engineer approached the Ministry that as khak bajri was not supplied by the contractor same may be substituted by Korwa soil and sand of required specifications and on receipt of approval of the Ministry in October 1980 asked the contractor (December 1980) to take up the work in accordance with the revised specifications at the rates allotted to him earlier in June 1979. The work was, however, not started by the contractor and after issue of a final risk and cost notice in

March 1981 the work was allotted to another contractor in October 1981 at higher rates at the risk and cost of original contractor thus, involving an extra expenditure of Rs. 2.84 lakhs. No action to recover the extra cost from the earlier contractor has been taken so far (August 1983). Reasons for delay in allotment of work as alleged by the contractor have not been assigned (October 1983).

(iii) Earthwork in Kms 13 and 14

Earthwork in Kms 13 and 14 of the bypass estimated to cost Rs. 15.56 lakhs was allotted to a contractor in November 1979 for completion by November 1980. The contractor could not start the work as possession of land was not given to him. In January 1980 the department notified the contractor, after giving possession of land to start the work. As the contractor did not respond, fresh tenders were invited by the department and while these were under process, the same contractor started work in April 1980 and executed agreement with the department. The contractor executed some work (value Rs. 1.06 lakhs) and suspended the work in December 1980. The work was, however, not resumed by him even after issue of a final risk and cost notice in July 1981. The work was allotted (May 1982) to another contractor at increased rates involving an extra cost of Rs. 12.21 lakhs. It was stated (September 1983) that the matter for recovery of extra cost as arrears of land revenues has been taken up with the Government. Further developments are awaited (October 1983).

(iv) Minor drainage crossing on by-pass Km O to 2.4

The construction of minor drainage crossings in Km 0 to 2.4 was allotted to a contractor in September 1976. The work was started by the contractor in November 1976 without agreement which was executed in August 1977 for Rs. 7 lakhs.

In May 1980, after executing work amounting to Rs. 9.43 lakhs up to February 1979 the contractor represented that he had already executed work valuing more than the agreement amount and requested for finalising his work. Several notices were issued to him to resume the work, the last one having been issued by the Chief Engineer in June 1980, but the contractor did not resume work.

Fresh tenders for the balance work were invited in September 1980 and the work was allotted to another contractor for completion in three months at a cost of Rs. 1.58 lakhs in April 1981 involving an extra cost of Rs. 0.71 lakh. No action to recover the extra cost has been initiated so far against the original contractor.

The Department stated (June 1981) that the original contractor was not bound to execute the work in excess of 20 *per cent* of the agreement amount and that agreement amount had exceeded as some additional items were excecuted as per instructions of the Ministry, though according to note below Schedule II of the agreement, limit of 20 *per cent* was applicable only to items specified in the agreement.

It was, however, noticed that the contractor had executed work of the value of Rs. 5.98 lakhs only in respect of the items covered by the agreement, the balance amount represented value of work for additional items under clause 28 of the agreement according to which contractor was bound to carry out additional items of work as are considered necessary by the Engineer-in-charge. Chief Engineer, Project Organisation, Srinagar intimated (November 1981) that the contention of the contractor that he was not bound to complete remaining items of work was being looked into and steps would be taken in terms of the agreement. Further developments of the case from Chief Engineer are awaited (October 1983).

(v) Settlement of ground under embankment due to compaction of natural soil level

The contract for the construction of the by-pass from Km 2.4 to 5 was allotted to a firm at an estimated cost of Rs. 85 lakhs in September 1975. The work was started in October 1975 for completion by October 1977. The work was, however, completed in July 1978.

The Chief Engineer reported (January 1978) to the Ministry that the relative density of the original ground prior to compaction varied from 85 *per cent* to 97 *per cent* of the standard proctor density, with the result that the original ground levels got lowered by about one and half inches in dry land and about 4 inches in marshy areas after application of the compaction.

The Ministry, however, observed (December 1978) that the contractors did take care of such factors like depression in original ground level while offering their item rates and that it was not the practice to make provisions for any allowance in the earthwork embankment in the estimate for settlement of the original ground as a result of compaction.

The Ministry informed the Chief Engineer in July 1980 that payment on this account was to be based strictly on the terms and conditions of the agreement after satisfying that no unintended benefit accrued to the contractor.

Notwithstanding the aforesaid advice in this case, a part payment of Rs. 4.24 lakhs was made on this account between October 1980 and June 1981 to five contractors for the works allotted in different sections of the by-pass between Km 5 to Km 18. Another claim of a contractor for Rs. 2.00 lakhs for Km 2.4 to 5 had been admitted. Another compaction claim (amount not intimated) in respect of Km 0 to 2.4 was also pending for final decision. The compaction in the original ground was not covered under the agreement as preparation and bringing the original ground to a relative compaction of at least 100 *per cent* proctor density was to be done by the contractor as per item No. 2 of the advertised rate list forming part of the contract agreement.

6. *Other points of interest*

Transportation of construction material.—

Test check of records of the National Highway By-pass Division No. II, Srinagar revealed that trucks belonging to private transporters had been engaged between May 1980 to August 1981 for carrying cement from Jammu to Srinagar and consequently Rs. 0.72 lakh (at Rs. 17.50 per quintal) had been paid over and above the Government approved rates (Rs. 14.50 per quintal up to 6th March 1981 and Rs. 15.75 per quintal thereafter). Inspector General Transport stated (July 1981) that the freight rate at Rs. 17.50 per quintal had not been fixed by that office and had no statutory or other sanction.

In August 1981 the Division paid Rs. 0.17 lakh as wharfage charges to the Indian Railway for non-clearance of material at the Jammu rail head within the stipulated period due to non-availability of trucks.

While recommending the case to the State Government for regularisation of expenditure of Rs. 0.89 lakh (January 1982) it was stated that the above charges had been incurred as State Road Transport Corporation had not provided required trucks. Government sanction was awaited (August 1983).

Summing up

(i) The project started in October 1975 without preparing an integrated project report, and based on estimates sanctioned for different components which aggregated Rs. 708.93 lakhs, for which approval of the Cabinet was not obtained. It is expected to be completed in 1984-85. The actual expenditure incurred upto March 1983 was Rs. 978.09 lakhs.

(ii) In respect of 14 out of 17 jobs sanctioned so far the increase in revised estimates over the original estimates ranged from 12 to 456 *per cent*. The revised estimates are yet (August 1983) to be sanctioned.

(iii) Delay in completing 7 jobs ranged from 18 to 71 months.

(iv) In original survey, the ground levels taken for the road were incorrect resulting in increased earthwork costing Rs. 46.50 lakhs in one section alone.

(v) Although land awards once issued are final under the Land Acquisition Act, compensation sanctioned (1973) for some Government land (in occupation of cultivators) acquired in 1973, was enhanced in 1980 involving an additional liability of Rs. 7.60 lakhs.

(vi) Delay in allotment of work in Kms. 2.468 to 5.00 to a contractor resulted in extra expenditure of Rs. 2.84 lakhs.

(vii) Non-inclusion of correct specifications in notice inviting tenders for earth work in Km 0 to 2.4 resulted in extra expenditure of Rs. 2.04 lakhs.

(viii) Delay in finalising the land acquisition proceedings and non-enforcement of contractual stipulations resulted in extra expenditure of Rs. 12.92 lakhs in respect of earth-work (Kms. 13 and 14) and minor drainage crossings (Km 0 to 2.4).

(ix) Rs. 4.24 lakhs were paid to the contractor on account of compaction of the original ground in disregard of the advice of the Ministry. Two other claims for more than Rs. 2 lakhs were pending (June 1982).

(x) Hiring of trucks at rates higher than those sanctioned by the Government resulted in an extra expenditure of Rs. 0.89 lakh.

The matter was reported to the Government in October 1981 and September 1982; their reply was awaited (November 1983).

40. Unfruitful expenditure

Financial assistance of Rs. 7.50 lakhs (grant) was provided (December 1964) by the Government of India to the Government of Andhra Pradesh for construction of a tunnel across the Indrakiladri hill, stipulating *inter alia* that necessary approach roads to the proposed tunnel so as to connect National Highway No. 9 to National Highway No. 5 should be constructed by the State Government from their own resources along an alignment to be approved by the Ministry of Transport. The link road connecting NH-9 and NH-5 through the proposed tunnel was intended to relieve traffic congestion in Vijayawada Town. Without finalising the alignment of link road after adequate survey and investigation and obtaining the financial sanction of the Government of India for the scheme, a tunnel across Indrakiladri hill was excavated during 1969-70 at a cost of Rs. 15.27 lakhs utilising the grant of Rs. 7.5 lakhs provided by the Government of India.

The State Government requested (January 1970) Government of India for sanction of the alignment of the link road which was divided into following three reaches.

Reach-I From Gollapudi village on NH-9 to the entrance of Indrakiladri tunnel.

Reach-II From the exit end of the Indrakiladri tunnel to a Road-over-Bridge.

Reach-III From Road-over-Bridge to a point on NH-5.

The alignment of reaches-I and II was approved by the Government in February 1971 and August 1971 respectively. Two estimates for Rs. 18.04 lakhs and Rs. 6.23 lakhs were sanctioned by the Government in March 1972 for acquisition of land in the reaches-I and II. The land required for reach-I was acquired in 1975 at a cost of Rs. 12.71 lakhs and 0.04 acre out of 9.40 acres of land required for reach-II was acquired in 1977 at a cost of Rs. 1.48 lakhs. Estimates for formation of roads in reaches-I and II were not sanctioned by the Government mainly due to paucity of funds and also because works did not come under the category of "inescapable works" as by-passes were given low priority. The alignment of reach-III originally proposed in November 1971 was changed and alternative economic alignment suggested by the State Government (May 1972) was not considered feasible by the Government, as the alignment would pass through three Road-over-Bridges constructed by the Railways and they were not designed to National Highway standards. After inspection of the site, the

Chief Engineer, Roads, Ministry of Transport suggested (December 1979) some changes in the alignment originally proposed. Government of India suggested (March 1980) that traffic studies be got conducted at either end of the link road and the land along the alignment be got frozen to avoid further structures coming up. Accordingly, traffic studies were conducted and cost benefit analysis reports were sent to Government of India in September 1980. It was estimated that the benefit of Rs. 21.06 lakhs per year would accrue from the formation of the link road as per the studies made by the National Traffic Planning and Automation Centre. Due to delay in finalising the alignment for reach-III the area got heavily built up due to construction of buildings and other private structures. The land already acquired for reach-I was not fully free from encroachments and it was not possible to acquire the land for reach-II fully. In reach-III, where the construction activities continued unchecked by the State Government in the proposed alignment, the acquisition of land and buildings was problematic or was not feasible. The scheme of formation of link road originally envisaged in 1964 thus became impracticable. Consequently Government abandoned (January 1983) the scheme for formation of the link road between NH-5 and NH-9.

The expenditure of Rs. 29.46 lakhs incurred for the excavation of tunnel across Indrakiladri hill (Rs. 15.27 lakhs) and for acquisition of land (Rs. 14.19 lakhs) became unfruitful as the approaches to the tunnel were not formed as stipulated by the Government of India at the time of providing financial assistance for the construction of tunnel and the main object of relieving traffic congestion in Vijayawada town by forming the link road was not achieved. Besides, non-formation of link road also resulted in foregoing financial benefit of Rs. 21.06 lakhs per year that would have accrued due to formation of the link road. Government stated (January 1983) that the Ministry had no alternative but to abandon the scheme on account of non-feasibility of reach-III and that State Government's proposal for development of the road link connecting NH-9 to Vijayawada-Nuzvid road for which most of the land was already acquired in reaches-I and II was agreed as its construction would be of great importance to cater to the needs of local traffic. No road has been constructed so far (October 1983) by State Government in reaches-I and II where land was already acquired. The objective for which financial assistance was provided by the Government of India and land was acquired in reaches-I and II has not thus been achieved.

CHAPTER V

STORES PURCHASES

MINISTRY OF SUPPLY AND REHABILITATION

(Department of Supply)

and also MINISTRY OF HEALTH AND FAMILY WELFARE

(for paragraph 42 only)

41. **Purhase of Emulsifiable Larvicidal Oil.**—The Director, National Malaria Eradication Programme (NMEP) placed (July 1978) two "Operational priority" indents on the Director General, Supplies and Disposals (DGSD) for supply of 3,97,700 litres of Pyrethrum based Emulsifiable Larvicidal Oil (PBELO) by 31st October 1978.

The rates quoted (15th November 1978) by the only two approved indigenous suppliers, 'S' and 'B', being 7.7/8 *per cent* higher than the last purchase price, negotiations were held in December 1978 with the two firms to bring down the prices. The firms, however, declined to reduce the prices. As the alleged sub-standard supply of the same item against another contract by firm 'S' was under investigation by the CBI, the DGSD wanted (January 1979) to ascertain if prior clearance from CBI was necessary before placing orders on this firm. The Department of Supply held (January 1979) that the firm 'S' could not be ignored simply on the ground that the alleged offence against it was under investigation by the CBI. It was, then, decided (January 1979) to cover the requirement by placing orders equally on firms 'S' and 'B'. In the meantime, firm 'B' informed (18th January 1979) DGSD in response to its request for extension of the offer till 30th January 1979 that it was not agreeable to accept the order on firm price basis

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and that its quoted rate would be subject to escalation. The orders for a total value of Rs. 11.24 lakhs (at the rate of Rs. 5.65 per litre) were then placed with firm 'B' in March 1979 for supply of 1,98,850 litres during March—December 1979 on price variation basis. Another order for the same quantity was placed (March 1979) on firm 'S' for supply during March—October 1979 on firm price basis (at the rate of Rs. 5.60 per litre).

The specification of PBELO (No:IS:6014/1970), according to which the offers were invited in these cases, had already become obsolete after the publication of the revised version (IS : 6014/1978) in July 1978. The firm 'S' had brought this fact to the notice of the DGSD in January 1979; yet, the contracts with both the firms provided for supply according to the old specification.

The basic difference in the new specification was that it provided for minimum pyrethrum content without fixing any upper limit and the range of emulsion stability was changed from 35 to 50 ml. creaming to 20 to 50 ml. On 20th March 1979 firm 'S' requested DGSD to amend the contract in order to provide for supply according to the revised specification. The Indian Standards Institution (ISI) also wrote to the DGSD on 5th June 1979 about the incorporation of obsolete specification in the purchase order. The firm 'B' asked (22nd June 1979) for amendment of the purchase order for supply according to the revised specification.

The revised specification provided for minimum of 0.2 *per cent* of pyrethrin content without any limit on the upper side. The DGSD, however, felt that the pyrethrin content beyond 0.22 *per cent* was not desirable and issued (21st July 1979) amendment to the orders providing for upper limit of pyrethrum content upto 0.22 *per cent* and emulsion stability according to the earlier specification. Firm 'S' objected (27th July 1979) to the amendment. Firm 'B' did not acknowledge the amendment, but objected (24th July 1979) to the rejection of

24,800 litres of PBELO with 0.2527 to 0.2567 *per cent* pyrethrin content by the Inspecting Officer. The NMEP also informed the DGSD on 30th July 1979 that pyrethrum was a botanical insecticide non-toxic to humans and animals and that for the same reason the revised specification of 1978 provided only for the minimum limit of 0.2 *per cent* pyrethrin. The DGSD deleted (August 1979) the provision regarding the maximum limit for pyrethrum content but retained the provision regarding emulsion stability according to the old specifications, ignoring the request of ISI (July 1979) to adopt the latest specification.

While firm 'B' acknowledged the amendment without any objection, firm 'S' asked (August 1979) for adoption of the latest specification for emulsion stability as well. The DGSD did not agree with this (25th September 1979) and asked the firm to furnish the security deposit latest by 6th October 1979 and offer the stores for inspection without any further delay. Firm 'S' reiterated its stand (27th September 1979) and the last date of delivery expired on 31st October 1979 without any supply.

In November/December 1979, the DGSD referred the case to the Ministry of Law for advice on the legality of the contention of firm 'S' and on cancellation of the contract at firm's risk and cost. The Ministry of Law was of the view (21st December 1979) that the discretion of cancelling the contract at firm's risk and cost could be exercised provided the amendments to the specification issued by the DGSD were not at variance with the firm's offer and the amendment of August 1979 left the firm with reasonable time to manufacture the stores before expiry of the date of completion of delivery (31st October 1979).

Before cancelling the contract, the DGSD enquired (January 1980) from the NMEP if the PBELO conforming to the revised specification was acceptable since its subsequent indent of September 1979 required supply according to revised specification. The NMEP initially insisted (6th February

1980) on creaming as in the old specification (IS:6014/1970), but subsequently, on being told by the DGSD (26th February 1980) that it was not in keeping with the firm's letter of 20th March 1979 asking for amendment to the revised specification in toto, the NMEP after discussing the matter with the DGSD agreed (7th August 1980) to accept the stores according to the revised specification.

The DGSD amended (5th November 1980) the contract with firm 'S' providing for supply according to the revised specification and asked it to furnish the security deposit by 21st November 1980 and to complete the supply by 15th July 1981 (the due date having expired on 31st October 1979). Before accepting the amendment, the firm asked for (November 1980) an increase in the contract price from Rs. 5.60 to Rs. 7.48 per litre owing to increase in the cost of inputs, alongwith the provision for price variation.

The DGSD informed the NMEP (26th December 1980) about the circumstances leading to demand for higher price by firm 'S' and enquired if its requirement for PBELO still existed, to which there was no reply, despite a reminder in April 1981. Thereafter, the matter was not pursued and the contract was allowed to lapse.

Since the NMEP's requirement for PBELO was a recurring one, the query relating to existence of demand as raised by the DGSD was not relevant. As a matter of fact, in August 1980 the DGSD placed a fresh contract (value : Rs. 9.9 lakhs) with firm 'B' for supply of 1,32,975 litres (conforming to the revised specification) by 31st December 1981 @ Rs. 7.45 (escalated rate Rs. 8.26) per litre against the indent raised by the NMEP in September 1979. Also, in January 1982, the Department of Health pointed out to the DGSD that due to non-supply of PBELO against 3 contracts placed with firm 'B' for the years 1979-80, 1980-81 and 1981-82, operations under the Urban Malaria Scheme and Filaria Control Programme were suffering. But no mention was made about the non-materialisation of supplies during 1979-80 against the contract placed with firm 'S'.

Incidentally, the requirements for the balance quantity of 1,29,050 litres not supplied by firm 'B' was covered (October 1982) by placing orders on firm 'S' at an extra cost of Rs. 7.77 lakhs. As the orders on firm 'B' were cancelled in September 1982 at its risk and cost for the above quantity, the extra cost of Rs. 7.77 lakhs was recoverable from firm 'B'. The recovery is still awaited (October 1983).

Summing up.—The case brings out :—

— The placement of orders on the only two approved indigenous suppliers against priority indents was held up for about 3 months on account of the doubt about acceptance of the offer of firm 'S' which was under investigation by the CBI. The offer of firm 'B' which was clear for acceptance was also not accepted immediately for at least 50 *per cent* of the quantity.

— The delay in acceptance of the offer provided an opportunity to firm 'B' for insertion of a price variation clause which resulted in an extra expenditure of Rs. 1.88 lakhs.

— Inspite of the revision of specification by ISI, DGSD insisted on retaining a part of the old specification and protracted correspondence on the subject led to delay in supply. In the meantime, the stipulated delivery period expired. This was covered by a subsequent purchase at higher rate leading to an extra expenditure of Rs. 7.77 lakhs.

— On account of the delay in arranging supplies, the anti-larvicidal operations under the NMEP and NFCP also suffered.

42. **Loss of jeeps.**—In August 1971, the Director General, Supplies and Disposals (DGSD) placed orders (value : Rs. 5.77 lakhs) on firm 'D' for body building on 145 jeeps for the

Department of Family Planning. The firm was required to furnish an indemnity bond and also to keep the vehicles insured comprehensively while in its custody.

Firm 'D' furnished (February 1972) an indemnity bond for the entire lot of 145 jeeps. However, two insurance policies furnished in July and October 1972 covered only 30 jeeps and that too for a short period of 3 months expiring on 8th September 1972 (25 Nos.) and 25th November 1972 (5 Nos.).

Against a separate contract for supply of vehicles on Government account with firm 'M', firm 'D' received 5 jeeps in August 1972 (insurance cover valid upto 25th November 1972) and 25 jeeps in January 1973 without insurance cover. Subsequently (February 1973), firm 'D' furnished insurance policy for 25 jeeps only, having validity of 3 months (30th January to 29th April 1973). The DGSD did not enquire about the non-renewal of the policy in respect of the remaining 5.

After approval of a pilot body sample (8th June 1973), the DGSD fixed (6th July 1973) the due date of delivery for 30 jeeps as 8th August 1973 without going into the question of the risk involved in non-renewal of insurance policies by firm 'D' after November 1972 (5 Nos.) and April 1973 (25 Nos.). The DGSD stated in April 1982 that it was the responsibility of the firm to revalidate the insurance cover under terms of the contract.

Firm 'D' failed to deliver 30 jeeps due by 8th August 1973 and the contract was cancelled (15th September 1973) after consulting the Ministry of Law (24th August 1973), at the risk and cost of the firm.

In the meantime, the Department of Family Planning desired (June 1973) cancellation of the contract for the remaining 115 jeeps. yet to be delivered for body building, due to non-availability of funds to which firm 'D' did not agree (July 1973). On its failure to furnish insurance cover by the target date (30th September 1973), the DGSD cancelled (October 1973) the contract for this quantity too.

However, the contract for 30 jeeps already with firm 'D' was reinstated in December 1973 allowing extension upto 15th February 1974, since a copy of the letter sent by the Department of Family Planning on 23rd August 1973 regarding consignees had the effect of keeping the contract alive after 8th August 1973, the date of breach.

Subsequently, 14 extensions in delivery period were allowed to firm 'D' from time to time, the last one being upto 15th December 1976, with instructions to revalidate the insurance cover which were not complied with. However, 16 body-built jeeps were delivered by it in September/November 1976 leaving the balance of 14 without insurance cover.

On 21st May 1977, the DGSD cancelled the contract for the second time at the risk and cost of firm 'D', with 15th November 1976 as the date of breach. Simultaneously the firm was advised to return 14 jeeps within 30 days, after joint inspection by the representatives of the DGSD and the Department of Family Planning, to which there was no response.

On their own, the representatives of the DGSD and the Department of Family Planning visited the firm's workshop on 30th June 1977 and found the semi-finished vehicles in shabby condition. The engines were not in running condition and wheels missing. Besides, the firm refused to hand over the vehicles unless its dues were cleared.

The DGSD, in consultation with the Ministry of Law (September 1977), appointed an arbitrator in February 1978 for recovery of Rs. 13.97 lakhs comprising cost of 14 jeeps (Rss. 8.55 lakhs) and other damages. During the pendency of the arbitration proceedings, the DGSD moved the High Court of Delhi (November 1981) for retrieval of the jeeps, which was allowed (May 1982).

On 29th May 1982, firm 'D' asked the DGSD to take back the vehicles on "as is where is basis". The representatives of the DGSD visited the site on 20th July 1982 and came to know that firm 'D' had sold out its premises and that the jeeps were mere junk. The alternative of disposing of the jeeps by auction and adjusting the sale proceeds against the claim before the arbitrator was considered, but the same was disallowed by the High Court of Delhi (October 1982) on the ground that no directions on this were required since the firm had agreed to deliver the chassis.

The Department of Supply stated (October 1983) that it was decided (March 1983) to auction the chassis on "as is where is basis" for which the firm was asked (July 1983) to give their consent. The firm did not agree (August 1983) for auction of the chassis at its works, and also demanded ground rent before allowing removal of the chassis. The matter was being referred to the Ministry of Law for further advice.

The Department further stated (October 1983) that action to fix responsibility for lapses in the case would be taken later on when the relevant file, which has been engaged with some thing or the other, becomes free.

In this case, 14 jeeps (value : Rs. 8.55 lakhs) required for the vital programme of family welfare could not be made use of for more than 10 years (August 1972/January 1973—October 1983) and have been rendered mere junk owing to the DGSD's failure to ensure safe-custody of the vehicles handed over to a private contractor for body building.

43. **Purchase of pyrethrum extract (larvicidal).**—In January and February 1980, the Director General, Supplies and Disposals (DGSD) received two separate sets of offers from firm 'S' and 'B' (the only two indigenous manufacturers) for supply of 33,191 litres packed (25 litre drums) and 37,000 litres unpacked (containers to be provided by the consignee) pyrethrum extract (2 *per cent*) to the National Malaria Eradication Programme (NMEP) and to the Army Headquarters respectively by February/May 1980. The rates quoted were as under :—

Firm	Rates quoted (per litre) January 1980 Rs.	February 1980 Rs.
'S'	74.50	72.50
'B'	97.50	96.00

The difference between the two sets of rates (Rs. 2 for 'S' and Rs. 1.50 for 'B') represented the packing charges.

