

**REPORT OF THE  
COMPTROLLER AND AUDITOR GENERAL  
OF INDIA**

**FOR THE YEAR ENDED 31 MARCH 1996  
NO.4 OF 1997**

**UNION GOVERNMENT  
(OTHER AUTONOMOUS BODIES)**

(OTHER AUTONOMOUS BODIES)

UNION GOVERNMENT

NO. 4 OF 1981

FOR THE YEAR ENDED 31 MARCH 1980

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OF INDIA

COMPTROLLER AND AUDITOR GENERAL

REPORT OF THE

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## **PREFATORY REMARKS**

This Report for the year ended 31 March 1996 has been prepared for submission to the President under Article 151 of the Constitution. The results of test audit of the financial transactions of the Central Autonomous Bodies (other than those under Scientific Departments included in Report No. 5 of 1997) under the various provisions of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 are set out in this Report. The Report includes 54 paras and 2 reviews on :

(a) Marine Products Export Development Authority

(b) Sale of Commercial Properties

2. The audited organisations are autonomous bodies of varying character and discipline. The cases mentioned in this Report came to notice in the course of test audit during the year 1995-96 and early part of 1996-97 as well as earlier years.

PRELIMINARY REMARKS

This Report for the year ended 31 March 1966 has been prepared for submission to the President and members of the Commission. The results of the audit of the financial transactions of the Central Administrative Bodies (other than those of the various Departments) are set out in Report No. 2 of 1966 under the various provisions of the Constitution and Article 134(2) of the Constitution. The Report includes 24 pages and 2

... / have the honor to inform the members of the Commission that the results of the audit of the financial transactions of the Central Administrative Bodies (other than those of the various Departments) are set out in Report No. 2 of 1966 under the various provisions of the Constitution and Article 134(2) of the Constitution. The Report includes 24 pages and 2

## OVERVIEW

The Audit Report for the year ended 31 March 1996 contains 54 paragraphs and two reviews. The points highlighted in the Report are summarised below:

### General

#### I Annual Accounts of Autonomous Bodies

i) Audited accounts of 200 Central Autonomous Bodies together with Audit Reports for the year 1994-95 were to be placed before Parliament. Out of these, accounts of 73 were made available within the stipulated time while accounts of 122 bodies were made available after one to 16 months of delay. The accounts of 5 bodies were not submitted by the concerned organisations.

(ii) Government of India paid Rs 2525.51 crores as grants and Rs 398.28 crores as loans to 186 autonomous bodies during 1995-96 whose accounts are audited under Section 19(2) and 20(1) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. The annual accounts for 1995-96 in respect of the balance 14 bodies had not been finalised and hence the amount of Government grants received by them was not available.

The annual accounts of 72 out of 122 other Central Autonomous Bodies (other than those under Scientific Departments) whose accounts are audited under Sections 14(1) and 14(2) of the Act were also not finalised by the concerned bodies. The remaining 50 bodies had received grants and loans amounting to Rs 200.04 crores from the Union Government.

(Paragraph 1)

#### II Utilisation Certificates

15080 Utilisation Certificates amounting to Rs 1430.78 crores were outstanding at the end of March 1996 in respect of grants released to Statutory bodies and non-Government institutions during 1976-77 to 1992-93. This indicated poor monitoring over the receipt of Utilisation Certificates.

(Paragraph 2)

## **Ministry of Commerce**

### **III Marine Products Export Development Authority, Kochi**

In three out of the 5 years during the period 1991-96, the exports of marine products fell short of the targets. Authority extended assistance of Rs 175 lakhs to 35 units under the scheme for setting up of small scale low cost prawn hatcheries without the approval of the Ministry. Under the scheme of reimbursing additional cost of High Speed Diesel, Authority gave unintended benefit of Rs 85.90 lakhs to four vessel owners for fuel consumed through mid-sea bunkering. In another scheme of setting up fish processing facilities, Authority paid grant of Rs 67.50 lakhs to a unit which was not eligible.

The scheme for establishment of a common facility for sea food processing in West Bengal could not be implemented even after six years as the Authority had not been able to take physical possession of the land.

The achievement in export of value added marine products was substantially lower at around 7 to 10 *per cent* as against the target of 30 *per cent* even after payment of subsidy of Rs 627.29 lakhs.

(Paragraph 3)

## **Spices Board**

### **IV Irregular refund of cess**

The Spices Board refunded Rs 41.42 lakhs collected as cess by Customs Authorities on export of spices, although the Board did not have the authority to do so and the claim for refunds had already been rejected by the Customs Authorities on grounds of time limitations.

(Paragraph 4)

## **Ministry of Health and Family Welfare**

### **Chittaranjan National Cancer Institute**

### **V Medical equipment lying idle**

A linear Accelerator for treatment of cancer patients procured by Chittaranjan National Cancer Institute in April 1995 at a total cost of Rs 313.93 lakhs was lying sealed and unutilised due to defective planning and lack of effective follow up.

(Paragraph 5)

**Ministry of Human Resource Development**

**Department of Education**

**Asiatic Society**

**VI Unsold publications**

Unrealistic assessment regarding the number of copies to be printed by the Asiatic Society, Calcutta had resulted in accumulation of unsold publications valuing Rs 35.13 lakhs.

(Paragraph 8)

**Motilal Nehru Regional Engineering College, Allahabad**

**VII Irregular payment of leave encashment**

Leave encashment amounting to Rs 34.63 lakhs was paid to non-teaching staff of Motilal Nehru Regional Engineering College, Allahabad despite Government's specific instructions to the contrary.

(Paragraph 11)

**VIII One time upward movement scheme**

Irregular payments of Rs 50.73 lakhs were made by the University to its employees during the period 1987-96 due to unauthorised allowing of higher scale of pay by extending unilaterally the cut off date of 'One time upward movement scheme' from 1 April 1987 to 31 March 1993, despite instructions from the University Grants Commission to the contrary.

(Paragraph 12)

**University Grants Commission**

**IX Inadmissible revision of pay scales**

Despite the instructions of the Ministry that upgradation of pay scales were not applicable to the Assistants/Stenographers of the Commission, benefit of the revised scales was given to the Commission's employees, resulting in an inadmissible payment of Rs 44.27 lakhs to 81 employees between January 1986 and March 1996.

(Paragraph 13)

## **Ministry of Industry**

### **Khadi and Village Industries Commission, Mumbai**

#### **X Non-recovery of Rs 71.11 lakhs**

Loans amounting to Rs71.11 lakhs (including interest) paid by the Commission to various institutions were lying unrecovered due to delayed and inadequate action by the Commission.

(Paragraph 15)

#### **XI Blocking of funds**

The purchase of land for construction of a testing-cum-demonstration centre, at a cost of Rs 53.20 lakhs and subsequent expenditure of Rs 11.28 lakhs on it without ensuring clear title to land, resulted in blocking of funds of Rs 53.20 lakhs for over 4 years, loss of interest of Rs 22.57 lakhs and infructuous expenditure of Rs 11.28 lakhs.

(Paragraph 16)

## **Ministry of Labour**

### **Employees Provident Fund Organisation**

#### **XII Non-realisation of penalty**

Inordinate delays in levy of penalty by the Central Provident Fund Commissioner for default in payment of contribution by the employers resulted in non-realisation of Rs 63.07 lakhs and loss of interest of Rs 97.66 lakhs upto June 1996.

(Paragraph 18)

## **Ministry of Surface Transport**

### **Calcutta Port Trust**

#### **XIII Unfruitful expenditure on navigational aids**

Of the 27 gas flashers procured by the Port Trust in July/August 1992, 7 were found defective and 15 were stolen within two years of their installation even while the Port Trust spent Rs 64.24 lakhs on police patrolling during 1990-96. The aggregate cost of stolen and defective flashers was Rs 17.66 lakhs.

(Paragraph 20)

## **Calcutta Dock System**

### **XIV Unfruitful expenditure of Rs 34.51 crores**

Expenditure of Rs 34.51 crores on construction of the Northern Guide Wall under the comprehensive scheme for improvement of draught in river Hooghly did not yield the desired results even after a lapse of 14 years of the commencement of the scheme due to non-execution of the scheme in its entirety.

(Paragraph 22)

### **XV Blocking of funds of Rs 6.21 crores**

The procurement of a tug by Calcutta Dock System in 1990 at a cost of Rs 6.09 crores much in advance of its actual requirement had resulted in avoidable blocking of funds of Rs 6.21 crores including maintenance cost.

(Paragraph 23)

### **XVI Excess procurement leading to idle investment of Rs 99.42 lakhs**

Of the 17 tractors procured by Calcutta Dock System in 1991 at a cost of Rs 187.80 lakhs, only 8 were utilised during 1992-96. Investment of Rs 99.42 lakhs on procurement of 9 tractors which remained unutilised was rendered idle. In addition avoidable expenditure of Rs 54.32 lakhs was also incurred on maintenance of these 9 tractors.

(Paragraph 24)

## **Calcutta Dock Labour Board**

### **XVII Loss of revenue**

Calcutta Dock Labour Board suffered a loss of revenue of Rs 5.23 crores between February 1993 and March 1995 due to non-revision of rates on entry/exit of loaded containers.

(Paragraph 25)

## **Cochin Port Trust**

### **XVIII Loss of revenue**

The delay in publication of berth hire charges as revised by Government of India by more than 10 months, resulted in loss of revenue amounting to Rs 71.58 lakhs.

(Paragraph 26)

## **Jawaharlal Nehru Port Trust**

### **XIX Non-recovery of licence fee**

656 containers received by the Port Trust between May 1992 and May 1996 were not cleared by importers within two months. The Port Trust neither realised the licence fees of Rs 630.11 lakhs nor took any action to dispose of the uncleared cargo permissible under the Act, resulting in a loss of revenue to the Port Trust.

(Paragraph 30)

### **XX Unfruitful expenditure of Rs 2.93 crores on procurement of trailers**

Failure to put to use 59 out of 136 trailers procured by the Port Trust, since their acquisition in May 1989, resulted in unfruitful expenditure of Rs 2.93 crores on these excess trailers.

(Paragraph 31)

### **XXI Unfruitful expenditure on procuring and maintaining a 'Survey Launch'**

A survey launch acquired by the Port Trust in November 1989 at a cost of Rs 1.05 crores, with a view to conduct hydrographic survey could not be commissioned due to non-installation of survey equipment on board the launch. This had led to Rs 1.05 crores being blocked up for six years besides incurring an expenditure of Rs 47.76 lakhs on personnel, maintenance and repairs to the launch.

(Paragraph 32)

## **Madras Port Trust**

### **XXII System deficiency in collection of wharfage**

Non-adherence to the system laid down in the Traffic Manual by the Port Trust for the collection of wharfage charges in respect of oil and oil products, based on import/export applications required to be filed before the removal of goods, resulted in non-recovery of Rs 204.08 lakhs of which Rs 175.83 lakhs was recovered on the omission being pointed out in audit.

(Paragraph 34)



### **XXIII Avoidable expenditure**

Failure of the Port Trust to enforce the conditions of the supply order that the prices of the 20 tonne diesel fork lift truck would be kept firm till delivery, resulted in an avoidable extra expenditure of Rs 92.60 lakhs.

(Paragraph 35)

### **Mormugao Port Trust**

#### **XXIV Extra expenditure due to delay in award of contract**

The non-awarding of the contract for maintenance dredging by the Port Trust based on results of initial tender process in September 1995 and subsequent award of contract to the same firm in October 1995 on re-tendering, resulted in an extra expenditure of Rs 1.19 crores.

(Paragraph 40)

### **Mumbai Port Trust**

#### **XXV Grant of remission**

Repeated review by the Board of the Port Trust of its own decisions regarding grant of remission against the guidelines laid down by the Ministry, resulted in incorrect grant of remission amounting to Rs 265.77 lakhs to an importer and consequential loss of revenue to the Port Trust.

(Paragraph 41)

#### **XXVI Loss due to grant of ex-gratia remission**

The Port Trust suffered a loss of Rs 91.16 lakhs due to grant of ex-gratia remission of demurrage charges to a firm in contravention of the guidelines issued by the Ministry.

(Paragraph 42)

#### **XXVII Delay in disposal of uncleared consignment**

The Port Trust lost an opportunity to earn an income of Rs 34.67 lakhs and subsequent interest of Rs 20.70 lakhs by not confirming the offer of Rs 34.67 lakhs received in October 1991 on sale of uncleared consignment. These were subsequently sold for Rs 5.22 lakhs only in May 1995.

(Paragraph 44)

## **XXVIII Outstanding rent of Rs 46.47 lakhs**

Failure to take any action by the Port Trust to revise the rent beyond the lease period (March 1986) and to legally enforce the revised rent from May 1988 had resulted in accumulation of arrears of rent of Rs 46.47 lakhs for the period April 1988 to July 1996.

(Paragraph 45)

## **Paradip Port Trust**

### **XXIX Unfruitful investment due to procurement of defective locomotives**

3 locomotives which were procured by the Port Trust at a cost of Rs 1056.50 lakhs with a view to avoid payment of hiring charges were found to be defective. Consequently, the Port Trust had to incur an avoidable expenditure of Rs 174.35 lakhs as it had to perforce continue hiring of locomotives.

(Paragraph 47)

## **Visakhapatnam Port Trust**

### **XXX Excess payment of customs duty**

An excess payment of customs duty amounting to Rs 27.95 lakhs was made on purchase of ball bearing for Bucket Wheel Reclaimer due to its incorrect classification as a whole unit of equipment instead of as a spare part. A claim for refund had been filed on the mistake being pointed out in audit.

(Paragraph 48)

## **Visakhapatnam Dock Labour Board**

### **XXXI Fraudulent payment of Rs 32.84 lakhs**

Payment towards ex-gratia payments to claimants by accepting notarised affidavits and death certificates as a matter of routine without verification of their authenticity had resulted in fraudulent payment of Rs 32.84 lakhs.

(Paragraph 51)

**Ministry of Urban Affairs and Employment**

**Department of Urban Affairs**

**Delhi Development Authority**

**XXXII Sale of Commercial Properties**

Due to incomplete land records 23 commercial plots with Delhi Development Authority(DDA) were lying undisposed for 20-25 years in Jhilmil, Vivek Vihar and Rampura Industrial Area.

All auctions for disposal of Commercial properties at DDA were conducted by Joint Director/Dy Director although required to be conducted under the supervision of a committee consisting of not less than two other senior officers of the Authority.

Incorrect announcement of reserve price in respect of a plot in Local Shopping Centre, Vasant Kunj led to cancellation of highest bid and litigation with consequent non-realisation of Rs 94.35 lakhs.

While disposing of a plot at Bhikaji Cama Place, injudicious rejection of an offer from New Bank of India resulted in avoidable loss of Rs 2.88 crores.

Sale of plots in Laxmi Nagar District Centre, without developing the plots and getting the layout plan approved from Delhi Urban Arts Commission, resulted in a loss of Rs 16.27 crores, besides non- disposal of a cinema plot for over 14 years.

Failure to take cognition of higher prices obtained during earlier recent auction of similar plots in Rashtriyajan, resulted in a loss of Rs 42.30 lakhs.

Instalments aggregating Rs 10.45 crores were outstanding from the allottees of built up shops/stalls etc. in various localities as there was no effective follow up to ensure timely recovery of instalments.

(Paragraph 53)

ANALYSIS OF COMMERCIAL PROPERTIES

Due to incomplete land records 23 commercial plots with Delhi Development Authority (DDA) were being undisplayed for 20-25 years in Jhilmil, Vasant Vihar and Rampana Industrial Areas.

All auctions for disposal of Commercial properties in DDA were conducted by Joint Director, Director although required to be conducted under the supervision of a committee consisting of not less than two senior officers of the Authority.

Incorrect announcement of reserve price in respect of a plot in Vasant Vihar Shopping Centre, Vasant Kunj led to cancellation of highest bid and litigation with consequent non-realisation of Rs 94.32 lakhs.

While disposal of a plot at Bhikaji Cams Place, Jhilmil, rejection of an offer from New Bank of India resulted in avoidable loss of Rs 2.82 crores.

Sale of plots in Vasant Vihar District Centre, without developing the plots and getting the layout plan approved from Delhi Urban Arts Commission resulted in a loss of Rs 16.27 crores besides non-disposal of a commercial plot for 10-14 years.

Failure to take cognition of higher prices obtained during earlier recent auction of similar plots in Residential, resulted in a loss of Rs 42.36 lakhs.

Installments aggregating Rs 10.45 crores were outstanding from the allottees of built up shop-stalls etc. in various localities as there was no effective follow up to ensure timely recovery of installments.

(Paragraph 23)

## CHAPTER I

### General

#### 1 Annual Accounts of Autonomous Bodies

The Committee on Papers laid on the Table of the House recommended in its First Report (5th Lok Sabha) 1975-76 that after the close of the accounting year every autonomous body should complete its accounts within a period of three months and make them available for audit and that the Reports and the audited accounts should be laid before the Parliament within nine months of the close of the accounting year.

i) Position for 1994-95:- For the year 1994-95, audit of accounts of 200 Central Autonomous Bodies was to be conducted under Section 19(2) & 20(1) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 and these audited accounts were to be placed before the Parliament by 31 December 1995. Out of these, the accounts of 73 autonomous bodies only were made available for audit within the prescribed time limit of three months after the close of the accounting year. Submission of accounts of the balance 127 autonomous bodies was delayed as indicated below:

* Delay upto one month	49
* Delay of over one month upto three months	42
* Delay of over three months upto six months	16
* Delay over six months	15
* Accounts/Information not received	5
	<hr/>
	127
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In Appendix-I, the position of Autonomous Bodies whose accounts were delayed between three to six months and those over six months is given. Appendix-II gives the list of bodies whose accounts were not received.

ii) Grants/Loans received by Central autonomous bodies during 1995-96 are given in the following table:

**Abstract of Grants/Loans received by Central Autonomous Bodies  
during 1995-96**

CAG's (DPC) Act, 1971- Section under which audited	No. of Central Autonomous Bodies	Grants (in lakhs of Rupees)	Loans (in lakhs of Rupees)	Remarks
19(2) & 20(1)	200	252550.82	39828.00	The amounts relate to 186 bodies only. Annual Accounts of remaining 14 bodies had not been furnished.
14(1) & 14(2)	122	20003.55 (including loans)	-	The amounts relate to 50 bodies only. Annual accounts of remaining 72 bodies had not been finalised.

As on 31 March 1996 there were 200 Central autonomous bodies (other than those under Scientific Departments) including 14 Universities, whose annual accounts were to be audited by the Comptroller and Auditor General of India as the sole auditor under Sections 19(2) and 20(1) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. During 1995-96 grants and loans amounting to Rs 252550.82 lakhs and Rs 39828.00 lakhs respectively were paid by the Union Government to 186 autonomous bodies (Appendix III). Of these, grants to the extent of Rs 40223.02 lakhs were received by 12 Universities from University Grants Commission/Central Government (Appendix IV). The annual accounts for 1995-96 in respect of the balance 14 bodies including two Universities have not been

finalised by the concerned bodies and thus the amount of Government grants received by them is not available as of December 1996 (Appendix V).

iii) As on 31 March 1996, there were 122 other Central autonomous bodies (other than those under Scientific Departments) whose annual accounts are initially audited by Chartered Accountants etc. and supplementary audit is conducted by the Comptroller and Auditor General of India under Section 14(1) and 14(2) of the Act. As per information available upto December 1996, 50 of these bodies received grants and loans amounting to Rs 20003.55 lakhs from the Union Government during 1995-96 (Appendix VI). The annual accounts in respect of 72 of these bodies were not finalised by the concerned bodies (Appendix VII).

## 2 Utilisation Certificates

Consequent on the departmentalisation of Accounts in 1976, certificates of utilisation of grants were required to be furnished by the Ministries/Departments concerned to the Controllers of Accounts in respect of grants released to statutory bodies, non-Government Institutions etc. to ensure that grants had been properly utilised for the purpose for which they were sanctioned. The Ministry/Department-wise details indicating the position of outstanding utilisation certificates at the end of March 1996 are given in Appendix VIII. The Ministries/Departments of Personnel, Public Grievances and Pensions (Training Division), Welfare, Law, Justice and Company Affairs have not furnished the required information.

Out of a total number of 22231 utilisation certificates amounting to Rs 2940.74 crores from ten major Ministries/Departments at the end of March 1996, 15080 certificates amounting to Rs 1430.78 crores relate to grants released upto 1992-93 as shown below:

### Utilisation Certificates Outstanding as on 31st March 1996

(Rupees in crores)

Sl No	Ministry/Department	In respect of Grants released upto September 1994		In respect of Grants released upto 1992-93	
		Number	Amount	Number	Amount
1.	Agriculture	449	202.30	201	61.61
2.	Andaman & Nicobar Administration	281	11.31	264	10.07

Contd.

