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REPORT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

FOR THE YEAR ENDED 31 MARCH 1995

NO.2 OF 1996

UNION GOVERNMENT (CIVIL)

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PREFACE

This Report for the year ended 31 March 1995 has been prepared for submission to the President under Article 151 of the Constitution.

2. The audit observations on Union Finance Accounts and Union Appropriation Accounts for the financial year 1994-95 together with results of audit on financial transactions of some Ministries have been included in C&AG's Report No 1 of 1996. The present Report includes matters arising from the test audit of the financial transactions and accounts of some other Union Ministries and of Union Territories. It also incorporates the results of test check of records in a few selected districts, blocks and urban local bodies and other implementing agencies of Centrally funded or sponsored Schemes and Programmes, conducted by the Accountants General of the States and Union Territories.

3. This volume includes following audit reviews ;

a)	Vocationalisation of Secondary Education	-	Ministry of Human Resource Development
b)	Border Security Force	-	Ministry of Home Affairs
c)	National Highways in Tamil Nadu	-	Ministry of Surface Transport

4. The matters mentioned in this Report are among those which came to notice in the course of audit during 1994-95. For the sake of completeness, transactions relating to earlier years have been included as also developments subsequent to 1994-95, wherever relevant and available.

OVERVIEW

This volume of the Audit Report for the year ended 31 March 1995 contains 55 paragraphs including 3 reviews. The major findings are summarised below :

Ministry of Human Resource Development
Department of Education

I Vocationalisation of Secondary Education

The scheme of Vocationalisation of Secondary Education was launched in February 1988 as a follow up of the National Policy of Education 1986, with the main objectives to divert a sizeable group of students to the vocational stream, relevant to productivity and prepare them for gainful employment for providing an alternative to higher education and reducing the mismatch between demand and supply of skilled manpower. Against the originally envisaged target of diversion of 10 *per cent* by 1990, only 2.21 *per cent* could be achieved. The targets had therefore to be revised to 10 *per cent* by 1995 and 25 *per cent* by 2000 A.D. Utilisation of allotments of funds during 1990-95 was not satisfactory. 3 States and one UT did not utilise the entire amount of central assistance. The remaining 22 States and 3 UTs could utilise only Rs.289 crore out of Rs 486.51 crore released to them during the period 1987-95. Total amount of Rs 1089.63 lakh was kept outside the Government account/ under Civil Deposit.

While capacity to divert 10 *per cent* of +2 students to vocational stream was achieved by 1995, the number of successful students getting employment was either not available or was very poor.

State Council of Vocational Education (SCVE) required to be set up in the States/UTs to provide overall guidance for implementation of the scheme have not been set up in 50 *per cent* of the States. Fourteen States did not fill up any of the sanctioned posts in the vocational wing of their Directorates of Education. 221 posts out of 407 sanctioned by the Ministry for 26 States/ UTs remained vacant. Besides, 298 posts against 388 sanctioned for vocational wings of SCERT and 1409 against 2118 for District vocational wings were lying vacant.

There was a shortfall of 55 *per cent* in conducting the vocational surveys, required to be conducted to identify the areas of vocational education. Rs 27 lakh out of Rs 58 lakh released for vocational surveys could not be utilised by 15 States. Seven States and two UTs did not conduct any vocational survey.

Against the sanction for 18055 worksheds for vocational sections, the States could construct only 9583 worksheds by utilising Rs 8502 lakh. Rs 5130 lakh released for construction of workshed remained unutilised. 3540 vocational sections (26.10 *per cent*) were running without equipment necessary to run the courses.

There was an overall shortfall of 40 *per cent* in appointment of regular teachers. Similarly 20 *per cent* of the sanctioned posts of part-time teachers also could not be filled. Out of Rs. 20465 lakh released by the Ministry to States/UTs towards salary component Rs. 8051 lakh remained unutilised.

The Management Information System (MIS) introduced in October 1991 was not made operational. Comprehensive monitoring/ evaluation of the scheme has not been done so far.

(Paragraph 1.1)

Ministry of Home Affairs

II Border Security Force

During the years 1989-95 force deployment on its main duty of border policing was between 52 and 67 *per cent* only, while their deployment on internal security and anti-insurgency duties increased from 13 *per cent* in 1990 to 31 *per cent* in 1995 peaking at 42 *per cent* in 1992. The Ministry revised the rate of recovery from State Governments for deployment of BSF for internal security/ anti insurgency duties after long intervals, resulting in short recovery during the intervening period. There is a need for streamlining the procedure for procurement and stocking in view of some stores including arms and ammunition held in excess of authorisation.

Transport management in BSF suggested favour to headquarters and training units at the expense of operational units since large number of vehicles were held in

excess of authorisation by these offices by withdrawing them from operational requirement.

Utilisation of aircraft in terms of flying hours by the BSF and other CPOs was only around 36 *per cent*, while 60 *per cent* utilisation was on account of Ministry of Home Affairs commitments and use of the Ministers of Home Affairs. Land as per the norms is not available to most of the BSF battallions/ units. Land was not available in 53 cases and in 73 cases, the land was deficient. In large number of cases deficiency was more than 50 *per cent*. Besides, construction management in BSF needs significant revamping.