The DGSD asked (January 1980) the firms to give reasons for the increase of 67/120 *per cent* in rates over the last purchase price (Rs. 44.40) and also to furnish break-up of their price.

Firm 'S' attributed (31st January 1980) the high price for pyrethrum extract to the increase in the price of solvents by about 300 *per cent* (from Rs. 4.30 to Rs. 15/18 per litre), mild steel drums by about 150 *per cent* (from Rs. 16/17 to Rs. 42/43 each) and imported raw material by about 110 *per cent* (from Rs. 160 to Rs. 340 per unit) but it did not furnish the break-up of the quoted price (Rs. 74.50 per litre). Firm 'B' furnished (11th February 1980) the break-up of the quoted price (Rs. 97.50 per litre) *vis-a-vis* that for November 1978 (Rs. 47.50 per litre) showing the increase mainly in cost of pyrethrum (86%), other direct and indirect cost (134 *per cent*), cost of anti-oxidants stabilizer (400%) and increase in profit per litre from Rs. 1.77 to Rs. 7.00.

In the case of offers received in February 1980 for supply to the Army, it was decided (May 1980), with the approval of the Department of Supply, to accept the offer (Rs. 72.50 per litre) of firm 'S' involving an increase of about 63 *per cent* over the last purchase price (Rs. 44.40 per litre). A contract for supply of 37,000 litres (value : Rs. 26.83 lakhs) to the Army (after approval of the advance sample) was placed (7th June 1980) with firm 'S'.

The purchase decision in respect of the offers received in January 1980 for supply to the NMEP was delayed by about 6 months (January—July 1980) due to the time taken in settling the testing procedure and the warranty clause, withdrawal of unacceptable terms, clarifications for price increase, etc.

For supply to the NMEP, firm 'S' insisted (July 1980) on clearance of its pending bills for Rs. 6.55 lakhs, before extending the offer beyond 19th May 1980. According to the DGSD

(August 1980), the payment of Rs. 2 lakhs had been withheld towards the cost of defective stores supplied by the firm against another contract which was under investigation by the CBI. The Department of Supply stated (September 1983) that the question of release of the withheld amount could be considered only after the firm was exonerated of all the charges. The justification for the delay in payment of claims for the balance amount of Rs. 4.55 lakhs was not examined nor was any formal decision taken. The DGSD asked the firm (5th August 1980) to extend its offer upto 4th September 1980 and to telegraph reply by 14th August 1980, without any pre-conditions, failing which it would be ignored.

Firm 'S' did not reply and on 30th August 1980 the DGSD accepted the offer (Rs. 97.50) of firm 'B' taking it to be 34.48 *per cent* higher as compared to the price of Rs. 72.50 per litre accepted in case of the contract placed with firm 'S' in June 1980. On this interpretation, the approval of the Department of Supply in cases involving increase beyond 35 *per cent* of the last purchase price was avoided.

Contract (value : Rs. 13.43 lakhs) with firm 'B' for supply of 13,774 litres of pyrethrum extract (against the indented quantity of 33,191 litres) to the NMEP by December 1980, was placed on 25th September 1980. The quantity was increased to 17,218 litres (value : Rs. 16.79 lakhs) in December 1980 and the balance quantity of 15,973 litres remained uncovered for want of funds.

Even though the rate (Rs. 97.50 per litre) quoted by firm 'B' was higher by Rs. 23 (31 *per cent*) as compared to the rate (Rs. 74.50 per litre) quoted by firm 'S', no reasons for this huge difference were brought on record. Nor was the case referred to the Cost Accounts Branch of the Ministry of Finance for advice on the reasonableness of the increase in cost.

Placement of the contract with firm 'B' brings out the following features :—

(i) For the purpose of sanction by the competent authority, the increase over the last purchase price (34.48 *per cent*) in respect of the rate received in January 1980 was based on the rate received in February 1980. The correct last purchase price in this case was Rs. 44.40 and the accepted rate involved an increase of about 120 *per cent*.

(ii) The break-up of the quoted rate of Rs. 97.50 per litre furnished by firm 'B' was accepted without scrutiny.

(iii) Passing over of the lower offer of firm 'S' involved an extra expenditure of Rs. 3.96 lakhs for which no justification was given.

The DGSD stated (March 1982) that the extra expenditure of Rs. 3.96 lakhs was more virtual than real as the firm was under investigation by the CBI (July 1978) for supplying sub-standard pyrethrum based emulsifiable oil against a contract placed in December 1976. The Department of Supply stated (September 1983) that the question of release of the withheld amount could be considered only after the firm was exonerated of all the charges investigated by CBI. This however did not prevent ordering the requirement of Defence (37,000 litres) on firm 'S' whose supplies were accepted. In fact the Department of Supply had informed the DGSD in January 1979 that firm 'S' could not be ignored simply on the ground of alleged offence against it.

44. **Purchase of jerseys and stockings.**—An order was placed by the Director General, Supplies and Disposals (DGSD) on firm 'X' for supply of 4 items of jerseys woollen and stockings *vide* Advance Acceptance of Tender (A/T) dated 16th June

1979 and formal A/T dated 3rd September 1979 as follows :—

Description of stores	Quantity	Date of delivery
Stockings	3,907 pairs	
Jerseys Khaki	15,820 Nos.	31st October 1979
Jerseys Black	415 Nos.	30th December 1979
Jerseys Coats	4,565 Nos.	31st October 1979

The rates were subject to variation in the rates of excise duty *vide* clause 19(c) of the A/T. Since the rates of excise duty were revised by the Government with effect from 4th July 1979, the firm requested DGSD (5th September 1979) to issue necessary amendment letter with regard to revised excise duty. The firm also requested DGSD to suitably extend the delivery period, since the formal A/T was issued after lapse of 2½ months from the date of issue of advance A/T and it could not undertake manufacture of the stores until receipt of formal A/T. The firm again reminded DGSD *vide* its letters dated 26th November 1979, dated 17th December 1979, dated 5th January 1980 and dated 16th July 1980 for taking necessary action in this connection. No action however was taken by DGSD on the firm's above cited letters in spite of the fact that it was clearly stated by the firm in its letter dated 16th July 1980 that if no reply was received by 31st July 1980, the matter would be closed at its end. It was only on 15th May 1981 (*i.e.* after lapse of more than 20 months) that the firm was served with a performance notice by the DGSD asking it to complete the supplies by 30th October 1981. On receipt of this performance notice, the firm replied (23rd May 1981) that since neither any reply nor any amendment letter refixing delivery period was received by it till 31st July 1980, the contract was treated as closed and performance notice-*cum*-extension letter of DGSD was not acceptable to it at such a late stage. The A/T was, therefore, cancelled (3rd October 1981) for the entire quantity by the DGSD after obtaining the advice of Ministry of Law. Ministry of Law also opined that a plea might be taken by the firm that it did not supply the stores for want of necessary amendment letter with regard to excise duty. The DGSD was, therefore, obliged to cancel the A/T without financial repercussion on either side because due to their lapses it was not possible to make the firm responsible. Since the stores were urgently required by the indenter, these were purchased in March/April 1982 from a number of firms including firm 'X' at higher cost resulting in extra expenditure of Rs. 4.57 lakhs.

The omission to take timely action on repeated communications from the firm seeking revision in rates of excise duty as per contract, delay in issue of formal A/T and abnormal delay in arriving at the final repurchase decision resulted in avoidable extra expenditure of Rs. 4.57 lakhs to the Government.

45. **Extra expenditure on speculative purchase.**—In order to meet the requirement of 1,27,000 Kgs. of wool cotton absorbent of an indentor, Director of Supplies and Disposals, Madras (DSDM) received (April 1981) quotations ranging from Rs. 14.92 to 19.50 per Kg. The DSDM proposed (8th May 1981) to cover only 50 *per cent* of the quantity required and to invite fresh tender for the balance in anticipation of getting lower rates. The indentor advised DSDM on 15th May 1981 that the rates as received were reasonable, that more competitive rates were not expected on retendering and that it was not advisable to defer the procurement of 50 *per cent* demand without knowing definitely downward trend of price in the market. DSDM, however, covered only 63,100 kgs. (in May 1981) by placing orders on firms 'A' and 'B' at rates ranging from Rs. 14.92 to 16.30 per Kg. Orders for the balance 63,900 Kgs. were placed on firms 'A', 'C' and 'D' in November 1981, at rates ranging between Rs. 17.89 and Rs. 18.00 per Kg. obtained on retendering.

The decision to defer procurement of 50 *per cent* of the requirement in anticipation of getting lower rates on inviting fresh tenders without definite knowldege thus resulted in an avoidable expenditure of Rs. 1.00 lakh. The Department stated

(January 1983) that 50 *per cent* quantity was retendered in anticipation of getting lower rates at least in lower slabs in the fresh tender, but suppliers unfortunately quoted higher prices. This was a case of speculative purchase without having definite knowledge of downward trend in the market against the advice of the indentor.

The paragraph was issued to the Department of Supply on 26th July 1983. The reply was awaited (30th November 1983).

46. **Purchase of canvas flax (tow).**—An indent for procurement of 65,200 metres canvas flax(tow) 56 cms. width was received by the Directorate of Supplies and Disposals, Calcutta on 4th August 1978 from the General Manager, Ordnance Equipment Factory, Kanpur. Out of the total requirement, 14,800 metres were classified as operational and the balance quantity as ordinary requirement. The operational quantity of 14,800 metres was required by the indentor by August 1978. 27,000 metres under ordinary requirement were required in two instalments *i.e.* 13,500 metres each by December 1978 and April 1979 and the remaining 23,400 metres by December 1979 to March 1980.

On receipt of the indent, the Department split up the indented quantity into 3 parts *viz.*, 14,800 metres as operational, 27,000 metres and 19,700 metres as ordinary requirement because there was a wide gap in delivery period and floated 3 separate tender enquiries on different dates *viz.*, 22nd August 1978. 26/30th September 1978 and 23rd February 1979 respectively.

For supply of the operational quantity a contract was concluded with firm 'J' on 1st November 1978 at the rate of Rs. 18.60 per metre (excluding excise duty and sales tax) stipulating the delivery period of 5,000 metres by 30th November 1978 and for 9,800 metres by 31st January 1979. Another 3,700 metres by 5th March 1979 were also covered under 25 *per cent* tolerance limit (diverted from the 2nd lot of ordinary requirement of 23,400 metres). Supplies of the contracted quantity were, however, made between 21st December 1978 and 26th May 1979.

For the first lot of ordinary requirement of 27,000 metres a contract was finalised on the same firm (J) on 25th January 1979 at the rate of Rs. 22 per metre (excluding excise duty and sales-tax; supplies were to be completed by 15th July 1979 or earlier. The actual deliveries were, however, made between 30th July 1979 and 20th March 1980.

For the first lot of ordinary requirement the indentor had desired delivery of 13,500 metres by December 1978 and another 13,500 metres by April 1979. There was thus only a nominal gap of about 1 month between the commencement of part supplies against the contract placed to meet the operational indent and the delivery requirement of the ordinary indent. The 2nd lot of 9,800 metres against the operational indent was to be supplied by 31st January 1979, *i.e.* after the desired supply by December 1978 of the first lot of 13,500 metres against the ordinary requirement.

Had the Department initiated purchase action and concluded the contracts for operational requirement and the quantity of 27,000 metres of ordinary requirement simultaneously though separately, the Government could have saved an extra expenditure of Rs. 1.10 lakhs and also avoided inconvenience experienced by the indentor due to delay in supply.

The Department stated (February 1982) that since there was wide gap in the delivery period of various lots of ordinary requirements, these were dealt with separately. This is not tenable since the stipulated supplies of 9,800 metres (by 31st January 1979) against the operational demand was even beyond the desired supply (December 1978) of 13,500 metres of ordinary requirement.

47. **Purchase of diesel generating sets.**—Against an indent received from the Executive Engineer, Central Ground Water Board, Faridabad, for the supply of 5 generating sets, the Director General, Supplies and Disposals(DGSD) placed an Acceptance of Tender (A/T) on 28th October 1977 with firm

'A' at Rs. 34,800 plus Rs. 7,000 for a trailer per generating set (exclusive of excise duty and sales tax) for delivery by 30th April 1978 (subsequently refixed as 30th June 1978). Due to delay in the receipt of engines by firm 'A', it requested DGSD (June 1978) to extend the delivery period for 8 weeks from the date of receipt of the amendment letter. The delivery period was accordingly extended (September 1978) upto 27th October 1978 with reservation of right to recover liquidated damages and denial clauses. Firm 'A', however, did not acknowledge the amendment letter extending the delivery period upto 27th October 1978. The indentor wanted DGSD to procure the stores on a priority basis or to issue 'No objection Certificate', so as to enable him to procure the generating sets directly. Firm 'A' neither made any supply during the extended delivery period, nor did it ask for any further extension in delivery period. DGSD referred (January 1979) the case to Ministry of Law for advice if the contract could be cancelled at the risk and cost of the defaulting firm. The Ministry of Law advised (April 1979) that it was legally permissible to cancel the contract at the risk and cost of the firm treating 30th June 1978 as the date of breach. In the meantime, the indentor had reduced his requirement from 5 sets to 4 sets as he had already resorted to direct purchase of one set. The case was again referred (in June and July 1979) to the Ministry of Law who opined (July 1979) that if the contract had been cancelled at the risk and cost of the firm for non-supply of 5 sets, then it would be necessary to purchase, in the risk action, the same number of sets, in order to recover the loss, if any, from the firm. Finding, however, that a period of six months had already expired and it would not be possible to make valid risk purchase, the DGSD decided (September 1979) to persuade firm 'A' to make supply within the minimum delivery period. In a meeting held on 17th September 1979, the firm's representative stated that owing to delay on the part of the DGSD in issuing certain amendments to the A/T and the alternative arrangements being made by the indentor to obtain stores, firm 'A' had slackened its efforts to make supply. It also expressed difficulty in arranging the engine of the required type for the generating sets and promised to intimate, in about 15 days, the definite period during which the supply could be made. In November 1979, firm 'A' informed the DGSD that due to power cut at its works and other *force majure* conditions, it could not supply the contracted stores and that it hoped to overcome the difficulties in about two month's time. Firm 'A' was given a performance-*cum*-extension notice (December 1979) extending the delivery period upto 31st January 1980 with reservation of right to recover liquidated damages and denial clauses. In spite of telegraphic reminder (January 1980), firm 'A' neither acknowledged the amendment letter, nor did it deliver any stores. After getting the legal opinion (February 1980), A/T was cancelled (March 1980) at the risk and cost of the defaulting firm treating 30th June 1978 as the date of breach.

A limited tender enquiry was issued (March 1980) and 4 tenders received were opened on 22nd April 1980. The lowest rate of Rs. 34,800 for the main equipment and Rs. 7,000 for the trailer was again from the defaulting firm 'A'. Being a defaulting firm, it was asked (April 1980) to furnish security deposit of Rs. 20,900 equivalent to 10 *per cent* of the value of stores quoted by it. Instead of making the security deposit, it withdrew its offer. Meanwhile, the indentor reduced his demand to 3 generating sets without trailer. Order was, however, placed (June 1980) for 5 generating sets with 2 trolley (3 units for CGWB and 2 units against another pending indent) on firm 'C', which was the next higher tenderer at Rs. 63,750 per generating set plus Rs. 16,000 for a trailer with 30th November 1980 as the date of delivery. Firm 'C' supplied 3 generating sets by 11th July 1981. Purchase of these 3 sets from firm 'C' involved an extra expenditure of about Rs. 1.01 lakhs.

The Department of Supply stated (December 1982) that DGSD was not inclined to cancel the contract since firm 'A' was one of the best suppliers of generating sets at that time, but due to unforeseen circumstances, it faced some financial difficulties and could not execute the supplies. The Department also stated that the case was being processed for recovery of general damages.

The case revealed that :

— DGSD took more than two months to extend the delivery period on receipt of firm 'A's request (29th June 1978) and three months after the expiry of the extended delivery period to refer the case to the Ministry of Law for advice if the contract could be cancelled at the risk and cost of the defaulting firm.

— The matter was also not pursued with the Ministry of Law and it took another three months to get advice from that Ministry (April 1979), by which time the prescribed period of six months from the stipulated date of breach (30th June 1978) had already expired, rendering it impossible to make a valid risk purchase.

— Department incurred an extra expenditure of about Rs. 1.01 lakhs on purchase of 3 generating sets alone from another firm 'C' which could not be recovered from firm 'A' in the absence of a valid risk purchase.

— No action had been taken till September 1983 to assess and recover general damages from firm 'A'.

MINISTRY OF ENERGY

(Department of Power)

48. Purchase of transformers for Power House.—An order for supply of ten, 43.33 MVA transformers at a cost of Rs. 231 lakhs (exclusive of taxes) was placed (October 1975) by the Salal Hydro-Electric Project, Jyotipuram (J & K) on firm 'A' for completion of delivery by April 1979. The transformers were guaranteed for a period of 18 months from the date of delivery or 12 months from the date of commissioning whichever was earlier. The order while specifying technical particulars of the transformers indicated the approximate weight of core and windings, transformer oil etc., based on the offer made by the supplier.

Six transformers were received by the Project between March 1978 and September 1978. The period of delivery of remaining four transformers was, however, extended by the Project by 13 to 14 months in January 1979 on a suggestion made by the firm in October 1978 that due to the postponement of the dates of the completion and commissioning of the Project it would not be prudent to store these transformers for a longer period. The Project authorities wrote to the supplier in January 1979 that the six transformers already supplied might be considered for utilisation at other projects/electricity boards. The remaining four transformers were received by the Project between July 1980 and October 1980. Rs. 225.25 lakhs were paid for these transformers upto March 1981.

As per terms of the order, the firm was required to furnish to the Project, for approval, drawings of the transformers. In the drawings submitted by the firm and approved by the Project (February 1978), the weight of core and windings and quantity of transformers oil for first filling were considerably reduced from those specified in the order and the supplies were made accordingly as shown below :

	As per order	Actually supplied	Difference
Weight of core and winding	37,000 Kgs.	33,000 Kgs.	4,000 Kgs.
Quantity of transformer oil .	17,500 Ltrs.	15,000 Ltrs.	2,500 Ltrs.

The Project authorities decided (December 1979) not to effect any reduction in the price of transformers on the ground that no reduction/rebate was specified for variation in the approximate quantity of oil, dimension/weight of the transformers as indicated in the order *vis-a-vis* the quantity/weight finally approved, and also because the supply was made by the firm according to IS-2026. The Indian Standard Specifications refer only to the acceptable levels of performance of an item and not to the computation of cost thereof. As the offer made by the firm was based on the cost of various components used in the manufacture of transformers, any reduction in the quantity/weight of one component thereof would have obviously led to the corresponding reduction in the cost of transformers. On the basis of the basic prices of raw materials and components used in the manufacture of transformers as circulated by the Indian Electrical Manufacturers Association Bombay, the extent of benefit to the firm on account of less quantity of oil supplied works out to Rs. 2.19 lakhs and that on account of less weight of core and windings to a minimum of Rs. 7.06 lakhs presuming that only steel (being cheaper of the two components *i.e.* steel and copper) was used in manufacture. Besides, the ten transformers procured (at a cost of Rs. 255.25 lakhs) between March 1978 and October 1980 have been lying un-utilised so far (July 1983) and are likely to remain so till the expected commissioning of the Project in 1984-85.

In reply, the Ministry stated (December 1982) that the date mentioned originally in the N.I.T. was approximate and meant only to facilitate transportation and site handling, the supplier had manufactured the transformer only after the detailed design drawings were approved by the Central Electricity Authority and the project, the transformers conformed to technical specifications and by using improved technology the firm had designed more compact and economical transformers conforming to the technical parameters as per Indian Standards benefiting the project in the form of recurring saving in refilling and dehydration of transformer oil. The Ministry added that an attempt was made for obtaining reduction in price on account of supply less quantity of oil, but the firm took the stand that it was not bound to supply any definite quantity of oil except the quantity sufficient for the initial filling of the transformer.

As the transformers have not been commissioned so far, the claims in regard to the technical performance of the transformers could not be verified. As the offer of the firm was obviously based on the cost of various components (including oil) used in the manufacture of transformers and the reduction in the cost of one component should have led to the corresponding reduction in the cost of the final product, the acceptance of transformers with less weight and less quantities of oil amounted to conferring undue benefit on the supplier.

49. **Loss due to acceptance of sub-standard material.**—For supply of 200 Kgs. of Babbit Metal (containing 90 *per cent* Tin and 4.5 *per cent* Copper) @ 139.90 per Kg. and 500 Kg. of (99 *per cent* pure) Tin Ingot @ Rs. 157.40 per Kg., Superintending Engineer, Nangal Mechanical Circle, placed orders on firm 'A' on 24th November 1977 and 18th April 1978, respectively. It was stipulated that random/samples of these metals taken from the lot lying in the firm's Godown would be got tested from Government Laboratory (unspecified) at firm's cost. Supplies were received in December 1977 and June 1978 at a cost of Rs. 1.11 lakhs. In both the cases, Government Industrial Development-cum-Service Centre, Ludhiana confirmed the specifications in its Test Reports of 16th December 1977 and 20th May 1978.

On a complaint received by the Bhakra Beas Management Board in June 1978, the samples of the two metals were got tested from Government Test House, Calcutta, which in its test reports dated 21st February 1979 reported that the sample of Tin Ingot contained 17.07 to 17.29 *per cent* of Tin (against required 99 *per cent*), while Babbit Metal contained 49.01 to 49.15 *per cent* Tin and 2.02 to 2.04 *per cent* Copper (against required 90 *per cent* and 4.5 *per cent* respectively).

Out of 200 Kgs. of Babbit Metal and 499.500 Kgs. of Tin Ingot purchased in December 1977 and June 1978 the consumption upto February 1979 and March 1979 was 41 Kgs. and 132.400 Kgs. respectively. The remaining 159 Kgs. of Babbit Metal and 367.100 Kgs. of Tin Ingot valuing Rs. 0.83 lakhs, were lying unused (January 1983).

One Superintending Engineer and two Sub-Divisional Officers were charge sheeted in July 1982 and October 1982 respectively. Further action was awaited (May 1983).

MINISTRY OF EXTERNAL AFFAIRS

and also MINISTRY OF DEFENCE for paragraph 51

and MINISTRY OF SUPPLY for paragraph 52

50. **Extra expenditure.**—In response to a limited tender enquiry issued (7th October 1981) by the Supply Wing, Embassy of India, Washington, the quotation of firm 'A' was the lowest for 4 items. One of the items figured in another limited tender enquiry (19th October 1981) and the firm 'A' quoted the same rate which again was the lowest. The indentor to whom the first offer was referred (10th December 1981) informed the Supply Wing on 23rd January 1982 that the offer of firm 'A' was suitable for all the four items but they had no experience about the quality of material, fitment/function and supply performance of the firm. The indentor was informed by the Supply Wing on 18th February 1982 that the firm had confirmed that materials offered by them were exactly as per the catalogue numbers desired by the indentor and that they were buying the materials from the same source from where the manufacturer bought the material. The first offer of firm 'A' was valid upto 9th March 1982. But the Supply Wing took a decision to place an order on the firm for 50 *per cent* of the quantities covered by the offer only on 13th April 1982. The firm, however, did not extend the validity period of their offer. The validity period of the second offer also had expired on 15th March 1982. Orders for the four items were finally placed on firm 'B' at higher rates after negotiations. The delay in acceptance of the offer resulted in an extra expenditure of $ 18,382 (Rs. 1.71 lakhs). The Supply Wing stated (November 1982) that firm 'A' was not a proven source of supply. Apart from the fact that in this case decision was taken to place orders on this firm, though belatedly, the Supply Wing had placed a number of orders on the firm in the past.

51. **Purchase of electron tubes.**—To meet the urgent requirements of Air Headquarters, the Supply Wing (S.W.), Embassy of India, Washington placed (July 1982) an order for six

Electron tubes at \$ 3,500 each (Rs. 32,550) in 'new manufacture' condition. There was no provision in the contract specifying the proof to be furnished by the supplier regarding the condition of supplies. The tubes were air-lifted in September 1982 (freight paid Rs. 14,267). Though the purchase order stipulated manufacturer's warranty for 800 hours, it was not furnished by the supplier. This omission was not pointed out by the Supply Wing before making payment. Five tubes failed and became unserviceable in October-November 1982 and the sixth in January 1983 before the expiry of warranty period. The Air-headquarters complained (November 1982) that the items supplied were used/reconditioned ones and bore serial numbers earlier to the tubes procured in the past indicating that they were from old stock. Though the Air-headquarters wanted the tubes to be replaced as they were required most critically, the Supply Wing could not obtain replacement from the supplier as the supplier could not procure the tubes from his supplier. Even though according to the contract the supplier was bound to remedy any defect in the equipment that may develop within the warranty period, the legal position was that "replacement at cost higher than the purchase price is unconscionable and hence not a feasible remedy and is inadmissible under the U.S. Law." The defective tubes have not been sent back to the supplier and the cost of defective supplies (Rs. 1,95,300) has not been recovered so far (September 1983).