Sl No	Ministry/Department	In respect of Grants released upto September 1994		In respect of Grants released upto 1992-93	
		Number	Amount	Number	Amount
3.	Commerce & Textiles				
	(i)Commerce	93	100.81	76	69.68
	(ii)Development Commissioner of Handicrafts, Delhi	477	9.88	238	4.75
4.	Food processing Industries	219	22.27	84	10.55
5.	Health & Family Welfare				
	(i) Health	1446	558.48	1167	303.93
	(ii) Family Welfare	852	49.03	502	17.76
6.	Human Resource Development				
	(i) Women & Child Development	5350	581.43	3909	406.18
	(ii)Youth Affairs & Sports	1895	64.61	1155	16.13
	(iii)Education	7638	961.97	5868	428.65
	(iv)Culture	2676	127.90	1161	37.33
7.	Labour	179	3.44	109	1.38
8.	Planning & Statistics				
	(i) Statistics	5	70.90	Nil	Nil
	(ii)Planning Commission & National Informatics Centre	162	13.37	79	2.16
9.	Power	156	24.91	73	10.22
10.	Urban Affairs & Employment	353	138.13	194	50.38
	<b>Total</b>	<b>22231</b>	<b>2940.74</b>	<b>15080</b>	<b>1430.78</b>

This shows that the authorities releasing grants to statutory bodies, non-Government organisations, etc. have not been monitoring whether grants were properly utilised.



## CHAPTER II

### Ministry of Commerce

#### 3 Marine Products Export Development Authority, Kochi

##### 3.1 Introduction

Marine Products Export Development Authority (Authority), Kochi was established under the Marine Products Export Development Authority Act, 1972 to promote the development of the marine products industry. For achieving the objective of increasing export of marine products, the Authority has been implementing various developmental schemes, mainly for prawn farming, supply of insulated fish boxes, provision of storage for frozen and dried fish, refrigerated trucks for transporting marine products and setting up of laboratories etc.

##### 3.2 Scope of Audit

The Authority is being audited under Section 19(2) of the Comptroller & Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 read with Section 19(2) of the Marine Products Export Development Authority Act, 1972. A review of the working of the Authority had appeared in the Audit Report of the Comptroller & Auditor General of India for the year ended 31 March 1987 (No.11 of 1988). The working of the Authority covering the period 1991-96 was again reviewed by Audit through test check of records during June to July 1996. The major findings of the review are given in the succeeding paragraphs.

##### 3.3 Organisational set up

The Authority comprises of a Chairman, appointed by the Central Government, a Director of Marine Products Export Development Ex-officio and 28 nominated members (20 nominated by the Central Government, 2 by Lok Sabha, one by Rajya Sabha and 5 representing the Ministries of Central Government dealing with Agriculture, Finance, Foreign Trade, Industry and Shipping and Transport). The Authority with its head office at Ernakulam (Kerala) has five Regional Offices at Bombay, Calcutta, Kochi, Madras and Visakhapatnam and six Sub-Regional Offices, four prawn farming Sub-Regional Centres and a prawn farm Project Complex at Vallarpadom (Kochi), besides Trade Promotion Offices in New Delhi, New York and Tokyo. The overseas offices, inter-alia, collect market intelligence, attend to trade disputes, quality problems etc.

### **3.4 Highlights**

- **During the period 1991-96, in three years the achievement in exports of marine products fell short of the targets. In 1995-96 besides falling short of targets, the exports were even lower than in the previous year.**

**(Paragraph 3.6)**

- **Authority extended assistance of Rs 175 lakhs to 35 units for setting up of prawn hatcheries though not sanctioned by the Ministry.**

**(Paragraph 3.7.1)**

- **Incorrect reimbursement of Rs 85.90 lakhs to four vessel owners for fuel consumed through mid sea bunkering had resulted in unintended benefit to the vessel owners.**

**(Paragraph 3.7.2)**

- **Failure on the part of the promoters of three companies to whom assistance was given by way of equity participation, to repurchase the shares after the specified period had resulted in Rs 18.51 lakhs remaining to be realised. This had occurred as adequate safeguards were not provided for, while sanctioning the assistance.**

**(Paragraph 3.7.3)**

- **Under the scheme of setting up fish processing facilities, grant-in-aid of Rs 67.50 lakhs was paid to a unit though not eligible as this unit was also a beneficiary of Rs 36 lakhs from the Authority towards equity participation.**

**(Paragraph 3.7.4)**

- **The scheme for the establishment of a common facility for sea food processing in West Bengal could not be implemented even after six years and after payment of Rs 4.73 lakhs as the Authority had not been able to take physical possession of the land.**

**(Paragraph 3.7.5)**

- **The achievement in export of value added marine products was substantially lower at around 7-10 per cent as against the target of 30 per cent even after payment of subsidy of Rs 627.29 lakhs.**

**(Paragraph 3.7.6)**

### 3.5 Finance and Accounts

The receipts of the Authority are made up of cess collection made over by the Central Government and revenue realised from registration fees levied and collected, miscellaneous receipts and grants/loans from Central Government and other institutions etc. The receipts of the fund for the years from 1991-92 to 1995-96 were as follows :

(Rupees in lakhs)

Income	1991-92	1992-93	1993-94	1994-95	1995-96
Funds received from Government of India	1053.80	1129.61	1258.05	842.95	1240.58
Grant from Deptt. of Oceanic Development	66.25	92.92	68.57	-	-
Grant from Department of Science and Bio-technology	15.00	-	-	115.88	6.40
Grant from Ministry of Food Processing Industries	-	49.00	207.50	28.00	-
Registration fees	0.38	0.48	0.41	2.14	2.29
Interest on advance and deposits	0.93	2.69	1.21	1.12	1.19
Sale proceeds	3.98	3.81	4.22	5.63	6.91
Hire charges	2.16	2.17	2.15	7.63	3.87
Appraisal fee	-	-	-	17.92	0.70
Other receipts	3.67	8.35	16.56	19.36	32.94
Excess of expenditure over income	-	-	-	231.00	175.23
<b>Total</b>	<b>1146.17</b>	<b>1289.03</b>	<b>1558.67</b>	<b>1271.63</b>	<b>1470.11</b>

The expenditure during the year 1991-92 to 1995-96 was as follows :

(Rupees in lakhs)

Expenditure	1991-92	1992-93	1993-94	1994-95	1995-96
Administration and Contingencies	156.21	175.38	201.37	217.46	248.23
Plan Schemes					
Capture Fisheries	114.09	122.18	166.35	214.71	209.15
Culture Fisheries	137.73	254.74	321.21	281.67	522.75
Induction of new technology	126.00	205.51	180.99	164.67	169.63
Market Promotion	169.73	178.27	238.07	217.05	224.63
Depreciation	13.79	12.72	20.41	22.98	23.09
Equity Participation Fund	30.00	45.00	50.00	28.00	50.00

Contd.

Expenditure	1991-92	1992-93	1993-94	1994-95	1995-96
Ministry of Food Processing Industries Fund	-	49.00	207.50	-	-
Department of Science and Bio-technology	15.00	-	-	115.88	6.40
Department of Oceanic Development	66.25	92.92	68.57	-	-
Acquisition of fixed assets	-	-	26.74	9.21	16.23
Excess of Income over Expenditure	317.37	153.31	77.46	-	-
Total	1146.17	1289.03	1558.67	1271.63	1470.11

It will be seen from the above data that while there was a surplus from 1991-92 to 1993-94, there has been a deficit in 1994-95 and 1995-96.

### 3.6 Export of Marine Products

The targets and achievements of exports of marine products during the period 1991-96 in terms of quantity and value were as follows:

Year	Target		Achievement		Shortfall (-)/Excess (+)	
	Quantity (Tonnes)	Value (Rs in crores)	Quantity (Tonnes)	Value (Rs in crores)	Quantity (Tonnes)	Value (Rs in crores)
1991-92	205815	1450	171820	1375.89	-33995	-74.11
1992-93	200000	1850	209025	1768.56	+9025	-81.44
1993-94	225500	2105	243960	2503.62	+18460	+398.62
1994-95	287200	3120	307337	3575.27	+20137	+455.27
1995-96	321000	3900	296277	3501.11	-24723	-398.89

The exports of marine products declined during 1995-96 compared to the target fixed for the year and with reference to the achievements during the previous year. This was stated to be due to poor catch and decline in production of farmed shrimp as a result of disease. The shortfall during 1991-92 and 1992-93 (in terms of value) was attributed mainly to the low growth of shrimp farming.

### 3.7 Schemes

#### 3.7.1 Scheme for setting up small scale low cost prawn hatcheries

A scheme for setting up of ten small scale low cost prawn hatcheries in private sector proposed by the Authority was approved by the Ministry in March 1991. Under

the scheme one time subsidy assistance on capital investment at the rate of 25 per cent and subject to a maximum of Rs 5 lakhs per unit was payable. The cost of establishing a hatchery was worked out at Rs 35 lakhs of which beneficiaries' contribution was to be Rs 5 lakhs, subsidy component Rs 5 lakhs and remaining Rs 25 lakhs was to be mobilised from financial institutions.

Though the sanction of Government of India was specifically for establishing only ten hatcheries with a total subsidy component of Rs 50 lakhs, it was seen in audit that the Authority extended assistance to 45 hatcheries and paid a subsidy of Rs 225 lakhs during 1992-93 to 1995-96. Specific sanction from the Ministry for the additional subsidy payment of Rs 175 lakhs to 35 units was yet to be obtained.

Under the scheme the hatcheries were to be established for a production capacity of 30 million P.L.-20-tiger prawns. It was, however, seen that two hatcheries which had proposed a maximum production of 24 and 20 millions only and were, thus, ineligible for the subsidy, had yet been sanctioned the subsidy.

### **3.7.2 *Scheme of reimbursing additional cost of High Speed Diesel***

With the aim of making the deep sea fishing industry competitive in the international market, Government sanctioned (December 1990) a scheme to provide assistance to owners of fishing vessels in the form of reimbursement of additional cost of High Speed Diesel (HSD) so that the net cost of HSD oil would be closer to the international price of the HSD. One of the conditions under the scheme for eligibility for the assistance was that the diesel should be consumed in India by the fishing vessels and the quantum of assistance was to be Rs 1600 per KL of HSD consumed or 10 per cent of FOB value of marine products exported from the catches of these vessels during a financial year. The quantum of assistance was, therefore, linked to the market prices of HSD in India and abroad. Subsequently the scheme was extended/modified to provide for reimbursement of additional cost of HSD to vessels obtaining their fuel supplies through mid sea bunkering from sources abroad. This was done with a view to extend this benefit to Indian owned vessels undertaking fishing operations in deep sea water, considering the fact that the prices of fuel at mid sea bunkering were not international prices but were as high as the prices in India. The extension was, therefore, with the stated objective to bring these prices comparable to international prices. Under the scheme Rs 761.49 lakhs was reimbursed to 251 vessels during the years 1991-96.

It was seen in audit that four vessels, which took fuel totalling 7251.764 KL of HSD during 1994-96 through mid sea bunkering at international prices ranging from US \$ 240/MT to 260/MT which were much lower than the prices prevailing in India during the same period when it ranged from Rs 7551/MT to Rs 8285/MT, were paid a sum of Rs 85.90 lakhs as assistance. Hence, the extension of the scheme to vessels taking their fuel supplies through mid sea bunkering from sources abroad, was improper as the benefit of international price of HSD was already available to such vessels.

The Authority stated (August 1996) that the basic objective of HSD price reimbursement was to encourage deep sea fishing activities and hence it could not be considered to be discouraging to deep sea fishing operations. The reply is not tenable as (i) reimbursement assistance provided in these cases was contrary to the objective of the scheme and (ii) that the Authority itself had recommended to the Ministry to discontinue the assistance to cases involving mid sea bunkering after taking into account the reduction of prices at which the HSD was available through mid sea bunkering. The scheme has accordingly been kept in abeyance as per directions of Ministry dated 1 March 1996.

### ***3.7.3 Scheme of equity participation***

To promote export oriented projects, a scheme was approved (February 1985) by the Ministry whereby the Authority was permitted to contribute upto 11 *per cent* of the paid up share capital of fishing companies subject to certain conditions. Under the scheme the promoters of the company were required to buy back the shares from the Authority within five years from the date of commencement of commercial production or date of release of funds for acquisition of share capital. To avail of this assistance the promoters of the company were required to execute a financial collaboration agreement (FCA) with the Authority .

The Authority had incurred an expenditure of Rs 617.25 lakhs towards share capital contribution in respect of 31 companies upto March 1996. However, only six companies had repurchased their shares and Rs 574.41 lakhs share contribution was yet to be repurchased by 25 companies. Two companies were yet to repurchase their shares valued at Rs 14.51 lakhs held by the Authority even though more than five years had elapsed. In the absence of any safeguards, the provision regarding repurchase of shares held by the Authority could not be enforced.

Additionally, two other companies had incurred heavy losses. Yet another company in which an equity assistance of Rs 4 lakhs was invested towards share capital not only failed to take off in 1989 but also did not issue the shares to the Authority. In the absence of adequate provisions to safeguard its interests, the Authority had to start legal proceedings against the company which was still pending in court. Total outstanding dues from the company as of February 1992 was about Rs 6.16 lakhs, excluding interest.

#### **3.7.4 Scheme to encourage setting up of fish processing facilities**

Ministry of Food Processing Industries (MOFPI) evolved a scheme for encouraging the setting up of fish processing facilities by providing assistance in the form of grant-in-aid to eligible units. Financial assistance in the form of grant-in-aid to the extent of 50 *per cent* was payable towards the cost of acquisition of the processing machineries and equipment to be installed in such processing units. The scheme was originally meant for units in the public sector, joint sector and state level cooperatives etc. Subsequently the benefit of the scheme was also extended to private sector units provided their applications were made through the Authority. Such assistance to the private sector units was, however, available only to such private units which were not beneficiaries or had been financed by the Authority under any of its own schemes.

It was, however, seen in audit that the Authority processed and forwarded (December 1993) to MOFPI an application from a private sector unit notwithstanding the fact that in this proposal it had already been agreed to that the unit would be assisted by them to the extent of Rs 50 lakhs by way of equity participation under the Equity Participation Scheme.

The proposal as forwarded by the Authority to the MOFPI was approved and a grant-in-aid of Rs 67.50 lakhs was released to the unit in February 1994 through the Authority although Rs 36 lakhs had also been paid by the Authority towards equity participation. This had resulted in the unit receiving grant-in-aid assistance of Rs 67.50 lakhs though not eligible.

It was seen in audit that State Bank of India (SBI), Bombay had informed the Authority (November 1993) confidentially about certain serious financial irregularities committed by the promoters of this unit and that they were proposing to file a suit against the promoters of the unit for the recovery of Rs 70 lakhs due. Despite this adverse confidential report of SBI, the Authority released funds totalling Rs 103.50 lakhs to the unit.

### **3.7.5 Establishment of a common facility for sea food processing**

Based on a proposal made by the Authority, the Ministry of Commerce sanctioned (December 1990) a scheme for the establishment of a common facility centre (CFC) in West Bengal for sea food processing in a most hygienic manner. This was expected to improve the quality of the sea food products meant primarily for export, thereby increasing the foreign exchange earnings for the country. The project was to be implemented in various stages. The scheme was to be funded by the Ministry of Food Processing Industries (MOFPI). As per the feasibility report, this facility was to be completed by 1994-95 at an estimated cost of Rs 900 lakhs.

MOFPI released Rs 27 lakhs in March 1991 to the Authority. Land admeasuring 27.39 acres was allotted by the Government of West Bengal for the project in November 1991 which was accepted in June 1992 by the Authority, without ascertaining the exact title to the land and whether it was disputed land or not. The Authority also paid Rs 4.73 lakhs to Government of West Bengal (Land Revenue Authority) towards the cost of construction of a barbed wire fencing around the land.

It was, however, seen in audit (July 1996) that though nearly six years had elapsed since the funds were received and even after incurring Rs 6.23 lakhs (including consultancy fees advanced) on the scheme, the Authority had not yet been able to take physical possession of the land and as such the scheme could not be implemented. The MOFPI had sought (April 1996) refund of the unutilised balance of Rs 34.66 lakhs (including interest) from the Authority. Further, the barbed fencing for which an advance of Rs 4.73 lakhs was released to Government of West Bengal, was yet to be completed.

The Authority admitted (August 1996) that the project could not be implemented as West Bengal Government failed to transfer the land as it was under dispute.

### **3.7.6 Scheme for upgrading processing technology of bulk packs to individually quick frozen**

India's export of marine products being mainly in unprocessed and semi-processed form in institutional bulk packs, a scheme was introduced (1985) to upgrade the processing technology of bulk packs (block frozen) to individually quick frozen (IQF). The scheme was introduced with a view to avoid further processing and repacking in the countries importing those products thereby avoiding considerable



value additions to these products in those countries and helping to increase export earnings for India. Under the scheme, subsidy assistance limited to 25 *per cent* of the cost of machineries upto a maximum of Rs 15 lakhs per unit was payable to the owners of such sea food processing plants as were registered with the Authority. The scheme was operated during the VIII Plan Period also and targetted at least 30 *per cent* of the total exports of marine products in the value added form by the end of VIII Plan Period.

However, although a sum of Rs 627.29 lakhs was paid by the Authority as subsidy till March 1996 to 95 units, the exports in IQF form were substantially lower than what was targetted as would be seen from the following table:

Year	Percentage of achievement of target
1991-92	10.46
1992-93	7.23
1993-94	8.16
1994-95	9.82
1995-96	Details not available

### 3.8 Other points of Interest-Internal Audit

Internal Audit Wing of the Authority had not been functioning since 1991-92 except for some nominal activity carried out in 1995-96. Internal Audit of nine out of 23 subordinate offices and of the Authority's office at Kochi had not been conducted since 1991-92. According to the Authority, Internal Audit was suspended during the interim period due to paucity of staff and officers.

The matter was referred to the Ministry in October 1996; their reply was awaited as of January 1997.

## Spices Board

### 4 Irregular refund of cess

Pursuant to the Spices Cess Act 1986, effective from 26 February 1987, the Ministry of Commerce notified on 6 November 1987 the rates of Cess leviable on export of different spices. Accepting demands from spice exporters for exemption from the said levy in respect of exports arising from contracts finalised before the aforesaid notification of the Ministry of Commerce, the Ministry of Finance ordered in July

1990, refund of an aggregate amount of Rs 54.18 lakhs to 34 parties. Under Section 3, sub-section (3) of the Spices Cess Act 1986, such refunds were to be regulated as per provisions of the Customs Act 1962 and the rules and regulations made thereunder, according to which the claims for refund had to be filed within a period of 6 months.

Out of the aforesaid amount of Rs 54.18 lakhs, an amount of Rs 41.42 lakhs was rejected by the Customs Department on ground of limitations. The Spices Board sought relaxation of the Customs Act 1962 and the rules thereunder from the Ministry of Finance, but without any orders from the Ministry of Finance, refunded the impugned amount of Rs 41.42 lakhs in March 1992.

It would thus be seen that, although under Section 3, sub-section (3) of the Spices Cess Act 1986, the Board had no authority to refund any amount of cess collected by the Customs Authorities, the Board refunded Rs 41.42 lakhs in contravention of the provision of the Act.

The matter was referred to the Ministry in May 1996; their reply was awaited as of January 1997.

**CHAPTER III**  
**Ministry of Health and Family Welfare**  
**Department of Health**  
**Chittaranjan National Cancer Institute**

**5 Medical equipment lying idle**

Chittaranjan National Cancer Institute, Calcutta placed an order in April 1994 on a foreign firm for supply of one Linear Accelerator for treatment of cancer patients at a total CIF value of US \$ 995000 (Rs 313.93 lakhs). At the same time a turnkey contract for installation of the equipment was awarded to the Indian agent of the firm for Rs 40 lakhs. The installation work was to be completed within 6-7 months from the date of receipt of order, advance payment and handing over of the site, whichever was later. The equipment was received in April 1995 and site was also made available in the same month.

The Institute, however, did not make an advance payment of Rs 20 lakhs, though agreed upon in the contract, as a result of which the contractor did not start the work. Subsequently the agent agreed in December 1995 to take up the work of installation at an enhanced cost of Rs 50 lakhs and the institute paid a sum of Rs 15 lakhs as advance to the contractor in the same month. It was noticed as of September 1996, that the work had not yet been completed, as a result of which the equipment had been lying in sealed condition, unverified and untested. Meanwhile the warranty period of the equipment expired in March 1996.

Thus, defective planning and lack of effective follow up resulted in the equipment costing Rs 313.93 lakhs lying idle for over a year, thereby depriving patients of the benefit of treatment.

The matter was referred to the Ministry in June 1996; their reply was awaited as of January 1997.

**6 Blocking of funds**

Chittaranjan National Cancer Institute and Chittaranjan Seva Sadan had a common source of power supply, which did not permit further augmentation of load to the institute without construction of a substation building and installation of a separate transformer. Accordingly, the institute asked Calcutta Electric Supply Corporation (CESC) to lay separate feeder lines and paid Rs 6.42 lakhs in February

1992 and also awarded the work of construction of the substation building adjacent to the existing substation to a firm "A" in April 1992 at a cost of Rs 13.07 lakhs. Proximity of the new substation building was objected to by the West Bengal Public Health Engineering Directorate as they had expansion plans. The proposed site had, therefore, to be shifted, involving additional expenditure of Rs 10.26 lakhs on account of extra civil and electrical items. It also involved additional payment of Rs 3.58 lakhs to the CESC for additional length of feeder lines upto the new site. It was noticed that uptill January 1994, a total amount of Rs 21.67 lakhs was paid to firm "A" and upto September 1994 a total amount of Rs 10 lakhs to CESC. Till date (August 1996) the transformer could not be commissioned as it required rectifications involving an extra cost of Rs 5 lakhs.