(Paragraph 2.1)

III Defective and delayed supply of weapons

Army Base Ordnance Depot supplied 150 Self Loading Rifles (SLRs) to CRPF in January 1994 without magazines. Consequently these could not be put to use as of October 1995. In another case CRPF had to reject the offer by Central Ordnance Depot Jabalpur to supply 4000 SLRs which were 17 to 20 years old and were without proof mark and emblem. The matter regarding refund of Rs.6.43 crore representing cost of 4000 SLR sought by the Ministry of Home Affairs from Ministry of Defence has not been resolved as of October 1995.

(Paragaraph 2.2)

IV Premature withdrawal of fund

In 1991-92, the North Eastern Council (NEC) decided to establish a Joint Stock Company named Meghalaya Poultry Private Limited under the Scheme for self sufficiency in animal origin food in the North East Region at Rs 348.96 lakh. Though the company had not been established/ registered, the NEC withdrew its share of Rs 84.03 lakh from the Government account in March 1994 and kept it in a current account/fixed deposit in Bank..

(Paragraph 2.3)

V Wasteful expenditure

Inability of the North Eastern Council to obtain environmental clearance and delay in transfer of land for the project by the Assam Government leading to

cancellation of the project resulted in wasteful expenditure of Rs 16.28 lakh on detailed engineering and system design, publicity/advertising and printing etc

(Paragraph 2.5)

Ministry of Information and Broadcasting

Results of test check of document in the office of Director General Doordarshan and field units in the following five cases revealed a general tendency of rush for procurement of equipment without coordination with construction of the buildings where the equipment are to be installed. This resulted in premature procurement leading to blocking of funds. Besides, delays in completion of civil works resulted in non-fulfilment of the objectives.

VI Premature procurement of equipment and delay in construction

Doordarshan procured equipment worth Rs 965.30 lakh prematurely during April 1990 to March 1994 for installation in additional studio for Doordarshan Bombay. Since the studio building was not completed, equipment valued at Rs 585.44 lakh had to be diverted as loan to other Kendras, while those worth Rs 379.86 lakh remained unutilised. The warranty period of one year for equipment is already over. Thus, inability of Doordarshan to construct the building more than six years after the initial award of work, resulted in non-fulfilment of the objective of providing the additional studio facility besides accumulation of idle equipment.

(Paragraph 3.1)

VII Non-commissioning of HP transmitter at Jaisalmer

Under the scheme of television coverage of border areas, Ministry issued sanctions in February 1987 and March 1989 for setting up of a high power transmitter including construction of a 300 metre high TV Tower at Ramgarh, Jaisalmer. Though installation of transmitter and construction of tower was completed by May 1993 at a cost of Rs 726.59 lakh, it has not been commissioned as of October 1995, since the Ministry has not sanctioned the staff required to run the transmitter station. It not only led to idle investment of over Rs.726 lakh, but the objective of setting up facilities for broadcast to cater to sensitive border areas itself was not fulfilled.

(Paragraph 3.2)

VIII Premature procurement of equipment Rs 483.97 lakh

Director General, Doordarshan placed orders for equipment worth Rs 483.97 lakh during 1988-89 for a television studio at Allahabad prematurely, which were received between January 1991 and June 1995. Construction of the studio building was yet to be taken up. Full payment for equipment was made to the suppliers without testing and trial. The procurement of equipment far in advance of acquisition of land and construction of building was indicative of lack of co-ordination in the department.

(Paragraph 3.3)

IX Idling of equipment valuing Rs 391.26 lakh due to delay in award of civil work

Director General, Doordarshan procured equipment worth Rs 343.72 lakh in December 1992 for setting up of a TV transmitter at Fazilka. In addition, central purchase store of Doordarshan also purchased spares valuing Rs 47.54 lakh for this work. Administrative approval/expenditure sanction for construction of building where these equipment were to be installed was, however, conveyed in March 1993 and the civil work was awarded only in May 1995. The work had not been completed as of November 1995. The work regarding erection of TV Tower awarded in September 1994 was also scheduled to be completed by December 1996. Thus, mismatch of procurement of equipment with the completion of the civil work led to equipment and spares worth Rs. 391.26 lakh lying idle for more than two and a half years.

(Paragraph 3.4)

X Delay in provision of television facility around Rajamundry

In March 1991, Director General, Doordarshan, approved an expenditure of Rs 228.75 lakh for providing television coverage around Rajamundry in Andhra Pradesh. Due to delay in land acquisition for setting up television facility and issue of expenditure sanction for construction of building, the construction work could not be started till November 1995. Meanwhile, equipment worth Rs 146.70 lakh was procured between September 1992 and March 1994 and full payment was made to the

suppliers. The mismatch in procurement of the television transmitter and construction of the building resulted in the equipment procured at a cost of Rs 146.70 lakh lying idle. The guarantee period of the equipment expired in March 1995 even before it could be installed and commissioned.

(Paragraph 3.9)

XI Lower categorisation leading to loss of Rs 352.30 lakh

Doordarshan charges sponsorship fee and allows free commercial time (FCT) in accordance with the categorisation of a particular programme. With higher categorisation, while the sponsorship fee increases, lesser free commercial time is made available to the sponsor.

After categorising the programme 'The World This Week' as 'A-Special' in April 1990, Doordarshan continued to charge sponsorship fee at the lower 'A' category rate at the request of the sponsor, while at the same time it booked spots at rates applicable to 'A-special'.