Six tubes were subsequently ordered (February 1983) at \$ 23,000 per tube. Failure to verify the condition of supplies resulted in defective supplies of a critically needed item and consequent delay in procurement. The Supply Wing's standard conditions of contract apparently contain no remedy against consequences of defective supplies except for recovery of their cost.

52. **Extra expenditure in procurement of sample processing system.**—The offer (November 1978) of a Swiss firm priced US \$ 57,500 was found acceptable by the indentor and the DGS&D for sample processing system with accessories required

by the Chief Engineer, Ganga Basin Water Resources Organisation, New Delhi. Purchase order was, however, not placed because the firm had not complied with certain formal requirements like supply of proforma invoices, deposit of security money, etc. The indent, therefore, was cross mandated (March 1979) to the Supply Wing of the High Commission of India, London (SW).

The cross-mandated indent was received in the Supply Wing on 6th April 1979. Though the indent papers clearly indicated that the items offered by the Swiss firm were acceptable to the indentor and that their offer was valid upto 1st May 1979, no action was taken by SW for two and a half months. In June 1979, a single tender inquiry was issued to the same Swiss firm. The firm quoted (July 1979) the price at US $ 72,626 which was negotiated and a purchase order at the discounted price of US $ 65,385 was placed (September 1979) which was US $ 7,885 (Rs. 0.63 lakh) more than the price quoted by the firm in November 1978.

The DGS&D held (June 1981) the view that had the SW entered into a dialogue with the firm immediately after the cross mandation, the upward revision of the price by the firm would have been avoided.

The SW justified the purchase stating (April 1981, August 1981 and April 1983) that :—

- firm's offer of November 1978 was valid only upto 31st March 1979 ;
- foreign exchange sanction was valid upto 2nd April 1979 only ; and
- firm's offer of November 1978 was for obsolete model B2-26 series while their subsequent offer was for improved model B2-36.

It may be mentioned that the validity of firm's original offer was extended to 1st May 1979 and that the foreign exchange sanction was valid upto the end of April 1979.

When Audit pointed out in September 1981 that the firm's acknowledgement dated 18th June 1980 for the contract was for the model B2-26 only, the matter was taken up by SW with the firm who held (March 1983) that the contract was only for supply of model B2-26 and that there was no suggestion of any intention to purchase or to supply the latter model B2-36. The SW have now written to the firm (April 1983) requesting them to refund the additional price charged as this was not justified in the absence of sophisticated features in the instrument supplied by the firm. The firm's reply is awaited (October 1983). As it is, the equipment supplied to the indentor is the obsolete one which escaped notice of Inspection Wing at the time of clearance.

MINISTRY OF HOME AFFAIRS

53. Extra expenditure on hiring of ceiling fans.

The Director of Census Operation, Hyderabad, incurred Rs. 0.98 lakh on hiring 250 ceiling fans for various periods from March 1981 to May 1982, mostly on a monthly rental of Rs. 44 or Rs. 43 and in some cases lower rates ranging between Rs. 15 and Rs. 22 in 8 Regional Offices without considering the comparative advantages of "buy or hire" and without obtaining the sanction of the competent authority. With the same amount, the department could have purchased 250 ceiling fans which would have been more beneficial, taking into account the residual value. The Registrar General accorded *post facto* sanction to the hire charges in March 1983.

Government, while accepting and noting the point of principle brought out in the audit paragraph for future guidance, explained (July 1983) that the provision of certain basic facilities to the staff was a task of utmost urgency, limiting probably the scope of the Director of Census Operation to go into the relevant merits of hiring or outright purchase apart from the fact that he had no power to purchase and only limited power to hire. It may be mentioned that the setting up of the Regional Offices having been known as early as June 1980 and the staff for these offices also having been sanctioned in January 1981, the purchase of fans could have been planned while setting up the offices.

CHAPTER VI

FINANCIAL ASSISTANCE GIVEN BY GOVERNMENT

54. General

(i) *Loans and advances*—Details of loans and advances outstanding against State Governments, Foreign Governments, etc. at the end of 1981-82 and 1982-83 are given below:

(Rupees in crores)

To whom lent	Amount outstanding on 31 March 1982	Loans paid during 1982-83	Loans repaid during 1982-83	Amount outstanding on 31 March 1983
State Governments	*19088.30	5924.19	1427.00	23585.49
Union Territory Governments	*429.63	117.10	16.86	529.87
Foreign Governments	364.82	1404.52	1024.32	745.02
Government Corporations, Non-Government Institutions, Local Funds, Cultivators etc.	*13810.07	2235.29 **103.33	826.61	15322.08
Government Servants	*207.14	88.07 ** 0.16	77.70	217.67
Total	33899.96	9769.17 **103.49	3372.49	40400.13

(ii) *Grants*—During 1982-83, Rs. 4534.67 crores were paid by the Union Government to State and Union Territory Governments, statutory bodies, registered and private institutions, etc., as detailed below:

(Rupees in lakhs)

(*a*) Grants to State and Union Territory Governments :	
(*i*) Grants to State Governments under proviso to Article 275(i) of the Constitution	1,09,68.33
(*ii*) Other grants to State Governments	33,44,96.61
(*iii*) Grants to Union Territory Governments	1,79,85.36
(*b*) Grants to statutory bodies, non-Government institutions or bodies and individuals (the details of grants, Ministry/Departmentwise are given in Appendix V of the Report)	9,00,17.13

*Differs from the figure shown in the last year's Report due to subsequent corrections.

**Represents Prior Period Adjustments.

(iii) "The Committee on Paper Laid on the Table of the House" recommended in its First report (5th Lok Sabha) (1975-76) that after the close of the accounting year, every autonomous body should complete its accounts within a period of 3 months and make them available for audit and that the Reports and audited accounts should be laid before Parliament within 9 months of the close of accounting year. For the year 1981-82 audited accounts together with separate audit reports thereon of 140 autonomous bodies (non-commercial) which are under audit by the Comptroller and Auditor General of India, were to be placed before Parliament. Out of these, the accounts of 42 autonomous bodies only were made available for audit within the prescribed time limit of 3 months of the close of the accounting year. Submission of accounts of 98 autonomous bodies was delayed as indicated below :

Delay upto one month	28
Delay of over one month upto 3 months	44
Delay of over 3 months upto 6 months	18
Delay of over 6 months upto 12 months	6
Delay of more than one year	2
	98

MINISTRY OF COMMERCE

55. **Grants-in-aid paid out of the Marketing Development Assistance.**—The Ministry of Commerce set up in July 1963 a Marketing Development Fund (now called Marketing Development Assistance) for meeting expenditure on schemes and projects for the development of markets abroad for Indian products and commodities. During 1976-77 to 1980-81, 17 export promotion councils and 5 approved organisations were paid grants aggregating Rs. 17.18 crores in respect of 103 projects for export development (code activities) and for their administrative expenditure (non-code activities). Utilisation Certificates of the grants amounting to Rs. 11.68 crores were yet to be furnished in 51 cases (April 1982). The Ministry

stated (May 1983) that the concerned Divisions had been apprised of the position and quick clearance of the pending utilisation certificates would be watched by them.

It was also noticed in audit that the following requirements of financial rules of Government had not been complied with :—

— the sanctioning authorities had not kept watch over the receipt of utilisation certificates through the registers of grants-in-aid in all cases and wherever this was done, the registers were not complete in all respects ;

— no review of the performance of grantee institutions in respect of grants exceeding Rs. 1 lakh *per annum* had been conducted ;

— the receipt of annual return of assets created out of Government grants was not watched in respect of eight institutions, and wherever block accounts of assets were kept, they were not maintained in the prescribed manner ;

— although returns from some of the grantee institutions revealed cases where they had disposed of the assets created out of Government grants without obtaining prior approval of the Ministry, no action was taken by the Ministry on non-compliance of the prescribed condition ; and

— inspection of the grantee institution, as envisaged, had not been conducted.

The Ministry stated (May 1983 and October 1983) that :

(i) the register of grants were being generally maintained from 1978-79 onwards and that the deficiencies pointed out by audit had been noted for necessary rectification ;

(ii) periodical review of the performance of the grantee institutions had been undertaken in a phased manner ; instructions regarding obtaining prior approval of Government before disposal of assets were being reiterated to the concerned commodity divisions for strict compliance ; and

(iii) inspection of each Council was generally done biennially by internal inspection party.

2. *Grants-in-aid to the India Trade Centre, Brussels*

India Trade Centre (ITC), Brussels, was set up in September 1979 in order to boost India's export efforts in the European Economic Community (EEC). The ITC receives financial assistance from the EEC under an agreed pattern but this assistance is to be credited to Government revenues and not be utilised to cover the expenditure of the ITC, as such expenditure is met out of remittances made by the Trade Development Authority (TDA), New Delhi out of the grants sanctioned from the MDA.

During 1979-80 and 1980-81, the amount released from the MDA was Rs. 63 lakhs (Rs. 33 lakhs for 1979-80 and Rs. 30 lakhs for 1980-81). Out of this, the amount remitted to the ITC by the TDA as intimated by the Ministry was only Rs. 43 lakhs (Rs. 20 lakhs for 1979-80 and Rs. 23 lakhs for 1980-81). The accounts of the TDA, however, indicated the amount remitted to the ITC as Rs. 49.84 lakhs (Rs. 25.39 lakhs and Rs. 24.45 lakhs for the two years respectively). The reasons for non-remittance of the balance of Rs. 13.16 lakhs to the ITC or for not refunding it to the MDA were, however, not clarified. The discrepancy of Rs. 6.84 lakhs between the figures of remittance as per the Ministry (Rs. 43 lakhs) and as per the TDA (Rs. 49.84 lakhs) had not been reconciled. The accounts of the grants-in-aid for the years 1979-80 and 1980-81 had also not been finalised and audited so far (April 1982). The Ministry stated (October 1983) that the difference of Rs. 6.70 lakhs (Rs. 49.70 lakhs minus Rs. 43 lakhs) was spent in H.Q. in Indian currency on the cost of passage of Officers etc. and that the unspent balance of Rs. 13.30 lakhs had been carried over to the subsequent years for recovery/adjustment while finalising the accounts of the respective years.

3. *Grants-in-aid to the Federation of Indian Export Organisation*

The Federation of Indian Export Organisation (FIEO) was set up in 1965 as a non-profit servicing institution to coordinate and supplement the activities of various export promotion agencies and exporting interests for increasing the country's foreign exchange earnings through diversification and increase in exports of Indian goods and services. FIEO's activities are tailored to meet the specific requirements of these primary objectives and are also fashioned to foster joint endeavours and third country ventures.

Besides the membership fees/subscriptions and other receipts, the FIEO receives grants-in-aid out of MDA at 33⅓ *per cent* for non-code activities and at 25 to 60 *per cent* for code activities as laid down in the MDA code of grants-in-aid. Total receipts of the FIEO from sources other than grants-in-aid from 1965-66 to 1980-81 were Rs. 138.46 lakhs. Total grants-in-aid received by it since inception (1965-66) to 1977-78 and 'on account grants' for 1978-79 and 1979-80 amounted to Rs. 69.38 lakhs.

3.2 It was observed that with the growth of the organisation, the expenditure on non-code activities (i.e. administrative expenditure) increased year after year whereas for code activities no such growth was evident as shown in the following analysis :—

Year	Total expenditure	Expenditure on non-code activities (Administrative expenditure)	Percentage of total expenditure	Expenditure on code activities (Export development)	Percentage of total expenditure
	(Rs. in lakhs)			(Rs. in lakhs)	
1976–77	15.71	7.80	50	7.91	50
1977–78	15.06	9.73	65	5.33	35
1978–79	24.93	10.91	44	14.03	56
1979-80	22.74	13.22	58	9.52	42
1980–81	22.59	16.49	73	6.10	27

The FIEO stated (February 1983) that its activities were work-oriented rather than expenditure oriented and therefore, the code expenditure had not increased *vis-a-vis* non-code expenditure. The achievements of the FIEO could not, however, be quantified, as it did not have any targets of its own since it did not look after any specific commodity. There was also nothing on record to indicate how much new ground it could develop, area-wise, market-wise and product-wise. The Ministry stated (October 1983) that they would be shortly holding a meeting to undertake review of the performance-cum-achievements of the FIEO.

4. *Grants-in-aid to Engineering Export Promotion Council, Calcutta*

The Engineering Export Promotion Council (EEPC) Calcutta received Rs. 287.86 lakhs as grants-in-aid during 1980-81 to 1981-82.

4.1 *Indian Exhibition* (1980) *held in Baghdad*

For organising a wholly Indian Exhibition in Baghdad in March 1980 (Hindech 1980) by the EEPC in collaboration with the Chemicals and Allied Products EPC and Basic Chemicals Pharmaceuticals and Cosmetics EPC, the Ministry of Commerce paid grant of Rs. 16.84 lakhs being 60 *per cent* of Rs. 28.06 lakhs (admissible expenditure of Rs. 50.42 lakhs minus assistance of Rs. 22.36 lakhs from the Commonwealth Fund for

Technical Cooperation, London). The following points were noticed in conection with the exhibition :—

(a) A sum of Rs. 26.94 lakhs was spent towards space rent, construction and fabrication for 2,800 sq. metres of covered area and 500 sq. metres of open area. Only 1484 sq. metres (53 *per cent* of covered area) and 27½ sq. metres (5.5 *per cent* of open area) were utilised by 115 participants. The Ministry stated (October 1983) that organising a wholly Indian Engineering Exhibition of that kind involved reservation of space for common passage, seminar halls, meeting room, refreshment space, public utilities, etc. for which the Council had booked the total space keeping in view those facts.

(b) In the accounts for 1981-82 Rs. 1.16 lakhs had been shown as expenditure relating to Hindech, 1980 on the basis of a statement of account furnished by the Indian Embassy, Baghdad without any supporting vouchers. The Ministry stated (October 1983) that the Council had already written to the Indian Embassy in Baghdad to get the supporting vouchers.

4.2 *Printing of a Directory of Indian Engineering Exporters (8th edition)*

The Government approved the budget provision of Rs. 4 lakhs in the year 1975-76 for publishing a Directory of Indian Engineering Exporters (8th edition) for which the EEPC was eligible for grant at 60 *per cent* of the net expenditure, taking into account realisation from sales and advertisements within the limit of the budget provision.

The Council entered into an agreement with press 'A' on 5th January 1976 and delivered to it printing material (paper etc.) worth Rs. 2.00 lakhs for the job. The press could not complete the job inspite of extension of delivery period granted from time to time due to strike. The agreement was, therefore, cancelled in June 1979.

Since press 'A' failed, the work was allotted to another press 'B' with a stipulation to complete the job by 31st December 1979. The Ministry also conveyed its approval with increased allotment of funds from Rs. 4 lakhs to Rs. 6.15 lakhs with the stipulation that no grant would be admissible on legal charges and infructuous expenditure/additional expenditure due to change in the party handling the work. Press 'B' completed the job by June 1980. The EEPC incurred expenditure of Rs. 12.68 lakhs as against the sanction for Rs. 6.15 lakhs. The EEPC also realised Rs. 3.47 lakhs during 1979-80 on account of advertisement, entry fee, etc. and another sum of Rs. 0.63 lakh towards sales during 1980-81. The balance stock of Directories valued at Rs. 1.07 lakhs was not taken in the final account.

The following points are relevant in this connection :—

(i) Printing materials etc. worth Rs. 2 lakhs, issued to press 'A', were not returned to the EEPC. The EEPC received a grant of Rs. 1.20 lakhs (60 *per cent* of Rs. 2 lakhs) which has to be refunded as the purpose for which it was granted was not fulfilled.

(ii) Although a sum of Rs. 12.68 lakhs was spent for publication of the Directory meant for both free distribution and sale, no inventory/register was maintained to record their distribution and sale so as to ensure their proper accounting and utilisation.

(iii) Against the Government's revised estimate for Rs. 6.15 lakhs, the EEPC had spent Rs. 12.68 lakhs which was more than double the approved estimate.

The Ministry stated (October 1983) that the complete break up of the expenditure on the Directory was being obtained from the Council for reviewing the matter.

4.3 *Indian Engineering Exhibition* (1981), *Bangkok*

The working committee of the EEPC decided in October 1979 that the Indian Engineering Exhibition (Indee) should be held in Bangkok in early 1981, and accordingly, approached Government for approval and budget provision. The Government approved the proposal and sanctioned expenditure of Rs. 75.52 lakhs in August 1980.

Test-check of account of the exhibition revealed the following :—

(i) The action of the EEPC in appointing a foreign firm 'A' as designers and contractors on single tender basis and without observing the formalities set forth by its sub-committee was not in order. The EEPC paid Singapore dollar (S $) 7.93 lakhs (Rs. 31.72 lakhs) to the firm on this account. The Council informed the Ministry that firm 'A' had proven resourcefulness in ensuring timely execution of time-schedule jobs and their fee was appreciably below the international standards. The Ministry stated (October 1983) that the Council would be asked whether the approval of their sub-committee was obtained for engaging the contractor on single tender basis.

(ii) It was observed that the gross area meant for utilisation was 6,500 sq. metres, whereas payment to the extent of S $ 0.40 lakh was made for 10,000 sq. metres. Thus, avoidable payment of S $ 0.14 lakh (Rs. 0.56 lakh) was made for 3,500 sq. metres not utilised.

In order to make an advance assessment of the space actually required, the participants were requested to send their applications for space booking by 31st July 1980. The space required for utilisation was finalised in November 1980. Although only an area of 1,137 sq. metres was utilised by the participants, an expenditure of S $ 7.53 lakhs (S $ 7.93 lakhs—0.40 lakh) was incurred for stall construction, electrical and stand fittings covering an area of 6,070 sq. metres. Against 10,000 sq. metres, only 1,137 sq. metres were utilised, though expenditure of S $ 7.53 lakhs was incurred for stall construction, electrical and stand fittings covering 6,070 sq. metres. 4,933 sq. metres of covered area remained un-utilised resulting in an infructuous expenditure of S $ 6.45 lakhs (Rs. 25.81 lakhs).

According to the Council, the open area was kept for parking space, movement of transport and exhibits from main road to inside and for open display. The space of 6,070 sq. metres was utilised in construction of 2 halls (3,825 sq. metres), central passage adjoining the 2 halls for electrical control (1,045 sq. metres) and covered storage (1,200 sq. metres).

(iii) As per Government's sanction, the EEPC was to submit a comprehensive report on their participation along with the export orders booked on the spot. No such records were shown to Audit.

The Ministry stated (October 1983) that the report had been submitted, that the grant-in-aid for the year 1980-81 was under finalisation and that the grant due on this exhibition would be calculated after obtainig detailed break-up of income/expenditure from the Council.

5 *Grants-in-aid paid to Plastic and Linoleum E.P.C. Bombay*

The Council was set up in July 1955. The Council received grants-in-aid to the tune of Rs. 30.86 lakhs (for the period from 1977-78 to 1980-81). It was observed that the Council had not deducted from the total expenditure, its receipts amounting to Rs. 7.34 lakhs (for the years 1977-78 to 1980-81) on account of service charges etc. while claiming the Government grant. The Ministry stated (October 1983) that only Rs. 1.10 lakhs was in the nature of service charges and suitable recovery would be made of the excess grant on this account.

5.1 *Imbalance in expenditure (non-code and code expenditure)*

The expenditure on non-code and code activities should normally be in the ratio of 1 : 2 but it ranged from 1 : 0.65 to 1 : 0.43 only as indicated below :

Year	Non-code activities	Code activities	Ratio
	(In lakhs of rupees)		
1977–78	8.97	5.79	1 : 0.65
1978–79	11.12	6.36	1 : 0.57
1979–80	12.18	5.27	1 : 0.43
1980–81	14.76	7.03	1 : 0.48

The Council had intimated the Ministry that there were many teams sent under SIDA assistance ; expenditure on which was not reflected under the Code budget and that the expenditure in connection with seminars and advertisement was shown as non-code.

6 *Grants-in-aid to the Indian Institute of Packaging, Bombay*

The Indian Institute of Packaging, Bombay was established in 1966. The Institute is registered as a society under the Societies Registration Act, 1960 with its registered office at Bombay and two regional offices at Madras and Calcutta.

The Institute received the following grants-in-aid during 1977-78 to 1980-81 (for specific and non-specific purposes) :—

Year	Specific purposes	Non-specific purposes
	(In lakhs of rupees)	
1977–78	5.00	13.08
1978–79	..	14.12
1979–80	..	15.00
1980–81	..	13.73

A test-check in audit revealed that :

(i) A sum of Rs. 2 lakhs paid by Government in June 1977 for House Building Advance to employees of the Institute was not utilised and was kept in fixed deposit or deposit in savings bank account on which interest of Rs. 0.35 lakh was earned till 7th October 1982. The Ministry stated (October 1983) that in April 1983 all EPCs/Grantee Organisations had been intimated that the amount given towards house building advance together with interest earned on the unutilised balance would be recovered from their future 'on-account' grant.

(ii) Specific grants of Rs. 3 lakhs sanctioned in 1977-78 were likewise not utilised and kept in bank account initially as fixed deposit (Rs. 2 lakhs) and then as a part of the general cash balance. The Institute had neither surrendered the unspent balances nor was permission sought for its carry forward to next year. The Ministry stated (October 1983) that the Institute would be asked to identify such expenditure on the project and recovery of excess grant, if any, would be made.

Summing up.—The following are the main points that emerge :—

— Out of grants for Rs. 17.18 crores up to 1980-81, utilisation certificates were awaited for Rs. 11.68 crores (April 1982); register of grants was not maintained properly.

— Periodical review of the performance of grantee institutions was not conducted.

— The acounts for grants-in-aid of Rs. 63 lakhs paid in 1979-80 and 1980-81 to Indian Trade Centre, Brussels were not finalised and unspent balance of Rs. 13.30 lakhs not recovered/adjusted. (September 1983).

— Federation of Indian Export Organisation (FIEO) has been getting grants-in-aid from 1965-66 onwards which totalled Rs. 69.38 lakhs till 1979-80. Review of their performance has yet to be done by Government.

— A sum of Rs. 26.94 lakhs was spent towards space rent, construction and fabrication of 2,800 sq. metres of covered area and 500 sq. metres of open area in Indian Exhibition held in Baghdad, but only an area of 1,484 sq. metres (53 *per cent*) and 27½ sq. metres (5.5 *per cent*) respectively was utilised. Further, a sum of Rs. 1.16 lakhs was shown as expenditure on the basis of statement of accounts without any supporting vouchers.

— Against the Government's revised estimate for Rs. 6.15 lakhs, the Engineering Export Promotion Council spent Rs. 12.68 lakhs on printing of a Directory of Indian Engineering Exporters. Paper worth Rs. 2 lakhs was not returned by the defaulting press to which it was issued and no record for distribution/sale of the Directory was maintained.

— The Ministry approved expenditure of Rs. 75.52 lakhs for Indian Engineering Exhibition (1981), Bangkok. Designer and Contractor was appointed on single tender basis. Although space of 10,000 sq. metres was acquired an area of 6,070 sq. metres was only utilised. The accounts have not been finalised (October 1983).

— While claiming grants from Government, the Plastic and Linoleum E.P.C. Bombay did not deduct receipts of service charges from the total expenditure in claiming grants from Government.

— Grants of Rs. 5 lakhs sanctioned for specific purposes were not utilised.

MINISTRY OF EDUCATION AND CULTURE
(Department of Education)

56. **Banaras Hindu University, Varanasi.**

1. *Introductory*

Banaras Hindu University (University) was established in 1915 mainly to provide for instruction and research in different branches of learning and to promote study of religion, literature, history, science and art of various civilisations and cultures. The University is financed by grants paid by the University Grants Commission (UGC) out of funds made available to it by the Central Government. It also receives some grants directly from the Central Government, the State Governments and organisations like Indian Council of Agricultural Research, Council of Scientific and Industrial Research, etc. for undertaking certain specific activities. Its own receipts are tuition and examination fees, hostel rent and service charges, sale of publications, royalty, interest on investments, etc.