It would, thus, be seen that because of improper planning, the desired power supply to the institute could not be augmented even after incurring a total expenditure of Rs 31.67 lakhs upto September 1996.

The matter was referred to the Ministry in April 1996; their reply was awaited as of January 1997.

## CHAPTER IV

### Ministry of Human Resource Development

#### Department of Education

#### Aligarh Muslim University

#### 7 Idle equipment

The following equipment worth Rs 35 lakhs were purchased by Aligarh Muslim University (AMU) in October 1985, September 1987 and May 1988 out of grants released by the UGC:

SI No	Equipment	Date of purchase	Cost (Rs in lakhs)
1.	Treadmill Machine	12.10.85	9.59
2.	Holter Monitor	12.10.85	10.23
3.	Bloodgas Analyser	24.09.87	6.06
4.	Image Intensifier	24.05.88	9.12
<b>Total</b>			<b>35.00</b>

These equipment were not put to any use during the suspension of the Director of the concerned Department (Centre of Cardiology and Cardiovascular Research, AMU) from September 1988 and went out of order in 1989.

In reply it was stated (September 1995) that the equipments in question could not be got repaired for want of funds and also because of obsolescence.

The matter was referred to the Ministry in May 1996; their reply was awaited as of January 1997.

#### Asiatic Society

#### 8 Unsold publications

Asiatic Society, Calcutta brings out priced publications regularly to cater to the needs of the academic world. The number of copies of such publications to be printed is decided by a Publication Committee nominated yearly by the Society.

Test-check of the records of the Society revealed that out of 67327 copies of 114 titles printed during July 1981- December 1994, 43407 copies valuing Rs 35.13 lakhs (63.58 per cent of total cost of the publications) remained unsold as of March 1996. Further inadequate storage facility and shifting had damaged the unsold stock but the loss could not be quantified as physical verification of the stock was not conducted. The printing of publications without proper assessment of requirements

had resulted in non-realisation of Rs 35.13 lakhs besides occupying storage space which was at a premium.

The Society stated, in May 1996, that the Publication Committee had been putting more stress on the academic quality of the work rather than on its commercial viability. The reply is not relevant as had a more realistic assessment of the number of copies to be printed been made, the Society would not have had to face the situation of huge accumulated stocks.

Thus, unrealistic assessment of the number of copies to be printed had resulted in accumulation of unsold publications valuing Rs 35.13 lakhs .

The matter was referred to the Ministry in July 1996; their reply was awaited as of January 1997.

### **Central Tibetan School Administration**

#### **9 Loss due to inadequate investment of General Provident Fund**

Central Tibetan School Administration (CTSA) was required to invest the available General Provident Fund (GPF) contributions to discharge future interest liabilities.

It was seen in audit that monthly closing balance of GPF ranged from Rs 14.19 lakhs to Rs 56.43 lakhs during 1990-95 though average monthly disbursement out of GPF during the period was Rs 1.50 lakhs. Though the entire amount was not required for defraying immediate payment as evident by average monthly expenditure, CTSA did not make any effort to invest the money in excess of requirement in Fixed Deposits/Government Securities at higher rate of interest (12 *per cent*) and instead kept the money in Saving Bank Account earning 5 *per cent*. This resulted in a loss of interest of Rs 10.14 lakhs during 1990-95.

During 1990-95, the CTSA earned a total income of Rs 67.74 lakhs from investment of GPF balances, against which it was liable to pay interest of Rs 80.32 lakhs to its subscribers. As a result the CTSA charged the differential amount of Rs 12.58 lakhs from grants on account of interest payable to subscribers, which could have been avoided had the funds been managed properly.

The CTSA stated in May 1995 that the surplus funds were being invested after closing of the financial year in question after taking into consideration the mandatory

liabilities as the organisation was not aware of any guidelines on the periodicity for these investments.

Accepting the facts and recommendation of audit, the Ministry stated in January 1996 that the CTSA had been instructed to keep minimum required amount in cash/bank account and to invest the remaining amount in Government Securities/Fixed Deposits every month.

### **Kendriya Vidyalaya Sangathan**

#### **10 Blocking of funds**

Kendriya Vidyalaya No.II , Air Force Station Akash Nagar, Pune acquired land admeasuring 14.64 acres for the construction of school building and staff quarters on payment of annual rent of Re 1 on 12 November 1992. The administrative and expenditure sanction for the construction of the school building and staff quarters was conveyed by the Kendriya Vidyalaya Sangathan (KVS) on 7 April 1993 at an estimated cost of Rs 149.29 lakhs and an advance of Rs 30 lakhs was deposited with the Defence authorities. Audit scrutiny revealed that the lay-out plan was modified by the Sangathan in July 1993 changing the scope of work. The revised lay out plan required the approval of KVS and as requisite approval was wanting, no further progress of work could be made and the school continued to be housed in a temporary accommodation resulting in denial of proper facilities to students.

The Kendriya Vidyalaya, Pune in its reply stated that as the amount of Rs 30 lakhs was deposited with the Defence authorities, it did not carry any interest. Had the KVS taken expeditious action, the funds could have been utilised effectively without being blocked. Delay in timely approval of the lay-out plans thus resulted in the blocking of Rs 30 lakhs since 1993 and loss of interest of Rs 15.30 lakhs at the rate of 18 *per cent* per annum.

The matter was referred to the Ministry in June 1996; their reply was awaited as of January 1997.

### **Motilal Nehru Regional Engineering College, Allahabad**

#### **11 Irregular payment of leave encashment**

Motilal Nehru Regional Engineering College, Allahabad (MREC) paid a sum of Rs 28.50 lakhs to the non-teaching staff on account of leave encashment during the years 1985-91, in anticipation of the State Government's sanction. In March 1991,

the U.P. Government refused to accord sanction for grant of leave encashment and specifically instructed the Institute to stop the irregular payments. Despite U.P. Government's refusal and specific instructions to the contrary, the leave encashment was continued with and Rs 34.63 lakhs was paid during the years 1991-95.

MREC stated in November 1996 that the leave encashment was paid as per approval of the Chairman, Board of Governors of the college. The reply is not tenable as Government had specifically rejected the proposal in March 1991 and asked MREC to stop the irregular practice.

The matter was referred to the Ministry in May 1996; their reply was awaited as of January 1997.

### **University of Delhi**

#### **12 One time upward movement scheme**

To remove disparities in the scales of pay in the Central Universities, the University Grants Commission (UGC) approved in December 1985, a scheme of one time upward movement of employees of University of Delhi who had rendered eight years regular satisfactory service as on 1 January 1986, provided that these scales would not go beyond Rs 650-1200 (Pre-revised). In June 1987, the UGC extended the cut-off date for the scheme to 1 April 1987. It was specifically mentioned that no further extension would be given in the cut-off date.

However, in June 1988, the University of Delhi requested the UGC to extend the scheme till 1 April 1988. The UGC turned down the proposal in August 1988, stating that the last extension given upto 1 April 1987 was final and a one time measure. Notwithstanding the specific directive of the UGC, the Executive Council of the University passed resolutions during 1988-94 to extend the scheme upto 31 March 1993, unilaterally.

As a result of the implementation of these decisions of the Executive Council, the employees in the University and its maintained Institutions were given higher scale of pay. Complete information regarding upto date amount of such irregular payments made to the employees after 1 April 1987 was not furnished to Audit. However, it was seen in audit that in 339 cases, the University had made payments of Rs 50.73 lakhs during 1987-96, in contravention of directions of the UGC.



While accepting the facts, the Ministry stated in November 1996 that the irregular payments would be quantified and deducted from the maintenance grant of the University. Further progress was not intimated (January 1997).

### **University Grants Commission**

#### **13 Inadmissible revision of pay scales**

Ministry of Personnel, Public Grievances and Pensions, Department of Personnel and Training (DOPT) issued, in July 1990, orders regarding revision of scale of pay from Rs 425-800 to Rs 1640-2900 of Assistant grade of Central Secretariat Services (CSS) and Grade 'C' Stenographers of Central Secretariat Stenographers Services (CSSS) effective from 1 January 1986. These orders were also applicable in respect of organisations which were not participating in the CSS or CSSS but where the posts were in comparable grades with same classification and pay scales and method of recruitment through open competition was also the same.

It was noticed that although the orders of the DOPT of July 1990 were not applicable to the employees of UGC, yet the UGC issued (September 1990) orders revising the pay scale of Assistants and Stenographers to Rs 1640-2900 effective from 1 January 1986.

The Ministry of Human Resource Development, Department of Education (Ministry), in October 1990, also clarified to UGC that the orders of July 1990 for upgradation of scales were not applicable to Assistants/Stenographers in UGC. The Ministry reiterated the same in December 1990, November 1991 and May 1992 and asked the UGC to withdraw the scale and effect necessary recoveries of overpaid amounts. The Ministry also directed in March 1995, that a condition may be inserted in the sanctions for grants being released by UGC to Central and deemed Universities that the quantum of expenditure on the inadmissible revision of pay be reduced progressively.

In spite of pointed directives from the Ministry, neither did the UGC insert the condition in their sanction letters issued to Universities/Colleges nor did it withdraw the revised scale extended to its own employees. It paid Rs 44.27 lakhs to its 81 employees between January 1986 and March 1996. The entire payment was an unintended benefit and needed to be recovered by the UGC.

The matter was referred to the Ministry in June 1996; their reply was awaited as of January 1997.

## Department of Women and Child Development

### Central Social Welfare Board

#### 14 Blocking of funds

For the construction of staff quarters, the Delhi Development Authority (DDA) allotted 3 acres of land at Kishan Garh (now Vasant Kunj) to Central Social Welfare Board (Board) in March 1983, on payment of Rs 18 lakhs. Although the Board was alerted by DDA that without a boundary wall, land was likely to be encroached upon, they took an inordinately long time to get the required boundary wall constructed through CPWD at a cost of Rs 2.58 lakhs. When the boundary wall was completed in June 1994, the CPWD could not proceed further to construct staff quarters on account of encroachment which had already taken place. The Board had however, paid during 1990-91 and 1991-92 an advance of Rs 55 lakhs to CPWD for construction of the staff quarters. Under the aforementioned circumstances, Rs 52.42 lakhs remained blocked for last six years and the possibility of utilisation of land for the purpose for which it was acquired remained unfulfilled.

Ministry stated in September 1996 that the matter of removal of jhuggies had been constantly and vigorously taken up by the Board with the concerned authorities.

## CHAPTER V

### Ministry of Industry

#### Khadi and Village Industries Commission, Mumbai

##### 15 Non-recovery of Rs 71.11 lakhs

Khadi and Village Industries Commission (KVIC) had been advancing loans to various institutions in order to enable them to develop Khadi and other Village Industries and to generate employment. These loans were required to be repaid by the institutions within periods ranging from five to ten years. As per section 19 B(1) of KVIC Act, any sum payable to the Commission under any agreement expressed or implied may be recovered as arrears of land revenue.

A review of 79 cases involving a total loan of Rs 44.05 lakhs, revealed that the KVIC continued to release loans to various institutions without adequately monitoring the recovery thereof. Action to recover the arrears as land revenue was initiated in 61 cases, after a delay ranging from 2 to 23 years. Even after initiating legal action, a meagre recovery of Rs 1.78 lakhs had been effected so far (July 1996). In the case of remaining 18 institutions no recovery action could be initiated by the commission as these institutions had become defunct.

Thus in respect of the above mentioned 79 cases, an amount of Rs 71.11 lakhs including interest of Rs 27.06 lakhs had not been recovered due to delayed/inadequate action by the KVIC. The Ministry, while accepting the facts, stated in August 1996 that as recovery in most of these cases was dependent on the Revenue Authorities, there is not much that the KVIC could do except to follow up the cases. The reply is not convincing as recoveries as arrears of land revenue would not have been necessary, had adequate precaution to sanction loans and thereafter monitor repayments been taken by the KVIC.

##### 16 Blocking of funds

In 1992-93 Khadi and Village Industries Commission (KVIC) purchased 3 acres of land at a cost of Rs 53.20 lakhs from New Okhla Industrial Development Authority (NOIDA), Ghaziabad for the purpose of construction of a testing-cum-demonstration Centre. KVIC incurred a further expenditure of Rs 11.28 lakhs towards registration, lease rent, development of land, drawings, designs etc, after taking

possession of land in February 1993. Except 3 side boundary walls, no construction work was, however taken up till June 1996.

The KVIC unit at New Delhi stated in June 1996 that construction could not be taken up as ownership of a portion of the land was under dispute and that NOIDA's offer of alternate plot of land was rejected as it was considered unsuitable. Accordingly, KVIC had decided to obtain refund of the amount paid to NOIDA. The Ministry endorsed (July 1996) the aforesaid reply of KVIC.

Thus, the purchase of land without ascertaining its clear title, resulted in blocking of Rs 53.20 lakhs, besides incurring an infructuous expenditure of Rs 11.28 lakhs towards registration, development etc. For the blockage of funds for over 4 years, loss of interest at the rate of 10 per cent works out to Rs 22.57 lakhs.

The matter was referred to the Ministry in June 1996; their reply was awaited as of January 1997.

#### **17 Infructuous expenditure**

Five acres of Railway land was taken on lease by KVIC in 1984 for the purpose of setting up a training centre for silk weavers in Malda District of West Bengal. An expenditure of Rs 17.66 lakhs was incurred for sheds and other buildings and the training centre started functioning from September 1984. However, after the first batch of 14 trainees completed their training in February 1985, the centre failed to attract any more trainee mainly on account of the inconvenient location of the centre.

KVIC decided in November 1989 to close down the training centre and use the infrastructure for their sub office but the said decision could not be implemented as the buildings were in a dilapidated condition. As a result, this centre was lying unused from February 1985 although regular expenditure on salary of security guard, licence fee for the land, insurance fees was being incurred.

The total expenditure of around Rs 19 lakhs on these accounts had been evidently wasteful.

While accepting the facts Ministry stated in August 1996 that the future course for the training centre would be decided soon by the Commission. Further progress was not intimated (January 1997).

## CHAPTER VI

### Ministry of Labour

#### Employees Provident Fund Organisation

##### 18 Non-realisation of penalty

Damages by way of penalty under Employees Provident Fund and Miscellaneous Provisions Act, 1952 were to be levied by the Central Provident Fund Commissioner (CPFC) for default in payment of contribution by the employers. As per the manualised procedure, immediately after any default, the CPFC should arrange to conduct personal hearing before levying penalties.

In course of test audit it was noticed that in case of three firms, there were various periods of delay in the payment of employers contribution for which penalties aggregating Rs 63.07 lakhs were imposed after delay ranging between 1 to 26 years after the defaults.

Accepting the facts, the CPFC stated in July 1995 that imposition of penalty was not barred by limitation. The reply fails to provide reasons for failure to act as per manualised provisions.

Inordinate delays in initiating levy of penalty not only resulted in non-realisation of Rs 63.07 lakhs, but contributed to a loss of interest of Rs 97.66 lakhs upto June 1996.

The matter was referred to the Ministry in July 1996; their reply was awaited as of January 1997.

#### Employees State Insurance Corporation

##### 19 Irrecoverable amount

As per section 39 of Employees State Insurance Act, 1948, the contribution payable under the Act in respect of an employee would comprise (i) contribution payable by the employer and (ii) contribution payable by the employee and would have to be paid to the Corporation at the rates prescribed thereunder. Further, the employers were liable to pay interest at the rate of 12 *per cent* in case of delayed payment of contributions. Any amount recoverable under the Act could be recovered as arrears of land revenue.

During course of audit, it was observed that contributions amounting to Rs 31.66 lakhs remained unrecovered from 66 factory owners (May 1996) for periods ranging from 1967 to 1991. The factories had since been permanently closed and the whereabouts of the factory owners were not known to the Corporation. Under such circumstances above amount had evidently become irrecoverable primarily due to the laxity of the Corporation in taking prompt action for recovery. Further, the employers had not even paid contributions collected from their employees.

The Corporation while accepting the facts stated in September 1996 that they had issued recovery certificates in time.

The Ministry confirmed (October 1996) the reply of the Corporation and added that while efforts were continuing to trace the defaulters, suitable action for waiver of these amounts would be taken, if necessary.

## **CHAPTER VII**

### **Ministry of Surface Transport**

#### **Ports Wing**

#### **Calcutta Port Trust**

#### **20 Unfruitful expenditure on navigational aids**

Calcutta Port Trust (CPT) procured 27 gas flashers at a total cost of Rs 21.49 lakhs in July/August 1992. Two of these flashers were found to be defective prior to installation and five developed defects after installation. It was also found that of the remaining twenty functioning flashers, 15 were stolen within two years of their installation. The total cost of the stolen as well as defective flashers worked out to Rs 17.66 lakhs.

It was noticed that pilferage of 15 flashers occurred although the CPT had spent Rs 64.24 lakhs on police patrolling during 1990-96. CPT stated in April 1996 that meetings were being convened to strengthen police patrolling to stop pilferage of lighting equipment in the river Hooghly.

While accepting the facts, the Ministry stated in January 1997 that two gas flashers which were found defective during the trials had been subsequently repaired by the supplier but the other five defective flashers were still lying unrepaired due to lack of spare parts.

#### **21 Non-realisation of dues**

Calcutta Port Trust (CPT) collects wharf charges on daily basis at the rates specified in the Scale of Rates from users stacking their goods on the wharf land lying open and unguarded on both banks of river Hooghly. In December 1975, a private firm encroached 550.45 square metres of wharf land at Shibpur Ferry Ghat, Howrah and started using the encroached area for manufacturing and repairing launches, steel boats, fishing trawlers etc. The firm continued to occupy the land without paying any charges upto March 1986. From 1975 to 1985, the CPT did not initiate any action against this unauthorised occupation of its wharf land or to recover the applicable port charges.

It was only in October 1986 that the CPT forwarded the wharf charges claim for Rs 27.29 lakhs to the firm. CPT issued notice to the firm in June 1991 directing them to clear the outstanding dues within a fortnight, failing which legal action would be initiated. No action was taken thereafter by the CPT to enforce recovery of dues. Action to seize and detain the crafts and materials lying at the wharf land during the period of occupation of the land by the firm for recovery of the dues as provided in Major Port Trusts Act, 1963 was also not taken.

Thus non-collection of wharf charges in time and absence of any action under the Act to recover them resulted in accumulation of dues for ten years amounting to Rs 27.29 lakhs and remained unrealised for another ten years (November 1996).

The matter was referred to the Ministry in June 1996; their reply was awaited as of January 1997.

### **Calcutta Dock System**

#### **22 Unfruitful expenditure of Rs 34.51 crores**

The total navigational channel from Sandheads in the Bay of Bengal to Calcutta Dock System (CDS), a part of the Calcutta Port Trust (CPT), is 232 Kms comprising 87 Kms of sea navigation and 145 Kms of river navigation. The navigational channel is maintained by CDS through dredging of the river. As the navigational channel near Haldia was gradually narrowing owing to the growth of Balari bar and advancement of Jiggerkhali Flat thereby impeding navigability between Haldia and Calcutta by the shortest route through Balari-Haldia channel, it had become necessary to augment the draught in the Balari-Haldia channel. Accordingly, a scheme was formulated (comprising 10 components) in May 1981 at an estimated cost of Rs 76.88 crores which included, inter-alia, construction of a northern guide wall (Rs 4.82 crores) and capital dredging over Balari bar (Rs 11.05 crores). The scheme was subsequently revised (August 1982) for execution in two phases. Phase I to be completed by 1986-87 at a cost of Rs 40.50 crores covered seven components including construction of the northern guide wall and dredging over the bar (estimated at the same cost of earlier scheme). The scheme was further revised (May 1989) to Rs 42.38 crores covering only three components viz. (i) construction of northern guide wall along with spurs etc. (Rs 33.26 crores), (ii) additional tug and navigational aids (Rs 8.50 crores) and



(iii) Instrumentation (Rs 0.62 crore). The capital dredging over the bar was, however, deferred till the recessional dredging over the Jiggerkhali flat was executed.

The construction of the 2800 mts. northern guide wall which commenced in November 1982 was completed in June 1992 at a cost of Rs 34.51 crores. Subsequently, it was however, observed that non-execution of recessional dredging over Jiggerkhali flat had resulted in erosion in the western part of the Nayachara Island, growth of Balari-Jiggerkhali flat, blocking of ebb-flow in Haldia channel, fall in depth in the approach to Haldia and increase in dredging quantum.

The scheme had envisaged that after a period of two years from the construction of guide wall there would be an increase in draught by 0.3 metre in the shipping channel. This was, however yet to be achieved even after four years of the completion of the guide wall.

The shipping channel was closed (1987) for navigation during the ongoing construction of the guide wall and was still inoperative (June 1996). Further, as recessional dredging over the Jiggerkhali flat had not been undertaken, the dredging of Balari bar also could not be taken up. Meanwhile advancing Jiggerkhali flat had also endangered navigability to Haldia Dock System. Thus, the objective of the scheme remained largely unfulfilled and the expenditure of Rs 34.51 crores on guide wall did not yield the desired results even after a lapse of 14 years.