By keeping the programme under lower category for telecast fee and FCT, Doordarshan not only charged lower rate of telecast fee but allowed 30 seconds extra commercial time in each episode of 30 minutes. Till December 1993, 144 episodes were telecast and Doordarshan had suffered a loss of Rs 127.20 lakh on account of sponsorship fee and Rs 225.10 lakh on account of extra FCT allowed per episode aggregating a total loss of Rs 352.30 lakh.

(Paragraph 3.5)

XII Loss due to injudicious contract

The mega serial Chandrakanta,' categorised as `A-Special', completed 52 episodes in March 1995 and was given extension in April 1995. While granting extension, Doordarshan agreed to provide 230 seconds of additional commercial time over and above 240 seconds of free commercial time (FCT) to the sponsor during the one hour slot of the programme in lieu of payment of a minimum guaranteed amount of Rs 17 lakh per episode including sponsorship fee of Rs 5.20 lakh. The spot booking

rate applicable to A-Special' category programme in the Doordarshan's rate card of February 1995 is Rs 85,000 for every 10 seconds. At this rate the total amount including the sponsorship fee due to Doordarshan works out to Rs 24.75 lakh per episode. However, Doordarshan agreed to accept only 17 lakh, entailing a loss of Rs 7.75 lakh per episode. Injudicious fixation of the amount at Rs 17 lakh per episode resulted in a loss of Rs 232.50 lakh upto October 1995.

(Paragraph 3.6)

XIII Wrong purchase of 3/4 " U-matic Video Cassettes (KCA-20) valuing Rs.1.80 crore

The Central Purchase Stores of Doorsdarshan placed indent in November 1990 with the Director General of Supplies and Disposals (DGS&D), New Delhi for procement of 3/4" video cassettes of 20 minutes and 60 minutes duration respectively without specifying the type of cassettes, which should have been KCS 20 and KCA 60 respectively. DGS&D placed order for supply of 19,500 and 10,500 number of 3/4" U-matic video cassettes KCA 20 and KCA 60 respectively. The Central Purchase Store failed to verify the description of cassettes even when it received copy of 'Acceptance of Tender' from DGS&D. Therefore, 19,500 number of video cassettes KCA-20 were procured instead of the required KCS 20. The cassettes could not be used by the field offices rendering almost entire expenditure of Rs.1.80 crore questionable.

(Paragraph 3.7)

XIV Infructuous expenditure on TV decoders

For introduction of teletext service in Delhi from mid November 1985, Ministry decided to import 15000 decoders from a French firm and asked the Electronics Trade and Technology Development Corporation Limited (ET&T) in October 1985 to import them. Of the 10252 decoders imported by the ET&T during October-November 1985, only 314 could be used. Remaining 9938 could not be used/ disposed of for nine years due to technical reasons and were termed as junk by a technical committee in August 1993. Thus, Doordarshan incurred an expenditure of Rs 213.95 lakh for the decoders which were of no use.

(Paragraph 3.8)

XV Injudicious expenditure

Central Purchase and Store Office of Doordarshan procured 14 items of spares injudiciously at a cost of Rs 55.06 lakh during 1991-95, while it already had sufficient stock of these items. The closing balance of each of those items at the end of January 1995 was more than the number of items purchased indicating that none of the items were issued. In case of five items procured at a cost of Rs 29.17 lakh, not a single unit was issued either against the existing balance before procurement as well as out of fresh procurements.

(Paragraph 3.10)

XVI Non-utilisation of Engineering News Gathering Van worth Rs 29.91 lakh

An Engineering News Gathering Van fitted with expensive equipment procured at a cost of Rs 29.91 lakh in February 1991 had not been put to any use for over four years as the construction of the building for Programme Generation Facility (PGF) Chandigarh, where the van was proposed to be used had not been taken up upto October 1995.

(Paragraph 3.13)

XVII Suspected misappropriation of Government funds

In two offices i.e. Superintending Engineer, CCW, All India Radio, Circle No.2, New Delhi and Director General, Doordarshan, an amount of Rs 1,40,345 was allegedly misappropriated due to non-observance of the prescribed financial rules and procedures.

(Paragraph 3.15)

Ministry of Surface Transport

XVIII National Highways in Tamil Nadu

Thirty nine Highways in the country were declared as "National Highways" (NH) under the National Highways Act, 1956. The development and maintenance

works relating to NH, situated in Tamil Nadu are executed by the Ministry of Surface Transport through the State Public Works Department.

Ninety *per cent* of the test-checked tender calls were responded to by only one or two tenderers. Poor participation by the registered contractors due to restricted sale of tender forms and failure to delete non-participating contractors from the Register of Contractors periodically vitiated the tendering system.

Avoidable delay in finalisation of tenders and rejection of tenders injudiciously resulted in extra financial commitment of over Rs.350 lakh. The department failed to award additional works contingent to the main work to the main contractor resulting in an extra financial commitment of Rs 44 lakh.

Payment of Rs 760.17 lakh was made for the use of foreign inputs, without verifying the actual usage in accordance with the agreement conditions.

Stores costing Rs 457.66 lakh were purchased without any assessment of requirement. Of this, stores worth Rs 440.60 lakh were kept unutilised.

Irregular entrustment of lease for Toll collection resulted in loss of revenue of Rs 89.85 lakh.

(Paragraph 5.1)

XIX Excess payment due to sanction of higher rates

A contractor for the work for strengthening and widening of the existing National Highway No.12 in Madhya Pradesh was paid extra amount of Rs 27.20 lakh due to incorrect fixation of alignment, faulty estimation of excavatable quantities, unauthorised exclusion of clause 13 of the standard form of the agreement, provision of unjustifiably higher lead and determination of extra items rates in an incorrect manner.