2. A summary of the receipts and expenditure of the University for 1978-79 to 1982-83 is given below :—

	1978-79	1979-80	1980-81	1981-82	1982-83
					(Rupees in lakhs)
Receipts					
1. Opening balance	211.95	88.25	0.84	101.91	152.85
2. Block grant from UGC . .	787.81	976.00	1065.00	1212.00	1502.75
3. Maintenance grant from Central and State Governments	1.44	1.67	3.08	5.45	2.44
4. Specific and development purposes grants from Central and State Governments and others	541.90	279.30	506.38	653.19	481.66
5. Own income .	134.09	139.55	188.85	149.91	196.62
6. Endowments and other fund receipts (other than staff fund) . .	1023.88	886.27	925.59	707.67	1074.68
7. Other debt, deposit and suspense transactions .	281.15	639.01	922.78	1454.75	1879.60
TOTAL . .	2982.22	3010.05	3612.52	4284.88	5290.60
Payments					
1. Expenditure on revenue account	902.50	1075.59	1194.81	1400.16	1573.83
2. Expenditure on capital account .	17.92	23.94	35.05	8.83	25.84
3. Expenditure out of specific and development purposes grants .	591.30	463.76	376.96	527.24	457.12
4. Endowments and other fund payment (other than staff P.F. etc. accounts)	1110.34	769.73	1033.01	880.56	1381.94
5. Other debt, deposit and suspense accounts . .	271.91	676.19	870.78	1315.24	1646.81
6. Closing balance .	88.25	0.84	101.91	152.85	205.06
TOTAL . .	2982.22	3010.05	3612.52	4284.88	5290.60

The accounts of the University are audited by the Comptroller and Auditor General under Section 19 of

Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 and audited accounts together with the report thereon are placed before Parliament. The accounts up to 1981-82 were certified by audit for being placed before Parliament. The accounts of four years (1977-78, 1978-79, 1979-80 and 1980-81) were approved by the Executive Council 17 to 20 months after the close of financial year and that for 1981-82 were yet (July 1983) to be approved. The accounts for 1981-82 were presented to Parliament (April 1983) without the approval of the Council.

3. *Academic programme*

3.1 The University conducts under-graduate and post-graduate courses in Arts, Commerce, General Science, Technology, Medical Science, Agricultural Science, Business Management, Education, Law, etc. It has an evening college and a women's college. The number of students on roll during 1981-82 was 16,037.

3.2 The Fifth Visiting Committee of the UGC had recommended (1975) that the number of students should be brought down (from 13,878 in 1974) to around 10,000 in order to maintain high quality of education which was accepted by the UGC in 1976 who advised the University to take necessary action accordingly. Student enrolment, however, continued to be high. 59.5 *per cent* increase (1668) in enrolment was in the Arts faculty, which accounted for nearly 28 *per cent* of the total number of students in the University.

3.3 The Central University was intended to be primarily a residential one with an all India character. The student enrolment from Uttar Pradesh and Bihar accounted for nearly 77 *per cent* of the total intake in 1974-75. The University has 42 hostels and 854 quarters for faculty members, which are fully occupied. In the year 1981-82, 57 *per cent* of the students and 39 *per cent* of the teaching staff were residing outside the campus. The UGC advised the University in September 1976 to strive for retaining its all India character by attracting students from all over the country and to approach various Ministries of the Government of India and Central financing corporations for funds for construction of residential accommodation. The University, however, made no efforts in this direction.

The hostel accommodation was available for only 6,883 students in 1981-82 against 16,037 students on the roll. The University ordinance giving weightage of 10 and 15 points to local students for admission to under-graduate and post-graduate levels respectively affected the residential and all India character of the University.

3.4 The strength of the teaching staff was 1,487 at the end of 1981-82. There has been an addition of 406 posts during the last few years. No norms have been laid down by the UGC or the University fixing the student-teacher ratio in the various faculties. The actual ratio during 1981-82 was 1:3 to 1:32. The ratio in the Arts faculty was 1:24, Mahila Mahavidyalaya 1:7, Social Science faculty 1:19, Evening College 1:30 and Oriental Learning and Theology faculty 1:8.

3.5 On the recommendation of the Visiting Committee for improving, modernising and rationalising the studies of Languages and History and for better administration and co-ordination, the UGC suggested establishment of a School of Languages, combining all the Departments of Language and School of Historical Studies, comprising three Departments of Arts and Architecture, History and Ancient Indian History, Culture and Archaeology. The School has not been set up so for (July 1983).

The Visiting Committee had also recommended to the UGC the opening of a Centre for Life Sciences during the Fifth Plan period on formulation of detailed proposals by the University. The University stated that grants for the purpose were not received in Fifth Plan (July 1983).

The course on Master in Journalism has also not been started, although the television camera without lens, valuing

Rs. 0.95 lakh, was purchased in May 1979 for this course. No reason for this could be stated by the University.

3.6 The various faculties did not maintain any data of the number of drop-outs and the reasons therefor. A study of the Department of Foreign Languages revealed that out of 3,970 applicants, 2,099 students were admitted during the period 1977-78 to 1980-81. However, 1,402 students (60 *per cent* of the number admitted) left the course midway without giving any notice for withdrawal.

3.7 The University admitted 2,687 scholars in Ph.D. between 1977 to September 1980. The normal period for submitting thesis for Ph.D. is three years. Till May 1983, 529 scholars were either awarded Ph.D. degree or submitted their thesis. 287 students, however, left the research work midway. This included 52 fellowship holders financed by UGO (19) and CSIR (33) on whom Rs. 6.35 lakhs were spent. No bonds for completion of courses by the fellowship holders were taken.

3.8 The cost per student *per annum* varied from Rs. 6,982 in 1979-80 to Rs. 8,784 in 1981-82.

3.9 According to the annual accounts of the University about 180 research projects were under implementation or started between 1978-79 and 1981-82. Information on the amount sanctioned, actual expenditure incurred, completion of projects, and utilisation of research works, etc. were not available. The University stated (September 1983) that the information was being collected from the Departments.

4. *Position of administrative staff*

4.1 The sanctioned strength of non-teaching staff (other than officers) was 5,362 in 1982-83, the number of persons in position was 5,059. There was an increase of 561 persons during last 3 years.

4.2 The expenditure on overtime on non-teaching staff was far in excess not only of the original estimates but also of the revised estimates in each of the years during 1978-79 to 1982-83. Against the aggregate revised estimates of Rs. 13.50 lakhs, the actual expenditure during the five years was Rs. 26.93 lakhs, indicating an excess of about 100 *per cent*. Sixty five *per cent* of the total over-time expenditure in 1982-83 (Rs. 9.48 lakhs) was paid in the offices of Registrar, Finance Officer and Proctor (security staff), which constituted roughly about 12 *per cent* of the total non-teaching staff. The University stated (August 1983) that high incidence of payment of over-time allowance to the staff of the Registrar and Finance Office was on account of heavy workload during these years.

5. *Utilisation of grants*

5.1 A summary of grants received by the University for specific/development purposes during the five years ending 31st March 1983, the expenditure incurred and balance outstanding as on 31st March 1983 is given below :—

	1978-79	1979-80	1980-81	1981-82	1982-83
			(Rupees in lakhs)		
Opening balance of unutilised grants .	95.99	54.82	40.57	45.58	4.57
Grants received from UGC . .	514.54	347.74	472.89	302.97	382.22
Central Government	24.89	64.18	63.71	34.02	0.02
UP State Government	0.83	0.90	6.99	0.02	0.14
Others . . .	5.27	10.65	22.97	Nil	0.05
TOTAL . .	641.52	478.29	607.13	382.59	387.00
Expenditure during the year out of grant received from UGC . .	534.91	390.55	461.09	293.45	394.69
Central Government	32.22	27.69	76.59	71.86	5.97
UP State Government	4.81	4.04	6.78	0.04	0.14
Others . . .	14.76	15.44	17.09	12.67	Nil
TOTAL . .	586.70	437.72	561.55	378.02	400.80
Closing balance	54.82	40.57	45.58	4.57	(—)13.80

5.2 The regular maintenance and capital expenditure are met from the block grants received from the UGC/State Government. The progressive net balance of unutilised grants at the end of each of the years from 1978-79 to 1982-83 for various purposes was as follows :—

	1978-79	1979-80	1980-81	1981-82	1982-83
			(Rupees in lakhs)		
1. Block grant for maintenance from UGC . .	19.69	16.79	21.76	(—)52.74	1.42
2. Specific and development grants from :					
(i) UGC . .	50.45	7.64	19.44	28.96	16.49
(ii) Central Government . . (iii) UP State Government . (iv) Others .	4.37	32.93	26.14	(—)24.39	(—)30.29
TOTAL .	74.51	57.36	67.34	(—)48.17	(—)12.38

The UGC have been providing block grants to the University for the total expenditure under revenue account after taking into account the revenue generated by the University from fees, endowments for general purpose and other grants if any, received from other sources. The net minus balance was due to excess expenditure over grants received from Central/U.P. Government and others and less expenditure under Block, Specific/ Development grants received from the UGC. The year-wise analysis of un-utilised grants is given in the succeeding para.

Delay in utilisation of grants ranged from more than 5 years (Rs. 20.45 lakhs) to 4 years (Rs. 8.04 lakhs), 3 years (Rs. 14.64 lakhs), 2 years (Rs. 1.42 lakhs) and less than 2 years (Rs. 65.35 lakhs).

The diversion of grants affected the construction programme (Rs. 43.80 lakhs), non-procurement of equipment (Rs. 29.86 lakhs), furniture (Rs. 5.65 lakhs), books (Rs. 4.08 lakhs), establishment of translation Cell (Rs. 3.76 lakhs), Computer system course (Rs. 2.30 lakhs) and miscellaneous items (Rs. 20.45 lakhs).

The University stated (May 1983) that the expenditure was of urgent nature and met out of the balances with the University pertaining to Development fund and that the financing agencies had been approached to approve the expenditure and to provide funds.

5.3 Some instances of shortfall or excess in expenditure over sanctioned grants noticed in audit are given below :—

Particulars of grants sanctioned and the year	Amount released	Amount spent	Unspent amount/amount spent in excess	Remarks
1	2	3	4	5
		(Rupees in lakhs)		
1. Equipment for Sir Sunder Lal Hospital—Grants to be used within 31st March 1980.	35.00	15.83	19.17	Unspent amount not surrendered though demanded by the UGC. Expenditure continued to be incurred beyond 31-3-80. Further grant of Rs. 5 lakhs released in July 1981. Amount remaining unspent in May 1983 was Rs. 4.18 lakhs.
2. Equipment under Higher Education and Research Development Scheme—Grants released upto July 1979.	48.00	36.44 (Upto 31-3-1980)	11.55	UGC asked September 1982 to refund the amount. Not refunded till May 1983.
3. Purchase of Equipment and Construction of Laboratory/Workshop-shed for Mining Engineering Department.	31.89	24.83 (Upto March 1980)	7.06	Not refunded upto September 1983.
4. Equipment for Institute of Technology for Fifth Plan.	81.21	96.09	14.88	Excess expenditure met by diversion of grants. In addition, expenditure included Rs. 6.57 lakhs on procurement of three items not approved by the UGC.

1	2	3	4	5
5. Research & Post-Graduate Training Centre in Indian Medicine.	(*a*) 40.60 for the original scheme. (*b*) 27.18 for the expansion scheme	(*a*) 38.82 (*b*) 27.82	(*a*) 1.78 Un-Spent (*b*) 4.64 Excess expenditure	Excess expenditure not regularised. Unspent balance not refunded.
6. Building for Computer Centre	23.50	35.50	12.00 Excess expenditure	Excess expenditure not regularised.

6. *Construction programme*

6.1 *Delay in completion of works*:

The University undertook 24 works costing more than Rs. 3 lakhs each involving financial outlay of Rs. 191.66 lakhs during 1978—83. Two works were completed (cost : Rs. 23.63 lakhs) in time. 21 works costing Rs. 136.04 lakhs were completed after a delay of 60 to 505 days. One work costing Rs. 37.73 lakhs is in progress despite delay of 7 months. The abnormal delay of 265 days in completion of Computer Centre has resulted in delay in commissioning of a sophisticated equipment and its benefits to the user departments of the University. In the case of Swatantrata Bhawan, a multipurpose auditorium having a capacity of 2,000 seats, the non-commissioning led to an additional expenditure of Rs. 2.70 lakhs for the University in making alternative arrangement for holding convocation and seminars up to March 1983.

The University stated (August 1983) that all possible efforts are being made to avoid delay in execution of works.

Scrutiny of the reasons for extension of time revealed that there was delay in allotment of site, delay in supply of cement, steel and diesel, delay in providing electric and water supply connections and disturbances in the University with the result that the penalty clause could never be invoked.

6.2 *Delay in handing over site leading to additional expenditure of Rs.* 1.83 *lakhs*.—The construction of a building (Vanijya Bhavan) was entrusted to CPWD in August 1978 as a deposit work at an estimated cost of Rs. 13.80 lakhs and a deposit of Rs. 5.13 lakhs was made with the CPWD in February and August 1978. Contractor 'A' to whom the work was awarded by the CPWD in January 1979, could not start the work as the University could not hand over the site within the validity period (July 1979). The contractor declined (August 1979) to take up the work at the rates quoted earlier as the rates had gone up. The University decided (October 1979) to execute the job departmentally and entered into an agreement with contractor 'B' on 8th February 1980 on the basis of the negotiations at a total cost of Rs. 17.91 lakhs. The contractor commenced the work in February 1980 and completed it in December 1980 at a total cost of Rs. 18.82 lakhs.

The University paid Rs. 0.10 lakh to Contractor 'A' as compensation. The CPWD charged Rs. 0.83 lakh for preparation of working designs and drawings and floating tenders. A comparison of the rates of contractor 'B' with those of the Contractor 'A' revealed that in 15 items Contractor 'B' was allowed higher rates involving an additional expenditure of Rs. 0.90 lakh. The University stated (August 1983) that comparison of rates was not possible as they had no knowledge of the tendered rates of contractor 'A' given to CPWD. The inability of the University to hand over the site to CPWD in time and subsequent execution of the work at a higher cost led to an additional expenditure of Rs. 1.83 lakhs.

6.3 *Avoidable expenditure of Rs.* 0.92 *lakh in the construction of a building.*—The lowest tender of contractor 'A' for Rs. 29 lakhs for construction of an auditorium building (Swatantrata Bhavan) was accepted by the University on 13th November 1980. The University, however, could not decide about the date of commencement of work within the validity period of 90 days and requested the contractor to extend the validity period up to 31st March 1981. The contractor agreed (23rd January 1981) to execute the work only at an increased cost of 2.5 *per cent* above the tendered rates. In order to avoid further delay in execution of the work, the University agreed to pay the enhanced rate of 2.5 *per cent* claimed by the contractor (March 1981). The delay in awarding the contract and deciding the date of commencement of work resulted in an avoidable expenditure of Rs. 0.92 lakh.

The University stated (August 1983) that after the validity period, the contractor did not agree to execute the work on offered rates and was, therefore, allowed 2.5 *per cent* above his offered rate.

6.4 *Aid to a contractor*

Under general conditions of contract, contractors are required to pay 1 *per cent* of the amount billed for water supply arrangement by the University. The contractor engaged for construction of Swatantrata Bhavan arranged water from a well belonging to the University but informed the University that he had made his own arrangement. The University stated (May 1983) that the contractor installed his own electric operated water pump and that the connection of power was allowed by the University on the basis of payment of actual electricity consumption. It was noticed on a test-check that neither any payment of electric charges was made by the contractor nor any deduction was made from the bills of the contractor. The contractor paid Rs. 905 as electricity charges and the balance amount has not been recovered so far (September 1983). The contractor, thus, got an unintended aid of Rs. 37,738.

7. *Equipment*

7.1 *Requirement and utilisation of grants.*—The UGC approved the provision of grant of Rs. 366.93 lakhs for equipment for the Fifth Plan Period and released Rs. 276.23 lakhs up to March 1979. The University could, however, utilise only Rs. 220.78 lakhs up to March 1979, leaving an unspent balance of Rs. 55.45 lakhs.

The UGC authorised the University to utilise the grant already released within 31st March 1980. Another amount of Rs. 47.50 lakhs was released by the UGC during 1979-80. The University utilised Rs. 75.03 lakhs during 1979-80, leaving an unspent balance of Rs. 27.92 lakhs as on 31st March 1980. This included an unspent balance of Rs. 37.40 lakhs and excess expenditure of Rs. 9.48 lakhs. The UGC asked (October 1980 and September 1982) the University to refund the unspent balance as on 31st March 1980. However, the University took the stand that the schemes and projects were of continuous nature and did not, therefore, make any refund. No further extension of time was allowed beyond 31st March 1980; yet UGC released

Rs. 13.92 lakhs during 1980-81 and Rs. 5 lakhs during 1981-82 for the equipment approved for the Fifth Plan. The expenditure incurred for such equipment during 1980-81 and 1981-82 was Rs. 53.56 lakhs and Rs. 9.32 lakhs respectively.

Out of the total grant of Rs. 342.65 lakhs released against equipment approved for the Fifth Plan, the overall expenditure up to the end of 1981-82 was thus Rs. 358.69 lakhs, resulting in net excess expenditure of Rs. 16.04 lakhs, (excess expenditure Rs. 28.14 lakhs for some Departments and unspent balance of Rs. 12.10 lakhs for others).

The University adjusted Rs. 4.82 lakhs of unspent grant against excess expenditure of Rs. 21.45 lakhs in the Institute of Technology without regularisation by UGC and requested (May 1981) UGC for *post facto* sanction and release of grant for the balance excess expenditure of Rs. 23.32 lakhs. The UGC did not approve the excess expenditure and asked (October 1981) the University to adjust it against grants released for the Sixth Plan period.

The UGC, however, had refused to accord recognition to (i) Procurement of inter-com system for Institute of Technology (Rs. 1.79 lakhs) and (ii) cost of Xerox photo-copier (IT Library) (Rs. 2.64 lakhs).

The UGC also requested (October 1981) the University to fix the responsibility for expenditure on the inter-com system and sought categorical assurance from the University to maintain financial discipline in future. On receipt of clarification from the University, the UGC decided (October 1982) to make it first charge on Sixth Plan allocation.

7.2 *Installation of a Computer.*—The proposal of the University to set up a computer centre during the Fifth Plan period was approved (November 1975) by the UGC who agreed to provide financial assistance upto Rs. 60 lakhs. The objectives for setting up the computer centre were to provide facilities to various Departments of the University, use of the computer in teaching computer science and to allow outsiders to use the services of the computer on payment. While approving the import, Department of Electronics advised the University to keep the building and other facilities ready by March 1978. Orders were placed in February 1978 for purchase of a computer for supply within 6 to 9 months from the date of contract. The site of the building was selected in December 1978.

The computer was air-lifted in July 1978 and kept in storage partly with the Air India on payment of demurrage charges of Rs. 0.14 lakh and partly with the University, as the construction of the building was completed in February 1980 and the air-conditioning facilities were installed in October 1980 only. The computer was installed in October 1980 at a total capital cost of Rs. 101.90 lakhs against the total grant of Rs. 93.47 lakhs. The University attributed (September 1982) the delay to difficulty in availability of land and non-availability of full specifications of all the elements of the work due to inexperience of the architect.

Although round the clock power supply is essential for storage, maintenance and functioning of the computer system, the University has not made any standby arrangement for continous supply of power in the event of power failure. As per UGC norms, the system is required to run for three shifts in a day but actually it ran for one shift of 8 hours per day. During January 1981 to March 1983, time lost due to power failure was 960 hours. The number of hours the computer actually ran and percentage of under utilisation are indicated below :—

Year	No. of project hours of system as per UGC norm	No. of total hours system kept on	Hours lost		Percentage of under-utilisation
		Productive hours	Due to power failure	Due to on line repair and house keeping	
1980-81	1824	410	5	73	78
1981-82	7272	1226	478	382	83
1982-83	7272	1489	477	360	80

The University stated (August 1983) that the centre was short of staff and UGC has been approached for providing funds for purchase of a generator.

The annual maintenance expenditure was estimated at Rs. 10.76 lakhs. The UGC decided (May 1981) to meet 75 *per cent* of the maintenance expenditure in the second year of installation, 50 *per cent* in the third year and 25 *per cent* in the Fourth year, the balance being the responsibility of the University. As against this the actual annual maintenance expenditure between January 1981 to March 1983 was Rs. 9.98 lakhs (1980-81 : Rs. 2.01 lakhs, 1981-82 : Rs. 4.29 lakhs and 1982-83 : Rs. 3.68 lakhs).

The total income for outside work undertaken was only Rs. 80,623 against the anticipated income of Rs. 8.07 lakhs during the period.

The objective of providing teaching in computer science was not fulfilled (August 1983). The UGC sanctioned 5 posts against which two lecturers were appointed in April and July 1981. After incurring expenditure of Rs. 0.94 lakh on them, their services were transferred to the faculty of science in April 1983, as no course could be started.

The University stated (August 1983) that meaningful use of computer facilities in institution like BHU cannot be measured in terms of revenue earned by the system.

7.3 *Cobalt Unit.*—The need for a rotational cobalt unit was felt for improving the under-graduate and post-graduate training programmes and also for rotational radiation treatment of cancer patients. The Ministry of Health and Family Welfare approved (September 1977) Rs. 10 lakhs for purchase of an indigenous unit and released the entire amount in March 1978 subject to the condition of utilisation within a period of 6 months from the date of release failing which the amount was to be refunded.

The equipment (cost : Rs. 6.07 lakhs) was received in March 1980 but the building for locating the unit was completed only in September 1980. The air-conditioning plant for the building was approved by the UGC in November 1981 at a cost of Rs. 3.62 lakhs. The release of the grant was, however, withheld for want of tender information which was furnished (March 1983) and the first instalment of Rs. 0.5 lakh was released in April 1983 which is in progress. The cobalt unit has not been commissioned so far (July 1983) as the air-conditioning facility is not completed.

In the meantime, one of the members of the Teletherapy Committee of India reported (January 1983) that the equipment was not delivering radiation beam properly and there were frequent break downs. The Committee had also recommended a ban on the manufacture of this equipment and there are no chances of the unit being commissioned till drastic changes are made in its design.

7.4 *Establishment of Central Sophisticated Instrumentation Laboratory (CSIL)*.—The University proposed in 1974 the establishment of a laboratory for providing high quality analytical as well as service faculties to its research personnel of various faculties, making sophisticated instruments available to the Universities and industries of adjoining States and offering education in instrumentation.

The UGC sanctioned funds during the Fourth and Fifth Plan periods for purchase of highly sophisticated and costly equipment to be housed under one roof and to serve a central facility with specific staffing pattern to handle them. Provision of air-conditioning and regular power supply were considered essential. Under the above scheme, the University decided (March 1976 and February 1977) to procure five equipment viz., mass spectrometer, ESR spectrometer, Gas chromotography, ultracentrifuge and Amino acid analyser. However the last named two equipments were not procured.

A mass spectrometer was purchased in March 1976 at a cost of Rs. 12.70 lakhs. It could be partially commissioned in May 1978 as Helium and Methane gas were not available.

After testing of the equipment by the Technical Officer of the University and the Services Engineer of the firm, a test certificate was given by the Director of Laboratory in May 1978 pointing out the defects. Even after repeated repairs, the equipment could not run for more than 3 to 4 hours at a time. The Technical Officer reported in October 1979 that there was little possibility of running the machine fcr a good length of time. The equipment was, however, commissioned in March 1980, without air-conditioning facility. The University had earlier (September 1976) sanctioned Rs. 58,000 for purchase of 6 air-conditioners for this unit. However, on receipt of the air-conditioners they were diverted and taken over by the Electric and Water Supply Department. After investing a sum of Rs. 13.65 lakhs (including Rs. 0.95 lakh on the pay and allowances of the Technical Officer), the Spectrometer has not been put to effective use and the objectives for which it was purchased have not been achieved.

One ESR spectrometer was imported in December 1979 at a total cost of Rs. 16.82 lakhs. Demurrage charges of Rs. 0.32 lakh were incurred due to delay in its clearance as inaccurate details were furnished in the customs papers by the University. The installation Engineer of the supplier visited the University and partially commissioned the equipment in December 1982. Although the University authorities were informed that voltage stabiliser and water chiller were essential for the equipment, the voltage stabiliser could be procured only in September 1977, while the water chiller was expected by May 1983. The University informed that the chiller had arrived at the University in September 1983 but was not installed. No arrangement for air-conditioning of the room has also been made so far (September 1983). The warranty period of 12 months is already over. The benefit of installation and training of officers by the supplier has been lost due to delay in installation of the equipment and the additional expenditure of Rs. 1.50 lakhs is expected to be increased on both accounts.