The matter was referred to the Ministry in October 1996; their reply was awaited as of January 1997.

### **23 Blocking of funds of Rs 6.21 crores**

In order to reduce the cost of maintenance dredging, a Comprehensive Scheme (1982) was prepared which provided for reduction of the width of the shipping channel from 1500 feet to 1200 feet. To assist and escort larger vessels through this narrower channel, the scheme envisaged procurement of a tug. While the proposed narrowing of the channel was yet (June 1996) to be initiated, a tug was procured by Calcutta Dock System (CDS) in February 1990 itself at a cost of Rs 6.09 crores, even though no escorting of the ships was required through the navigational channel. The procurement of the tug much in advance of its actual requirement had resulted in unnecessary blocking of funds of Rs 6.21 crores including maintenance cost.

CDS stated in May 1996 that early procurement of the tug had been economical considering the usual escalation in costs and the tug was being utilized for the benefit of shipping elsewhere in the port. The reply is not tenable as the very purpose of buying the tug was to escort larger vessels through the narrower channel which was yet to be realised and hence the advance procurement/expenditure was avoidable.

The matter was referred to the Ministry in October 1996; their reply was awaited as of January 1997.

#### **24 Excess procurement leading to idle investment of Rs 99.42 lakhs**

To cope up with the steady increase in container traffic, Calcutta Dock System (CDS) procured 17 tractors in July 1991 at a cost of Rs 187.80 lakhs as part of the handling equipment for its container terminal.

It was, however, observed that during the subsequent years 1992-96 only 8 tractors out of the 17 procured were actually utilised. Further, CDS had engaged (July 1992) a firm for maintenance of all the 17 tractors for four months at Rs 33000 per tractor per month and thereafter (November 1992) at Rs 11500 per tractor per month. Thus, besides the idle investment of Rs 99.42 lakhs on nine tractors procured in excess of requirement, the maintenance expenditure of Rs 54.32 lakhs incurred on these nine tractors during the period July 1992 to March 1996 was clearly avoidable.

Accepting the facts, CDS stated in December 1995 that the tractors could not be utilised due to (i) average requirement for ship-face operation being 8 only and (ii) alternative use of these additional tractors being restricted by non-availability of cranes required for the purpose.

The matter was referred to the Ministry in October 1996; their reply was awaited as of January 1997.

### **Calcutta Dock Labour Board**

#### **25 Loss of revenue**

Calcutta Dock Labour Board (Board) levies a charge at the rate of  $66 \frac{2}{3}$  per cent of the prevailing rate of stuffing/destuffing of containers at Calcutta Port Trust (CPT), on entry/exit of such loaded containers as are not stuffed/destuffed inside the

docks. The Board had fixed its charge at Rs 500 per container in January 1986 being  $66\frac{2}{3}$  per cent of the prevailing stuffing/destuffing charge of container per box in CPT container yard.

Audit scrutiny revealed that CPT had revised stuffing/destuffing charge to Rs 2250 per container from February 1993 while the Board raised their levy from Rs 500 to Rs 1500 per container ( $66\frac{2}{3}$  per cent of Rs 2250) only from April 1995.

As the number of containers handled outside the CPT docks during February 1993-March 1995 was 52295 and as the Board was losing Rs 1000 per container for non-revision of their rate, the total loss suffered by the Board during the above mentioned period worked out to Rs 5.23 crores.

Accepting the facts, the Board stated in April 1996, that it had formed a committee to study the matter and to streamline procedures to check loss of revenue.

Ministry stated in July 1996 that the tariff structure of the CPT and the Board did not have any co-relation with each other and it would not be fit and proper to assume that any revision of charges by CPT would automatically necessitate corresponding revision of charges by the Board. The reply is not tenable as the Board had itself decided on all occasions to base their charges on  $66\frac{2}{3}$  per cent of the cost of stuffing/ destuffing of containers at CPT container yard and further that these charges were subject to revision in consonance with the above formula. The delay in implementing the Board's own decision to revise stuffing/destuffing charges had thus caused a loss of Rs 5.23 crores.

### **Cochin Port Trust**

#### **26 Loss of revenue**

In June 1993, Government of India issued sanction for upward revision of berth hire charges by 31 per cent effective from the date of notification for the vessels handled by the Cochin Port Trust (CPT). However, the notification in this regard could be published in the Kerala Gazette on 24 May 1994 as the intimation letter of CPT dated 28 June 1993 requesting publication of notification was not received by the Kerala Government Press. The revised rates thus became operative only from 24 May 1994.

The proposal for upward revision of rates, for which Government of India issued sanction in June 1993, could not, therefore, be implemented for more than 10 months. The revenue loss sustained by CPT on this account worked out to Rs 71.58 lakhs. Had effective action been taken by CPT to get the notification published immediately after its issue, loss of revenue to the extent of Rs 71.58 lakhs could have been avoided.

Accepting the facts, Ministry stated in September 1996 that to avoid recurrence of such events, a close watch was being kept on Gazette notifications with a view to expedite publication of notifications.

#### **27 Avoidable expenditure on interest**

Government of India (GOI) released a loan of Rs 7.75 crores on 31 March 1994 to the Cochin Port Trust (CPT) as budgetary support for implementing the Plan Schemes included in the Annual Plan for 1993-94. The loan carried 13 *per cent* interest *per annum* and was repayable in 20 equal instalments from the sixth year of drawal.

In anticipation of budgetary support from GOI, CPT implemented the Plan Schemes during 1993-94 meeting the works expenditure of Rs 7.75 crores from the General Reserve Fund which was replenished subsequently on receipt of the loan amount. The loan amount received was lodged in a fixed deposit account with the State Bank of India for a period of one year at 10 *per cent* interest since there was no immediate requirement of the loan.

CPT suffered interest loss amounting to Rs 23.25 lakhs being the difference between the interest accrued at 10 *per cent per annum* on the fixed deposit and interest payable at 13 *per cent* on GOI loan. As the sanctioned Plan Schemes, for which the loan was originally intended, had been implemented in 1993-94 by drawing upon the General Reserve Fund and there being no prospect for utilisation of the loan amount for one year, CPT could have desisted from availing of the loan in April 1994 or placed it in FD/CD at higher rates. The drawal of the Government loan at higher interest and placing it in fixed deposit at lower rate was not a financially prudent decision.

The matter was referred to the Ministry in June 1996; their reply was awaited as of January 1997.

## **28 Non-realisation of Port dues**

In respect of parties who maintain deposit account with Cochin Port Trust (CPT), the claims for services rendered by the Port are debited to these accounts. As per Scale of Rates, a minimum balance of Rs 25000 was to be maintained and only in exceptional cases, minus balances could be permitted subject to charging 15 *per cent* interest.

A Shipping and Trading company which availed of Port's services between September 1989 and May 1990 had such a minus balance of Rs 0.32 lakh in January 1990. The company failed to replenish its deposit account but continued to avail of Port's services upto May 1990, as a result of which the minus balance in the deposit account increased to Rs 7.48 lakhs. As the CPT failed to obtain payment for services provided to the aforesaid company, a suit was filed in May 1992 and a favourable court's decision obtained in August 1994 for recovery of the outstanding dues alongwith interest at the rate of 15 *per cent*. Having obtained the court's favourable order to recover the total dues amounting to Rs 15.18 lakhs upto June 1996, the CPT inexplicably did not press for the aforementioned recovery.

The Ministry while accepting the facts stated in September 1996, that the action to execute the decree for recovery is being initiated by the Port after having ascertained the properties and assets of the concerned company. Further progress was not intimated (January 1997).

## **29 Benefit to the contractor at the cost of CPT**

For development of container terminal at Cochin Port Trust (CPT), Government of India sanctioned between March 1984 and March 1992, loans for a total amount of Rs 4711.35 lakhs to CPT. This work included installation of two low profile quayside gantry cranes. The firm which was awarded the contract of design, manufacture, supply and commissioning of the cranes by May 1991, was paid an advance of Rs 30 lakhs in July 1992 as reported in paragraph 36.11 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 1993 (No.11 of 1994), Union Government (Other Autonomous Bodies). CPT paid a further

advance of Rs 173 lakhs in June/August 1994 at an interest of 12 *per cent per annum* to be repaid immediately after commissioning or before 31 December 1994, whichever was earlier. The two cranes were commissioned in July/September 1994.

It was noticed that the loan sanctioned by the Government of India carrying a debt service obligation of 16.75 *per cent* was utilised to advance money to the firm at a lower interest of 12 *per cent* and by giving an advance of Rs 173 lakhs at this lower rate, a loss of Rs 11.53 lakhs was incurred by CPT upto December 1995. It was further noticed that advance recoverable by September 1994 was outstanding as of date (August 1996).

CPT stated in January 1996 that it was not possible to revise the rate of interest retrospectively as it was mutually agreed upon. It further stated rather inconsistently that commercial rate of interest would be charged with effect from January 1996. The reply did not clarify as to why a lower rate was agreed upon in the first instance entailing the afore-mentioned loss of Rs 11.53 lakhs.

The matter was referred to the Ministry in June 1996; their reply was awaited as of January 1997.

### **Jawaharlal Nehru Port Trust**

#### **30 Non-recovery of licence fee**

As per Section 61 of Major Port Trusts Act 1963, the Port Authority may sell by public auction any goods which had not been cleared by the importer within two months and on which the port dues were not paid.

It was seen in audit that 656 containers received in the Jawaharlal Nehru Port between May 1992 and May 1996 were not cleared by the importers even after the expiry of two months of their arrival and licence fee amounting to Rs 630.11 lakhs was outstanding as of July 1996. The goods could have therefore been disposed of by the Port Authorities.

The Ministry stated in September 1996 that containers could not be cleared as the Customs Department had not completed their formalities for which the matter had been taken up with Customs Department.

Thus, the Port had neither realised the licence fee due nor invoked Section 61 to dispose of the uncleared cargo after expiry of two months.

### **31 Unfruitful expenditure of Rs 2.93 crores on procurement of trailers**

To facilitate movement of containers, Jawaharlal Nehru Port Trust (JNPT) procured 136 trailers at a cost of Rs 6.75 crores in May 1989.

It was seen in audit that 59 trailers costing Rs 2.93 crores were neither taken into stock nor used since their acquisition in May 1989. On the other hand, JNPT paid an amount of Rs 5.08 crores on account of hiring of tractors and trailers from private parties during August 1992 - March 1996.

Accepting the facts, the Ministry stated in September 1996 that the basic concept for which these tractors and trailers were purchased was to serve one tractor with 3-4 trailers. After commencement of operations, it was found that the said operational arrangements could not be implemented. It was also stated that efforts were made by the Port to sell or to lease out the excess trailers to private parties. The Port was also exploring the possibility of modifying the trailers so as to put these to operational use. The reply confirms that impractical planning led to an unfruitful expenditure of Rs 2.93 crores on acquisition of 59 trailers in 1989.

### **32 Unfruitful expenditure on procuring and maintaining a 'Survey Launch'**

With a view to monitor navigational depths and conducting hydrographic survey, Jawaharlal Nehru Port Trust (JNPT) acquired a Survey Launch 'S.L.Numika' at a cost of Rs 1.05 crores in November 1989. It was noticed that the survey equipment on board the launch had not yet (May 1996) been installed and tested, as a result of which the launch could not be commissioned for the purpose of survey. The Port Trust incurred an expenditure of Rs 47.76 lakhs upto March 1996 on personnel, maintenance and repairs of the survey launch. In the meantime, the work of hydrographic survey was carried out by an outside agency, at a cost of Rs 29.11 lakhs during 1989-96. The non-commissioning of the survey launch, thus led to blocking up of capital of Rs 1.05 crores for six years as of March 1996 besides an expenditure of Rs 47.76 lakhs incurred on its maintenance.

The Ministry stated in September 1996 that the Port had recovered 7.5 per cent of contract value (US \$ 36347) for non-commissioning of the survey launch and had

also encashed the bank guarantee (August 1996) equivalent to 10 *per cent* of the contract value (US \$ 48463) in respect of the survey launch. It was further stated that the survey launch had not remained idle but was used otherwise although not for hydrographic survey. It was noticed that such use of the launch did not serve the purpose for which it was procured.

### **33 Avoidable payment**

Jawaharlal Nehru Port Trust (JNPT) hired two reach stackers from a contractor 'X' and three from another contractor 'Y'. Two stackers were supplied by 'X' on 15 March 1993 and 21 July 1993 while 'Y' supplied three stackers from 22 July 1994. It was noticed that hiring charges paid to 'X' were much higher than those paid to 'Y' and although the contracts were to be renewed annually, no attempt was made to reduce the rates of 'X' before extending the same for another year upto April 1995. From May 1995, 'X' brought down his rates to match that of 'Y'. Had 'X' been paid at the same rate as 'Y' from April 1994 instead of from May 1995, calculations show that an expenditure of Rs 34.10 lakhs could have been saved.

The Ministry accepted the facts and stated in November 1996 that the reach stackers were hired from 'X' at higher rates to meet the operational requirements. The reply does not clarify as to why it was not possible for JNPT to get the rates of 'X' reduced to that of 'Y' from April 1994, particularly in view of the fact that 'X' effected such reduction with effect from May 1995.

### **Madras Port Trust**

### **34 System deficiency in collection of wharfage**

Rules and procedures prescribed by Madras Port Trust (MPT) provide for collection of wharfage for oil and oil products as per prescribed units based on the manifest of the vessel, while Traffic Manual of MPT further stipulates that collection of wharfage for the cargo 'liquids in bulk' should be based on Import/Export Application (IA/EA) filed by the Importer/Exporter, before its discharge from the vessels.

During test-check it was noticed that oil and oil products were directly pumped from the vessels to the filling stations of the importing companies and vice-versa for exports and the removals/shipments were allowed without filing the IAs/EAs.



Wharfage was collected for the quantity mentioned in the IAs/EAs filed by the Importer/Exporter later by debiting their current accounts kept with MPT. However, there was no system to monitor whether these IAs/EAs which were being filed subsequent to the goods removal/shipment covered the entire quantity of oil and oil products handled by the port and whether collection of a part of wharfage charges went by default.

During the test check in May 1995, it was found that wharfage amounting to Rs 204.08 lakhs was not collected in respect of cargo (oil etc.) of 29 vessels handled during 1993-94. Non-adherence to the system laid down in the Traffic Manual in the matter of collection of wharfage charges based on IA/EA applications, before the removal of goods, without devising an alternative effective control mechanism led to non-recovery of Rs 204.08 lakhs.

On the mistake being pointed out (May 1995), MPT stated in June 1996 that wharfage charges of Rs 175.83 lakhs pertaining to 21 vessels had since been collected and the balance of Rs 28.25 lakhs for 8 vessels was under dispute with the Indian Oil Corporation. While confirming the facts, the Ministry stated in September 1996 that steps had been initiated to prevent such a leakage of revenue in future.

### **35 Avoidable expenditure**

Based on a limited tender enquiry, Madras Port Trust (MPT), in November 1990, placed an order on firm 'A' for supply of 20 tonne diesel fork lift truck with attachments at a cost of Rs 82.95 lakhs. It was stipulated in the supply order that the delivery would be completed within 8 months and that the price would be kept firm till delivery and that variations on account of taxes etc. would be on supplier's account.

In September 1991, however, firm 'A' sought a price increase from Rs 82.95 lakhs to Rs 109 lakhs, on the ground that the foreign exchange required for procuring certain components, had to be obtained from the open market at a premium of 43 *per cent*. As this demand for price increase was not acceptable to MPT, the order of November 1990 was cancelled in December 1991. Special limited tenders were called in June 1992 and a fresh supply order placed on the same firm 'A' in November 1992 at a total cost of Rs 196 lakhs for supply of the same machinery, subject to adjustment of excise duty and exchange rate at the time of delivery. The truck was delivered in November 1993 and the final price paid was Rs 175.55 lakhs.

It would thus be seen that in the supply order placed in November 1992, no firm price was stipulated, which was subject to adjustment of variation of taxes and exchange rate on MPT's account. Had the first supply order placed in November 1990 which stipulated a firm price been enforced, an expenditure of Rs 92.60 lakhs could have been avoided.

The Ministry stated in July 1996 that the MPT generally signed the formal agreement after placing the supply order to avoid delay and in this case retender was resorted to, as the acceptance of the claim for increase in price by the supplier, due to unanticipated changes in the foreign exchange conditions and two successive devaluations, would be violation of the tender norms. The reply is not relevant as the supplier had quoted firm price in his initial offer, which was not enforced by the MPT, resulting in an avoidable extra expenditure of Rs 92.60 lakhs through the limited tendering process at a later stage.

### **36 Non-collection of terminal charges**

As per the agreement entered into between Madras Port Trust (MPT) and Southern Railway (May 1987), MPT was to claim terminal charges from the Railways for haulage of goods in Railway carriages over the Port Trust Railways. Under this agreement, the MPT was required to prefer their claim in a monthly account showing the one-end terminal charges due to the Trust on all interchanged traffic. The claim is based on the rates per tonne of goods as prescribed by the Ministry of Railways from time to time.

It was noticed (January 1996) in Audit that although 4182205 quintals of coal had passed through MPT Railway during the period January 1991 - October 1995, claims for terminal charges for 383204 quintals (Rs 2.28 lakhs) only were raised and collected. The claim for the balance of 3799001 quintals amounting to Rs 30.81 lakhs had not been preferred till as late as December 1995. On the omission being pointed out in Audit (January 1996), MPT stated in September 1996 that the claim for Rs 30.81 lakhs had been raised and Rs 27.87 lakhs was realised in March 1996.

Similarly, in respect of containerised cargo also the terminal charges for the period August 1994-March 1995 amounting to Rs 15.45 lakhs stood recoverable from the Railways as of April 1996.

Facts above are indicative of inadequacy of a proper system to raise and monitor the realisation of the claims due.

The Ministry stated in October 1996 that action had been initiated to recover the balance amount due in respect of coal movement and the terminal charges in respect of containerised cargo from Railways. The Ministry further stated that necessary system had since been introduced to avoid omissions and to recover the dues of the MPT expeditiously.

### **37 Unfruitful expenditure on development of software**

Madras Port Trust (MPT) awarded (May 1988) the consultancy work for development and installation of softwares for 12 modules to Computer Maintenance Corporation Limited (CMC) at a cost of Rs 12 lakhs. The agreement, inter alia, provided for the availability of the consultants with MPT for a period of one year after handing over the operating system to oversee the successful running of the entire system.

The company developed softwares for 12 modules by March 1991 and was paid Rs 11.38 lakhs. In the meantime, MPT had also entrusted (September 1990) the work of 'Facility management for computerised integrated container terminal management system' to the same company for a period of one year commencing from November 1990 for a consolidated software maintenance fee of Rs 16 lakhs payable in monthly instalments. Upto July 1991, the company was paid Rs 12 lakhs.

As the softwares developed by the company were not found to be useful to MPT, these were abandoned and MPT decided to develop a new 'Integrated Container Terminal Management System' on their own. Another company was engaged (August 1993) for providing 'Support Services' at a cost of Rs 0.65 lakh per month. No target date was fixed for completion of the work and the work remained incomplete as of June 1996.

Thus entrustment of software development and maintenance without ensuring the usefulness of the end product resulted in the wasteful expenditure of Rs 23.38 lakhs.

The Ministry stated in November 1996 that the functional specifications were approved by the designated committee in respect of the software developed by CMC

and the MPT was still using the software. The Ministry also contended that the payment towards facility management to CMC was essential as the scope of the work in the main contract did not cover training of staff and modification of software to operational needs.

The reply is contrary to the facts of the case as the EDP department of MPT had specifically stated that the softwares developed by the CMC were not in use, having been abandoned in totality for being not as per required functional specifications. Further, besides the fact that the main contract did cover services like 'training of staff' and 'modifications in softwares due to operational needs', the entering into an additional contract and paying for these services is questionable and irregular, as the CMC softwares not having been implemented, the additional services claimed were obviously not rendered.

### **38 Incorrect classification of cargo**

According to the rates proposed by the Trustees of the Madras Port Trust (MPT) and approved by the Central Government, Rs 38.50 per MT was to be collected towards wharfage and Rs 2.40 for weighment charges from the exporters of the cargo 'stones-dressed', while for ores and minerals the aforesaid charge was Rs 11.30 and Rs 1.40 respectively.

Test check of the export applications in MPT revealed that 29 consignments of "cobble stones in bulk" weighing 84366 MT (a cargo of granite stones cut to specific sizes) was wrongly classified as 'ores and minerals' and Rs 12.70 per MT was collected from the exporters resulting in a loss of revenue of Rs 23.79 lakhs.

On being pointed out by Audit (April 1993) that the granite stones could not be classified as 'ores and minerals' in view of the differences in nature, identity and usage, MPT finally decided (May 1995) to propose a new rate for cobble stones and till such rate was approved by the Government, to levy the rate applicable to 'stones-dressed'. However, the exporters challenged the reclassification in the Madras High Court on the ground that the cobble stones were already classified as 'Ores and Minerals' by MPT and there was no amendment to the 'Scale of Rates' warranting the reclassification. The court while acknowledging the authority of MPT for classification of the cargo, passed interim orders (March 1996) that if the stones were to be classified as 'stones-dressed', the charges applicable to 'ores and minerals' may

be collected after obtaining security for the difference till final orders were passed. MPT stated in April 1996 that the provision of new rate would be taken up on the outcome of the case.