(Paragraph 5.2)

Ministry of Textiles

XX Defunct carpet weaving training centres

The Ministry directed all Regional Directors (Handicrafts) that the carpet weaving training centres opened under the Departmental Training Scheme may be shifted to other locations after completion of 5 consecutive training sessions or even earlier and that selection of alternative location should be finalised at least 4 months in advance to avoid loss of manpower. In Uttar Pradesh, nine carpet weaving training centres were closed between April 1992 and May 1994 due to non-availability of trainees which were shifted to alternative locations after a gap of 10 to 35 months. Delay in shifting the training centres resulted in wasteful expenditure of Rs 21.37 lakh on pay and allowances till June 1995.

(Paragraph 6.1)

Ministry of Urban Affairs and Employment

XXI Unfruitful expenditure

The CPWD completed construction of 600 units of type II general pool Government accommodation in five blocks of 16 storeys each at Tollygunje, Calcutta in March 1992. Of the 10 passenger lifts procured during 1979-84 for these blocks, two were installed in another block of type III quarters. CPWD failed to install lifts valued at Rs 22.50 lakh in type II blocks even after completion of the construction in March 1992. Due to storage of over 9 years remaining eight lifts were damaged and became unfit for further use. As a result, 440 residential units above fourth floor could not be allotted to the waitlisted employees. It has resulted in loss of licence fees of Rs 7.13 lakh and avoidable payment of House Rent Allowance of Rs 39.60 lakh to 440 employees for the period from April 1992 to March 1995.

(Paragraph 7.2)

XXII Delay in construction of residential quarters at New Bombay

Hinderances attributed to the department on account of non availability of architectural/ constructional drawings and non supply of cement and steel as per schedule resulted in delay of more than 3 years and 9 months in completion of Government residential accommodation and payment of escalation charges of Rs 25.31 lakh. Besides, inconvenience to Government employees, loss of Rs 39.40 lakh on account of House Rent Allowance paid to employees and licence fees could have been avoided.

(Paragraph 7.3)

XXIII Heavy accumulation of stock

The Government of India Press, Aligarh held a stock of 6335 reams of flat paper valued at Rs 32.41 lakh at the end of 1991-92. It further procured 2329 reams valuing Rs 9.27 lakh during 1992-93 and 1993-94. However, its total consumption during three years from 1992-93 to 1994-95 was only 948 reams. At this rate of consumption the stock of 7716 reams was sufficient to meet its requirement for more than 24 years.

(Paragraph 7.4)

XXIV Additional expenditure due to non-fulfilment of contractual obligations

Delay in supply of structural drawings, steel, cement and miscellaneous items for construction of Customs House near Indira Gandhi International Airport by the Central Public Works Department (CPWD) resulted in payment of escalation charges of Rs. 28.96 lakh to the contractor.

(Paragraph 7.5)

XXV Avoidable expenditure of Rs 27.76 lakh

Failure of the Central Public Works Department in discharging contractual obligations viz, timely approval of structural drawings, completion of electric works for construction of Resident Doctor's Hostel of AIIMS at New Delhi resulted in an avoidable extra expenditue of Rs 27.76 lakh.

(Paragraph 7.6)

XXVI Improper payment of Holding tax

In contravention of Article 285 of the Constitution of India, Central Public Works Department paid Rs 15.62 lakh as Holding tax for Central Government properties at Salt Lake, Calcutta.

(Paragraph 7.8)

XXVII Non-occupation of an office building

Construction of a Central Government office complex at Poonkulam near Thiruvananthapuram to accommodate Central Government offices located in hired buildings was completed in July 1993 at a cost of Rs 153 lakh. As of July 1995, only nine offices out of 13 had shifted to their allotted premises in the CGO complex. Of these, seven offices had shifted from their rented buildings after a delay of 4 to 20 months, which resulted in an avoidable expenditure of Rs 15.54 lakh on rent paid by them. Four offices were still continuing in the rented buildings.

(Paragraph 7.9)

XXVIII Acceptance of sub-standard work

Lack of supervision during execution and ineffective follow up action on the part of Central Public Works Department resulted in execution and acceptance of sub standard work valued at Rs 10.69 lakh.

(Paragraph 7.10)

Ministry of Water Resources

XXIX Unnecessary purchase of spares

The Farakka Barrage Project has four crawler tractors since October 1983. It had an inventory of spare parts for these tractors worth Rs 39.94 lakh in January 1989. The Project further procured spares costing Rs 13.62 lakh during February-May 1989. Spare parts worth Rs 1.62 lakh were only used upto March 1995. Thus, unnecessary procurement of spares without proper assessment of the requirement resulted in

accumulation of inventory worth Rs 51.94 lakh which was about five times the cost of the tractors held by the project.

(Paragraph 8.1)

Union Territories

Andaman and Nicobar Administration
Ministry of Home Affairs

XXX Absence of inventory control

Due to absence of inventory control system in Directorate of Shipping Services, Andaman and Nicobar Islands, 32 items of spares valuing Rs 89.14 lakh remained non-moving for periods ranging from four to thirteen years and 18 items of spares were slow moving resulting in overstocking of materials worth Rs 59.77 lakh.