A gas chromotography purchased in December 1974 from a foreign firm at a total cost of Rs. 1.07 lakhs alongwith air-conditioning facility costing Rs. 0.42 lakh is lying in the Chemistry Department. In reply to the suppliers' letter demanding installation charges of the instrument, the University had informed (September 1973) that they were confident of installing the equipment themselves as it was within their competence. However, the equipment could not be installed and is lying idle (July 1983).

7.5 *Establishment of University Service and Instrumentation Centre (USIC)*.—With a view to design, fabricate, repair and maintain costly equipments available in the University and training of instrument scientists and creating facilities for research and development, the UGC sanctioned (June 1979) the establishment of a Central Service and Instrumentation Centre (USIC). The University constructed a building (December 1981) at a total cost of Rs. 2.02 lakhs, which was handed over to the centre in January 1982. The University also procured (March 1983) machines and spares worth Rs. 1.79 lakhs. Further a sum of Rs. 0.14 lakh was spent on pay and allowances of a full time Technical Assistant attached with the centre since January 1983 and contingencies.

Although a sum of Rs. 3.95 lakhs have been spent, neither the machines procured could be installed, nor any of the objectives for which the centre was established could be achieved so far (May 1983).

8. *Purchases*

8.1 The University rules provide that purchases should be made only after inviting tenders|quotations from a large number of suppliers. A few cases of purchases involving avoidable extra expenditure and losses are mentioned in the succeeding paragraphs.

8.2 The University invited (December 1977) tenders for supply and installation of oxygen and nitrous oxide supply manifold with service points and panel, and laying of vacuum pipelines in Sir Sunder Lal Hospital. Two firms offered rates.

The higher offer of Rs. 5.86 lakhs (lower offer was Rs. 4.54 lakhs) was accepted (January 1977) on the ground that it was the only firm which produced nitrous oxide/and was capable of installing a nitrous oxide pipeline system. It was, however, noticed in audit that the job was for supply and installation of "Oxygen and Nitrous Oxide supply manifold with service points and panel and laying of vaccum pipelines", for which both tenderers had quoted rates. The job relating to supply of gas was neither included in the tender notice nor in the supply order placed with the firm. The necessity for purchase of nitrous oxide gas, or any other gas and the periodic testing, painting and certification of nitrous oxide cylinders would arise only after the completion of supply and installation of the pipeline system and the other firm had adequate experience of a similar job as they had supplied and installed the gas pipeline system in the Safdarjung Hospital, New Delhi.

The award of work to the higher tenderer resulted in an extra cost of Rs. 1.32 lakhs. The University stated (August 1983) that due to goodwill of Indian Oxygen Ltd., the work was awarded to them as a preference over the lowest tenderer.

8.3 A Xerox photo copier was imported for the Institute of Technology in October 1979 at a total cost of Rs. 2.59 lakhs for copying of fine diagrams from a firm of Singapore. The equipment was received in damaged condition and was declared irrepairable by the representatives of the supplier. The cause of damage was attributed to knocks, blows and falls in transit and during prolonged storage at Bombay docks. The consignment which weighed 301 Kgs. at the time of shipment, weighed only 280 Kgs. when despatched by rail from Bombay to Varanasi indicating loss of some of the contents during transit but no steamer survey or survey by the Port Trust was got conducted and no claim was lodged by the University with the Port Trust or the shipping company. In the absence of any such claims, the Insurance Company refused to entertain the University's claim for the loss. The University had to bear a loss of Rs. 2.59 lakhs. The purchase was made by diversion of grants for equipment.

The UGC stated (September 1982) that they neither paid any grant for the purchase of the photo copier nor admitted expenditure on customs duty paid.

The University stated (August 1983) that it is still exploring the possibility of its repair.

8.4 The University invited (September 1978) tenders for purchase of steel furniture. The rates offered by a firm 'A' who was registered with the Director General, Supplies and Disposal (DGS&D) and was also on rate contract with the Director of Industries, Uttar Pradesh, were the lowest. However, its rates were not included in the comparative statement of tenders by the Central purchase Organisation of the University. As a result, there was an extra expenditure of Rs. 1.50 lakhs. No reasons were, however, furnished for exclusion of tender of firm 'A' from the comparative statement.

8.5 The University was entitled to concessional rate of excise duty at the rate of 20 *per cent* plus 5 *per cent* surcharge thereon purchase of air-conditioners for use in laboratory, test laboratories and hospitals, provided it supplied the prescribed form for concessional rate of excise duty to the firm directly. The University purchased 41 air-condiitoners against the different orders placed with a New Delhi firm during August 1978 and March 1979 but did not avail itself of this concession and incurred an avoidable expenditure of Rs. 1.36 lakhs. The University stated that 38 air-conditioners were purchased for general use in the departments. The fact remained that all the air-conditioners were purchased by diverting development (equipment) grant of various departments for laboratories, hospitals, etc. No sanction for such expenditure, however, could be shown to audit (August 1983).

9. *University Press*

9.1 The printing needs of the University was to be met by the University press. The press did not prepare a Profit and Loss Account and a Balance Sheet for reviewing its financial results. The annual accounts of the University from 1978-79 to 1982-83 showed that press had sustained a total loss of Rs. 37.25 lakhs. The University attributed the loss to labour troubles, outdated machines, dissatisfaction among the staff due to non-revision of their pay scales and non-revision of printing rates.

9.2 The University did not maintain basic accounts and printing records/registers despite repeated observation in Audit. No machine cards and log books for each of the machines installed was maintained with the result that hours run by the machines, hours lost due to labour troubles, power failure, breakdowns, lack of work or other causes could not be ascertained.

9.3 Although all printing works excepting printing of question papers and other confidential matters were to be done at the press, almost all the Departments/Offices got their work printed at private presses direct without specific sanction of the Rector/ Finance Officer. The press did not maintain the accounts of private printing despite verification of bills of printing sent by the Department/Offices before payment.

9.4 During the Fifth Five Year Plan, UGC provided Rs. 2 lakhs for mono-key board. This was utilised by the press for purchasing a Gunwantary Graphic Industries (GGI) Disc Ruling machine (Rs. 0.24 lakh) and spare parts and steel furniture (Rs. 1.67 lakhs). The spare parts of Rs. 0.34 lakh were, however, not entered in the stock.

9.5 The University purchased (March 1980) one mono-key board (cost : Rs. 1.79 lakhs) for the press to avoid private printing and a diesel generator (cost : Rs. 1.33 lakhs) in November 1980. The generator remained unused in the Electrical and Water Supply Department of the University from November 1980 to August 1981. The scrutiny of records of 17 out of 200 departments/offices revealed that University had to pay Rs. 2.04 lakhs approximately to the private presses during 1982-83 in spite of the purchase of the mono-key board and the generator. Overtime allowance of Rs. 0.32 lakh had also been paid to the staff of the press during the year.

10. *Other topics of interest*

10.1 *Physical verification of assets.*—The University had in possession assets valued at Rs. 2,975.89 lakhs on 31st March 1982 as detailed below :—

	(Rupees in lakhs)
Land and buildings.	1643.73
Furniture, equipment and books	1309.10
Consumable stores	22.26
TOTAL	2975.09

The annual physical verification of stock had not been carried out as prescribed in the rules in few departments.

According to physical verification of stores conducted by 3 departments for the year 1978-79, 771 items costing Rs. 0.23 lakh had become unserviceable and 1,353 items (value not intimated) were found short. In addition, chemicals valuing Rs. 0.16 lakh purchased during the year 1961 to 1974 had been lying unused in the department of Ceramics since their purchase.

The University stated (April 1983) that while the chemicals are under process of being utilised in laboratories, other matters were under scrutiny.

10.2 *Idle equipment.*—There were 34 items of machinery/equipment pertaining to faculties of arts/science and medical valuing Rs. 104.20 lakhs lying idle (May 1983). This included 32 items valuing Rs. 86.19 lakhs lying idle for 3 years or more. These could not be installed or used either due to equipment having been received in damaged/defective conditions or non-availability of air-conditioned environment or for want of accessories, spare parts, repairs etc. Noting the alarming position of equipment/instruments lying idle for want of spare parts, etc. the UGC, with a view to design, fabricate repair and maintain costly equipment (costing more than Rs. 1 lakh) asked the University as far back as 1976 to set up a University Service Instrumentation Centre (USIC) which could be established (January 1982). It had not served as a service and facility centre so far (July 1983) as the quipment purchased had not been installed and no service rendered in absence of a full time engineer.

10.2.2 An imported electronic miscroscope costing Rs. 6 lakhs could not be put to use, as it was received (January 1971) in a damaged condition. The cost of damaged parts (Rs. 0.84 lakh) was made good (November 1974) by the insurance company. The spare parts (cost : Rs. 1.01 lakhs) in replacement of the damaged parts were, however, again received (April 1975) in damaged condition with several items missing. The spare parts having not been available, the instrument had not been commissioned (May 1983) with the result that the investment of Rs. 6 lakhs could not be utilised (May 1983).

The University stated (August 1983) that attempts were being made to set right the Electronic Microscope. It was gathered that the firm has discontinued its manufacture and the firm also intimated the University in September 1981 that the Microscope will particularly be hazardous to its users and hence the question of its commissioning does not arise.

10.3 *Provident fund account and investment of its accumulations.*—The Central University Retirement Benefit Rules 1967 provide for the maintenance of two separate provident fund accounts, one for employees coming under the General Fund Scheme and the other for those in respect of whom the University has to pay its contribution towards Contributory Provident Fund. The BHU, however, did not maintain these two accounts separately. The accounts were also found deficient as-much-as postings in the register of fund accounts had not been reconciled with the entries in the cash book after 1973-74, the closing balance under fund accounts exhibited in the Balance Sheet of the University had never been reconciled with the total of closing balances of the accounts of individual subscribers and in balance sheet of provident fund accounts had never been prepared. The University attributed (May 1983) this for want of staff.

Under the instructions issued by Government, the investment of provident fund balances of the University should be made from January 1979 in various Government securities, national saving certificates, etc. according to the pattern approved from time to time. In contravention of the above instructions, the University invested (March 1982) Rs. 823.37 lakhs (99 *per cent*) in "Special Term Deposits" with the State Bank of India. The balance amount of Rs. 5.50 lakhs (1 *per cent*) was invested in Government securities (Rs. 2 lakhs) and Post Office time deposit (Rs. 3.50 lakhs). The University stated (May 1983) that the Executive Council, to whose notice the directive of Government was brought, had decided in August, 1978 to continue the existing pattern of investment keeping in view the interest of the employees and the University.

10.4 *Bank reconciliation*.—The University operates 4 bank accounts for its cash transactions. A review of the bank reconciliation for March 1983 carried out by the University revealed that there was large difference remaining un-reconciled for considerable period inspite of repeated obsrvations of Audit for prompt reconciliation. The details, which include debit of Rs. 9.03 lakhs in the pass book without corresponding entry in the cash book, are given below :—

Nature of differences	Difference outstanding for				Total
	Over 5 years	4-5 years	1—3 years	Less than 1 year	
Credits in pass book but not appearing in cash book .	4.05	0.27	0.15	0.005	4.475
Credits in cash book but not appearing in pass book .	0.88	0.06	0.003	..	0.943
Debits in pass book but not appearing in cash book .	8.27	0.49	0.23	0.04	9.03
Debits in cash book but not appearing in pass book .	1.22	0.02	0.88	1.09	3.21

10.5 The number of days the University remained closed on account of students' agitation, indiscipline, etc. during the last three years is indicated below :—

Year	Number of days for which the University remained closed	Brief reasons for closure
1981-82 . .	(*a*) 22 days	(*a*) Conflict between medical and non-medical students.
	(*b*) 25 days	(*b*) Following loot, arson, damage to University property.
1982-83 . .	7 days	Strike by medical section.
1983-84 . . (upto November 1983).	55 days for Institute of Technology and Medical Sciences and 76 days for the rest.	Tense situation, fire, damage to University property, etc.

Summing up—

— The number of students on the roll as on 31st March 1982 increased to 16,037, mostly in the Arts faculty despite the advice given by the UGC in 1976 to restrict student enrolment to about 10,000.

— All India and residential character of the University could not be maintained due to weightage given to local students for admission to under-graduate and post-graduate courses, paucity of hostel accommodation facilities and large intake of students in the Arts faculty. The student teacher ratio varied from 1:3 to 1:32 in different courses/faculties.

— Fifty two research scholars left research work midway, involving unfruitful expenditure of Rs. 6.35 lakhs.

— The annual accounts of the University were approved by the Executive Council after delays of 17 to 20 months. The accounts for 1981-82 were presented to Parliament without the approval of the Council.

— The University did not refund unspent balance of grants amounting to Rs. 109.90 lakhs. Additional expenditure of Rs. 6.77 lakhs was incurred in the purchase of equipment, furniture, etc., due to non-observance of purchase rules.

— Building construction (cost : Rs. 136.04 lakhs) was completed after delays ranging from 2 months to 19 months. Delay in construction of Computer Centre building deprived timely benefits from the system to the user departments and delay in construtiom of Swatantrata Bhawan resulted in loss of Rs. 2.70 lakhs. An additional expenditure of Rs. 1.83 lakhs was incurred due to omission to hand over the site to CPWD in time and in awarding contract to an alternative contractor. Failure to indicate dates of starting the work within the validity period of the offers resulted in avoidable expenditure of Rs. 0.92 lakh.

— The objective for which computer system was set up at a total cost of Rs. 101.90 lakhs was not achieved. Cobalt Tele-Therapy unit purchased at a cost of 6.07 lakhs could not be put to use, affecting training of medical students and treatment of cancer patients.

— Costly equipment acquired (cost : Rs. 30.59 lakhs) for establishment of CSIL for maintenance of sophisticated equipment was lying idle with the result that neither the objective of rendering services nor imparting of education to students could be achieved. Similarly, the central services facilities of USIC established in January 1982 at a total cost of Rs. 3.95 lakhs (up to March 1983) could not serve any useful purpose till July 1983.

— The University Press has been consistently sustaining losses, the cumulative loss for 5 years ending 1982-83 being Rs. 37.25 lakhs.

- Different departments/offices got their work printed at private presses directly without clearance from the Rector or Finance Officer, as required, and no consolidated accounts of private printing were maintained by the University.
- The Provident Fund accumulations were invested mainly in Time Deposit Scheme with the State Bank of Inida in contravention of the directions given for regulating such investment.

57. Regional Engineering Colleges

1. *Introductory*.—On the recommendations of a man-power Committee set up by the Government of India in September 1955, 15 regional engineering colleges were set up in 15 States (8 and 6 during Second and Third Five Year Plans respectively and 1 during 1977) with a view to provide equal opportunities for training to the students all over the country progressively with due regard to the requirement of future plans. These colleges were established as societies registered under the Societies Registration Act 1860 and are affiliated to the local universities. Every college is required to fill in fifty *per cent* of seats by students from other States and appoint the best technical staff on all India basis. During the year 1973, the colleges were allowed to establish post-graduate courses in specified subjects and for undertaking research schemes. 13 out of 15 colleges have so far introduced such courses.

2. *Finance, Audit and Accounts*

2.1 (i) The cost of establishing and running these colleges is being shared by the Central and State Governments. The Central Government provided funds for buildings, equipment, library etc. and State Governments provided free developed lands. The recurring expenditure on under-graduate courses is being shared equally by these Governments. For approved post-graduate courses, 100 *per cent* assistance is given by the Central Government. The colleges are also receiving funds from other State Governments, University Grants Commission, etc.

(ii) As per audited statements of accounts for the year 1979-80 to 1982-83, 15 colleges received total financial assistance of Rs. 36.55 crores from the Central Government and Rs. 20.63 crores from the State Governments as per details given below :—

	1979-80	1980-81	1981-82	1982-83	Total
			(Rupees in lakhs)		
From Central Government					
Grants for under-graduate courses .	638.36	652.74	730.22	917.56	2938.88
Grants for post-graduate courses and research schemes .	88.35	109.24	125.64	102.65	425.88
Loans for staff quarters and hostels .	64.50	79.95	83.78	61.59	289.82
TOTAL—Centre	791.21	841.93	939.64	1081.80	3654.58
From State Government					
Grants for under-graduate courses	393.48	468.16	585.98	604.63	2052.25
Grants for post-graduate courses	0.20	0.50	0.30	..	1.00
Loan for specific purposes . .	..	10.00	..	..	10.00
TOTAL—States .	393.68	478.66	586.28	604.63	2063.25
GRAND TOTAL .	1184.89	1320.59	1525.92	1686.43	5717.83

Note :

(a) The loan for specific purposes represents assistance from Tamil Nadu Government for House Building Advance to the employees of the college of the State.

(b) The assistance received from other State Governments and organisations for payment of scholarship to the students has been excluded

(iii) The accounts of these colleges were being audited by the Chartered Accountants and Examiner of local funds upto to the period indicated below :

(a) Jamshedpur and Surat	1976-77
(b) Bhopal, Durgapur, Jaipur, Nagpur, Rourkela, Srinagar and Surathkal	1977-78
(c) Kozhikode, Kurukshetra, Silchar, Tiruchirapalli and Warrangal	1978-79
(d) Allahabad	1979-80

Thereafter, the audit was taken up by the Comptroller and Auditor General under CAG's (DPC) Act 1971.

(iv) The Government of India issued instructions in the year 1976 to all the colleges for maintenance of Receipts and Payments Account, Income and Expenditure Account and Balance-Sheet. No attempt has so far been made to adopt a uniform procedure of accounting by all the colleges. The Government stated (December 1982) that the instructions in this regard have since been issued to all the colleges.

3. *Cost of operation and students strength*

3.1 A comparative study of 15 colleges revealed the following shortfalls in students strength *vis-a-vis* the actual capacity of seats available in these colleges during the years 1979-80, 1980-81, 1981-82 and 1982-83.

Year	Total available capacity	Actual students strength	Percentage shortfall of students in under-graduate courses	Percentage shortfall in post-graduate courses
1979–80	17343	15717	7.66	31.91
1980–81	17220	15598	7.10	39.78
1981–82	17863	16198	7.64	31.40
1982–83	18112	16887	5.06	28.08

Dropouts during these years were 373, 372, 426 and 344 students respectively. The reasons for dropouts were other than the failures in examination *e.g.* the students admitted not turning up on securing admissions to other colleges nearer their homes or in medical colleges and migrations. There was shortfall in admission of students from outside States in Allahabad (136), Durgapur (190), Jaipur (347), Jamshedpur (42), Kurukshetra (155), Rourkela (311), Silchar (121), Tiruchirapalli (509) and Warrangal (175) during these years.

3.2 The analysis of statistical data prepared for the years 1979-80, 1980-81, 1981-82 and 1982-83 for 15 colleges in under-graduate courses and for 13 colleges in post-graduate courses revealed that cost per student ranged between Rs. 4,374 and Rs. 13,712 in respect of under-graduate courses and between Rs. 2,699 and Rs. 26,349 in post-graduate courses. The teacher-student ratio ranged between 1:7 and 1:18 in the case of under-graduate courses; and 1:2 and 1:19 in post-graduate courses.

4. *Release of financial assistance by Government and utilisation thereof*

4.1 The accounts of the colleges revealed several cases wherein the grants for capital purposes were released far in advance of needs, whereas the grants for maintenance purposes were released inadequately resulting in unauthorised diversions of grants for capital purposes towards maintenance expenditure. A few illustrations are cited below :

(i) The accounts of the following 8 colleges as on 31st March 1983 revealed shortfalls in maintenance grants resulting in diversion of capital grants for revenue purposes :—

College	Extent of shortfall in grants for maintenance from	
	State Government	Central Government
	(Rupees in lakhs)	
1. Bhopal	27.95	5.71
2. Jaipur	5.03	4.91
3. Jamshedpur	8.53	6.64
4. Kozhikode	9.35	2.11
5. Rourkela	1.74	0.10
6. Surat	2.85	2.69
7. Surathkal	6.88	1.15
8. Tiruchirapalli	..	2.32
TOTAL	62.33	25.63

Data for one college (Silchar) made available upto 31st March 1982 indicated shortfall Rs. 19.03 lakhs from the State Government.

The Durgapur college received excess maintenance grant of Rs. 9.38 lakhs (Rs. 6.17 lakhs from State Government, Rs. 3.21 lakhs from Central Government) as on 31st March 1983.

(ii) In certain colleges, the opening balances of un-utilised grants for specific purposes were more than adequate to meet current years' expenditure and still fresh grants were released without adjustment of unspent balances as detailed below :—

College	Year	Opening balance of unutilised grant for specific purposes	Expenditure during the year	Further grant released during the year
1	2	3	4	5
		(Rupees in lakhs)		
1. Rourkela	1981–82	18.68	4.44	6.00
	1982–83	2.00	1.49	0.25
2. Surathkal	1980–81	5.37	4.79	3.50
3. Srinagar	1981–82	2.33	1.35	1.50
4. Jaipur.	1981–82	19.39	3.91	10.00
5. Warrangal	1981–82	5.43	3.49	2.00
6. Nagpur	1981–82	2.12	0.86	2.70
7. Jamshedpur	1980–81	9.04	1.56	10.50
	1982–83	8.00	0.76	2.50
8. Surat	1980–81	20.29	3.60	6.76
9. Kurukshetra	1979–80	6.00	1.98	9.00
	1981–82	7.69	2.88	2.50
TOTAL		106.34	31.11	57.21

4.2 A few cases of irregular release of assistance, payments of grants in excess of or in advance of actual requirement noticed in audit are detailed below :

(i) The college at Rourkela was paid capital grant of Rs. 2 lakhs in March 1981 for library facilities, the utilisation certificate was furnished to the Ministry by the college only in August

1983. Further, the expenditure incurred on certain works by the State Public Works Department was in excess of the sanctioned estimates by Rs. 2.27 lakhs, but the excess had neither been examined and regularised, nor reimbursed to the Public Works Department.

(ii) Out of grants for amenities for staff, students etc. paid upto March 1971, a sum of Rs. 0.80 lakh was lying unutilised as on 31st March 1982 with the college at Jamshedpur. However, the Central Government released further grant of Rs. 1 lakh in 1978-79 and Rs. 2 lakhs in 1980-81 for the same purpose, which also remained unutilised (March 1983).

(iii) The college at Durgapur was paid total assistance of Rs. 320.73 lakhs (grants Rs. 223.64 lakhs and loans Rs. 97.09 lakhs) upto 1982-83 for construction of buildings, procurement of equipment, etc. At the end of 1981-82 the unutilised balance of assistance was Rs. 54.76 lakhs. However, further capital grants/loans of Rs. 28.09 lakhs were released during 1982-83.

(iv) In the college at Srinagar, balance in provident fund accounts as on 31st March 1983 aggregated Rs. 68.93 lakhs, whereas investments were to the extent of Rs. 61.72 lakhs only. Short investment was attributed by the college to diversion of provident fund money to regular administrative expenditure due to late receipt of grants from the Central and State Governments. The college, did not, however, recoup the provident fund balance on receipt of funds.

(v) Grant of Rs. 4 lakhs paid to Kozhikode college in March 1979 for construction of staff quarters remained unutilised as on 31st March 1980. The college stated (September 1983) that the grant was paid by the Central Government without any request from the college therefor and the same was utilised for the construction of staff quarters from 1982 onwards.

(vi) Out of the grant of Rs. 5 lakhs (Rs. 3 lakhs in January 1979 and Rs. 2 lakhs in January 1980) paid to Kozhikode college for students amenities, Rs. 1.02 lakhs remained unutilised as on 31st March 1982. Besides, the grant of Rs. 2 lakhs paid to the college in March 1981 for electronics building also remained unutilised as on 31st March 1982.

5. *Submission of utilisation certificates for assistance given*

5.1 Every sanctioning authority (Ministry of Education and Culture in this case) has to watch utilisation of grants given for specified purposes and furnish utilisation certificates to the Accounts Officer within a reasonable period. According to the records of the Accounts Office as on 31st March 1983, such utilisation certificates were overdue in respect of grants paid to the colleges amounting to Rs. 370.14 lakhs from 1st April 1978 upto 31st March 1981, as per year-wise particulars given below :—

Year in which grants were paid	No. of Colleges	Amount
		(Rupees in lakhs)
1978-79	14	69.42
1979-80	13	144.55
1980-81	13	156.17
Total .		370.14

Information in respect of earlier years was not available.

5.2 The rules also provide for maintenance of a register of grants by the sanctioning authority to record payments of grants to facilitate watch on their proper and prompt utilisation. Although a register was maintained to record payments of grants to the colleges, the sanctioning authority did not exercise proper control over utilisation of the grants (June 1983).

5.3 In regard to utilisation of assistance the following were noticed during audit.

(i) The college at Srinagar executed 4 works by 1980-81 at a cost of Rs. 4.39 lakhs without any sanction. The expenditure has been regularised by the Central Government on *post-facto* basis.