The Ministry while endorsing the MPT's reply added (August 1996) that the Board would be proposing a new rate exclusively for this cargo, shortly.

### 39 Loss of revenue

Madras Port Trust (MPT) invited limited tenders in July 1990 from eight firms for attending to the periodical repairs to 'Dredger Coleroon'. The quoted repair works and any additional items of work that may arise during execution (unquoted works) were required to be completed within 84 days. Two valid tenders from firm 'H' of Vizag for Rs 84.65 lakhs and firm 'C' of Madras for Rs 93.17 lakhs were received. While the lower offer specified the completion period as 84 days, the higher offer was with a shorter completion period of 60 days. Considering the advantage of earlier completion of work, the expenditure on idle time which worked out to Rs 14.40 lakhs for 24 days, was loaded to the lower offer and the offer of firm 'C' for Rs 87.05 lakhs (excluding voyage charges etc.) for the quoted works was accepted by MPT (March 1991). The order of acceptance issued by MPT stipulated a penalty of Rs 60000 per day, the rate of penalty having been arrived at with reference to the expenditure on idle time per day, for a period of 24 days if the quoted works and the unquoted works to the extent of 50 *per cent* value of the quoted works were not completed in 60 days. The rates for the unquoted works were to be mutually agreed upon.

The work was completed by the firm 'C' after 101 days from the date of handing over of the dredger. The final claim of Rs 194.96 lakhs was settled (April 1993) at Rs 135 lakhs after negotiating the rate for the unquoted works.

The following observations are made :

1. The notice inviting the tender did not contemplate the conversion of time factor into money value for the purpose of evaluation of the offers. Hence the acceptance of higher offer by loading Rs 14.40 lakhs on the lower offer was irregular.
2. The MPT, while settling the bills, did not levy the stipulated penalty of Rs 14.40 lakhs for the delay of 24 days in completing the work. The reason for non-recovery was not on record. Further, as the penalty was prescribed for non-adherence

of time schedule offered, the restriction of penalty period to 24 days was not justified. Failure to prescribe the penalty for the entire period of delay, had resulted in non-levy of penalty (Rs 8.40 lakhs) for the remaining 14 days of delay, after allowing for additional 3 days on account of extra works, in terms of the contract.

Ministry stated in November 1996 that as against an admissible period of 88 days after excluding the period of trials, the work was completed in 92 days and that penalty for 4 days was not levied as the claim of the firm was reduced by Rs 59.96 lakhs during negotiations. The reply is not tenable as (i) the admissible period as worked out by the Ministry is not based on the contract value of quoted works (Rs 87.05 lakhs) and 50 *per cent* thereon (Rs 43.53 lakhs) for unquoted works and (ii) the penalty element was not discussed during negotiations which were for determining the rates for unquoted works. As the slow progress of work was attributed by MPT itself to non-employment of enough manpower by the contractor during the execution of work, the failure to levy penalty even when the delay was attributable to the contractor, had resulted in the loss of revenue of Rs 22.80 lakhs to MPT.

### **Mormugao Port Trust**

#### **40 Extra expenditure due to delay in award of contract**

Based on tender enquiry of May 1995 for annual maintenance dredging, the Board of Trustees of Mormugao Port Trust (MPT) approved (September 1995) the award of contract to firm 'A' at the quoted rate of Rs 23.90 per cu.m. for its tendered amount of Rs 8.23 crores for an estimated quantity of 28.6 lakhs cu.m. including mobilisation charges of Rs 1.39 crores.

MPT sought (September 1995) the approval of the Ministry for issue of work order. However, the Ministry without assigning any reasons, instructed MPT (September 1995) to call for fresh tenders from the four tenderers who had quoted earlier.

Accordingly, the four tenderers were asked to submit fresh quotations by 9 October 1995. While two tenderers did not submit their quotations, the third tenderer could not do so in time. Accordingly only firm 'A' the lowest tenderer of the earlier tender was left in the fray. The contract was awarded (11 October 1995) to firm 'A' for a total estimated cost of Rs 9.40 crores. It was observed that in the

contract as finally awarded, firm 'A' had revised the rate (i) for dredging from Rs 23.90 to Rs 24.50 per cu.m., (ii) mobilisation charges from Rs 1.39 crores to Rs 1.89 crores and (iii) included demobilisation charges of Rs 0.50 crore which was not quoted in the earlier quotation.

The actual quantity dredged was 32.29 lakhs cu.m. The non-award of contract for maintenance dredging to the lowest tenderer and re-tendering thus led to an extra expenditure of Rs 1.19 crores.

The matter was referred to the Ministry in May 1996 ; their reply was awaited as of January 1997.

### **Mumbai Port Trust**

#### **41 Grant of remission**

As per para 6 of the guidelines issued by the Ministry of Surface Transport on 24 January 1992, the decision regarding remission of demurrage once taken on a review petition should not be further reviewed or modified except on a direction from a court. It was, however, seen in audit that Mumbai Port Trust (MBPT) reviewed its own decisions and granted remission of Rs 265.77 lakhs in two cases as detailed below:

(a) A company imported 27 consignments of CRNGO electrical sheet in coils during 1992-93. Out of these, the importer's request for remission of demurrage on nine uncleared consignments was rejected by the Board in January 1993. The request for review of the decision was also rejected in February 1993. On persistent request for review, MBPT in April 1993 granted 50 *per cent* remission of the demurrage accruing till the date of clearance of consignment provided the goods were cleared within four weeks of communication of the decision. The nine consignments were actually cleared after 9 months in January 1994. The remission granted worked out to Rs 152.24 lakhs.

(b) MBPT allowed remission of Rs 35.76 lakhs in June 1993 on another consignment imported by the same company provided the goods were cleared within four weeks. Even after three extensions by the MBPT, the goods were not cleared by the importer who requested further remission. The request was rejected by the MBPT in March

1994. However, in April 1994, the MBPT allowed remission of demurrage of Rs 81.77 lakhs ex-gratia in supersession of its earlier decision of June 1993.

In February 1995, the MBPT undertook a third review in respect of both the cases and granted further ex-gratia remission of Rs 31.76 lakhs being 5 per cent of the demurrage due without assigning any reasons.

MBPT stated in May 1996 that granting remission was a discretionary power enjoyed by its Board as per the provisions of Section 53 of the Major Port Trusts Act, 1963 and the Board's decision once recorded in writing was final. It was also stated that the guidelines issued by the Ministry were to bring uniformity in procedures followed in ports and did not take away the powers of the Board.

The action of the Board of MBPT in reviewing its own decisions repeatedly without recorded reasons was inconsistent with the Port's contention that its decision once recorded was final. The remission granted with recording reasons was also not in consonance with the guidelines laid down by the Ministry and amounted to a loss of revenue to the tune of Rs 265.77 lakhs.

The matter was referred to the Ministry in June 1996; their reply was awaited as of January 1997.

#### **42 Loss due to grant of ex-gratia remission**

The Board of Trustees of Mumbai Port Trust (MBPT) allowed ex-gratia remission of demurrage to a firm on four occasions between December 1994-August 1995 for a total amount of Rs 91.16 lakhs. The requests for remission had earlier been rejected by the Board in June 1993 on the ground that conditions in para 2 of the guidelines for remission of demurrage issued by Ministry of Surface Transport on 24 January 1992 were not attracted.

It was seen in audit that the consignments had been imported by five different parties against whom certain investigations for ensuring compliance of licence conditions had been initiated by the Customs Authorities. As the consignments could not be cleared by the original importers, the foreign supplier sold the goods to the firm in April 1992, necessitating an amendment in Import General Manifest (IGM). Such amendment was allowed by Customs in September 1992 and thereafter, the Board sanctioned the remission on ex-gratia grounds without being explicit about the reasons.



Ministry stated in September 1996 that the Board of Trustees had granted remission within its powers after taking into consideration the detention certificate and paras 2 and 10 of the guidelines issued by the Ministry. The reply is not tenable as the remission was under guideline No.10 which could be allowed only after stating reasons.

The request for review of the earlier rejection and further sanction of the remission did not fall within the scope of the guidelines for sanction of remission as laid down in Ministry's letter dated 24 January 1992.

The grant of ex-gratia remission was, therefore, incorrect and resulted in loss of Rs 91.16 lakhs to MBPT.

#### **43 Non-recovery of rentals**

Mumbai Port Trust (MBPT) allotted a plot at Mazagaon Tank Bunder on monthly rent of Rs 480.62 in favour of some individuals in October 1963. As the tenants had committed breach of contract by unauthorised subletting and change in user, decree for eviction was obtained from Mumbai City Civil Court in February 1980 and the same was sought to be executed on 13 September 1982. However, the individual tenants proposed to form a co-operative society and resisted the execution of the court decree for eviction. A second consent decree was passed in September 1988, requiring the tenants to deposit an amount of Rs 28.50 lakhs being the arrears of revised rent upto 31 August 1988, pay monthly compensation at Rs 33704.59 from September 1988 and vacate the premises on or before 31 March 1989. In default, the tenants were liable to be evicted immediately.

Audit Scrutiny revealed that as against the arrears of Rs 28.50 lakhs, only Rs 13.52 lakhs was paid while monthly compensation at the enhanced rate from September 1988 was not paid at all. The arrears of monthly compensation from September 1988 to December 1995 worked out to Rs 29.66 lakhs.

Even though the consent decree was passed by the Court in September 1988 for enforcing payment of arrears of rent, monthly compensation and immediate eviction of the tenants in the event of default in payment, the arrears had not been collected even after a delay of eight years and action for eviction was taken only in March 1996.

Ministry while confirming the facts stated in December 1996 that the decree was executed in March 1996 and possession of the plot had been obtained by locking the premises against which the tenants had filed a petition in Mumbai High Court in June 1996. The matter is still pending in the Court.

Delay in taking timely action had resulted in accumulation of arrears of Rs 46.66 lakhs upto June 1996 on account of arrears of revised rent and compensation. Further, the interest loss at the rate of 15 *per cent* for the period September 1988 to June 1996 works out to Rs 17.60 lakhs.

#### **44 Delay in disposal of uncleared consignment**

As per the provisions of Section 61 of the Major Port Trusts Act, 1963, the Board of the Port Trust may, after the expiry of two months from the time when any goods have passed into its custody, sell such goods if applicable rates/rent payable to the Board have not been paid.

As 6 cartons (1015 packages) of micro processor based typewriters imported on 26 September 1990 remained unclaimed by the importer, the consignment was listed for sale 33 times (between September 1991 to April 1995) by Mumbai Port Trust and was finally sold for Rs 5.22 lakhs in May 1995. It was, however, noticed that an offer for Rs 34.67 lakhs was received in October 1991 itself, but the sale could not materialise as transaction was not confirmed by the Board.

Had the offer of Rs 34.67 lakhs been accepted by Port Trust in October 1991, there would have been a gain of Rs 30.66 lakhs (after allocating the port charges of Rs 4.01 lakhs) besides earning interest amounting to Rs 20.70 lakhs (at the rate of 15 *per cent per annum*) upto March 1996. The Port, thus lost the opportunity to earn Rs 51.36 lakhs due to its indecisiveness in selling the uncleared consignment.

The matter was referred to the Ministry in June 1996; their reply was awaited as of January 1997.

#### **45 Outstanding rent of Rs 46.47 lakhs**

Under the compromise before the Mumbai High Court in 1979, the lease period of a property of the Mumbai Port Trust (MBPT) let out to a company was extended upto March 1986 and the rent fixed was Rs 14795.46 per month. Although the company continued to occupy the premises beyond March 1986, MBPT did not

take any action to revise the rent till April 1988. It was also noticed in February 1988 that the property was used for storing hazardous articles by unauthorised sub-tenants.

In May 1988, the tenant was asked to pay Rs 50132.77 per month, but as they did not comply, only a notice for eviction was served on them in October 1991 without filing a case for either enhancement of rent or for eviction. As a result thereof, the accumulated rent of Rs 46.47 lakhs for the period April 1988-July 1996 remained in arrears.

MBPT stated in April 1996 that tenants had applied for a compromise in January 1995, which was under consideration and that the agreed revised rent would be charged from the date of subletting. The Port, however, had not clarified the reasons for not initiating legal proceedings for recovery of arrears.

The matter was referred to the Ministry in June 1996; their reply was awaited as of January 1997.

#### **46 Loss of revenue**

During 1981-82, Mumbai Port Trust (MBPT) allowed clearance of four consignments by provisionally adjusting the port dues amounting to Rs 63500 against the actual port dues of Rs 17.51 lakhs on the ground that the cargo was urgently required by the importers.

MBPT failed to take steps to enforce recovery of the short levy as per provisions of Section 56 of the Major Port Trusts Act 1963 and as requisite records were not available even upto January 1996 to effect the outstanding recovery, MBPT proposed write off of the arrears.

The action of MBPT in allowing the clearance of goods before collecting the port dues and failure to take timely action in respect of the arrears had resulted in loss of revenue of Rs 16.88 lakhs. The resultant loss of interest thereon between 1982-95 at the rate of 18 *per cent per annum* works out to Rs 39.49 lakhs.

The matter was referred to the Ministry in June 1996; their reply was awaited as of January 1997.

## **Paradip Port Trust**

### **47 Unfruitful investment due to procurement of defective locomotives**

Paradip Port Trust (PPT) which had four locomotives of its own was usually hiring one or two locomotives from the South Eastern Railway (SER) to meet its railway operation commitments. In order to avoid payment of hire charges on locomotives and to meet the projected increase of traffic in the coming years, PPT placed orders on Bharat Heavy Electricals Ltd. (BHEL), a new entrant in the field of manufacture of locomotives, for supply of three locomotives (March 1990-1 locomotive, November 1991-2 locomotives). The locomotives procured at a total cost of Rs 1056.50 lakhs were commissioned during May 1992 (1 locomotive-Rs 267.45 lakhs) and July 1993 (2 locomotives-Rs 789.05 lakhs).

The three locomotives supplied by BHEL suffered from various defects in as much as the first locomotive developed problems and remained out of order from 15 June to 5 August 1992. The second locomotive broke down in September 1993 and was reinducted after replacement of engine, alternator, compressor etc. only in January 1995. The third locomotive went out of order frequently and remained out of order for 30 *per cent* of the days since its commissioning in July 1993.

Consequently, PPT had to continue hiring locomotives from SER during October 1993 to August 1995 for which a payment of Rs 174.35 lakhs was made thus defeating the very purpose of procuring the additional locomotives.

The matter was referred to the Ministry in June 1996; their reply was awaited as of January 1997.

## **Visakhapatnam Port Trust**

### **48 Excess payment of customs duty**

In January 1993, Visakhapatnam Port Trust (VPT) imported spares for bucket wheel reclaimer classifiable under item 8431.39 (Parts used with machinery) of "Customs Tariff 1992-93" attracting basic rate of duty at 25 *per cent* advalorem. The customs duty (including special excise duties etc. ) payable for the said imported spares worked out to Rs 99.19 lakhs.

It was noticed in audit (December 1993) that a duty of Rs 127.14 lakhs was paid by VPT (January 1993) as levied by the Customs Authorities incorrectly classifying the equipment under item No. 8483.40 as Transmission Shaft with a basic duty rate of 50 *per cent*. This resulted in excess payment of Rs 27.95 lakhs by VPT.

The VPT stated in May 1994 that claim for refund of excess payment of Rs 27.95 lakhs had been preferred on the Customs Authorities in January 1994.

The Ministry stated in May 1996 that while the claim for refund was being pursued, the goods imported was a complete ball bearing and was, therefore, not classifiable by treating it as spares to be used with a machinery.

The reply is neither consistent nor based on facts as the item imported was to be fixed with the main equipment Bucket Wheel Reclaimer and was noted as such as spare parts in the invoice as well as in the purchase order.

#### **49 Avoidable payment of surcharge**

According to the conditions laid down by the Andhra Pradesh State Electricity Board (APSEB) for supply of high tension power, the power factor of the consumers installation should not be less than 0.85 failing which a surcharge at 2 *per cent* was leviable for each fall of 0.01.

It was noticed that due to failure of three capacitors in 132/11 K.V. Sub-station at Visakhapatnam Port Turst (VPT), the power factor was less than 0.85 during July 1993-May 1994 (except January to March 1994) and VPT had to pay Rs 18.36 lakhs to APSEB towards surcharge.

Though the capacitors failed during July-December 1992, purchase order for procurement of new capacitors was placed in January 1994 and installed in May 1994. The payment of surcharge of Rs 18.36 lakhs could have been avoided if action had been taken with alacrity.

The matter was referred to the Ministry in April 1996; their reply was awaited as of January 1997.

#### **50 Non-revision of rent for leased non-residential accommodations**

Several non-residential accommodations belonging to Visakhapatnam Port Trust (VPT) were leased out to different parties between 1978-79 and 1995-96.

Although agreements with the lessees envisaged a quinquennial revision of rent, such revision was not effected in 27 cases for the quinquennial periods of 1983-88, 1988-93 and 1993-98, but rent was collected (December 1995) at rates fixed in 1978. In respect of 42 other cases, revision of rent due for the periods 1988-93 and 1993-98 was not done.

Computed with reference to 23 per cent increase of rent registered in the quinquennial revision made in some cases by VPT for the period 1983-88, enhanced rent to the tune of Rs 13.04 lakhs (upto December 1995) could not be collected by the VPT.

VPT stated in January 1996 that all efforts were being made to revise the rents. There is, however, little prospect of revising the same retrospectively.

The matter was referred to the Ministry in May 1996; their reply was awaited as of January 1997.

### **Visakhapatnam Dock Labour Board**

#### **51 Fraudulent payment of Rs 32.84 lakhs**

Government of India decided in August 1990 to extend the liberalised retirement benefits to the Port and Dock Labour Board employees retrospectively from 1 January 1986. These orders also envisaged ex-gratia payments of Rs 150 per month and relief thereon. The Board accordingly granted and made ex-gratia payments amounting to Rs 153.14 lakhs to 695 beneficiaries upto December 1994.

It was observed that the ex-gratia payments were made on the basis of notarised affidavits as a matter of routine and death certificates produced for payment of ex-gratia were accepted without any verification of their authenticity.

On the basis of a complaint received about bogus payments of family pension, the Board investigated the matter and found that in 138 cases ex-gratia payments were wrongly sanctioned to impersonators who produced false death certificates. The connivance of some of the Board's staff was also established and necessary disciplinary action against them initiated. The total payment to wrong persons amounted to Rs 32.84 lakhs, before the matter came to light. The case was reported to Police (February 1995) who later arrested 101 false claimants and further investigations were stated to be in progress.

While accepting the facts, the Ministry stated in August 1996 that action to recover the amount would be initiated by the Board on receipt of final report of Police. Further progress was not intimated (January 1997).

## **CHAPTER VIII**

### **Ministry of Planning and Programme Implementation**

#### **Department of Statistics**

##### **Indian Statistical Institute, Calcutta**

#### **52 Non-recovery of outstanding advances from defaulting firms**

A review of relevant records of the library of the Indian Statistical Institute revealed that journals worth Rs 22.40 lakhs were not received from the concerned firms for which payments had been made in advance during 1987-93 and that the Institute did not recover the outstanding advances of previous years from the defaulting firms while making payment for subsequent years. The Institute also did not execute any contract with the firms before making the advance payments in the absence of which the prospects of recovery of advances were remote.

Accepting the facts, the Institute stated in April 1996 that two out of four firms had since been black listed.

Thus, lack of proper monitoring and absence of agreement with the firms as per existing rules resulted in non-recovery of Rs 22.40 lakhs.

The matter was referred to the Ministry in April 1996; their reply was awaited as of January 1997.



## CHAPTER IX

### Ministry of Urban Affairs and Employment

#### Department of Urban Affairs

#### Delhi Development Authority

### 53 Sale of Commercial Properties

#### 53.1 Introduction

Disposal of land is an important source of revenue for Delhi Development Authority (DDA). As per provisions of Delhi Masterplan, 3 to 4 *per cent* of land, acquired under the scheme of large scale acquisition, by DDA is required to be utilised for commercial use. After acquisition, development of land and its demarcation into plots as per the approved plans is undertaken and thereafter the plots are made available for disposal for commercial purposes. The Commercial plots/shops etc. are disposed of through auction, tender and by way of allotment.

#### 53.2 Organisational arrangements

Lieutenant Governor Delhi is ex-officio Chairman of Delhi Development Authority. The management of land is under the control of Commissioner (Lands) who works under the overall control and supervision of Vice-Chairman (VC). The Commissioner is assisted by a Director and a Joint Director (Commercial Land) and a Deputy Director (Commercial Estate).

#### 53.3 Scope of Audit

The records of Commercial Lands Branch, Commercial Estate Branch, Engineering Department, Finance Department and Housing Accounts Central of DDA relating to the period 1991-96 were test checked in audit during June-August 1996 and the major findings are set out in the succeeding paragraphs.

#### 53.4 Highlights

- No proper records regarding number of plots available for disposal, number of plots disposed of and the number of plots lying unsold were maintained.