(Paragraph 9.1)

XXXI Blocking of Funds

Premature procurement of pipes for providing piped water supply from a spring source `Rajah Nallah' in reserved forest area to Radhanagar and Shyamnagar villages in North Andaman prior to statutory environmental clearance resulted in avoidable blocking of Rs 67.02 lakh. The objective of piped water supply was also not achieved.

(Paragraph 9.2)

XXXII Wasteful expenditure

Due to unrealistic assessment of requirement, mechanised boats and fishing crafts worth Rs.38.28 lakh could not be distributed among beneficiaries rendering the expenditure wasteful.

(Paragraph 9.3)

XXXIII Unauthorised payment

Without verification of inspection notes and provisional receipt certificate from interim consignee as per the terms of contract, Andaman Lakshwadeep Harbour

Works paid Rs 15.98 lakh for crane components, which were not received. No responsibility was fixed for non-observance of procedure before payment.

(Paragraph 9.5)

XXXIV Overpayment of incentive wages

The Controller of Andaman Labour Force pays incentive wages in addition to the wages payable to a worker for the quantum of stevedoring work in excess of prescribed norms. Adoption of incorrect norms resulted in excess payment of incentive wages of Rs 17.91 lakh between April 1990 and March 1995.

(Paragraph 9.6)

Ministry of Information and Broadcasting

XXXV Delay in setting up of TV transmitter

With a view to relaying TV programme through INSAT-ID, Director General, Doordarshan approved establishment of a very low power TV transmitter at Great Nicobar Island and accordingly purchased two number of 10 Watts transmitters, accessories and one set of spares worth Rs 15.88 lakh in April 1993. Due to non-availability of building on hire as initially approved, construction of building was proposed on the land allotted by Government in October 1992. The construction work however has not yet started. Clarifications sought by the Chief Engineer, South Zone, in October 1994, whether to take up civil construction or construction of porta cabins was awaited from Director General, Doordarshan as of May 1995. Consequently, equipment worth Rs 15.88 lakh were lying idle for more than two years depriving the people of telecast facility.

(Paragraph 9.7)

Chandigarh Administration

Ministry of Urban Affairs and Employment

XXXVI Infructuous expenditure

The Chief Engineer-cum-Secretary, Union Territory, Chandigarh created a new public works division in May 1993 for augmentation of water supply scheme and

other works related to city water supply scheme. Though 31 posts of various categories were filled during 1993-94, no work had been entrusted to this division until August 1995. Formation of a division without work resulted in an infructuous expenditure of Rs 24.34 lakh on pay and allowances of the staff.

(Paragraph 9.9)

Lakshadweep Administration
Ministry of Home Affairs

XXXVII Infructuous expenditure on purchase of battery operated vehicles

To reduce consumption of oil and to control pollution, Union Territory of Lakshadweep procured nine battery operated vehicles during March 1989--December 1990 at a cost of Rs 28.64 lakh. Of the nine vehicles, seven vehicles valued at Rs 23.06 lakh were out of order and remained idle for periods ranging from 2 to 66 months due to inadequate repair and maintenance facilties in Lakshadweep. Induction of vehicles without providing repairs and upkeep facilities resulted in the vehicles remaining idle. Objective of switching over to non-conventional source of energy and control of pollution was also not achieved besides entailing the investment of Rs 30.42 lakh as unproductive.

(Paragraph 9.10)

CHAPTER I

Ministry of Human Resource Development

Department of Education

1.1 Vocationalisation of Secondary Education

1.1.1 Introduction

A Centrally Sponsored Scheme "Vocationalisation of Secondary Education" was launched in February 1988 as a follow up to the National Policy on Education 1986 to divert a sizeable group of students at +2 stage to vocational streams with a view to reducing the mismatch between the demand and supply of skilled manpower and preparing the students for wage or self employment and providing an alternative to those not pursuing higher education

The objectives of the scheme were to divert a sizeable group of students to vocational stream, impart education relevant to productivity and employment and prepare them for gainful employment.

1.1.2 Organisational Structure

A five-tier management structure at the National, Regional, State, District and Institutional levels supported by research & development organisations viz. National Council of Educational Research and Training (NCERT) and SCERT was contemplated in the Scheme. A Joint Council of Vocational Education (JCVE) was to be set up under the chairmanship of Minister of Human Resource Development at the centre as apex policy formulation and guiding body. The State Governments were to set up a State Council for Vocational Education (SCVE) which was to function as an overall policy formulation and co-ordination body. A vocational wing in the State Education Department, a separate vocational wing in SCERT and District Vocational Education Committees were required to be set up, besides strengthening the vocational wings of the District Education Offices (DEOs) to provide effective organisational structure for policy formulation, co-ordination and implementation of the programme. Ministry of Human Resource Development (Department of Education) decided in

May 1993 to set up a new autonomous body "Central Institute of Vocational Education" at Bhopal under the overall umbrella of NCERT to work as an apex level research and development institute for vocational education.

1.1.3 Scope of Audit

Documents relating to planning, implementation, review and monitoring of the scheme for the period 1987-88 to 1994-95 were test checked in Ministry of Human Resource Development (Department of Education), 22 States and 4 Union Territories (UTs) with a view to assessing the efficiency, economy and effectiveness of the scheme.