(ii) Till 1980-81 the Central Government provided to the college at Srinagar, non-recurring grants totalling Rs. 103.98 lakhs for construction of certain instructional buildings. Their construction was completed before 1978-79 and there was unutilised balance of Rs. 9.89 lakhs on 31st March 1983. Neither the unutilised grant was refunded by the college, nor its refund demanded by the Central Government.

(iii) The college at Kurukshetra did not include several items of income, such as income from lease of land, sale of prospectus, hire of vehicles, interest on deposits etc. as income in its revenue account upto the year 1981-82 and instead capitalised such receipts. Certain items of expenditure of revenue nature were also not treated as such but were exhibited as assets in the accounts upto the year 1981-82. From 1982-83, however, the correct procedure is being followed. The procedure adopted upto 1981-82 resulted in exhibition of net deficit to be reimbursed by the Central and State Governments in excess by Rs. 2.00 lakhs, Rs. 2.20 lakhs and Rs. 3.28 lakhs respectively during 1979-80, 1980-81 and 1981-82.

(iv) In March 1977, Government of India sanctioned the laying of an athletic track in the campus college at Kozhikode and permitted them to utilise the unspent balance of Rs. 1.70 lakhs under the grants sanctioned for "Staff and students amenities". The work was entrusted to a contractor in October 1977 for completion by October 1978 but the work did not progress as planned and was stopped midway in March 1980 by which time an expenditure of Rs. 2.07 lakhs was incurred. By July 1977 it was noticed that there was need for realignment of track but this was not done before the work had commenced and an expenditure of Rs. 0.98 lakh was incurred in the original site which was later abandoned. Though the work was entrusted to another contractor, it was not completed even by July 1981 and expenditure incurred till then amounted to Rs. 2.47 lakhs. The college proposed to incur an additional expenditure of Rs. 3 lakhs (total Rs. 5.50 lakhs) against original cost of Rs. 1.70

lakhs and to meet increase in cost by diversion from other grants. No sanction for diversion was, however, obtained (July 1983).

6. *Loans to colleges and their recoveries.*—The Central Government pays loans to the colleges upto 100 *per cent* of the cost of hostel buildings and 50 *per cent* of the cost of staff quarters, the loans for the former purpose being interest free and the latter bearing interest at current rates. Till 31st March 1983, loans totalling Rs. 13.61 crores had been advanced to 15 colleges for these purposes. Initially, these loans were repayable in 33 annual instalments (25 annual instalments in the case of loans sanctioned after 1 April 1964). It was decided in April 1968 that pending a review of the arrangements for repayments of the loans, the colleges would remit the rent recovered in respect of the staff quarters and hostel accommodation towards repayments of the loans. No such review had, however, been conducted so far (March 1983).

6.2 According to the records of the Government, the outstanding amount of loans repayable by 15 colleges as on 31st March 1983 was Rs. 508.87 lakhs, whereas as per the accounts of the colleges, the outstanding amount as on that date was Rs. 944.99 lakhs. The following points are relevant :

(i) the balances outstanding as per Governments' account had not been reconciled with the accounts of the colleges and the work was in arrears since October 1976.

(ii) the outstanding amount of interest payable by 10 colleges as on 31st March 1983 in respect of loans for staff quarters was Rs. 97.03 lakhs dating back to 1966-67. Colleges at Durgapur and Srinagar did not even calculate the interest due.

(iii) in respect of loans for staff quarters, it was necessary to allocate the actual cost of construction between loans and grants on 50 : 50 basis and adjust the initial payments accordingly. Such adjustments had, however, not been done in respect of 13 colleges in regard to staff quarters constructed upto March

1980. According to the annual accounts of the colleges, grants amounting to Rs. 65.54 lakhs had been overpaid, but had not been recovered ; unutilised loans aggregating Rs. 35.93 lakhs had also not been recovered so far (June 1983). Srinagar college has met excess loan expenditure of Rs. 2.93 lakhs from the grant.

(iv) The colleges at Bhopal, Durgapur and Kurukshetra did not comply with the Government directive to utilise the entire rent collections towards repayment of loans and interest and instead retained the realisations with them for other purposes. The amount so retained by the colleges at Bhopal and Kurukshetra as on 31st March 1983 amounted to Rs. 6.13 lakhs and Rs. 3.40 lakhs respectively. The college at Durgapur did not repay any instalment after 1974-75 till November 1982 and on the other hand created a reserve fund to which the rent collections were credited. Total rent collections in the fund were Rs. 18.82 lakhs and Rs. 5.59 lakhs respectively on 31st March 1982 and 31st March 1983. A sum of Rs. 16.34 lakhs was repaid by the college towards principal in November 1982. Despite non-payment of any instalment during 1975-76 to 1981-82, the college was paid further loans of Rs. 7.22 lakhs during 1979-80 to 1981-82.

7. *Other points*

7.1 *R.E.C. Silchar*

(i) Out of land measuring 600 acres donated to the college by the State Government in 1966, there were encroachments on 23 acres which had not been vacated so far (June 1983).

7.2 *R.E.C. Surat*

(i) Government of India approved (March 1982) introduction of an under-graduate course in Electronics and released grant of Rs. 13 lakhs which could not be utilised as the South Gujarat

University had not granted affiliation. The courses had not been started so far (May 1983).

(ii) An amount of Rs. 4.94 lakhs out of non-recurring grant of Rs. 5 lakhs received during 1978-79 and 1979-80 towards amenities to students and staff remained unutiiised (June 1983) because the original estimates for Rs. 9.95 lakhs approved in April 1982 were revised to Rs. 12.35 lakhs in March 1983 even before the work was taken up. The revised estimates had not been approved so far (June 1983).

(iii) Material worth Rs. 1.08 lakhs purchased between September 1979 and March 1981 for the fabrication of 100 tonnes loading frame is lying idle (June 1983) as the frame had not been fabricated.

7.3 *R.E.C. Rourkela*

The college had certain quarters/hostels belonging to the State Government at its disposal and realised rent of Rs. 4.47 lakhs during 1961-62 to 1965-66. Instead of paying the rent to the State Government, the college utilised the amount for other purposes including investment of Rs. 3.16 lakhs.

7.4 *Regional Institute of Technology, Jamshedpur*

The Institute had only one vehicle on the road and four vehicles had been condemned between December 1972 and May 1978. However, the Institute continued to entertain services of 4 drivers on the ground that the driver belonged to category of permanent staff.

7.5 *R.E.C. Jaipur*

The State Government had allotted 1004 bighas and 19 biswas of land to the college during June 1964 to July 1966. Out of this only 667 bighas and 5 biswas of land were in possession of the college and 91 bighas had been transferred to other institutions. Out of the balance, there were encroachments on 9 bighas and 19 biswas for which the college stated that it had filed civil suits. Possession of 97 bighas and 17 biswas was not taken by the college. Possession of 126 bighas and 13 biswas had still not been obtained from the revenue authorities by the college and in another 12 bighas and 5 biswas, the local improvement trust had encroached and constructed roads.

7.6 *Miscellaneous*

Advances amounting to Rs. 60.18 lakhs given to staff or Public Works Divisions and suppliers were outstanding in 4 colleges (Bhopal, Kozhikode, Kurukshetra and Srinagar) as on 31st March 1983 for recovery/adjustment. These include items pertaining to 1960-61 (Bhopal), 1964-65 (Kozhikode and Srinagar) and 1968-69 (Kurukshetra).

Differences of Rs. 11.09 lakhs between the cash book balance and the balance as per pass book were pending reconciliation in two colleges (Rourkela and Nagpur) on 31st March 1983. A credit balance of Rs. 3.40 lakhs and debit balance of Rs. 1.43 lakhs, representing difference in reconciliation between cash book balance and the bank balance were placed under 'Suspense' for the first time in the balance sheet of Durgapur College as at 31st March 1982.

Reconciliation between the individual account of subscribers of Provident Fund and the total accounts were in arrears in two colleges since 1977-78 (Surat) and 1978-79 (Jamshedpur).

Summing up.—

— Shortfall ranging between 5 and about 8 *per cent* in admission of students in under-graduate courses and shortfall ranging from 28 to about 40 *per cent* in admission to post-graduate courses were noticed in 15 colleges during 1979-80 to 1982-83.

— There were wide fluctuations in the cost per student amongst different colleges, the range varying between Rs. 4,374 and Rs. 13,712 in under-graduate and between Rs. 2,699 and Rs. 26,349 in post-graduate courses.

— Fifteen Regional Engineering colleges received grants loans aggregating Rs. 36.55 crores from the Central Government and Rs. 20.63 crores from the State Government during 1979-80 to 1982-83.

— Although 9 colleges had unspent balance of Rs. 106.34 lakhs, further grants of Rs. 57.21 lakhs were released during 1979-80 to 1982-83. Grants/loans of Rs. 28.09 lakhs released to Durgapur college in advance and Rs. 4 lakhs paid to Kozhikode college in March 1979 remained unutilised till 1982. Shortfall in release of maintenance grant to 8 colleges resulted in diversion of capital grant of Rs. 87.96 lakhs for revenue purposes.

— Utilisation certificates in respect of grants aggregating Rs. 370.14 lakhs paid during 1978-79 to 1980-81 have not been received.

— Repayment of loans of Rs. 944.99 lakhs and interest of Rs. 97.03 lakhs were outstanding on 31st March 1983 against 15 and 10 colleges respectively. A defaulting college was granted further loans of Rs. 7.22 lakhs.

— In 4 colleges advances of Rs. 60.18 lakhs were outstanding on 31st March 1983 for adjustment/recovery.

MINISTRY OF INDUSTRY

(Department of Industrial Development)

58. Khadi and Village Industries Commission—Bee-keeping industry

1. *Introductory*.—Bee-keeping is one of the village industries assisted by the Khadi and Village Industries Commission (KVIC). The development programmes of the KVIC mainly aim at increasing the number of bee colonies reared on scientific lines to produce apiary honey and to effect cross pollination of agro-horticultural crops. The programmes also include distribution of standard bee boxes and other implements, imparting training in improved methods and processes of production and development of industry on commercial lines.

2. *Potential*.—The existing availability of forest in the country is 60 million hectares and agricultural coverage useful to bees is 50 million hectares. According to the KVIC, this can sustain one crore colonies for bee-keeping alone producing about 6 crore kgs. of honey. The various insect-pollinated crops may require 15 crores of bee colonies if adequate cross-pollination is to be achieved. This will add to the agricultural wealth Rs. 400 crores at least. As against this, the number of bee-colonies as on 31st March 1983 was 8.07 lakhs covering 35,101 villages and the production of honey including wax was to the tune of 57.42 lakh kgs. only, even though the development of bee-keeping was included under the KVIC programme right from its inception in 1953-54.

The number of bee-colonies had increased from 5.23 lakhs in 1973-74 to 8.07 lakhs in 1982-83, but the number of villages covered declined from 37,536 in 1973-74 to 35,101 in 1982-83.

3. *Finance*.—During 1953-54 to 1982-83, the KVIC disbursed Rs. 629.09 lakhs (Rs. 422.69 lakhs as grants and Rs. 206.40 lakhs as loans) to the State Boards, co-operative societies and registered institutions for development of bee-keeping industry. As on 31st March 1983, the net cumulative grants (grants disbursed minus refunds of unutilised portion

thereof), amounted to Rs. 400.38 lakhs and the loans outstanding were Rs. 161.08 lakhs (total Rs. 561.46 lakhs).

4. *Investment, production, employment, earnings, etc.*—The following table shows the performance in regard to production and employment :

Annual level attained at the end of	Production of honey and wax		Employment
	Quantity (In lakh Kgs.)	Value (In lakh rupees)	No (In lakh)
1968–69	17.10	102.61	1.10
1973–74	24.46	171.72	1.50
1979–80	47.70	575.08	1.61
1980–81	50.48	759.01	1.71
1981–82	56.30	959.47	1.86
1982–83	57.42	978.96	1.93

The total investment upto 1982-83 was Rs. 629.09 lakhs.

The annual productivity per worker in 1979-80, 1980-81, 1981-82 and 1982-83 was 29.6, 29.5, 30.3 and 29.8 kgs. respectively. The average number of bee-colonies per bee-keeper which was 4 in 1976-77 remained stagnant till 1982-83.

About 73 *per cent* of the total production for 1982-83 was accounted for by three States alone, *viz.* Kerala (40.9 *per cent*), Tamil Nadu (21.2 *per cent*) and Karnataka (11 *per cent*). The production in each of the remaining States ranged from less than 1 to 5 *per cent*.

The quantum of investment upto the employment and the level of production during 1982-83 showed that there was no definite pattern of relationship between the investment and the employment in various States with the result that the earnings per employment varied widely, as will be evident from the following data :—

State	Total investment at the end of 1982-83 (Rs. in lakhs)	Total employment during 1982-83 (Number)	Investment employment ratio (Investment per one employment) (Rupees)	Total production during 1982-83 (In lakh Kgs.)	Investment output ratio (Kgs. per investment)	Employment output ratio (Kgs. per employment)	Average earnings *per annum* for employment during 1982-83 (Rupees)
1	2	3	4	5	6	7	8
Kerala	95.76	21066	455	23.49	0.245	111.50	1520
Tamil Nadu	99.23	43147	230	12.18	0.122	28.23	385
Karnataka	80.48	25322	318	6.29	0.078	24.84	340
West Bengal	36.01	14214	253	2.68	0.074	18.85	256
Uttar Pradesh	18.06	4347	415	0.57	0.032	13.11	180
Bihar	50.03	15460	324	2.20	0.044	14.23	194
Assam	36.37	18873	193	2.32	0.064	12.29	167
Orissa	52.02	24491	212	1.99	0.038	8.12	111

Although the investment output ratio in Tamil Nadu was about 50 *per cent* of that of Kerala, the employment output ratio was only 25 *per cent* of Kerala. Again, investment output ratio in Karnataka was 64 *per cent* of Tamil Nadu. However, the investment employment ratio in Karnataka brought down the difference between employment output ratio of these two States. This was mainly due to high investment employment ratio in Tamil Nadu, resulting from very large number of people depending on this industry. Although the employment opportunities were provided on part-time basis only, the number of bee-keepers varied widely in different States with reference to production. Consequently, the employment output ratio fluctuated widely in different States with the result that average earning per bee-keeper ranged from Rs. 111 in Orissa to Rs. 1,520 in Kerala. The investment per employment ranged from Rs. 193 in Assam to Rs. 455 in Kerala. The extent of productivity affected by the level of investment was not ascertainable.

Although training is considered necessary in this industry, the training programme did not receive adequate attention. Only 3,068 persons had been trained by 31st March 1983 against 1.93 lakh persons employed in 1982-83. No training was imparted during the six years ending 1982-83 in majority of the States.

There were also wide fluctuations in production per bee-colony in various States including Kerala, Tamil Nadu and Karnataka where the industry was concentrated; the average production per bee-colony during 1982-83 in certain States was as under :

	Production of honey and wax (In lakh kgs.)	Number of bee-colonies (In lakh)	Average production per bee-colony (In kgs.)
1	2	3	4
Kerala	23.49	2.09	11.24
Punjab	0.46	0.06	8.35
Meghalaya	0.90	0.12	7.53

1	3	3	4
Tamil Nadu	12.18	1.68	7.26
Assam	2.32	0.37	6.33
Bihar	2.20	0.40	5.49
Karnataka	6.29	1.16	5.42
West Bengal	2.68	0.51	5.23
Uttar Pradesh	0.57	0.14	4.16
Himachal Pradesh	0.57	0.14	4.05
Orissa	1.99	0.52	3.87

5. *Distribution of improved bee-boxes.*—The number of improved bee-boxes distributed by the KVIC during 1972-73 to 1982-83 was as under :

Year	Bee-boxes
1972-73	17,059
1973-74	13,431
1974-75	10,900
1975-76	16,588
1976-77	17,375
1977-78	26,409
1978-79	35,696
1979-80	32,648
1980-81	33,304
1981-82	27,926
1982-83	40,939

The pace of distribution of improved bee-boxes had declined during 1979-80 and 1981-82 instead of being accelerated.

It was stated by the KVIC (June 1983) that introduction of standardised bee-keeping equipment could not be taken up readily on the desired scale due to the prohibitive cost of raw materials and limitations in the availability of teak and tun at cheaper rate.

6. *Departmental trading unit* :

The KVIC is also running a departmental trading unit under the Directorate of Bee-keeping for procurement and sale of honey.

The working results of the unit during 1977-78 to 1982-83 were as under :

	1977-78	1978-79	1979-80	1980-81	1981-82	1982-83
			(In lakhs of rupees)			
Opening stock	19.17	14.31	7.30	9.30	11.73	11.05
Purchases	11.55	16.06	30.13	40.46	47.61	58.01
Sales	26.13	30.64	33.53	49.76	52.14	54.42
Closing stock	14.31	7.30	9.30	11.73	11.05	24.79
Gross Profit	(+)2.82	(+)2.16	(+)2.77	(+)5.75	(—)1.93	(+)4.54
Establishment expenditure	0.72	0.62	0.72	1.54	1.13	1.51
Net surplus (+)/ loss (—)	(+)1.01	(+)0.52	(+)1.17	(+)2.48	(—)4.71	(+)0.03

The unit, which earned aggregate profit of Rs. 5.18 lakhs continuously from 1977-78 to 1980-81, sustained a loss of Rs. 4.71 lakhs in one year (1981-82). The main reasons for such a heavy loss were shortage to the extent of Rs. 2.93 lakhs in packing stock, leakages, breakages, replacement to the extent of Rs. 3.06 lakhs and over-valuation of the closing stock as on 31st March 1981 by Rs. 1.10 lakhs. The unit could earn only a meagre profit of Rs. 0.03 lakh during 1982-83 due to heavy leakages, breakages and shortages of honey worth Rs. 2.34 lakhs.

7. *Blocking up of funds.*—As against 195 co-operative societies, 25 registered institutions and 1957 individuals assisted by various State Boards upto 1981-82, 133 co-operative societies, 5 registered institutions and 51 individuals were considered weak and defunct. As on 31st March 1982, the KVIC funds amounting to Rs. 10.08 lakhs were blocked up with the weak and defunct units.

8. (a) *Loans.*—As on 31st March 1982, a sum of Rs. 1.76 lakhs had become overdue for repayments from 15 institutions. The list of the institutions which had defaulted in repayment of

loan instalments as on 31st March 1983 had not been prepared by the KVIC.

The KVIC has no system of its own to ascertain the details of loans which had become overdue for recovery from various State Boards. The default statements had also not been received regularly from the State Boards. The default statements as on 31st March 1983 were received from 12 out of the 25 State Boards. According to the default statements submitted by 12 State Boards, amount overdue for recovery from these Boards as on 31st March 1983 was Rs. 4.62 lakhs.

The total amount of loans outstanding against the institutions and State Boards as on 31st March 1983 was Rs. 161.08 lakhs.

(b) *Interest on loans*.—Loans paid for village industries (including Bee-keeping Industry) carried interest at the rate of 2.5 *per cent per annum* (except for first two years when these were interest free) in respect of working capital loans upto 31st March 1974 and at the rate of 4 *per cent per annum* from 1st April 1974 onwards. In cases of defaults in repayment of loans, penal interest was chargeable at 5 *per cent per annum* upto 31st March 1974 and 6 to 15 *per cent per annum* thereafter. No register showing the amount of interest accrued, amount actually received and the balance yet to be received from the loanees at the end of each year was being maintained. In a meeting of the KVIC held in March 1981, it noted with concern that the interest on all outstanding loans should be calculated chargeable and that the borrowers were not being informed about their liability in this respect. In the circumstances and taking note of the fact that interest calculation in respect of past period may involve considerable amount of work, the KVIC decided that the interest on all outstanding loans should be calculated with effect from 1st April 1981 according to the terms and conditions applicable to them and intimated to the borrowers for recovery and that in respect of periods prior to 1st April

1981, the Chief Accounts Officer be directed to suggest a simplified procedure regarding calculation of interest and submit the procedure to it for consideration and approval.

No action had been taken by the KVIC so far (June 1983) on the former decision and for the latter the KVIC stated (June 1983) that approval of the Government of India to its proposal for calculation of interest was still awaited.

9. *Utilisation certificate.*—In respect of loans and grants, totalling Rs. 84.17 lakhs disbursed to institutions and co-operative societies during 1970-71 to 1980-81, utilisation certificates for Rs. 16.85 lakhs were still awaited. An unspent balance of Rs. 4.10 lakhs was also yet to be recovered (April 1983). Similar information in respect of the State Boards was not available with the KVIC.

Summing up

— although the total production and employment increased over the years, there was no correlation between the investment and employment in various States, the employment remaining almost stagnant at around 1.48 lakh persons during 1972-73 to 1977-78, despite additional investment of Rs. 131.07 lakhs during this period;

— there was wide disparity in average earnings of the bee-keepers ranging from Rs. 111 in Orissa to Rs. 1,520 in Kerala;

— the training had not received adequate attention. Only 3,068 persons had been trained upto March 1983 against 1.93 lakh persons employed during 1982-83; no training had been imparted in majority of the States ;

— the KVIC funds amounting to Rs. 10.08 lakhs remained blocked (31st March 1982) with various weak and defunct cooperative societies, registered institutions and individuals;

— loans advanced by the KVIC to various institutions/ State Boards were not being recovered regularly, records of interest recoverable were not being maintained, recovery of unspent balance of Rs. 4.10 lakhs was awaited; and

— utilisation certificates for Rs. 16.85 lakhs pertaining to assistance given from 1970-71 to 1980-81 were wanting.

59. **Interest Subsidy to Khadi and Village Industries Commission**

The Khadi and Village Industries Commission (Commission) is not required to pay interest on loans paid to it by Government, which is adjusted in accounts as subsidy to the Commission. The amounts of subsidy so adjusted for the years 1980-81 and 1981-82 were Rs. 18.45 crores and Rs. 22.20 crores respectively.

From 1977 onwards the Commission received subsidy from Government in respect of interest on loans raised by it from banks/ other financing institutions or loans raised by the State Boards and Institutions with the approval of the Commission for meeting their working capital requirements. Details of the loans so raised during 1980-81 and 1981-82 were as under :

Year	Loans raised by the Commission for its trading activities (Rs. in crores)	Rate of interest (In percentage)	Loans raised by the State Boards/Institutions (Rs. in crores)	Rate of interest (In percentage)
1980–81	4.97	13	3.48	13 to 17
1981–82	8.30	13.5 to 19.5	14.86	13.5 to 19.5

The amount of subsidy was restricted to the difference between the actual rates of interest charged by the financing institutions and 4 *per cent per annum* to be borne by the borrowers themselves. The total amount of subsidy paid by Government to the Commission on this account during 1980-81 and 1981-82 was Rs. 1.95 crores.

The Cottage Match Directorate of the Commission, however, obtained cash credit facilities from banks, partly direct and partly through the Cotton Directorate of the Commission and simultaneously made investments in short-term deposits during 1980-81. After excluding the unutilised grants and other receipts received by the Cottage Match Directorate which were stated to form part of the short-term deposit investments, investments from the bank loan portion alone during 1980-81 were as under :

Period	Cash credit facility			Short term deposits	
	Amount (In lakhs of rupees)		Rate of interest *per annum* (In percentage)	Amount (In lakhs of rupees)	Rate of interest *per annum* (In percentage)
	Direct	Through Cotton Directorate			
1	2	3	4	5	6
17-4-1980 to 18-5-1980	30	150	13	40	2.5
				40	3.0
				8	4.0
19-5-1980 to 2-6-1980	30	150	13	40	3.0
				8	4.0
3-6-1980 to 15-7-1980	30	150	13	8	4.0
16-7-1980 to 31-7-1980	30	230	13	8	4.0
1-8-1980 to 11-8-1980	30	230	13	10	2.5
				20	3.0
				59	4.0
12-8-1980 to 19-8-1980	30	230	13	20	3.0
				59	4.0
20-8-1980 to 24-8-1980	30	230	13	20	3.0
				39	4.0
25-8-1980 to 5-12-1980	30	230	13	20	3.0
				9	4.0
6-12-1980 to 8-12-1980	30	225	13	20	3.0
				9	4.0

1	2	3	4	5	6
9-12-1980	289	225	13	20 9	3.0 4.0
10-12-1980 to 31-12-1980	289	..	13	20 9	3.0 4.0
1-1-1981 to 15-1-1981	289	..	13	20 9	3.0 4.0

The cash credit facility to the extent of short-term deposits could have been completely avoided. Had this been done, the Commission would have saved interest to the extent of Rs. 2.69 lakhs.