(Paragraph 53.5.1.2)

- Incomplete land records had resulted in 23 commercial plots lying undisposed for 22-25 years with consequent blocking of funds in Jhilmil, Vivek Vihar and Rampura Industrial Area.

(Paragraph 53.5.1.3 to 53.5.1.4)

- All the auctions were conducted by the Joint Director/ Deputy Director although they were to be conducted by an officer appointed by the Vice-Chairman in the presence and under the supervision of a committee consisting of not less than two other senior officers of DDA, also appointed by the Vice-Chairman.

(Paragraph 53.5.2.1 to 53.5.2.2)

- Incorrect announcement of reserve price in respect of a plot in Local Shopping Centre, Vasant Kunj led to cancellation of the highest bid and litigation with consequent non-realisation of Rs 94.35 lakhs at the minimum.

(Paragraph 53.5.2.3)

- Failure to take cognition of higher prices obtained during earlier recent auction of similar plots in Rashtriya Jan resulted in a loss of Rs 42.30 lakhs.

(Paragraph 53.5.3)

- Injudicious rejection of an offer for a plot at Bhikaji Cama Place from New Bank of India resulted in avoidable loss of Rs 2.88 crores.

(Paragraph 53.5.5)

- **Sale of plots in Laxmi Nagar District Centre without developing the plots and getting the layout plan approved from Delhi Urban Arts Commission, resulted in a loss of Rs 16.27 crores, besides non-disposal of a cinema plot for over 14 years.**

**(Paragraph 53.5.6)**

- **There were delays ranging from 12 to 41 months in finalisation of reserve price in respect of built up shops/ stalls relating to 13 schemes.**

**(Paragraph 53.7)**

- **Non-maintenance of proper records had resulted in instalments aggregating Rs 10.45 crores outstanding against allottees of built up shops/stalls etc in various localities.**

**(Paragraph 53.8)**

### **53.5.1 Disposal of commercial plots**

**53.5.1.1** The number of plots disposed of through tender and allotment during 1991-92 to 1995-96 was 3 and 10 respectively only. The number of plots put to auction/actually disposed of (as intimated by DDA) was as under:

<b>Year</b>	<b>Plots put to auction</b>	<b>Plots auctioned</b>	<b>Percentage of disposal</b>
1991-92	133	60	45
1992-93	126	44	35
1993-94	153	35	23
1994-95	172	70	41
1995-96	134	101	75

The percentage of disposal during 1991-96 ranged between 23 and 75.

DDA attributed the low disposals to unsuitable locations of sites, higher reserve price, misuse of residential properties for commercial purposes and slump in real estate market.

**53.5.1.2** No proper records regarding number of plots available for disposal, number of plots disposed of and the number of plots lying unsold were maintained. In the absence of these records the correctness of the above figures could not be verified in audit. However, test check of the bids-register for 1995-96 indicated that out of 192 plots put to auction 108 plots were sold as against the figures of 134 and 101 respectively intimated by DDA indicating inconsistencies in the relevant records.

**53.5.1.3** Land records being incomplete, DDA was not even aware of the exact number of plots actually developed, disposed of and lying unsold. In one case on the basis of information furnished by a private body, DDA realised (January 1991) that 14 plots were lying undisposed of for the last 25 years in Jhilmil, Vivek Vihar. 10 of these plots were subsequently disposed of through auction for Rs 138.08 lakhs in November 1991 and a further three in February 1992 for Rs 112.82 lakhs while one plot still remained to be disposed of (July 1996).

**53.5.1.4** Similarly on the basis of information furnished by another private body DDA came to know about the existence of 9 commercial plots in Community Centre Rampura industrial area, lying unsold for the last 22 years (since 1969). Five plots were subsequently sold through auction during May-September 1992 for Rs 83.11 lakhs and two plots in November 1995 for Rs 23.18 lakhs. The remaining two plots were yet to be disposed of (July 1996). The exact financial loss in these cases could not be worked out in the absence of complete land records. DDA admitted (March 1995) that delay in disposal of plots was due to non-availability of complete records.

### **53.5.2 Inadequate Supervision**

**53.5.2.1** Prior to Sale of Commercial plots through auction publicity is given in newspaper indicating the number, size, area, and location of plots. Such advertisements are given 30 days in advance of auction. The auction is conducted by an officer appointed by Vice-Chairman, in the presence and under the supervision of a committee consisting of not less than two other senior officers of DDA, also appointed by Vice-Chairman. The reserve price of each plot is fixed by the Finance Department and is announced at the time of auction. The highest bidder is required to pay 25 per cent of the bid amount on the spot and the balance 75 per cent within a stipulated period of 90 days after the bid is accepted by Vice-Chairman, Delhi Development Authority.

**53.5.2.2** However, it was noticed that all the auctions were conducted by the Joint/Dy Director. DDA stated (March 1995) that the auctions were monitored by the

higher authorities through close circuit TV but evidence of any interventions through such monitoring was, however, not available on record.

**53.5.2.3** The fact that the auctions were not adequately supervised is exemplified by a case wherein the reserve price of a plot (Plot No 2, Local Shopping Centre, Vasant Kunj, Sector B, Pocket 7) was erroneously announced (9 June 1993) at Rs 44.35 lakhs instead of the correct reserve price of Rs 94.35 lakhs. The highest bid of Rs 45.50 lakhs received against this reserve price of Rs 44.35 lakhs was initially accepted by accepting Rs 12 lakhs by way of earnest money. However, later on the bid was rejected after the apparent error came to notice. The bidder thereafter had gone in appeal to the court of law against this decision of DDA, on which a decision was awaited (August 1996). The plot was yet to be disposed of and had thus resulted in non-realisation of revenue of atleast Rs 94.35 lakhs, attributable to inadequate supervision.

The major irregularities/shortcomings noticed in the sale of commercial plots were as under:

**53.5.3 Loss due to following different norms**

**53.5.3.1** During auction of 5 plots in Local Shopping Centre (LSC), Wazirpur held on 20 February 1991 the highest bids of Rs 6.03 lakhs to Rs 8 lakhs were correctly rejected as in an earlier auction held on 18 February 1991 the lowest and highest bids received for similar plots in the same commercial centre were Rs 8.51 lakhs to Rs 10.25 lakhs. When the plots were again put up for auction (30 December 1991) the bids ranging between Rs 9.04 lakhs and Rs 11 lakhs were received.

**53.5.3.2** However, a different set of norms were followed while auctioning of 6 other commercial plots on 23 December 1991 in Rashtriyajan, where the lowest and highest bids of Rs 24.22 lakhs and Rs 27 lakhs respectively were accepted even though higher bids ranging between Rs 27 lakhs and Rs 35.50 lakhs for similar plots were received in the auction held on 19 December 1991. Thus failure to follow uniform standards had resulted in DDA suffering a loss of Rs 42.30 lakhs which was indicative of lack of foresight.

**53.5.3.3** DDA in its reply stated (March 1995) that plots auctioned on 19 December 1991 were in a advantageous location as compared to plots auctioned on 23 December 1991. The reply is contradictory as the reserve price for plots auctioned on

23 December 1991 was fixed at par with that of plots auctioned on 19 December 1991.

#### ***53.5.4 Loss due to sale of plots through tender instead of by auctions***

**53.5.4.1** Two plots in Community Centre, Vikas Puri, Block-G were sold through auction on 9 June 1993 at Rs 17.81 lakhs and Rs 24.05 lakhs against their reserve price of Rs 17.78 lakhs indicating average auction price as Rs 20.93 lakhs. Subsequently two other similar plots in the same location in the said community centre were disposed of through tender at a lesser price of Rs 19.51 lakhs (25 June 1993) and Rs 16.50 lakhs (2 July 1993) respectively. Further, one of these plots was disposed at a price which was even lower than the adopted reserve price of Rs 17.78 lakhs for these plots. Failure to dispose of the plots through auctions on the basis of results of an earlier recent auction had resulted in loss of Rs 5.85 lakhs. Reasons for not selling the plots through auctions were not on record.

**53.5.4.2** DDA stated (March 1995) that offers below the reserve price were accepted to ensure speedy development and prevent encroachment. The reply is not tenable not being specific.

#### ***53.5.5 Injudicious rejection of offer for plot***

**53.5.5.1** Plot No. 10 in Bhikaji Cama Place, was offered to Punjab National Bank (PNB) in July 1988 at Rs 6.79 crores with the stipulation that DDA would retain 908.37 sq. m. of the built up area of upper ground floor as shopping area and cost thereof would be reimbursed but PNB was not agreeable to this stipulation and did not pay the premium. DDA thereafter withdrew (December 1988) the offer and offered the same plot to New Bank of India (NBOI) at a premium of Rs 8 crores with similar provisions for the upper ground floor. NBOI offered (December 1988), additional premium for upper floor which worked out to Rs 1.82 crores but no further action was taken. NBOI paid Rs 8 crores (12 January 1989) and requested for possession of the plot. Meanwhile PNB again offered (January 1989) to purchase the plot for Rs 11 crores. While side stepping the PNB offer, DDA arbitrarily (March 1989) raised the premium for this plot to Rs 11 crores and asked NBOI to deposit the balance Rs 3 crores. NBOI, however, did not agree (2 March 1989) and insisted on possession of the plot. Ultimately DDA refunded (October-November 1991) the principal amount alongwith interest of Rs 1.52 crores to NBOI.

**53.5.5.2** This plot was subsequently auctioned (July 1992) to PNB at the reserve price of Rs 6.84 crores and Rs 1.71 crores being 25 *per cent* of the bid was also deposited by PNB at the fall of hammer. However, the sale was rejected later on by Vice-Chairman being based on a single bid and the earnest money was refunded to PNB in 4 instalments alongwith interest of Rs 5.14 lakhs during January-April 1993.

**53.5.5.3** Thus injudicious rejection of the offer of NBOI and indecisiveness resulted not only in non-realisation of funds due to non-disposal of plot, but also led to avoidable loss of Rs 2.60 crores on account of payment of interest (Rs 1.57 crores) and ground rent (Rs 1.03 crores) as of March 1994. DDA stated (March 1995) that the plot was finally sold (May 1994) to M/s Petroleum Conservation Research Association at Rs 11.10 crores and that interest was paid at 7 *per cent* as against prevailing market rate of 16.5 *per cent*.

**53.5.5.4** The fact remains that had the plot been sold to NBOI at Rs 8 crores in January 1989 itself, DDA would have benefitted by atleast Rs 2.88 crores. Thus injudicious decision to reject the NBOI offer had resulted in a loss of Rs 2.88 crores.

#### **53.5.6 Premature sale of plots**

**53.5.6.1** One cinema plot and four commercial plots located in under-developed areas in Laxmi Nagar District Centre and which did not have the approval of Delhi Urban Arts Commission (DUAC) were auctioned for Rs 11.15 crores in February - March 1982. The earnest money of 25 *per cent* was deposited by the bidders while balance amount of 75 *per cent* was to be paid by 6 June 1982 for four plots and by 18 July 1982 for cinema plot. As sites were not developed and approved by DUAC the bidders refused to pay the balance amount and asked to defer payments. Reasons for auctioning these plots without their proper development and without obtaining approval of DUAC were not available on record. DDA refunded (between November 1992 and July 1994) the earnest money amounting to Rs 2.78 crores alongwith interest of Rs 2.12 crores.

**53.5.6.2** The four commercial plots were finally auctioned for Rs 18.54 crores during February-July 1994 excepting the cinema plot which had remained unsold. Thus delayed sale had resulted in a loss of Rs 16.27 crores on account of interest and ground rent and DDA was yet to dispose of a cinema plot located in a prime location.

**53.5.6.3** DDA stated (March 1995) that the cinema plot would be disposed of after the change of land use and that the earnest money alongwith interest was refunded to the bidders to avoid litigation. The reply was not satisfactory as it failed

to explain why proceedings were started without developing the area and without obtaining the approval of the DUAC.

### **53.5.7 Procedural lapses in sale of plots**

**53.5.7.1** As per auction procedure (Terms and Conditions) a person can participate in an auction only after depositing a fixed sum. Further no person whose bid has been accepted, shall be allowed to withdraw his bid. However, it was noticed that against the reserve price of Rs 5.77 lakhs for a stall, a bidder was allowed to participate after depositing only Rs 10000 on 30 July 1993 as against the required sum of Rs 50000. Though his highest bid of Rs 28 lakhs was accepted, he did not deposit the earnest money of Rs 7 lakhs. The second highest bid during the auction was Rs 27.25 lakhs. Had proper procedure been followed the stall would have fetched atleast Rs 27.25 lakhs. Subsequently (February 1994) the stall was auctioned for Rs 23.90 lakhs resulting in loss of Rs 3.75 lakhs. DDA admitted (March 1995) the procedural lapse.

**53.5.7.2** A restaurant plot under Defence Colony flyover was put to auction (April 1992) despite encroachments. The highest bidder quoted Rs 49.97 lakhs against reserve price of Rs 49.89 lakhs. The bidder deposited Rs 12.49 lakhs as earnest money but did not deposit the balance due to encroachment. Ultimately the earnest money had to be refunded (November 1992). Failure to check/remove encroachments before auction had resulted in avoidable non-realisation of funds amounting to Rs 49.97 lakhs and interest thereof besides loss of ground rent of Rs 5.41 lakhs (August 1996). While admitting the facts (March 1995), DDA stated that it was not aware of the stay obtained by the encroacher at the time of auction of plot. The plot was subsequently put to auction on 30 October 1995 but no bid was received and the plot was yet to be disposed of (August 1996).

### **53.6 Disposal of built up Commercial Properties**

**53.6.1** Commercial estate refers to built up commercial properties in various District Centres, Community Centres, Local Shopping Centres and Convenient Shopping Centres. The disposal of built up properties is governed by Delhi Development Authority (Management and Disposal of Housing Estates) Regulations 1968. The built up properties like shops/ stalls/ kiosks are disposed of through auction, tender or by way of allotment to reserved categories.

**53.6.2** The number of Commercial built up units, disposed during 1991-92 to 1995-96



as intimated by DDA were as detailed below:

Year	Total no. of units available for disposal	Disposal			Percentage Disposal
		Auction	Allotment	Total	
1991-92	1208	255	306	561	46
1992-93	2750	646	331	977	36
1993-94	3230	527	621	1148	36
1994-95	3364	682	614	1296	39
1995-96	2488	490	287	777	31

Disposal through tender though called for was not intimated by DDA

**53.6.3** It would be seen that the disposal trend had been declining from 46 in 1991-92 to 31 *per cent* in 1995-96. In all 1711 commercial built up properties were lying unsold as of 31 March 1996 out of which 1494 properties were valued at Rs 49.51 crores.

**53.6.4** DDA attributed (June 1996) the non-disposal of built-up properties to non-availability of electricity, recession in money market, unfavourable locations of built up commercial properties and lack of demand on account of misuse of residential premises for commercial purposes. The reply is not tenable and was indicative of failure in planning and implementation.

### **53.7 Delays in finalisation of reserve price**

**53.7.1** The built up Commercial Units are put to auction/tender or disposed of by way of allotment after the reserve price is fixed by Housing Accounts Central (HAC) wing of DDA.

**53.7.2** However, it was observed that in 13 schemes which were completed at a cost of Rs 481 lakhs even the reserve price were not fixed for long periods ranging from 12 to 41 months. Non-fixation of reserve price and non-disposal of the units during the period had led to the blocking of funds to the tune of Rs 481 lakhs.

### **53.8 Outstanding Recoveries**

As per instructions of the Ministry of Urban Affairs, 25 *per cent* of the shops are reserved for Scheduled Caste/Scheduled Tribe categories and allotted to them at reserve price. The allottees are required to pay 25 *per cent* of the price of the shop within 60 days of the issue of the demand letter and balance 75 *per cent* in 24 equal

monthly instalments alongwith interest at 7 per cent per annum. The possession is given to the allottee after the payment of 25 per cent of the price.

It was however noticed that after allotment there was no effective follow up to ensure timely recovery of instalments. Consequently, Rs 20.9 lakhs was outstanding against 14 allottees alone, out of 48 cases test checked in audit. However, as reported by DDA, in all Rs 10.45 crores were outstanding against various allottees under this category as on 31 March 1996. As year-wise break up was not made available, detailed analysis could not be undertaken in audit.

Further, no records were maintained and systems formalised to ensure that the shops allotted initially to the reserved category were in fact being utilised by them and had not been resold/sublet etc. to affluent sections of society, thereby defeating the very purpose of providing for reservations and allotment of shops at reserve price. Such information though called for was not made available.

The matter was referred to the Ministry in September 1996; their reply was awaited as of January 1997.

#### **54 Blocking of funds due to delay in providing site**

Delhi Development Authority (DDA) started construction of 376 SFS flats in East Mukherjee Nagar in August 1990, for completion by August 1992. The flats, however, were completed in November 1994 at a cost of Rs 864.42 lakhs. For electrification of these flats including street lights, DDA had deposited in August 1991 Rs 46.58 lakhs with the Delhi Electricity Supply Undertaking (DESU) against an estimate of Rs 81.24 lakhs. The electrification work could not be completed (August 1995) as no clear site/approaches were provided to DESU for starting the work. The failure of DDA to provide clear site to DESU for executing electrification work resulted in avoidable blocking of funds amounting to Rs 46.58 lakhs since August 1991.

The matter was referred to the Ministry in August 1996; their reply was awaited as of January 1997.

#### **55 Extra expenditure due to delay in awarding a work**

Tenders for construction of 468 houses for lower income group category (Group I & II) at Jasola, Pocket-12 were received and opened by the DDA on 14 November 1991. The Work Advisory Board (WAB) accepted on 17 January 1992, the lowest percentage rate tender of 54.75 per cent above the estimated cost of

Rs 204.74 lakhs subject to the certification for stability of pile foundation work carried out by DDA from an other agency.

As per rules, the tender for works remain open for acceptance for a period of 90 days from the date of opening of tenders. It was, however, observed that DDA initiated action for obtaining the requisite certification only on 27 March 1992 much after the period of validity of 90 days was over. The certificate was finally obtained by DDA only in June 1992. As the work was not awarded to the lowest tenderer within the validity period of the tender, the tenderer finally withdrew his offer on 17 March 1992 and did not agree to extend the validity period again, when the extended validity period of his tender till 10 March 1992 expired. The earnest money was refunded to the tenderer on 26 March 1992.

Thereafter the work was retendered and finally awarded to another contractor in January 1993 at 64.78 *per cent* above the estimated cost of Rs 220.61 lakhs thereby causing an extra expenditure of Rs 20.53 lakhs as compared to the earlier more beneficial quote.

Thus, failure to take timely action to obtain the requisite certification on safety of pile foundation, had resulted in DDA having to incur an extra expenditure of Rs 20.53 lakhs besides delaying commencement of the work.

The matter was referred to the Ministry in October 1996; their reply was awaited as of January 1997.

## CHAPTER X

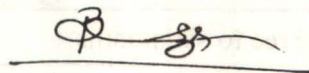
### 56 Follow up action on Audit Reports - Summarised Position

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

The Public Accounts Committee reviewed the position of submission of Action Taken Notes(ATNs) during 1995-96 and observed inordinate delays and persisting failure on the part of large number of Ministries in reporting ATNs on audit paragraphs. The Committee viewed these delays and non-submission of ATNs seriously and through its One Hundred Fifth Report of 1995-96 (10th Lok Sabha) directed all Ministries to furnish ATNs in the prescribed format in respect of all outstanding audit paragraphs included in the Report of Comptroller and Auditor General of India upto the year ended 31st March 1993 within three months from the date of presentation of their Report. The Committee further recommended that in future, while ATNs should invariably be submitted for all paragraphs contained in the Audit Report irrespective of their selection or otherwise for detailed examination by the PAC, the ATNs on paragraphs selected by the PAC for detailed examination should be submitted within three months from the date of communication of their being selected so.

A review of the position regarding receipt of ATNs on the paragraphs included in the Audit Reports (Other Autonomous Bodies) upto the period ended 31 March 1995 revealed that the Ministries had not submitted the remedial/corrective ATNs in respect of large number of paragraphs relating to them, inspite of instructions. Out of 178 paragraphs on which ATNs were required to be sent, remedial /corrective ATNs on as many as 111 paragraphs (62 *per cent*) were still awaited as of December 1996.

Of the 111 paragraphs, 59 pertain to Reports for the periods 1988-89 to 1993-94. A summarised position of ATNs awaited from various Ministries is shown in Appendix IX.