1.1.4 Highlights

- **While the overall target for creation of capacity for diverting 10 *per cent* of +2 students to vocational stream was achieved by 1995, the utilisation of capacity was poor in the States of Andhra Pradesh, Uttar Pradesh, Himachal Pradesh and Delhi. Out of 5.80 lakh students enrolled in 12 States in Vocational stream during 1993-94, only 1.98 lakh were successful. Information on employment of successful candidates was generally not available. In Himachal Pradesh, Gujarat and Chandigarh, where the information was available only 5 to 22 *per cent* successful candidates got employment.**

- **Out of Rs 487 crore released by Ministry, States/UTs utilised only Rs 289 crore representing 59 *per cent* of the total release. Rs 198 crore remained unutilised with the States at the end of March 1995.**

- **Rs 17.66 crore were kept in personal ledger/civil deposit accounts by the State Government as of March 1995.**

- **Joint Council of Vocational Education; the apex policy formulation and guiding body was set up at Centre two years after the launch of the scheme. State Councils of Vocational Education was not set up in 17 States/ UTs.**

- **Rs 45.17 lakh provided for conducting district vocational surveys to assess local requirement of trade/skilled man-power for selecting the vocational streams were not utilised due to inadequate survey work done by States/UTs.**

- **Of Rs 13632.90 lakh provided to 29 States/UTs for construction of 18055 worksheds for vocational classes, only Rs 8502.09 lakh were utilised for construction of 9583 worksheds. Rs 5130.81 lakh provided remained unutilised, while there was shortfall of 8472 worksheds. Eight States did not construct any workshed.**

- **Of Rs 13799.15 lakh provided for purchase of equipment for vocational sections, Rs 5639.09 lakh were lying unutilised with the States/UTs. While funds were lying un-utilised for 3540 vocational sections, various schools were running without equipment.. Further, equipment worth Rs 248.80 lakh purchased by 6 States were lying unutilised.**

- **Against the requirement of 80000 posts of teaching and non-teaching staff in the schools where vocational streams were started, only 47797 posts were sanctioned. Even out of this, only 30209 posts were actually filled.**

- **In 19 States, there were shortfall of 20 to 40 *per cent* of vocational teachers, while in two States vocational teachers were appointed in excess of the norms resulting in extra expenditure of Rs 400.89 lakh.**

- **Though funds were provided for holding workshops for development of curriculum for courses, instruction material, text books and orientation programme for resource persons/co-ordinators, most of the State/UTs had neither utilised the funds fully nor held the prescribed number of workshops. While Rs 155 lakh representing 53 *per cent* of the funds provided remained unutilised, shortfall in holding workshop ranged between 32 and 81 *per cent*.**

- **Evaluation and monitoring of the scheme has not been done at any level except by an external agency in 1990-91. The final report of this evaluation was brought out after a period of over three years.**

1.1.5 Overall achievement

The scheme envisaged diversion of 10 *per cent* students entering Higher Secondary stage to vocational stream by 1990 and 25 *per cent* by 1995. The target was subsequently revised to cover 10 *per cent* Higher Secondary Students (estimated around 75 lakh in 1994-95) under vocational stream by 1995, reaching 25 *per cent* by 2000 A.D. Total capacity of 9.02 lakh for vocational education was set up in the country by the end of 1994-95. However, in four States less than 10 *per cent* of students entering the Higher Secondary stage were actually enrolled in vocational stream, during 1994-95, as indicated in the table below :

Table 1.1.5(i) : Students diverted to Vocational Stream

(Number in lakh)

Name of State	Estimated No of students at + 2 stage (1993-94)	Capacity created upto 1993-94	No. of students enrolled in vocational course	Percentage of diversion
Andhra Pradesh	3.10	0.94	0.14	4.50
Uttar Pradesh	4.13	1.08	0.15	3.63
Himachal Pradesh	0.54	0.04	0.008	1.48
Delhi	1.47	0.04	0.06	4.08

Follow up on success of vocational education was not satisfactory. The success of the programme depends largely on the students getting employment opportunities on successful completion of their courses. However, the figures of successful students getting employment were not available in 8 out of 11 States and one UT indicated in the table below where this aspect was test checked. In three States-Himachal Pradesh, Gujarat, Maharashtra and one UT-Chandigarh, where the figures were available only 5.12 to 22.31 *per cent* got employment in private and Government sectors while 5.12 to 8.78 *per cent* were self-employed.

Besides, nearly half of the students who got enrolments either did not complete their course or were unsuccessful. Against 5.80 lakh students enrolled in the secondary + 2 stage in vocational stream, in 11 States and 1 UT only 1.98 lakh (34.18 *per cent*) were successful during 1993-94.

Table 1.1.5(ii) : Number of students who successfully completed the vocational course and got employment

Sl No.	Name of State	Number of students enrolled in vocational course at +2 stage	Number of students passed	Number of students got employment		
				Self	Wages	
					Private	Govern-ment
1.	Himachal Pradesh	2838	1950	100	90	10
2.	Gujarat	31143	29128	2102	1359	1963
3.	Maharashtra	64038	26338	NA	1193	1563
4.	Assam	1035	893	NA	NA	NA
5.	Karnataka	108912	48926	NA	NA	NA
6.	Madhya Pradesh	20457	15441	NA	NA	NA
7.	Punjab	11534	7978	NA	NA	NA
8.	Uttar Pradesh	37581	27380	NA	NA	NA
9.	Kerala	44657	16460	NA	NA	NA
10.	Orissa	10777	5708	NA	NA	NA
11.	Tamil Nadu	245024	15919	NA	NA	NA
12.	Chandigarh	2654	1913	168	243	242
	Total	**580650**	**198034**			

There is, thus, a need on one hand to evaluate the standard and quality for vocational education scheme set up in the schools to ensure that the interest of the students is sustained and rate of successful completion of course improves. Besides, the system of database and feedback and placement and self-employment needs to be strengthened to analyse the employability of the successful candidates.