The Cotton Directorate of the Commission had obtained cash credit facilities for amounts ranging from Rs. 110.5 lakhs to Rs. 360.5 lakhs on interest of 13 *per cent per annum* during April 1980 to March 1981 and transferred part of it to the Cottage Match Directorate. Though no portion of the balance was invested in short-term deposits, it was noticed that a considerable amount of the loans was lying unutilised in the current account with the bank as per cash book. According to the Commission, a minimum balance of Rs. 25 lakhs was required to be kept in current account so as to meet any immediate call for remittance of amount towards purchases already committed or anticipated and for payment of interest to banks on amounts borrowed under the cash credit arrangements. Even after excluding Rs. 25 lakhs required to meet such contingencies, avoidable interest payment on the remaining unutilised balances (ranging between Rs. 1.59 lakhs and Rs. 30.50 lakhs) in the current account amounted to Rs. 1.26 lakhs.

The Commission stated (November 1982) that such temporary advances from Bank Borrowings are completely avoided now and that its Director (Bank Finance) watches quarterly utilisation of amounts borrowed through bank finance.

Government stated (September 1983) that the Commission was being advised not to borrow money when internal funds were available with them.

CHAPTER VII

DEPARTMENTALLY MANAGED GOVERNMENT UNDERTAKINGS

60. **General.**—On 31st March 1983, there were 41 departmentally managed Government Undertakings of Commercial and quasi-Commercial nature.

The financial results of these Undertakings are ascertained annually by preparing *pro forma* accounts outside the general accounts of Government. Trading and Profit and Loss Accounts and Balance Sheets are not prepared by two Undertakings, *viz*. Department of Publications, Delhi and Government of India Presses ; instead, stores accounts are prepared. In pursuance of the recommendations of the Public Accounts Committee, Government have agreed to prepare the Manufacturing, Profit and Loss Account and Balance Sheet in respect of Government of India Presses and the format of Accounts for this purpose has since been approved which will be effective from 1st April 1983.

Pro forma accounts for the year 1982-83 have been received so far (January 1984) for audit from only 4 undertakings (Sl. Nos. 9, 31, 33 and 42 of Annexure 'A'). A synoptic statement showing the summarised financial results of all the departmental Undertakings, on the basis of their latest available accounts is given in Annexure 'A'. It will be seen therefrom that, in a number of cases, *pro forma* accounts are in arrears for a number of years. The delays in the compilation of accounts have been brought to the notice of the administrative Ministries concerned.

ANNEXURE 'A'

Summarised Financial Results of departmentally managed Government Undertakings

(Figures in thousands of rupees)

Sl. No.	Name of the Undertaking	Period of Accounts	Government Capital	Block Assets (Net)	Depreciation to date	Profit (+)/ Loss (—)	Interest on Government Capital	Total Return	Percentage of total return to Mean Capital	Remarks
1	2	3	4	5	6	7	8	9	10	11
	MINISTRY OF FINANCE									
1.	India Security Press, Nasik Road . .	1981–82	8,01,56	6,20,36	2,56,92	(+)4,89,89	2,19,99	(+)7,09,89	20.33	
2.	Currency Note Press, Nasik Road . .	1981–82	8,31,24	6,02,07	2,41,91	(+)2,77,88	90,73	(+)3,68,61	25.59	
3.	Government Opium Factory, Ghazipur .	1980–81	34,16	18,16	12,37	(+)1,32,95	1,75,02	(+)3,07,97	10.73	
4.	Government Opium Factory, Neemuch .	1980–81	53,46	47,73	3,19	(+)64,52	94,16	(+)1,58,68	10.28	
5.	Government Alkaloid Works, Neemuch .	1980–81	2,96,00	2,49,50	35,48	(+)6,29	24,82	(+)31,11	7.65	
6.	Government Alkaloid Works, Ghazipur .	1980–81	17,40	8,31	6,35	(—)31,80	12,79	(—)19,01	..	
7.	India Government Mint, Bombay . .	1980–81	14,85,09	4,43,30	22,11*	(+)1,26,01	1,78,93	(+)3,04,94	10.40	
8.	India Government Mint, Calcutta . .	1979–80	1,76,95	1,32,08	2,11,70	(+)1,03,35	1,19,74	(+)2,23,09	10.94	
9.	India Government Mint, Hyderabad .	1982–83	2,86,54	1,20,29	77,36	(—)1,26,67	19,79	(—)1,06,88	..	Figures are based on unaudited accounts
10.	Assay Department, Bombay . . .	1980–81	13,00	12,76	32*	(+)8,04	43	(+)8,47	119.89	
11.	Assay Department, Calcutta . . .	1978–79	74	57	3*	(+)67	..	(+)67	..	
12.	Silver Refinery, Calcutta . .	1979–80	58,92	30,79	82,58	(+)4,42,21	1,46,12	(+)5,88,33	23.64	
13.	Bank Note Press, Dewas . .	1981–82	23,39,95	19,08,63	4,64,14	(+)2,54,62	1,57,61	(+)4,12,23	16.48	Figures are based on unaudited accounts
14.	Security Paper Mill, Hoshangabad@. .	1973–74	10,72,07	6,85,80	3,86,31	(—)86,29	38,42	(—)47,87	..	
	MINISTRY OF INFORMATION AND BROADCASTING									
				Capital Assets						
15.	All India Radio .	1975–76	62,90,08	42,97,94	19,27,70	(—)6,64,63	2,13,75	(—)4,50,88	..	
				Revenue Assets						
				64,44	11,72*					
16.	Radio Publication, All India Radio . .	1977–78	2,10,91	51	6*	(—)34,15	..	(—)34,15	..	
17.	Doordarshan Kendras									Separated from All India Radio w.e.f. 1-4-1976. Proforma Accounts for the years 1976-77 to 1982-83 are awaited.

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1	2	3	4	5	6	7	8	9	10	11
18.	Films Division . .	1981–82	3,07,62	2,27,05	1,80,35	(—)12,10**	25,49	(+)13,39**	3.35	**Before adjustment of notional revenue (Rs. 35,84,690) for free distribution of prints and adjustment of Rs. 33,752 relating to previous years.
				Capital Assets						
19.	Commercial Broadcasting Service, All India Radio . .	1976–77	1,14,54	83,35	23,76	(+)4,11,24	..	(+)4,11,24	..	
				Revenue Assets						
				7,43	1,34*					
	MINISTRY OF COMMUNICATIONS									
20.	Overseas Communications Service, Bombay	1981–82	89,63,65	43,38,09	15,49,06	(+)46,03,30	5,66,63	(+)51,69,93	58.15	
	MINISTRY OF SHIPPING AND TRANSPORT									
21.	Lighthouses and Lightships Department .	1980–81	26,21,06***	23,20,71	3,45,63*	(+)2,78,50	@ 60,43	(+)3,38,93	13.92	***This consists of balance of Govt. Capital Account and accumulated surplus.
22.	Shipping Department, Andaman and Nicobar Islands . . .	1972–73	43,58	56,80	7,89	(—)80,15	4,47	(—)75,68	..	
23.	Ferry Service, Andamans . . .	1978–79	1,50,03	1,23,02	27,01	(—)50,65	2,00	(—)48,65	..	
24.	Marine Department (Dock yard), Andaman and Nicobar Islands .	1978–79	4,72	3,69	1,03	(—)4,05	7,15	(+)3,10	2.46	
25.	Chandigarh Transport Undertakings, Chandigarh . . .	1981–82	3,27,25	2,64,83	40,55	(—)52,96	19,28	(—)33,68	..	
26.	State Transport Service, Andaman and Nicobar Islands@ . . .	1976–77	35,87	26,83	39,30	(—)15,86	1,77	(—)14,09	..	
	MINISTRY OF AGRICULTURE									
27.	Central Fertilizer Pool	1969–70	58,31,29	..	..	(+)3,87,78	1,62,89	(+)5,50,67	15.63	
28.	Delhi Milk Scheme .	1980–81	7,65,58	2,65,07	5,82,81	(—)4,16,14	52,56	(—)3,63,58	..	
29.	Forest Department, Andaman and Nicobar Islands . . .	1981–82	1,16,98	1,17,09	19,24*	(+)3,47,16	13,77	(+)3,60,93	79.07	Figures are based on unaudited accounts.
30.	Ice-cum-Freezing Plant, Ernakulam . .	1979–80	34,39	9,27	21,00	(—)4,52	92	(—)3,60	..	

1	2	3	4	5	6	7	8	9	10	11
	MINISTRY OF HEALTH AND FAMILY WELFARE									
31.	Central Research Institute, Kasauli . .	1982–83	61,60	10,84	19,93£	(+)11,82	8,18	(+)20,00	16.23	£Depreciation includes consumption of Live Stock for the year 1982-83 only.
32.	Medical Store Depots@	1977–78	64,54	45,40	28,12	(+)43,45	93,87££	(+)1,37,32	8.05	££This represents interest on Govt. Capital accounted for in the consolidated Profit and Loss Accounts of Medical Store Depots, Profit and Loss Account of Factories attached to the Medical Store Depots and Workshop Accounts.
33.	Bakery and Vegetable Garden of the Central Institute of Psychiatry, Kanke, Ranchi . .	1982–83	31	28	0.6*	(—)5	2	(—)3	..	
	MINISTRY OF WORKS AND HOUSING									
34.	Department of Publications, Delhi . .	1978–79**							..	**Trading and Profit and Loss Accounts and Balance Sheet are not prepared; instead only Stores Accounts are prepared.
35.	Government of India Presses	1977–78**								
	MINISTRY OF ENERGY									
36.	Electricity Department, Andamans@ . .	1978–79	2,18,08	1,72,03	9,92*	(—)73,23	13,42	(—)59,81	..	Figures are based on unaudited accounts.
37.	Electricity Department, Lakshadweep . .	1981–82	1,13,78	84,53	29,25	(—)56,28	6,26	(—)50,02	..	
	DEPARTMENT OF ATOMIC ENERGY									
38.	Atomic Power Authority	1978–79	2,00,01,95	48,06,03	22,76,33	(+)10,35,11	7,99,75	(+)18,34,86	11.11	Ceased to exist from 1979-80.
39.	Tarapur Atomic Power Station . . .	1980-81	1,34,48,70	45,56,05	27,92,60	(+)2,78,66	5,86,32	(+)8,64,98	6.81	Figures are based on unaudited accounts.
40.	Heavy Water Inventory (Power Project Engineering Division)££									££Started functioning from 1979-80. Proforma Accounts from 1979-80 onwards are awaited.
41.	Rajasthan Atomic Power Station-I .	1981–82	1,64,47,41	1,30,17,08	20,61,40	(—)14,79,96	11,67,30	(—)3,12,66	..	Figures are based on unaudited accounts.

1	2	3	4	5	6	7	8	9	10	11
MINISTRY OF DEFENCE										
42. Canteen Stores Department@		1982–83	48,00	2,04,77	1,47,01	(+)13,15,91	..	(+)13,15,91	52.51	(*i*) From 1-4-1977, the funds of the Department have been merged with consolidated Fund of India and the transactions are routed through the civil estimates in the grant relating to the Ministry of Defence. The Accounts have been prepared in the old forms and revision of the format is under consideration of the Government of India. (*ii*) The instructions contained in the Ministry of Finance O.M. No. F.1(35)–B/71 dt. 23-1-1974 have not been followed and neither the Mean Capital has been shown on the face of the Accounts nor interest on the same charged in the Accounts. For the purpose of return on Mean Capital, the mean of opening balances and closing balances of (a) Capital (b) Funds and Specific Reserves and (c) Board of Control General purpose Fund have therefore, been adopted.

@Proforma Accounts have not been prepared according to the revised procedure prescribed in the Ministry of Finance O.M. No. F.1(35)–B/71 dated 23-1-1974.

*Depreciation for the year only.

MINISTRY OF FINANCE

(Department of Economic Affairs)

61. India Government Mint, Hyderabad

1. *Introduction*

The Mint at Hyderabad produces coins of different denominations. Coins of denominations up to 10 paise are produced from aluminium-magnesium alloy and coins of 25 paise and 50 paise are produced from copper and nickel combination. The Mint also manufactures medals of gold and silver, token badges etc., for Government and Semi-Government organisations on a small scale.

The Mint is a departmentally managed Government Undertaking under the Ministry of Finance. The overall administrative and functional control rests with the General Manager.

The results of review of the operations of the Mint for the period of six years from 1976-77 to 1981-82 are given in the following paragraphs :—

2. *Production Performance*

2.01 *Determination of capacity*

The capacity of the Mint for minting the coins has not been fixed and, therefore, the actual utilisation of capacity could not be assessed.

2.02 *Minting operation*

Indents for the production of various denominations of coins are placed from time to time on the Mint by the Ministry of Finance for despatch of coins to the Reserve Bank of India.

The Mint has been producing coins of 2 paise, 5 paise, 10 paise, 25 paise and 50 paise denomination. Production of 50 paise coins was stopped from 1977-78 on a directive from the Government of India stating that the design of the 50 paise coins was to be changed. The production of 2 paise coins was stopped with effect from 1979-80 in view of comfortable stock position and high cost of manufacture.

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The table below indicates the details of the production programme intimated by the **Government of India** for minting of coins of different denominations and the number of coins actually minted from 1976-77 to 1981-82.

(In lakh units)

Year	5 paise		10 paise		25 paise		Others		Total	
	Prog-ramme	Produc-tion	Prog-ramme	Produc tion	Prog-ramme	Produc-tion	Prog-ramme	Produc-tion	Prog-ramme	Produc-tion
1	2	3	4	5	6	7	8	9	10	11
1976-77 .	1665.00	1685.80	Nil	Nil	1380.00	1323.20	1655.00	1626.73	4700	4635.73
1977-78 .	500.00	559.05	Nil	Nil	1000.00	1378.96	1800.00	1102.97	3300	3040.98
1978-79 .	750.00	518.25	750.00	296.08	500.00	689.52	900.00	616.80	2900	2120.65
1979-80 .	1200.00	674.75	1000.00	342.20	500.00	429.20	Nil	13.05	2700	1459.20
1980-81 .	1000.00	1044.93	600.00	485.74	1200.00	579.68	Nil	Nil	2800	2110.35
1981-82 .	800.00	1348.45	Nil	Nil	Nil	319.84	Nil	Nil	800	1668.29

It will be seen from the above table that :

- the programme for total production of coins as intimated by the Government of India shows a decreasing trend from 1977-78 onwards except for a slight increase in 1980-81.

- the Mint could not achieve even the much reduced production programme of coins (except for the year 1981-82) and the percentage of achievement ranged between 99 in 1976-77 and 75 in 1980-81.

- the actual production of coins decreased from 46.36 crores in 1976-77 to 16.68 crores in 1981-82.

The Mint stated (October 1983) as under :—

"the coinage programme is decided in consultation with the Reserve Bank of India who indicate the requirements. . . .the Government of India took a policy decision that overtime working in the Mints should be curtailed. . . .This has led to a reduction in the coinage programme as well as actual production".

2.03 The Mint has five departments. The performance of each department is discussed below :—

(a) *Melting Department*

The department has nine furnaces of which 6 were acquired in 1965, one in 1973 and two transferred from Bombay Mint in 1973-74. The two furnaces which were transferred from Bombay Mint are out of use since their receipt in 1973-74 as these are obsolete. The following table indicates the metal melted, bars obtained and fuel oil consumed :—

Year	Metal melted		Bars obtained		Percentage of yield		Fuel oil consumed (in litres)	80 per cent of fuel oil consumption attributable to melting (in litres)	Consumption per tonne (in litres)
	Cupro nickel (in tonnes)	Almag (in tonnes)	Cupro nickel (in tonnes)	Almag (in tonnes)	Cupro nickel	Almag			
1	2	3	4	5	6	7	8	9	10
1976-77 . . .	1816.851	201.259	1653.964	190.898	91.03	94.85	5,97,000	4,77,600	236.66
1977-78 . . .	913.986	155.954	826.542	149.200	90.43	95.67	4,26,000	3,40,800	318.52
1978-79 . . .	450.711	318.695	431.644	301.587	95.77	94.63	3,40,000	2,72,000	353.52
1979-80 . . .	321.422	235.109	297.422	224.350	92.53	95.42	2,76,000	2,20,800	396.74
1980-81 . . .	425.595	348.322	388.176	319.530	91.21	91.73	3,78,000	3,02,400	390.74
1981-82 . . .	117.542	476.725	108.532	457.353	92.33	95.94	2,61,000	2,08,800	351.36

The overall percentage of yield of good bars ranged from 90.43 per cent to 95.77 per cent in respect of cupro nickel alloy against a norm of 97.25 per cent. The yield of almag metal was within the norm of 94 per cent except during 1980-81 when it was 91.73 per cent. As charge-wise records of metal melted, bars cast, melting losses etc., were not maintained, variations, if any, in the yield of each charge could not be ascertained.

No norms were fixed for the consumption of fuel oil. The Mint stated (February 1983) that :

> "On an average 80 per cent of the oil received is charged to Melting Section and 20 per cent to Annealing Section while working out the cost of production".

Even after adopting this proportion, the fuel oil consumption per tonne of metal melted was high as compared to the consumption rate per tonne during 1976-77. Reasons for excess consumption have, however, not been analysed by the Mint. Based on the consumption pattern for 1976-77, the money value of fuel oil consumed in excess from 1977-78 to 1981-82 amounted to Rs. 7.25 lakhs.

The Ministry stated (September 1983) as under :

> "With the present set of equipment it is not possible for us to measure the oil flow and fix norms of fuel oil consumption".

(b) *Rolling Department*

The bars obtained from the Melting Department are rolled into strips of lesser thickness according to the requirements of each denomination of the coins to be manufactured. No norms have been fixed for arisings of rejections. The actual scrap arisings during the period 1976-77 to 1981-82 were, however, as follows :—

Denomination of coins	Percentage of scrap
5 paise	Between 1 to 9.2
10 paise	Between 4.3 to 12.6
25 paise	Between 11.4 to 28.4

The reasons for wide variations in the percentage of scrap arisings have not been analysed by the Mint.

(c) *Cutting Department*

The bars rolled in strips are cut into blanks of 5 paise, 10 paise and 25 paise. The left over material (scissel) is remetted. No norms were, however, fixed for the arisings of scissel. The actual arisings of scissel in the case of 5 paise coins varied between 39 per cent and 55 per cent during the six years from 1976-77 to 1981-82. The reasons for wide variations in arisings of scissel have not been analysed by the Mint.

(d) *Annealing Section*

The blanks received from the cutting department are annealed and before they are passed on for stamping, are examined visually to weed out blanks not properly cut.

An analysis of the figures of the blanks annealed, good blanks obtained and wastages for six years from 1976-77 to 1981-82 indicated that the percentage of wastages ranged between 2.5 and 5.1; between 2.8 and 5.6; between 2.4 and 4.1 in the case of coins of 5, 10 and 25 paise respectively. No norms have been fixed for the arisings of wastages on account of defective cuttings and reasons for variations in the arisings have also not been analysed by the Mint.

(e) *Examining Department*

The annealed blanks are sent for stamping and after stamping the coins are examined and sorted out into good and defective coins.

The following table indicates the quantities of coins examined, the quantities of good coins obtained and percentage of defective coins for the six years ending 1981-82 :

(Figures in thousand Kgs.)

Year	5 paise			10 paise			25 paise		
	Coins examined	Good coins	Percentage of defective coins	Coins examined	Good coins	Percentage of defective coins	Coins examined	Good coins	Percentage of defective coins
1	2	3	4	5	6	7	8	9	10
1976-77 .	269.258	253.100	6.0	..	..	..	355.179	330.699	6.9
1977-78 .	89.547	84.153	6.0	..	..	..	362.822	344.599	5.0
1978-79 .	85.499	77.812	9.0	77.556	68.328	11.9	177.453	172.242	2.9
1979-80 .	117.618	101.474	13.7	93.925	78.840	16.0	111.514	107.237	3.8
1980-81 .	174.305	157.235	9.8	120.085	112.094	6.7	151.949	144.871	4.7
1981-82 .	222.994	202.904	9.0	..	..	..	84.797	79.919	5.8

It will be seen from the above that :

— the percentage of defective coins of 5 paise went up from 6 in 1976-77 to 13.7 in 1979-80.

— the percentage of defective coins of 25 paise which was reduced from 6.9 in 1976-77 to 2.9 in 1978-79 again went up to 5.8 in 1981-82.

The Mint stated (February 1983) as under :

"The wastage in the examination is on account of defective coins attributable to the following reasons :

1. Defective machine performance.

2. Operator's fault.

About 50 per cent of the Coining Presses have outlived their productive life and are only kept in use to maximise the production".

3. *Machine Utilisation*

The mint has 164 machines of which 53 machines were more than 20 years old. No system has been laid down for collection of data regarding utilisation of the individual machines and reviewing the same with a view to replacing the old and outdated machines except in the case of 24 coining presses, data regarding utilisation of which is compiled. Even in respect of coining department though the machine-wise statements of idle hours were prepared daily, the statistics collected were not consolidated either month-wise, quarter-wise or yearly.

Test checks made in aduit for the years 1979-80 and 1980-81 with reference to the daily statements of idle hours recorded in respect of coining Presses revealed the following position :

	1979-80		1980-81	
	Hours	Percentage	Hours	Percentage
Available hours	1,05,608	..	1,17,408	..
Hours spent on production jobs	28,368	26.86	36,536	31.12
Hours lost due to break-down	36,168	34.25	44,657	38.04
Standby hours	18,480	17.50	12,298	10.47
Idle hours	22,592	21.39	23,917	20.37

It will be seen from the above that 34 and 38 *per cent* of the available hours were lost due to break-down of machines in the years 1979-80 and 1980-81 respectively. No machine log books are maintained by the Mint with a view to recording the details of periodical maintenance and break-down of machines. An analysis of the machine-wise break-down during 1980-81 revealed that out of 24 machines in coining department, 8 machines were under repairs continuously for over 9 months. Of these, 4 machines were commissioned in 1973-74 and 1974-75 and one machine in March 1976.

4. *Working Results*

The coins manufactured in the Mint are delivered to the Reserve Bank of India at the face value of the coins. The working results of the Mint for the six years ending 1981-82 for which proforma accounts were available are given below :—

	1976-77	1977-78	1978-79	1979-80	1980-81	1981-82
			(Rupees in lakhs)			
(*a*) Mean Capital	742.23	1040.55	935.23	660.53	572.30	394.72
(*b*) Value of coins delivered to RBI at face value	566.12	302.91	559.73	345.06	213.01	267.19
(*c*) Less cost of production of coins delivered	395.12	266.65	586.44	394.57	253.18	348.83
(*d*) Net profit (+)/Loss (—)	(+)171.00	(+)36.26	(—)26.71	(—)49.51	(—)40.17	(—)81.64
(*e*) Interest on capital	40.08	57.23	53.12	38.77	34.91	24.87
(*f*) Total return	211.08	93.49	26.41	(—)10.74	(—)5.26	(—)56.77
(*g*) Percentage of total return to mean Capital [(f) to (a)]	28.44	8.98	2.82	..	..	..
(*h*) Percentage of net profit to value of coins delivered to RBI [(d) to (b)]	30.21	11.97	..	..	..	..
(i) Percentage of cost of production to value of coins delivered to RBI [(c) to (b)]	69.79	88.03	104.77	114.35	118.86	130.56

NOTE: Simplified proforma accounts for the year 1981-82 are given in Appendix VI.

The losses were mainly attributed to :

(i) Decrease in production and consequent higher cost of minting, particularly in respect of coins of denominations of 2 paise, 5 paise and 10 paise as would be seen from the table given below :

Year	Total coins minted (in lakh pieces)	2 Paise		5 Paise		10 Paise		25 Paise		50 Paise	
		Coins minted (in lakh pieces)	Cost of minting per piece (in paise)	Coins minted (in lakh pieces)	Cost of minting per piece (in paise)	Coins minted (in lakh pieces)	Cost of minting per piece (in paise)	Coins minted (in lakh pieces)	Cost of minting per piece (in paise)	Coins minted (in lakh pieces)	Cost of minting per piece (in paise)
1	2	3	4	5	6	7	8	9	10	11	12
1976-77	4635.73	1226.65	3.40	1685.80	5.01	..	..	1323.20	13.80	400.08	27.00
1977-78	3040.98	1090.05	5.36	559.05	7.54	..	..	1378.96	16.68	12.92	27.27
1978-79	2120.65	616.80	7.17	518.25	8.90	296.08	11.28	689.52	20.03	..	..
1979-80	1459.20	13.05	..	674.75	9.88	342.20	14.86	429.20	22.37	..	..
1980-81	2110.35	..	..	1044.93	8.72	485.74	15.10	579.68	22.04	..	..
1981-82	1668.29	..	..	1348.45	12.68	..	..	319.84	22.43	..	..