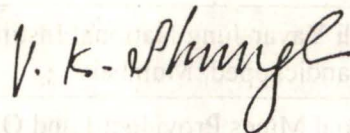


(B.M.OZA)

New Delhi  
The 10 APRIL 1997

Director General of Audit  
Central Revenues

Countersigned



(V.K.SHUNGLU)

New Delhi  
The 21 APRIL 1997

Comptroller and Auditor General of India

**APPENDIX I**

(Refers to paragraph 1(i))

**Delay in submission of Annual Accounts by Autonomous Bodies**

Sl No	Name of the Organisation	Date of receipt of accounts
(A)	Over three to six months	
1.	University Grants Commission, New Delhi	20.10.95
2.	Kendriya Vidyalaya Sangathan, New Delhi	06.11.95
3.	North Eastern Hill University, Shillong	03.11.95
4.	Allahabad Museum Society, Allahabad	01.12.95
5.	Kendriya Hindi Shikshan Mandal, Agra	16.10.95
6.	Auroville Foundation, Auroville	16.10.95
7.	Kalakshetra Foundation	19.10.95
8.	National Council for Teacher Education, New Delhi	06.11.95
9.	Ali Yavar Jung National Institute for Hearing Handicapped, Mumbai	10.11.95
10.	Coal Mines Provident Fund Organisation, Dhanbad	11.12.95
11.	National Institute of Public Co-operation and Child Development, New Delhi	16.10.95
12.	Central Council for Research in Ayurveda and Sidha, New Delhi	13.11.95
13.	Dental Council of India, New Delhi	17.10.95
14.	Rashtriya Ayurveda Vidyapeeth, New Delhi	20.10.95
15.	Indian Society of International Law, New Delhi	29.12.95
16.	Centre for Railway Information System, New Delhi	16.11.95
(B)	Over six months	
1.	Delhi University, Delhi	22.02.96
2.	National Open School, New Delhi	06.03.96
3.	Board of Apprenticeship Training, Mumbai	04.03.96
4.	Nagaland University, Kohima	08.03.96
5.	Board of Apprenticeship Training, Kanpur	08.01.96

Contd.⇒

<b>SI No</b>	<b>Name of the Organisation</b>	<b>Date of receipt of accounts</b>
6.	Regional Engineering College, Srinagar	06.01.96
7.	Indian Institute of Technology, Guwahati	18.03.96
8.	Indian Nursing Council, New Delhi	23.01.96
9.	Central Wakf Council, New Delhi	02.02.96
10.	Gandhi Smriti and Darshan Smiti, New Delhi	03.10.96
11.	Nehru Yuva Kendra Sangathan, New Delhi	16.08.96
12.	Chittaranjan National Cancer Institute, Calcutta	24.01.96
13.	Delhi Development Authority, New Delhi	October 1996
14.	Coffee Board (Pool Fund Account), Bangalore	20.06.96
15.	Central Institute of Higher Tibetan Studies, Sarnath	9.07.96

## APPENDIX II

(Refers to paragraph 1 (i))

### Non-submission of Annual Accounts by Autonomous Bodies

SI No	Name of Organisation
1.	Central Agricultural University, Imphal
2.	National Commission for Backward Classes, New Delhi
3.	National Commission for Minorities, New Delhi
4.	DTC Employees Provident Fund Account, New Delhi
5.	National Human Rights Commission, New Delhi



### APPENDIX III

(Refers to paragraph 1(ii))

**Details of Grants/Loans received during 1995-96 by Central Autonomous Bodies audited under section 19(2) and 20(1) of CAG's (DPC) Act, 1971**

(Rs in lakhs)

Sl No	Ministry /Name of Body	Grant	Loan
<b>Human Resource Development</b>			
1.	National Council for Teacher Education, New Delhi	200.00	Nil
2.	All India Council for Technical Education, New Delhi	8957.00	Nil
3.	Jamia Milia Islamia, New Delhi	1850.83	Nil
4.	Indira Gandhi National Open University, New Delhi	8583.00	Nil
5.	Jawaharlal Nehru University, New Delhi	2410.24	Nil
6.	Indian Institute of Technology, Delhi	3447.00	Nil
7.	National Commission for Women, New Delhi	200.00	Nil
8.	Indian Institute of Technology, Madras	2650.65	Nil
9.	Auroville Foundation, Auroville	102.02	Nil
10.	Kalakshetra Foundation, Madras	117.00	Nil
11.	Pondicherry University, Pondicherry	73.85	Nil
12.	Indian Institute of Technology, Kanpur	3114.00	Nil
13.	Banaras Hindu University, Varanasi	11979.58	Nil
14.	Aligarh Muslim University, Aligarh	7659.15	Nil
15.	Rampur Raja Library, Rampur	49.75	Nil
16.	Indian Institute of Technology, Kharagpur	2995.97	Nil
17.	Visva-Bharati, Shantiniketan	2145.35	Nil
18.	Asiatic Society, Calcutta	320.00	Nil
19.	Salarjung Museum, Hyderabad	498.14	Nil
20.	University of Hyderabad, Hyderabad	1827.44	Nil
21.	Assam University, Silchar	669.08	Nil
22.	Tezpur University, Tezpur	379.52	Nil
23.	North-Eastern Hill University, Shillong	1967.98	Nil
24.	Indian Institute of Technology, Guwahati	1100.00	Nil
25.	Indian Institute of Technology, Mumbai	3141.00	Nil
26.	Nagaland University, Kohima	677.00	Nil

Contd. ⇨

SI No	Ministry/Name of Body	Grant	Loan
27.	Bal Bhawan Society, New Delhi	258.94	Nil
28.	Centre for Cultural Resource and Training , New Delhi	418.50	Nil
29.	Kendriya Vidyalaya Sangathan, New Delhi	30335.00	Nil
30.	Lalit Kala Akademi, New Delhi	253.36	Nil
31.	Sangeet Natak Akademi, New Delhi	452.24	Nil
32.	School of Planning and Architecture, New Delhi	396.00	Nil
33.	National School of Drama, New Delhi	322.80	Nil
34.	National Museum Institute of Art Conservation and Museology, New Delhi	64.00	Nil
35.	Indian Council of Philosophical Research , New Delhi	206.52	Nil
36.	Indian Council of Historical Research, New Delhi	186.54	Nil
37.	Sahitya Akademi, New Delhi	372.93	Nil
38.	National Institute of Public Cooperation and Child Development, New Delhi	360.99	Nil
39.	Rashtriya Sanskrit Sansthan , New Delhi	849.35	Nil
40.	Lal Bahadur Shastri Rashtriya Sanskrit Vidyapeeth, New Delhi	199.33	Nil
41.	Gandhi Smriti and Darshan Samiti, New Delhi	235.28	Nil
42.	Nehru Memorial Museum and Library, New Delhi	284.00	Nil
43.	Indian Council of Social Science Research , New Delhi	1054.38	Nil
44.	Delhi Library Board, Delhi	315.12	Nil
45.	National Council of Educational Research & Training, New Delhi	7160.00	Nil
46.	Central Tibetan Schools Administration , New Delhi	724.33	Nil
47.	Navodaya Vidyalaya Samiti , New Delhi	22627.00	Nil
48.	National Book Trust India , New Delhi	482.68	Nil
49.	National Institute of Educational Planning & Administration, New Delhi	198.50	Nil
50.	National Open School, New Delhi	339.73	Nil
51.	Delhi Institute of Technology , Delhi	Nil	Nil
52.	Regional Engineering College, Rourkela	523.26	Nil
53.	Regional Engineering College, Jalandhar	352.87	Nil
54.	Malviya Regional Engineering College, Jaipur	506.59	Nil
55.	Board of Apprenticeship Training, Madras	522.84	Nil

Contd. ⇨

Sl No	Ministry/Name of Body	Grant	Loan
56.	Technical Teachers' Training Institute, Madras	192.00	Nil
57.	Indian Institute of Management, Lucknow	507.00	Nil
58.	Board of Apprenticeship Training, Kanpur	206.11	Nil
59.	Allahabad Museum Society, Allahabad	90.00	Nil
60.	Motilal Nehru Regional Engineering College, Allahabad	500.70	Nil
61.	Kendriya Hindi Sikshan Mandal, Agra	332.61	Nil
62.	Central Institute of Higher Tibetan Studies, Sarnath	200.00	Nil
63.	Technical Teachers' Training Institute, Calcutta	248.00	Nil
64.	Board of Practical Training (ER), Calcutta	301.06	Nil
65.	National Council of Science Museum, Calcutta	2260.00	Nil
66.	Raja Ram Mohan Roy Library Foundation, Calcutta	374.74	Nil
67.	Indian Museum, Calcutta	444.95	Nil
68.	Indian Institute of Management, Calcutta	616.46	Nil
69.	Regional Engineering College, Warangal	747.19	Nil
70.	Rashtriya Sanskrit Vidyapeeth, Tirupati	100.78	Nil
71.	North Eastern Regional Institute of Science & Technology, Nirjuli, Itanagar	900.00	Nil
72.	Regional Institute of Technology, Jamshedpur	261.47	Nil
73.	Sardar Vallabh Bhai Regional College of Engineering & Technology, Surat	511.73	Nil
74.	Regional Engineering College, Kurukshetra	541.20	Nil
75.	Technical Teachers' Training Institute, Chandigarh	333.35	Nil
76.	Indian Institute of Advanced Studies, Shimla	544.92	Nil
77.	Regional Engineering College, Hamirpur	229.78	Nil
78.	Central Institute of Buddhist Studies, Leh	128.92	Nil
79.	Indian Institute of Management, Bangalore	694.00	Nil
80.	Regional Engineering College, Kozikode	522.03	Nil
81.	Visveswaraya Regional Engineering College, Nagpur	653.34	Nil
82.	National Institute of Industrial Engineering, Mumbai	676.34	Nil
83.	Board of Apprenticeship Training, Mumbai	128.08	Nil
84.	Khuda Bux Oriental Public Library, Patna	64.64	Nil

Contd. ⇨

SI No	Ministry/Name of Body	Grant	Loan
85.	National Institute of Foundry and Forge Technology, Ranchi	332.00	Nil
86.	Technical Teachers' Training Institute, Bhopal	333.00	Nil
87.	Maulana Azad College of Technology, Bhopal	641.59	Nil
88.	Indira Gandhi Rashtriya Manav Sangrahalaya, Bhopal	412.76	Nil
<b>Health and Family Welfare</b>			
89.	Dental Council of India , New Delhi	22.00	Nil
90.	Post Graduate Institute of Medical Education & Research, Chandigarh	5796.26	Nil
91.	All India Institute of Medical Sciences, New Delhi	6674.00	Nil
92.	Pharmacy Council of India, New Delhi	5.00	Nil
93.	Central Council of Indian Medicines, New Delhi	55.97	Nil
94.	National Institute of Ayurveda, Jaipur	374.00	Nil
95.	National Institute for Homoeopathy, Calcutta	171.30	Nil
96.	Chittaranjan National Cancer Institute, Calcutta	141.50	Nil
97.	National Institute of Naturopathy, Pune	21.00	Nil
98.	Central Council for Research in Homoeopathy, New Delhi	340.86	Nil
99.	Central Council for Research in Yoga & Naturopathy, New Delhi	65.20	Nil
100.	Central Research Institute for Yoga, New Delhi	69.77	Nil
101.	Central Council for Research in Unani Medicine, New Delhi	605.57	Nil
102.	Central Council for Research in Ayurveda & Siddha, New Delhi	1277.85	Nil
103.	Rashtriya Ayurveda Vidyapeeth, New Delhi	16.60	Nil
104.	Central Council for Homoeopathy, New Delhi	29.50	Nil
105.	National Institute of Health & Family Welfare, New Delhi	646.00	Nil
106.	National Board of Examination, New Delhi	15.00	Nil
107.	Indian Nursing Council, New Delhi	9.00	Nil
108.	Medical Council of India, New Delhi	60.00	Nil

Contd. ⇨

Sl No	Ministry/Name of Body	Grant	Loan
<b>Agriculture</b>			
109.	National Oil Seeds & Vegetable Oil Development Board, Gurgaon	480.00	Nil
110.	Coconut Development Board, Kochi	2000.00	Nil
111.	National Cooperative Development Corporation, New Delhi	2046.90	5690.00
112.	Veterinary Council of India, New Delhi	35.65	Nil
113.	National Institute of Rural Development, Hyderabad	700.00	Nil
114.	National Institute for Management of Agricultural Extension, Hyderabad	200.00	Nil
115.	Council for Advancement of People Action and Rural Technology, New Delhi	4958.76	Nil
<b>Environment and Forests</b>			
116.	Animal Welfare Board of India, Madras	168.75	Nil
<b>Finance</b>			
117.	Securities Exchange Board of India, Mumbai	Nil	Nil
<b>Information and Broadcasting</b>			
118.	Press Council of India, New Delhi	97.61	Nil
<b>Industry</b>			
119.	Coir Board, Kochi	819.00	5.00
120.	Khadi and Village Industries Commission, Mumbai	30599.00	31241.00
<b>Commerce</b>			
121.	Export Inspection Agency, Mumbai	Nil	Nil
122.	Export Inspection Agency, New Delhi	Nil	Nil
123.	Tobacco Board, Guntur	Nil	Nil
124.	Spices Board, Kochi	377.00	Nil
125.	Marine Products Export Development Authority, Kochi	1240.58	Nil
126.	Export Inspection Council, Calcutta	17.00	Nil
127.	Export Inspection Agency, Calcutta	532.00	Nil
128.	Export Inspection Agency, Cochin	Nil	Nil
129.	Export Inspection Agency, Madras	Nil	Nil
130.	Agricultural and Processed Food Products Export Development Authority, New Delhi	1550.00	Nil

Contd. ⇨

SI No	Ministry/Name of Body	Grant	Loan
131.	Coffee Board (General Fund Account), Bangalore	1104.85	100.00
132.	Rubber Board, Kottayam	3643.68	Nil
133.	Tea Board, Calcutta	2500.00	1100.00
<b>Surface Transport</b>			
134.	Seamen's Provident Fund Organisation, Mumbai	Nil	Nil
135.	Mormugao Port Trust	Nil	Nil
136.	Jawaharlal Nehru Port Trust, Mumbai	Nil	1000.00
137.	Mumbai Port Trust	745.00	Nil
138.	Bombay Dock Labour Board, Mumbai	Nil	Nil
139.	Cochin Port Trust, Kochi	60.00	Nil
140.	Cochin Dock Labour Board, Kochi	Nil	Nil
141.	New Mangalore Port Trust Penambur, Mangalore	Nil	Nil
142.	Madras Port Trust, Madras	Nil	367.00
143.	Madras Dock Labour Board, Madras	Nil	Nil
144.	Tuticorin Port Trust, Tuticorin	Nil	300.00
145.	Calcutta Port Trust, Calcutta	Nil	Nil
146.	Calcutta Dock Labour Board, Calcutta	Nil	Nil
147.	Visakhapatnam Port Trust, Visakhapatnam	Nil	Nil
148.	Visakhapatnam Dock Labour Board, Visakhapatnam	Nil	Nil
149.	Kandla Port Trust, Kandla	Nil	Nil
150.	Kandla Dock Labour Board, Kandla	Nil	Nil
151.	Mormugao Dock Labour Board	Nil	Nil
152.	Paradip Port Trust	Nil	Nil
<b>Textiles</b>			
153.	Jute Manufactures Development Council , Calcutta	2660.00	Nil
154.	Central Silk Board, Bangalore	8521.00	25.00
155.	Textiles Committee, Mumbai	1200.00	Nil
156.	National Institute of Fashion Technology, New Delhi	641.00	Nil
<b>Water Resources</b>			
157.	Brahmaputra Board, Guwahati	926.00	Nil
158.	Betwa River Board, Jhansi	Nil	Nil

Contd.⇒

SI No	Ministry/Name of Body	Grant	Loan
159.	Narmada Control Authority, Indore	Nil	Nil
160.	National Water Development Agency, New Delhi	613.36	Nil
<b>Urban Affairs and Employment</b>			
161.	Delhi Development Authority , New Delhi	Nil	Nil
162.	National Capital Region Planning Board, New Delhi	4065.00	Nil
163.	Delhi Urban Arts Commission, New Delhi	13.86	Nil
164.	Rajghat Samadhi Committee, New Delhi	68.46	Nil
<b>Civil Supplies, Consumer Affairs &amp; Public Distribution</b>			
165.	Bureau of Indian Standards, New Delhi	260.00	Nil
<b>Defence</b>			
166.	Nehru Institute of Mountaineering, Uttarkashi	54.87	Nil
167.	Himalayan Mountaineering Institute, Darjeeling	76.39	Nil
168.	Jawahar Institute of Mountaineering & Winter Sports, Batote	15.50	Nil
<b>Power</b>			
169.	National Power Training Institute, Faridabad	982.52	Nil
<b>Railway</b>			
170.	Centre for Railways Information Systems, New Delhi	Nil	Nil
<b>Welfare</b>			
171.	Ali Yavar Jung National Institute for Hearing Handicapped , Mumbai	302.00	Nil
172.	Central Waqf Council, New Delhi	129.34	Nil
173.	Rehabilitation Council of India, New Delhi	33.00	Nil
174.	Institute for the Physically Handicapped, New Delhi	222.00	Nil
175.	National Institute of Rehabilitation Training & Research, Olatpur, Cuttack	389.00	Nil
176.	National Institute of Visually Handicapped, Dehradun	474.00	Nil
177.	National Institute for the Orthopaedically Handicapped, Calcutta	199.50	Nil
178.	National Institute of		
	(a) Mentally Handicapped, Hyderabad	431.13	Nil
	(b) Adult Deaf, Hyderabad	27.05	Nil
179.	National Institute of Mental Health & Neuro Science, Bangalore	1173.00	Nil

Contd. ⇨

SI No	Ministry/Name of Body	Grant	Loan
	<b>Law, Justice and Company Affairs</b>		
180.	National Judicial Academy, New Delhi	800.00	Nil
	<b>Labour</b>		
181.	V.V. Giri National Labour Institute, Noida	126.70	Nil
182.	Central Board for Workers Education, Nagpur	822.70	Nil
183.	Employees Provident Fund Organisation, New Delhi	Nil	Nil
184.	Employees State Insurance Corporation, New Delhi	Nil	Nil
	<b>External Affairs</b>		
185.	Indian Council for Cultural Relations, New Delhi	2515.00	Nil
	<b>Mines</b>		
186.	Coal Mines Provident Fund Organisation, Dhanbad	2386.90	Nil
	<b>Total</b>	<b>252550.82</b>	<b>39828.00</b>



## APPENDIX IV

(Refers to paragraph 1 (ii))

### Details of grants received during 1995-96 by Central Universities

(Rs in lakhs)

Sl No	Name of University	Grant
1.	University of Hyderabad, Hyderabad	1827.44
2.	Assam University, Silchar	669.08
3.	Tezpur University, Tezpur	379.52
4.	North-Eastern Hill University, Shillong	1967.98
5.	Nagaland University, Kohima	677.00
6.	Jamia Milia Islamia, New Delhi	1850.83
7.	Indira Gandhi National Open University, New Delhi	8583.00
8.	Jawaharlal Nehru University, New Delhi	2410.24
9.	Banaras Hindu University, Varanasi	11979.58
10.	Aligarh Muslim University, Aligarh	7659.15
11.	Visva-Bharati, Shantiniketan	2145.35
12.	Pondicherry University, Pondicherry	73.85
	<b>Total</b>	<b>40223.02</b>

**APPENDIX V**

(Refers to paragraph 1 (ii))

**Details of Bodies whose accounts/information not received as of 31 December 1996 - audited under Section 19 and 20 of CAG's (DPC) Act, 1971**

<b>Sl No</b>	<b>Ministry/Name of Body</b>
	<b>Human Resource Development</b>
1.	University Grants Commission, New Delhi
2.	Delhi University and Maintained Institutions, Delhi
3.	Central Agricultural University, Imphal
	<b>Commerce</b>
4.	Coffee Board (Pool Fund Account), Bangalore
	<b>Welfare</b>
5.	National Commission for Backward Classes, New Delhi
6.	National Commission for Minorities, New Delhi
	<b>Home Affairs</b>
7.	National Human Rights Commission, New Delhi
	<b>Surface Transport</b>
8.	DTC Employees Provident Fund Account, New Delhi
	<b>Human Resource Development</b>
9.	National Institute of Adult Education, New Delhi
10.	Sports Authority of India, New Delhi
11.	Nehru Yuva Kendra Sangathan, New Delhi
12.	Sant Longowal Institute of Engineering & Technology
13.	Regional Engineering College, Srinagar
	<b>External Affairs</b>
14.	Indian Society of International Law, New Delhi

**APPENDIX VI**  
(Refers to paragraph 1(iii))

**Details of Grants received during 1995-96 by Central Autonomous Bodies audited under Section 14(1) & 14(2) of CAG's (DPC) Act, 1971**

*(Rs in lakhs)*

Sl No	Ministry/Name of Body	Grant
	<b>Agriculture</b>	
1.	National Council for Co-operative Training, New Delhi	445.60
	<b>Commerce</b>	
2.	Engineering Export Promotion Council, Calcutta	229.00
3.	Chemical and Allied Products Promotion Council, Calcutta	21.00
4.	Regional Office Engineering Export Promotion Council, New Delhi*	
5.	Territorial Division Engineering Export Promotion Council, New Delhi*	229.00*
6.	Indian Institute of Foreign Trade, New Delhi	310.00
	<b>External Affairs</b>	
7.	Research & Information System for Non-aligned and other developing countries, New Delhi	73.00
	<b>Finance</b>	
8.	Indian Council for Research on Internal Economic Relations, New Delhi	28.44
9.	Indian Investment Centre, New Delhi	90.00
10.	Indian Institute of Public Finance & Policy, New Delhi	63.00
	<b>Human Resource Development</b>	
11.	Association of Indian Universities, New Delhi	52.28
12.	Bharat Scouts and Guides, New Delhi	75.59
13.	Bharat Gyan Vigyan Samiti, New Delhi	127.99
14.	Central Technical Committee, New Delhi	100.00
15.	Association for Social Health in India, New Delhi	52.98
16.	All India Women Conference, New Delhi	188.33
17.	Indian Council of Education, New Delhi	10.32