1.1.6 Financial Management

1.1.6.1 Pattern of assistance

The scheme envisaged 100 *per cent* Central assistance for major components of the scheme as indicated in the table below. State Governments were to share 25 *per cent* of expenditure on vocational school staff and 50*per cent* on vocational wings in the Directorate of Education, District Education Offices and SCERT. The State Governments were to meet total expenditure only on two items; vocational guidance and examination and certification.

Table 1.1.6.1 : Proportion of expenditure to be borne by Centre & States

Sl. No.	Item	Centre	States
1.	Apprenticeship training	100	
2.	Evaluation & Monitoring	100	
3.	Distt Vocational Surveys	100	
4.	Curriculum development workshops	100	
5.	Instructional material development workshops	100	
6.	Textbook development workshops	100	
7.	Resource persons training courses	100	
8.	Instructional materials subsidy	100	
9.	Teacher training courses	100	
10.	Equipment to schools subject to ceiling of Rs 75000/ 100000 per vocational section	100	
11.	Workshop/ laboratory building subject to ceiling of Rs 75000/ 100000 per vocational section	100	
12.	Vocational Wing of Directorate of Education	50	50
13.	District Vocational Wing	50	50
14.	SCERT Vocational Wing	50	50
15.	Vocational Schools Staff	75	25
16.	Raw materials/ Contingency	50	50
17.	Field visits by students	50	50
18.	Vocational guidance	--	100
19.	Examination & Certification	--	100

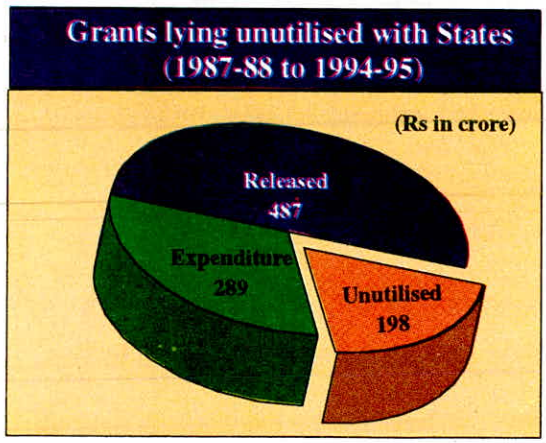
1.1.6.2 Budget provision and expenditure

The table below gives the position of budget provision and amounts released/ spent during 1987-88 to 1994-95.

Table 1.1.6.2 : Budget provision and amounts released

(Rs in lakh)

Year	Budget Outlay	Amount released				Total
		States (Nos)	UT (Nos)	Non-govt agencies	Adminis-trative expenditure	
1987-88	5000.00	3189.40 17	36.52 1	-	-	3225.92
1988-89	5000.00	4921.74 16	42.70 1	8.54	-	4972.98
1989-90	4700.00	4321.93 15	50.12 3	24.60	-	4396.65
1990-91	7720.00	7212.24 21	75.07 4	110.66	2.00	7399.97
1991-92	6500.00	5636.34 19	21.07 2	16.82	14.50	5688.73
1992-93	7900.00	7653.90 16	60.28 3	28.20	10.00	7752.38
1993-94	8500.00	8120.35 20	46.09 5	86.65	20.00	8273.09
1994-95	7846.00 +	7151.01 25	147.91 (5+1)	62.94	20.00	7381.86
	53166.00	**48206.91**	**479.76**	**338.41**	**66.50**	**49091.58**



The Ministry could not utilise about Rs 40.74 crore of the total provision during the eight years under review. State wise position of amounts released and expenditure incurred by them during 1987-88 to 1994-95 is indicated in Appendix I. It would reveal that the States and Union Territories among them have been able to

utilise only Rs 289.04 crore out of the total grant of Rs 486.87 crore which constitutes only about 59 *per cent* of the total amount available with them, Rs 197.83 crore remained unutilised at the end of March 1995. Thus, the Ministry failed to exercise effective control over release of central assistance and continued to release the amounts even when sizeable unutilised balances were available with them. Some of the more important States where utilisation of funds was very poor, were Bihar (utilisation of Rs 1.25 crore against release of Rs 12.69 crore), Karnataka (Rs 19.33 crore against Rs 33.38 crore), Madhya Pradesh (Rs 15.67 crore against Rs 31.69 crore), Orissa (Rs 3.14 crore against 21.04 crore)and Tamil Nadu (Rs 13 crore against Rs 31.10 crore).

Besides, while only about 59 *per cent* of the provisions were actually utilised, the figures of achievement on creation of capacity as stated by the Ministry indicated that not only the target of 10 *per cent* was achieved, but it was exceeded in many States.

1.1.6.3 Amounts kept outside the Government accounts

In Uttar Pradesh and Rajasthan, amounts mentioned below were kept outside the Government accounts and shown as having been utilised.