(ii) Stoppage of production of 50 paise coins from 1977-78 and gradual decrease in the production of 25 paise coins, the cost of production of which was lower than the face value as against the coins of smaller value whose cost of production has been increasing year after year; and

(iii) Reduction in the production programme.

The Ministry stated (September 1983) as under :

"...........due to introduction of Incentive Scheme in April 1983 as well as expected restarting manufacture of higher denomination coins in this year, the losses may come down substantially".

5. *Labour Utilisation*

The men allotted to the various processes are treated as having been utilised completely in those processes without ascertaining the actual hours spent by them on the jobs and the extent of idle time. In the absence of records indicating the actual hours spent on different jobs| processes, the effective utilisation of labour could not be verified.

6. *Inventory Position*

The following table indicates the inventory of stores and spares for the six years from 1976-77 to 1981-82 :

Year	Purchase (Rupees in lakhs)	Consumption (Rupees in lakhs)	Stock	Number of months' consumption
1976–77	29.59	31.10	14.81	5.72
1977–78	16.68	21.51	9.74	5.43
1978–79	27.54	14.76	21.92	17.82
1979–80	5.12	8.62	18.37	25.56
1980–81	23.21	24.11	16.72	8.32
1981–82	23.55	24.29	15.97	7.89

Though the stock holding in terms of months of consumption has come down in 1980-81 and 1981-82, non-moving|slow-moving items valuing Rs. 5.13 lakhs were held in stock as on 31st March 1981 as detailed below :

Year of purchase	Value (Rs. in lakhs)
1977–78	2.48
1978–79	0.88
1979–80	0.37
1980–81	1.40
	5.13

No review was made to dispose of stores that became surplus. The Ministry stated (September 1983) as follows :

> "…….many items have not moved out because of reduction of Cupro Nickel coins manufacture. These items are expected to be consumed once we start manufacture of Cupro Nickel coins of 25 paise, 1 Rupee etc. Further, items which are likely to be surplus, even thereafter, will be disposed of by transferring to sister Mints etc. if required by them or by disposal".

7. *Other Topics of Interest*

The Mint entered into an agreement with Andhra Pradesh State Electricity Board (APSEB) on 29th April 1974 valid for a period of 5 years for release of load of 260 KVA in addition to the then existing demand for 400 KVA, in order to augment the production by introducing night shift and production incentive. However, the working hours were reduced from 60 hours a week to 54 hours a week from 1st April 1977 and further to 48 hours a week from 10th May 1978 and no incentive scheme was introduced.

A review of the electricity bills from December 1977 to March 1982 revealed that the maximum demand had not exceeded the originally contracted demand of 400 KVA from May 1978 i.e., after the working hours were reduced to 48 hours a week. As per the agreement with the APSEB the Mint has to achieve 80 per cent of the contracted demand i.e., 528 KVA each month failing which billing would be done at 80 per cent of contracted demand. Since this could not be achieved, the APSEB claimed the demand charges at 80 *per cent* of the contracted demand irrespective of the actual demand recorded and this has resulted in avoidable payment of demand charges to the extent of Rs. 2.52 lakhs for the period from December 1977 to August 1979 and from August 1980 to March 1982.

As per the terms of the agreement with the APSEB the contracted demand could be reduced on giving 12 months notice or after the expiry of the validity period of the agreement i.e., by April 1979. However, the question of reduction of contracted demand from 660 KVA to 300 KVA was taken up with Andhra Pradesh State Electricity Board only in September 1981 for which APSEB has insisted for the notice period of 12 months as per agreement.

The Ministry stated (September 1983) as under :

"When we came to know in September 1981 that the Mint was going to be closed down, we have approached Andhra Pradesh State Electricity Board to reduce our contracted maximum demand. In the meanwhile, Government has reversed its decision. At present the Mints are working on 48 hours incentive working, which is again likely to be raised to 54 hours incentive working, then the power demand is likely to go up and we are likely to utilise the full contracted demand".

8. *Summing up*

The following are the main points that emerge :—

— The capacity of the Mint for minting the coins has not been fixed.

— The programme for total production of coins as intimated by the Government of India shows a declining from 1977-78 onwards except for a slight increase in 1980-81. The Mint could not achieve even the reduced production programme of coins (except for the year 1981-82) and the percentage of achievement ranged between 99 *per cent* in 1976-77 and 75 *per cent* in 1980-81. The actual production of coins decreased from 46.36 crores in 1976-77 to 16.68 crores in 1981-82.

— The over-all percentage of the yield of good bars ranged from 90.43 *per cent* to 95.77 *per cent* in respect of cupro-nickel alloy against a norm of 97.25 *per cent*.

— No norms have been fixed for consumption of fuel oil in the Melting Department, for arisings of rejections|scissel in the Rolling Department|Cutting Department and for the arisings of wastages on account of defective cuttings in the Annealing Section.

— There were wide variations in the percentage of scrap arisings during the year 1976-77 to 1981-82 in the case of 5 paise, 10 paise and 25 paise coins, arisings of Scissel in case of 5 paise coins during the years 1976-77 to 1981-82 and percentage of defective coins of 5 paise went up from 6 in 1976-77 to 13.7 in 1979-80 and that of 25 paise which was reduced from 6.9 in 1976-77 to 2.9 in 1978-79 again went up to 5.8 in 1981-82. The reasons for above wide variations have not been analysed by the Mint.

— Based on the consumption pattern for 1976-77 the money value of fuel oil consumed in excess from 1977-78 to 1981-82 amounted to Rs. 7.25 lakhs.

- No system has been laid down for collection of data regarding utilisation of individual machines and reviewing the same except in the case of coining presses. 34 *per cent* and 38 *per cent* of the available hours of the machines were lost due to breakdown of machines in the years 1979-80 and 1980-81 respectively.
- The Mint is incurring losses from 1978-79 onwards and losses are due to decrease in production and consequent higher cost of minting, particularly in respect of coins of denomination of 2 paise, 5 paise and 10 paise, stoppage of production of 50 paise coins from 1977-78 and reduction in the production programme.
- Non-moving/slow moving items valuing Rs. 5.13 lakhs was held in stock as on 31st March 1981.
- Avoidable payment of demand charges to the extent of Rs. 2.52 lakhs from December 1977 to August 1979 and from August 1980 to March 1982 due to delay in sending notice of reduction of contracted demand of load.

MINISTRY OF INFORMATION AND BROADCASTING
DOORDARSHAN COMMERCIAL SERVICE

62. Loss of interest owing to delays in issue of bills

Commercial Service of Doordarshan (Television) was introduced on 1st January 1976. As a full-fledged office of the Commercial Service of Doordarshan was not yet set up, the work of billing for commercial telecasts was entrusted to the Central Sales Unit, Commercial Broadcasting Service, All India Radio (AIR), Bombay. Even after Doordarshan was separated from the All India Radio in April 1976, the work of billing for commercial telecasts was continued to be handled by the above Unit. In December 1976, it was noticed that the Central Sales Unit, A.I.R. has not been able to issue any bill on behalf of

Doordarshan from September 1976 onwards. The work of billing was, therefore, taken over by Doordarshan at the end of December 1976.

In the absence of any procedure laid down for billing the customers, the Doordarshan has been following the pattern of billing established by the Commercial Broadcasting Service, All India Radio. Clause-17 of the contract between the Commercial Service, Doordarshan and accredited advertisers agencies read as under :—

> "In case where the advertiser operates through an accredited agency, bills will be sent to the agency concerned after the month of telecast payable within 45 days from the first of the month following the date of telecast".

The above clause was amended from April 1977. According to the amended clause the payments were to be made before the close of the month following the month of telecast.

Clause-18 of the contract makes a provision that Doordarshan shall be entitled to charge interest (12 *per cent* upto March 1977 and 18 *per cent* from April 1977) from the advertisers on all amounts due but not paid within the specified time in terms of the contracts.

Monthly bills for the months of September 1976 to March 1977 were issued between the period 21st December 1976 to 27th May 1977. Thus, there were delays ranging between 7 weeks and 12 weeks in issuing the bills.

Since the bills were issued much after the due dates, a question arose in June 1977, as to whether the credit period mentioned in the contract may be counted from the first day of the month following the month of telecast or from the date of issue of the bill. It was decided in July 1978, in consultation with the Ministry of Law, that the period of credit be counted from the first day of the month following the month in which the advertiser receives the bill for making payment.

The bills for the period April 1977 to June 1978 were also issued late to the accredited agencies; the delay ranged between two to six months.

Thus, the delays in issue of bills for the months of September 1976 to June 1978 to the accredited agencies in respect of commercial telecasts from different Doordarshan Kendras has resulted in a loss of interest amounting to Rs. 12.74 lakhs.

The Ministry stated (July 1983) as under :

> "The staff in position in the Commercial Cell of T.V. was not adequate and also not fully trained in billing and accounting work. It required some time for them to start this work after it had fallen in arrears from September 1976. The Commercial Cell of T.V. has, therefore, to look after the billing of the advertisements already televised and also book and schedule new advertisements. The pace of booking of new advertisements rose steadily with the result that not enough time could be devoted to clear the back log of arrears of billing".

MINISTRY OF WORKS AND HOUSING

63. Government of India Press, Coimbatore—Delay in placing an order

In response to an enquiry made by the Press, a quotation valid upto 30th June 1978 for the supply of 14 mono moulds of different sizes was received by the Press in January 1978. As the rates quoted by the supplier were considered high, the Press addressed (February 1978) other sister Presses to ascertain whether mono moulds could be spared on resale basis. The replies received during February 1978 to April 1978 showed that none of the Presses was in a position to spare mono moulds on permanent transfer basis. As the value of the purchase exceeded the financial powers of the Manager of the Press, administrative approval of the Director of Printing to the purchase of 14 mono moulds at the price quoted by the supplier was sought on 19th June 1978. In July 1978, the Press requested the firm to extend the validity of the offer to the end of August 1978, but on 1st August 1978, the firm submitted a revised quotation at higher rates valid upto 30th September 1978. The revised rates were intimated (August 1978) by the Press to the Directorate of Printing. In October 1978, the Directorate of Printing intimated the Press that 11 mono moulds were considered sufficient to cope with the existing volume of work and also requested the Press to send a revised proposal for the purchase of 11 mono moulds as in the meantime, the firm had increased the rates. As the validity of the original as well as the revised quotations had expired, the Press invited a fresh quotation in November 1978 and based on the still higher rates quoted by the firm, a revised proposal for purchase of 11 mono moulds was submitted to the Directorate of Printing on 19th December 1978. After obtaining approval of the Headquarters over telephone, the Press placed an order on the firm on 23rd January 1979 for the supply of 11 mono moulds. Administrative approval and expenditure sanction of the Government of India was communicated by the Directorate of Printing to the Press on 24th February 1979.

Due to delay in finalising the purchase, the Press had to purchase the mono moulds at higher rates. The extra expenditure with reference to the lower rates offered by the supplier in January 1978 and August 1978 works out to Rs. 0.91 lakh and Rs. 0.83 lakh respectively.

The Ministry stated (September 1983) as under :

> "......it is felt that tenders were prematurely invited, on the first occasion, by the Manager of the Coimbatore Press. The Manager could have consulted other Presses regarding availability of spare Moulds before actually inviting the tenders or, at least, taken this action simultaneously. It is also felt that there was some delay on the part of the Directorate in

as much as the Directorate instead of taking action to convey the administrative approval or coming to the Ministry again for revised approval in view of the slight increase in prices (between the 1st and second offers) asked the Press to send revised estimates afresh".

(O. P. GOEL)
Director of Audit, Central Revenues.

New Delhi :
The 24 MARCH 1984.

Countersigned

(GIAN PRAKASH)
Comptroller and Auditor General of India.

New Delhi :
The 26 MARCH 1984.

APPENDIX I

(*Vide* paragraph 3)

EXTENT OF UTILISATION OF SUPPLEMENTARY GRANTS/APPROPRIATIONS

Sl. No.	Grant/Appropriation	Amount of Grant/ Appropriation		Actual expenditure	Saving
		Original	Supplementary		
1	2	3	4	5	6
	Cases where supplementary grants/appropriations proved unnecessary				
	Revenue—Voted				(Lakhs of rupees)
	Ministry of Commerce				
1.	13—Textiles, Handloom and Handicrafts	16898.36	2.02	15636.37	1264.01
	Ministry of Communications				
2.	14—Ministry of Communications	324.57	10.06	322.30	12.33
	Ministry of Education and Culture				
3.	27—Department of Culture	1566.79	45.87	1565.82	46.84
	Ministry of Finance				
4.	33—Customs	4468.80	127.93	4157.30	439.43
	Ministry of Shipping and Transport				
5.	79—Road and Inland Water—Transport	229.40	18.00	113.98	133.42
	Parliament, Department of Parliamentary Affairs				
6.	106—Rajya Sabha	292.05	15.13	286.64	20.54
	Capital—Voted				
	Ministry of Agriculture				
7.	2—Agriculture	119271.82	1799.00	56355.88	64714.94
	Ministry of Defence				
8.	19—Ministry of Defence	12631.72	879.60	11462.92	2048.40

1	2	3	4	5	6
				(Lakhs of rupees)	
		Ministry of External Affairs			
9.	31—Ministry of External Affairs	2826.07	1784.37	2130.76	2479.68
		Ministry of Finance			
10.	43—Loans to Government Servants, etc.	9726.70	700.00	8808.13	1618.57
		Ministry of Steel and Mines			
11.	82—Department of Mines	20205.00	800.01	19625.46	1379.55
		Ministry of Works and Housing			
12.	91—Public Works	4736.78	100.00	3776.36	1060.42
13.	93—Housing and Urban Development	6499.09	312.01	6458.09	353.01
		Revenue—*Charged*			
		Ministry of Finance			
14.	35—Taxes on Income, Estate Duty, Wealth Tax and Gift Tax	*1.38*	*.09*	*.05*	*1.42*
15.	41—Transfers to State Governments . .	*392364.00*	*4964.00*	*389807.46*	*7520.54*

APPENDIX II

(*Vide* Paragraph 5)

SAVINGS UNDER VOTED GRANTS

Voted grants where the savings (more than Rs. 5 lahhs in each case) exceeded 20 *per cent* of the total grant are given below :—

Sl. No.	Grant	Total grant	Expendi-ture	Saving	Percentage of saving
1	2	3	4	5	6
		Revenue			
				(Lakhs of rupees)	
1.	79—Road and Inland Water Transport	247.40	113.98	133.42	53.9
2.	68—Administration of Justice	117.84	67.70	50.14	42.5
3.	67—Ministry of Law, Justice and Company Affairs	3097.48	1928.32	1169.16	37.7
4.	42—Other Expenditure of the Ministry of Finance	54929.21	35897.36	19031.85	34.6
5.	51—Census	2339.07	1659.75	679.32	29.0
6.	10—Ministry of Civil Supplies	427.08	304.51	122.57	28.7
7.	98—Department of Electronics	1635.07	1180.70	454.37	27.8
8.	91—Public Works	16169.26	11812.89	4356.37	26.9
9.	105—Lok Sabha	868.10	640.29	227.81	26.2
10.	81—Department of Steel	374.77	282.38	92.39	24.6
11.	85—Department of Rehabilitation	2644.00	2006.44	637.56	24.1
		Capital			
12.	5—Forest	75.00	12.00	63.00	84.0
13.	3—Fisheries	833.69	216.81	616.88	74.00
14.	70—Petroleum and Petrochemicals Industries .	25811.60	11442.05	14369.55	55.67
15.	31—Ministry of External Affairs	4610.44	2130.76	2479.68	53.8
16.	2—Agriculture	121070.82	56355.88	64714.94	53.4

1	2	3	4	5	6
				(Lakhs of rupees)	
17.	40—Opium and Alkaloid Factories	156.78	86.47	70.31	44.8
18.	10—Ministry of Civil Supplies	819.75	476.86	342.89	41.8
19.	7—Department of Food	2537.13	1504.71	1032.42	40.7
20.	87—Meteorology	560.66	350.94	209.72	37.4
21.	101—Department of Science and Technology	166.00	109.80	56.20	33.8
22.	104—Department of Space	5065.25	3379.97	1685.28	33.3
23.	4—Animal Husbandry and Dairy Development	811.05	623.40	187.65	23.1
24.	38—Currency, Coinage and Mint	1607.93	1243.00	364.93	22.7
25.	91—Public Works	4836.78	3776.36	1060.42	21.9

APPENDIX III

(*Vide* paragraph 28)

The position of outstanding Inspection Reports and Paragraphs

Year	Department of Economic Affairs		Department of Revenue & Banking		Department of Expenditure		Total	
	Inspection Report	Para	Inspection Report	Para	Inspection Report	Para	Inspection Report	Para
1	2	3	4	5	6	7	8	9
1956-57	..	..	195 (1)	751 (1)	..	..	195 (1)	751 (1)
1957-58	..	..	..	..	..	..	..	..
1958-59	..	..	..	..	..	..	..	..
1959-60	..	..	..	..	..	..	..	..
1960-61	..	..	58 (24)	137 (57)	..	..	58 (24)	137 (57)
1961-62	..	..	..	..	..	..	..	..
1962-63	..	..	..	..	..	..	..	..
1963-64	67 (2)	282 (5)	..	..	21 (1)	134 (1)	88 (3)	416 (6)
1964-65	..	..	..	..	..	..	..	..
1965-66	..	..	82	220	..	..	82	220
1966-67	..	..	211 (81)	515 (167)	..	..	211 (81)	515 (167)
1967-68	..	..	70 (14)	298 (56)	..	..	70 (14)	298 (56)

1	2	3	4	5	6	7	8	9
1968-69	..	..	26	95	..	..	26	95
			(6)	(24)			(6)	(24)
1969-70	2	3	..	..	..	..	2	3
1970-71	..	..	269	777	..	..	269	777
			(82)	(287)			(82)	(287)
1971-72	28	89	451	1179	..	..	479	1268
	(1)	(2)	(9)	(29)			(10)	(31)
1972-73	..	..	718	1835	..	..	718	1835
			(19)	(99)			(19)	(99)
1973-74	..	..	32	95	..	..	32	95
1974-75	2	2	14	39	..	..	16	41
1975-76	..	..	..	..	..	..	..	..
1976-77	4	6	24	80	..	..	28	86
1977-78	17	44	3	3	..	..	20	47
1978-79	72	112	..	..	514	1147	586	1259
1979-80	..	..	11	35	134	305	145	340
1980-81	4	10	2	6	..	..	6	16
	(1)	(3)					(1)	(3)
1981-82	3	4	..	..	1	1	4	5
	199	552	2166	6065	670	1587	3035	8204
	(4)	(10)	(236)	(720)	(1)	(1)	(241)	(731)

APPENDIX IV

(*Vide* paragraph 31)

Statement showing losses, irrecoverable revenue, duties, advances, etc. written off/waived and ex-gratia payments made during the year

In 295 cases, Rs. 280.46 lakhs representing mainly losses due to theft, fire, etc. and irrecoverable revenue, duties, advances, etc. were written off/waived and in 9 cases ex-gratia payments aggregating Rs. 7.11 lakhs were made during 1982-83, as detailed below :—

Ministry/ Department	Write off of losses, irrecoverable revenue, duties, advances, etc.									
	Due to failure of system		Due to neglect, fraud, etc. on the part of the individual Government Officials		Due to other reasons		Waiver of recovery		*Ex-gratia* payment	
	Number of cases	Amount (Rs.)	Number of cases	Amount (Rs.)	Number of cases	Amount (Rs.)	Number of cases	Amount (Rs.)	Number of cases	Amount (Rs.)
1	2		4	5	6	7	8	9	10	11
Agriculture	..	..	..	..	118	155,95,181	..	..	..	..
Energy	12	1,04,115	..	..	..	..	..	..	..	..
External Affairs	..	..	..	..	..	..	4	13,037	..	..
Food and Civil Supplies	..	..	1	22,635	4	65,03,037	..	..	..	..
Health and Family Welfare	..	..	..	..	1	80,000	..	..	..	..
Home Affairs	..	..	..	..	5	50,458	1	8,110	..	..

1	2	3	4	5	6	7	8	9	10	11
Industry	..	..	..	..	..	..	..	..	9	7,11,034
Labour and Rehabilitation	..	..	..	..	14	2,56,992	27	39,10,441	..	..
Steel and Mines	..	..	..	..	19	5,11,539	..	..	..	..
Shipping and Transport	..	..	8	1,20,250	67	7,32,543	..	..	..	..
Supply	..	..	..	..	1	2,176	..	..	..	..
Atomic Energy	..	..	..	..	11	1,26,141	..	..	..	..
Space	..	..	..	..	2	9,030	..	..	..	..
TOTAL	12	1,04,115	9	1,42,885	242	238,67,097	32	39,31,588	9	7,11,034

APPENDIX V

[*Vide* paragraph 54(ii)]

Grants-in-aid to Statutory Bodies. Non-Government Institutions or Bodies and Individuals

Ministry/Department	Amount
	(Lahks of rupees)
Agriculture	11620.61
Commerce	2881.79
Defence	21.96
Education and Culture	28050.23
Energy	979.64
External Affairs	218.94
Finance	389.76
Food and Civil Supplies	261.94
Health and Family Welfare	5454.32
Home Affairs	8444.28
Industry	4659.38
Information and Broadcasting	303.01
Irrigation	595.47
Labour	249.76
Law, Justice and Company Affairs	76.96
Petroleum, Chemicals and Fertilizers	617.11
Planning	484.30
Rural Development	77.00
Shipping and Transport	4149.84
Social Welfare	2597.06
Steel and Mines	470.08
Supply and Rehabilitation	4.38
Tourism and Civil Aviation	380.14
Works and Housing	34.30
Atomic Energy	1657.87
Electronics	502.30
Environment	260.25
Ocean Development	479.85
Science and Technology	13224.95
Space.	869.65
TOTAL	90017.13

APPENDIX VI

(*Vide* Paragraph 61—Sub-Paragraph 4)

INDIA GOVERNMENT MINT, HYDERABAD

Summarised Balance Sheet as at 31*st March*, 1982

Liabilities	31-3-1981	31-3-1982	Assets	31-3-1981	31-3-1982
	(Rs.)	(Rs.)		(Rs.)	(Rs.)
Govt. Capital Account .	4,57,51,846	1,53,61,414	Govt. Current Account .	5,34,63,231	5,69,16,029
Accumulated Profit . .	6,53,48,538	5,71,84,781	Fixed Assets Less depreciation.	1,38,63,318	1,29,34,553
Security Deposits . .	53,340	54,110	Investments (including interest receivable on investments)	2,47,189	2,11,480
Earnest Money Deposits .	23,345	16,550	Metals held on others account	114	114
Current Liabilities . .	31,64,515	28,53,076	Current Assets . . .	42,62,03,531	38,49,97,930
Undischarged Liabilities .	37,96,10,714	37,96,37,533	Loans and Advances . .	1,74,915	47,358
TOTAL . . .	49,39,52,298	45,51,07,464	TOTAL . . .	49,39,52,298	45,51,07,464

INDIA GOVERNMENT MINT, HYDERABAD

Trading and Profit and Loss Account for the year ending 31st March, 1982

Dr. Particulars	1980-81	1981-82	Cr. Particulars	1980-81	1981-82
	(Rs.)	(Rs.)		(Rs.)	Rs.)
Stock of finished coins . .	90,63,250	1,23,36,000	Value of coins delivered to RBI at face value.	2,13,01,300	2,67,18,750
Cost of work done transferred from production account (including cost of work done for outside parties).	2,21,77,991	1,72,49,508	Profit on sale of unserviceable stores dross.	84,997	1,41,795
Salaries, Allowances, T.A. Pension and Gratuity.	18,81,598	19,09,670	Stores and metals found excess on verification.	4,73,390	1,41,685
Books and publciations, Printing & stationery, Postage & telegrams, electricity, water and gas.	1,16,613	1,65,547	Receipt from outsiders .	20,410	32,035
E.P.F. commission charges, Law charges.	68,688	46,681	Recoveries from employees towards telephone calls, rent, and electricity.	4,603	3,519
Audit fee	28,020	28,020	Miscellaneous receipts .	24,484	53,145
Police escort, CISF charges .	12,65,130	13,20,212	Stock of coins at the close of the year.	1,23,36,000	3,55,500
Interest on capital . . .	34,91,021	24,86,746	Interest on Government loans/investments.	4,190	4,410
Repairs and maintenance & depreciation on non-factory assets.	29,346	8,547	Net loss of the year carried over.	40,17,065	81,63,757
Loss on destruction of withdrawn coins.	73,841	20,618			
Loss on running canteen . .	58,350	32,687			
Expenses written off . .	..	2,562			
Misc. expenditure . . .	16,591	7,798			
TOTAL	3,82,70,439	3,56,14,596	TOTAL . .	3,82,70,439	3,56,14,596

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