Contd.⇒

Sl No	Ministry/Name of Body	Grant
18.	Indian Council for Child Welfare, New Delhi	357.43
19.	North Zone Cultural Centre, Patiala	70.61
20.	North Zone Cultural Centre, Allahabad	20.14
21.	Victoria Memorial Hall, Calcutta	195.00
22.	Maulana Abdul Kalam Azad Institute for Asian Studies, Calcutta	25.00
23.	Rama Krishna Mission Institute of Culture, Calcutta	101.00
24.	Centre for studies in Social Sciences, Calcutta	43.50
25.	Kasturba Health Society, Sevagram (Maharashtra)	567.05
26.	Lala Ram Sarup Institute of T.B. and Allied diseases, New Delhi	455.00
27.	Indian Statistical Institute, Calcutta	1955.73
<b>Industry</b>		
28.	Automotive Research Association of India, Pune	139.00
29.	Indian Plywood Research and Training Institute, Bangalore	120.00
30.	Central Institute of Plastic Engineering and Technology, Mysore	490.00
31.	Fluid Control Research Institute, Palakkad	138.68
32.	Central Institute of Plastic Engineering and Technology, Lucknow	27.35
33.	Central Pulp and Paper Research Institute, Saharanpur	228.63
34.	Central Tool Room and Training Centre, Calcutta	339.30
35.	National Productivity Council, New Delhi	345.00
<b>Information and Broadcasting</b>		
36.	Film and Television Institute of India, Pune	958.00
<b>Power</b>		
37.	Energy Management Centre, New Delhi	372.00
38.	Mehta Research Institute of Mathematical Physics, Allahabad	330.00
<b>Rural Areas and Employment</b>		
39.	District Rural Development Agency, Trichy	2456.37
40.	District Rural Development Agency, Pudukkottai	194.40
41.	District Rural Development Agency, Ramnad Erode	299.10

Contd.⇒

Sl No	Ministry/Name of Body	Grant
	<b>Tourism and Civil Aviation</b>	
42.	Institute of Hotel Management and Catering Technology, Kerala	202.02
43.	Indian Institute of Hotel Management, Dadar, Mumbai	61.47
44.	Institute of Catering Technology, Hotel Management & Applied Nutrition, Calcutta	70.29
	<b>Textiles</b>	
45.	Indian Jute Research Association, Calcutta	278.97
	<b>Water Resources</b>	
46.	North Eastern Regional Institute of Water & Land Management, Tezpur	19.00
47.	National Institute of Hydrology, Roorkee	392.00
	<b>Welfare</b>	
48.	Mansik Vikas Kendram, Hyderabad	48.41
49.	Central Social Welfare Board, New Delhi	6550.00
50.	West Bengal Scheduled Castes/Tribes and Minority Welfare Association, Calcutta	56.57
	<b>Total</b>	<b>20003.55</b>

**APPENDIX VII**  
(Refers to paragraph 1(iii))

**Details of Bodies whose accounts/information not received, audited under  
Section 14(1) & 14(2) of CAG's (DPC) Act, 1971**

SI No	Ministry/Name of Body
	<b>Agriculture</b>
1.	National Institute of Agricultural Marketing, Jaipur
	<b>Finance</b>
2.	Indian People's Natural Calamities Trust, New Delhi
3.	Institute for Studies in Industrial Development, New Delhi
	<b>Food &amp; Civil Supplies</b>
4.	Paddy Processing Research Centre, Thanjavur
	<b>Human Resource Development</b>
5.	Kaivalya Dham S.M.Y.M. Samiti Lonavala, District Thane
6.	Indian Institute of Education, Pune
7.	North East Zonal Cultural Centre, Kohima
8.	Indian Society for Technical Education, New Delhi
9.	Indian National Trust for Arts and Cultural Heritage, New Delhi
10.	Indira Gandhi National Centre for Arts, New Delhi
11.	Youth Hostel Association of India, New Delhi
12.	Aurbindo Education Society, New Delhi
13.	Indian Olympic Association, New Delhi
14.	Bharatiya Adimjati Sevak Sangh, New Delhi
15.	Harijan Sevak Sangh, Delhi
16.	West Zone Cultural Centre, Udaipur
17.	South Zone Cultural Centre, Thanjavur

Contd.⇒

Sl No	Ministry/Name of Body
	<b>Information and Broadcasting</b>
18.	Indian Institute of Mass Communication, New Delhi
19.	National Centre of Film for Children and Young People, New Delhi
	<b>Industry</b>
20.	Central Machine Tools Institute, Bangalore
21.	Central Institute of Plastic Engineering & Technology, Madras
	<b>Personnel, Public Grievances and Pension</b>
22.	Indian Institute of Public Administration, New Delhi
23.	Grih Kalyan Kendra, New Delhi
24.	Central Civil Services Cultural & Sports Board, New Delhi
	<b>Health and Family Welfare</b>
25.	Parivar Seva Sanstha, New Delhi
26.	Gandhi Gram Institute of Rural Health and Family Welfare, Gandhigram (T.N.)
	<b>Planning and Statistics</b>
27.	Institute of Applied Manpower Research, New Delhi
28.	Institute of Economic Growth, New Delhi
	<b>Power</b>
29.	Central Power Research Institute, Bangalore
	<b>Surface Transport</b>
30.	National Institute of Training for Highways Engineers, New Delhi
	<b>Rural Areas and Employment</b>
31.	District Rural Development Agency, Thiruvananthapuram
32.	District Rural Development Agency, Kollam
33.	District Rural Development Agency, Kottayam
34.	District Rural Development Agency, Pathanamthitta
35.	District Rural Development Agency, Idukki

Contd. ⇒

Sl No	Ministry/Name of Body
36.	District Rural Development Agency, Alappuzha
37.	District Rural Development Agency, Ernakulam
38.	District Rural Development Agency, Thrissur
39.	District Rural Development Agency, Palakkad
40.	District Rural Development Agency, Kozhikode
41.	District Rural Development Agency, Wayanad
42.	District Rural Development Agency, Kannur
43.	District Rural Development Agency, Malappuram
44.	District Rural Development Agency, Kasargod
45.	District Rural Development Agency, Lakshadweep Kavarathi
46.	District Rural Development Agency, North Arcot
47.	District Rural Development Agency, South Arcot
48.	District Rural Development Agency, Thiruvannamalai
49.	District Rural Development Agency, Thevar
50.	District Rural Development Agency, Thanjavur
51.	District Rural Development Agency, Thirunelveli
52.	District Rural Development Agency, Kamarajar
53.	District Rural Development Agency, Madurai
54.	District Rural Development Agency, Dindigul
55.	District Rural Development Agency, Nagar Coil
56.	District Rural Development Agency, Kancheepuram
57.	District Rural Development Agency, Periyar
58.	District Rural Development Agency, Coimbatore
59.	District Rural Development Agency, Salem
60.	District Rural Development Agency, Nilgiris
61.	District Rural Development Agency, Villupuram

Contd. ⇒



Sl No	Ministry/Name of Body
62.	District Rural Development Agency, Chengai MGR
63.	District Rural Development Agency, Chidambaranar
	<b>Tourism</b>
64.	Institute of Hotel Management, Catering & Nutrition, New Delhi
65.	Aero Club of India, New Delhi
66.	Institute of Hotel Management, Catering Technology & Applied Nutrition, Orissa
67.	Institute of Hotel Management, Catering Technology & Applied Nutrition, Jaipur
68.	Institute of Hotel Management, Catering Technology & Applied Nutrition, Madras
	<b>Textiles</b>
69.	Wool Development Board, Jodhpur
70.	South India Textile Research Association, Tamil Nadu
	<b>Urban Affairs and Employment</b>
71.	National Institute of Urban Affairs, New Delhi
72.	Building Material Technology of Promotion Council, New Delhi

**APPENDIX VIII**

(Refers to paragraph 2)

**Outstanding Utilisation Certificates**

Ministry/Department	Period to which grants relate (Upto September 1994)	Utilisation Certificates Outstanding at the end of March 1996	
		Number	Amount (In lakhs of rupees)
Agriculture	1976-77	2	2.71
	1977-78	1	0.70
	1978-79	1	166.47
	1979-80	5	132.80
	1980-81	6	119.38
	1982-83	2	29.78
	1983-84	10	3.00
	1984-85	27	11.00
	1985-86	6	0.80
	1986-87	1	0.10
	1987-88	15	239.07
	1988-89	7	149.27
	1989-90	2	390.61
	1990-91	18	135.86
	1991-92	67	4555.46
	1992-93	31	224.08
	1993-94	100	6695.64
1994-95	148	7373.10	
	<b>449</b>	<b>20229.83</b>	
Andaman and Nicobar Administration	1980-81	3	1.33
	1981-82	3	0.07
	1982-83	20	9.38
	1983-84	19	21.09
	1984-85	37	70.03
	1985-86	32	56.35
	1986-87	39	62.73
	1987-88	42	179.50
	1988-89	18	136.76
	1989-90	19	22.42
	1990-91	11	187.65
	1991-92	8	93.10
	1992-93	13	166.54
	1993-94	13	120.57
1994-95	4	3.42	
	<b>281</b>	<b>1130.94</b>	
Commerce & Textiles (i) Commerce	1984-85	5	75.00
	1985-86	2	35.00
	1986-87	5	95.00
	1987-88	4	90.00
	1988-89	8	1216.00
	1989-90	10	45.26
	1990-91	13	2027.52
1991-92	14	1719.62	

Ministry/Department	Period to which grants relate (Upto September 1994)	Utilisation Certificates Outstanding at the end of March 1996	
		Number	Amount (In lakhs of rupees)
	1992-93	15	1664.24
	1993-94	13	1515.78
	1994-95	4	1597.26
		<b>93</b>	<b>10080.68</b>
(ii) Development Commissioner of Handicrafts, Delhi	1978-79	15	62.50
	1979-80	6	18.64
	1980-81	8	12.55
	1981-82	1	0.39
	1982-83	18	21.01
	1983-84	5	8.40
	1984-85	16	13.13
	1985-86	14	16.05
	1986-87	9	3.94
	1987-88	10	17.67
	1988-89	8	6.38
	1989-90	17	16.04
	1990-91	21	36.04
	1991-92	34	112.10
	1992-93	56	130.41
	1993-94	215	483.64
	1994-95	24	28.98
		<b>477</b>	<b>987.87</b>
Central Board of Direct Taxes	1988-89	1	0.02
	1991-92	2	0.28
	1992-93	2	0.31
	1993-94	10	1.38
	1994-95	10	1.19
			<b>25</b>
Civil Supplies, Consumers Affairs and Public Distribution	1981-82	2	1.40
	1983-84	8	7.39
	1984-85	2	2.90
	1985-86	2	1.37
	1987-88	1	5.00
	1988-89	1	4.34
	1989-90	3	13.90
	1990-91	3	134.12
	1991-92	3	53.00
	1992-93	6	2614.00
	1993-94	2	24.00
1994-95	1	60.00	
		<b>34</b>	<b>2921.42</b>
Chemicals and Fertilizers (i) Fertilizers	1991-92	1	300.00
	1994-95	2	200.00
		<b>3</b>	<b>500.00</b>
(ii) Chemicals and Petrochemicals	1991-92	15	658.00
	1992-93	20	960.00

Contd.

Ministry/Department	Period to which grants relate (Upto September 1994)	Utilisation Certificates Outstanding at the end of March 1996	
		Number	Amount (In lakhs of rupees)
	1993-94	19	2379.00
	1994-95	4	94.00
		<b>58</b>	<b>4091.00</b>
External Affairs	1987-88	1	1.00
	1988-89	1	1.00
	1989-90	3	260.00
	1991-92	10	28.00
	1993-94	5	2.00
	1994-95	3	3.00
			<b>23</b>
Finance (i) Economic Affairs*	1990-91	1	0.04
	1991-92	1	0.50
	1993-94	15	500.15
	1994-95	4	133.50
			<b>21</b>
(ii) Revenue	1994-95	1	8.50
		<b>1</b>	<b>8.50</b>
Food	1994-95	5	19.31
		<b>5</b>	<b>19.31</b>
Food Processing Industries	1988-89	2	0.60
	1990-91	3	11.99
	1991-92	21	292.88
	1992-93	58	749.63
	1993-94	106	975.88
	1994-95	29	196.33
		<b>219</b>	<b>2227.31</b>
Health and Family Welfare (i) Health	1976-77	84	33.82
	1977-78	6	1.82
	1978-79	37	15.68
	1979-80	53	34.08
	1980-81	21	14.68
	1981-82	59	212.34
	1982-83	39	120.38
	1983-84	78	322.23
	1984-85	61	339.99
	1985-86	62	327.11
	1986-87	67	665.52
	1987-88	78	1000.85
	1988-89	114	6242.31
	1989-90	119	2657.82
	1990-91	67	6357.97
	1991-92	115	3957.52
	1992-93	107	8088.50
	1993-94	157	8454.31
	1994-95	122	17001.05
			<b>1446</b>

Contd. ⇨

Ministry/Department	Period to which grants relate (Upto September 1994)	Utilisation Certificates Outstanding at the end of March 1996	
		Number	Amount (In lakhs of rupees)
(ii) Family Welfare	1976-77	6	3.96
	1980-81	2	2.31
	1981-82	8	34.61
	1982-83	22	31.73
	1983-84	3	4.57
	1984-85	23	54.53
	1985-86	7	25.74
	1986-87	22	148.93
	1987-88	48	193.09
	1988-89	34	136.27
	1989-90	38	119.44
	1990-91	128	397.81
	1991-92	89	249.45
	1992-93	72	373.32
	1993-94	170	1394.75
1994-95	180	1732.81	
		<b>852</b>	<b>4903.32</b>
Home Affairs PAO (Sectt)	1987-88	2	0.30
	1988-89	15	1.88
	1989-90	1	0.06
	1990-91	11	1.66
	1991-92	10	1.55
	1992-93	6	1.68
	1993-94	10	3.59
	1994-95	3	0.63
		<b>58</b>	<b>11.35</b>
Human Resource Development (i) Women and Child Development	1986-87	301	2213.62
	1987-88	400	3607.07
	1988-89	505	2879.55
	1989-90	582	4969.46
	1990-91	624	7933.65
	1991-92	680	7517.87
	1992-93	817	11496.83
	1993-94	1073	11042.71
	1994-95	368	6481.87
			<b>5350</b>
(ii) Youth Affairs and Sports	1987-88	20	10.00
	1988-89	109	79.00
	1989-90	184	78.00
	1990-91	195	105.00
	1991-92	144	119.00
	1992-93	503	1222.00
	1993-94	502	3080.00
	1994-95	238	1768.00
		<b>1895</b>	<b>6461.00</b>

Contd. ⇨

Ministry/Department	Period to which grants relate (Upto September 1994)	Utilisation Certificates Outstanding at the end of March 1996	
		Number	Amount (In lakhs of rupees)
(iii) Education	1977-78	78	142.00
	1978-79	232	368.00
	1979-80	219	153.00
	1980-81	79	161.00
	1981-82	88	201.00
	1982-83	141	282.00
	1983-84	148	339.00
	1984-85	283	644.00
	1985-86	569	2075.00
	1986-87	389	887.00
	1987-88	614	3884.00
	1988-89	782	4420.00
	1989-90	710	5008.00
	1990-91	288	1490.00
	1991-92	433	4627.00
	1992-93	815	18184.00
1993-94	1452	41816.00	
1994-95	318	11516.00	
	<b>7638</b>	<b>96197.00</b>	
(iv) Culture	1982-83	02	0.45
	1983-84	04	0.53
	1984-85	11	2.59
	1985-86	03	0.61
	1986-87	08	2.57
	1987-88	05	1.38
	1988-89	14	2.87
	1989-90	14	2.71
	1990-91	75	12.86
	1991-92	112	999.28
	1992-93	913	2706.74
1993-94	877	5964.77	
1994-95	638	3092.28	
	<b>2676</b>	<b>12789.64</b>	
Industry			
(i) Heavy Industry	1991-92	1	10.00
		<b>1</b>	<b>10.00</b>
(ii) Small Scale Industries and Agro and Rural Industries	1993-94	55	12900.79
	1994-95	16	581.27
		<b>71</b>	<b>13482.06</b>
(iii) Industrial Development & Industrial Policy & Promotion	1993-94	10	234.88
	1994-95	21	451.09
		<b>31</b>	<b>685.97</b>

Contd. ⇨

Ministry/Department	Period to which grants relate (Upto September 1994)	Utilisation Certificates Outstanding at the end of March 1996	
		Number	Amount (In lakhs of rupees)
Information and Broadcasting	1982-83	1	4.22
	1983-84	2	3.37
	1989-90	3	20.64
	1991-92	2	27.00
	1993-94	1	6.89
	1994-95	1	50.00
		<b>10</b>	<b>112.12</b>
Labour	1979-80	1	0.01
	1982-83	2	0.13
	1985-86	6	1.81
	1987-88	4	3.19
	1988-89	11	13.91
	1989-90	26	37.74
	1990-91	21	27.98
	1991-92	14	30.22
	1992-93	24	23.23
	1993-94	64	199.37
	1994-95	6	6.56
	<b>179</b>	<b>344.15</b>	
Mines	1992-93	1	1.00
		<b>1</b>	<b>1.00</b>
Personnel, Public Grievances and Pensions			
Central Administrative Tribunal, New Delhi	1993-94	2	0.20
		<b>2</b>	<b>0.20</b>
Planning and Statistics			
(i) Statistics	1993-94	4	7090.00
	1994-95	1	0.03
		<b>5</b>	<b>7090.03</b>
(ii) Planning Commission and National Informatics Centre	1990-91	24	45.23
	1991-92	22	23.51
	1992-93	33	147.02
	1993-94	22	113.71
	1994-95	61	1007.56
		<b>162</b>	<b>1337.03</b>
Power	1984-85	1	0.87
	1989-90	1	5.00
	1991-92	1	0.90
	1992-93	70	1014.88
	1993-94	79	1447.30
	1994-95	4	21.65
		<b>156</b>	<b>2490.60</b>

Contd. ⇨

Ministry/Department	Period to which grants relate (Upto September 1994)	Utilisation Certificates Outstanding at the end of March 1996	
		Number	Amount (In lakhs of rupees)
Rural Areas and Employment (Rural Employment and Poverty Alleviation)	1989-90	1	19.08
	1990-91	1	67.45
	1992-93	4	96.54
	1993-94	13	1233.37
	1994-95	35	3838.45
		<b>54</b>	<b>5254.89</b>
Surface Transport	1992-93	2	6.50
	1993-94	4	5.25
	1994-95	12	437.25
		<b>18</b>	<b>449.00</b>
Urban Affairs and Employment	1981-82	4	3.32
	1982-83	7	4.40
	1983-84	11	9.35
	1984-85	9	10.77
	1985-86	20	17.15
	1986-87	7	5.36
	1987-88	7	10.20
	1988-89	15	10.34
	1989-90	27	65.15
	1990-91	30	1246.79
	1991-92	12	3102.14
	1992-93	45	553.03
	1993-94	114	6247.96
	1994-95	45	2527.09
	<b>353</b>	<b>13813.05</b>	
Water Resources	1985-86	1	1.27
	1986-87	10	16.02
	1987-88	15	57.78
	1988-89	5	19.21
	1989-90	12	26.46
	1990-91	5	31.48
	1991-92	9	48.55
	1992-93	4	24.78
	1993-94	4	538.90
	1994-95	3	22.00
		<b>68</b>	<b>786.45</b>

\*Does not include utilisation certificate in respect of Banking Division PAO, Emergency Risk Insurance Scheme and Banking.



**APPENDIX IX**  
(Refers to paragraph 56)

**Outstanding Action Taken Notes as on 31-12-1996**

SI No	Name of the Ministry/Department	Year of Report	Number of Paragraphs on which Action Taken Notes	
			Due	Awaited
1.	Agriculture			
	Department of Agriculture and Cooperation	1994-95	2	2
2.	Commerce			
	Department of Commerce	1994-95	3	3
3.	External Affairs	1994-95	1	1
4.	Health and Family Welfare			
	Department of Health	1994-95	3	3
5.	Human Resource Development			
(i)	Department of Culture	1993-94	2	1
		1994-95	1	1
(ii)	Department of Education	1991-92	10	1
		1992-93	14	1
		1993-94	14	2
		1994-95	12	10
(iii)	Department of Youth Affairs and Sports	1992-93	1	1
6.	Industry	1994-95	1	1
7.	Surface Transport	1993-94	26	7
		1994-95	20	17
8.	Textiles	1994-95	2	2
9.	Urban Affairs and Employment			
	Department of Urban Affairs	1988-89	8	5
		1989-90	6	6
		1990-91	10	9
		1991-92	10	9
		1992-93	13	12
		1993-94	6	5
		1994-95	11	10
10.	Water Resources	1994-95	1	1
11.	Welfare	1994-95	1	1
			<b>178</b>	<b>111</b>