An amount of Rs 7.78 lakh sanctioned by the Government of Uttar Pradesh in March 1992 was drawn and deposited by the Directorate of Education into Personal Ledger Account (PLA) in March 1992. The amount remained un-utilised as of July 1995. Another amount of Rs 5.38 lakh was sanctioned for purchase of trade books for supplying them to the vocational teachers of 60 Government schools. This was drawn by the Directorate and put into its PLA in March 1990. Later in August 1991, the said amount was withdrawn from the PLA and converted into bank draft in favour of Deputy Director of Education, Lucknow. The amount remained un-utilised as of July 1995. No. reasons for non-utilisation of the amount were on record.

In Rajasthan, out of the total Central assistance of Rs 2136.25 lakh released during the period from 1990-91 to 1994-95, Rs 649.86 lakh were transferred and kept in the Personal Deposit Account (PDA). However, the amount was actually shown as

expenditure in the expenditure statements sent by the State alongwith project reports. Test-check of records in the Office of District Education Officer Jaipur revealed that Rs 13.25 lakh received during January 1991 to March 1994 for construction of worksheds and procurement of equipment were kept in savings bank account. An amount of Rs 2.32 lakh which had accrued as interest on these amounts, was lying with them alongwith funds transferred to them. DEO Jaipur stated in June 1995 that the interest would be deposited on receipt of necessary instructions from the Directorate. Similarly Rs 1089.63 lakh were kept in PLA/ PDA as detailed in the succeeding paragraphs (1.1.10.2.(f), 1.1.10.2.(h), 1.1.10.3(b) and 1.1.11.4).

1.1.7 Shortcomings/ deficiencies in management structure

Test check revealed that SCVEs were either not constituted or did not meet regularly in many States. Posts sanctioned for vocational wing of Directorate of Education, SCERT and vocational wings in District Councils of Vocational Education had not been filled up.

Joint Council of Vocational Education (JCVE) which was to function as an apex policy formulating and guiding body at the Centre was set up in April 1990 i.e. more than two years after the scheme was launched.

Besides, a Bureau of Vocational Education was to be established in Ministry. Only 13 posts were filled up in the Bureau against 47 projected in the Note for Cabinet.

1.1.7.1 SCVE not constituted in States

SCVE had been constituted in 14 States/ Union Territories upto March 1995. The number of meetings held in each State against the provision of annual meetings are noted against each as under :

Table 1.1.7.1 : Number of meetings held by SCVE

Sl No.	Name of the State/UT	Year of setting up	No. of Meetings held
1.	Mizoram	1988	8
2.	Haryana	1988	4
3.	Arunachal Pradesh	1990	2
4.	Assam	1989	2
5.	Tamil Nadu	1988	2
6.	Rajasthan	1990	2
7.	Kerala	1989	1
8.	Karnataka	NA	1
9.	Andhra Pradesh	1993	Nil
10.	Himachal Pradesh	1987	Nil
11.	Uttar Pradesh	1989	Nil
12.	Chandigarh	1991	Nil
13.	Meghalaya	1994	Nil
14.	Manipur	1994	Nil

SCVEs were not constituted in 50 *per cent* of the States/UTs where the scheme is in operation. Even in the States, where SCVE were constituted, no meeting was held in six of these States. In Kerala, only one meeting of SCVE was held since its constitution in 1989.

Non formation of SCVEs in 50 *per cent* of States and U.Ts and infrequent or inability to hold its meetings deprived the programme of overall policy formulation and coordination by the SCVE in accordance with the guidelines.

1.1.7.2 Vacancies in vocational wing of Directorate of Education

In the third meeting of JCVE held in February 1994, emphasis was laid on the filling up of the posts in the Directorate of Education (vocational wing) by the end of 1994.

However, as per the information made available by the Ministry, against 407 sanctioned posts in 26 States and UTs, 14 States did not fill any of 110 posts in the vocational wing, remaining 12 States/UTs could fill only 186 posts out of 297. In all, 221 posts (54.30 *per cent*) were lying vacant as of March 1995.

Further, vocational wing in SCERT termed as State Institute of Vocational education (SIVE) was established only in 19 States/UTs, at the end of 1994-95. Out of these 19 States/ UTs, no post were filled in 8 States against the sanctioned strength of 173. In other 8 States, 90 posts were filled against 215 sanctioned leaving 125 posts (58 *per cent*) unfilled as detailed below :

Table 1.1.7.2 (i) : Vacancies in Vocational Wing in State Directorate of Education

Sl No.	Name of the State	No. of posts sanctioned by the Ministry	No. of posts filled	Short-fall
1.	Tamil Nadu	19	03	16
2.	Orissa	25	04	21
3.	Rajasthan	13	10	03
4.	Gujrat	35	09	26
5.	Mizoram	16	11	05
6.	Haryana	36	34	02
7.	Madhya Pradesh	35	12	23
8.	Manipur	36	07	29
	Total	**215**	**90**	**125**

As per the information available in the Ministry District Vocational Educational Committees (DVEC) were working only in 8 States. As against 2118 sanctioned posts, 1409 posts (67 *per cent*) were lying vacant as detailed below :

Table 1.1.7.2(ii) : Vacancies in District Vocational Education Committees

Sl No.	State	No. of posts sanctioned	No. of posts filled	Vacant posts
1.	Andhra Pradesh	230	161	69
2.	Gujrat	308	36	272
3.	Haryana	136	15	121
4.	Karnataka	241	21	220
5.	Kerala	33	33	-
6.	Orissa	210	47	163
7.	Madhya Pradesh	720	252	468
8.	Rajasthan	240	144	96
	Total	**2118**	**709**	**1409**
	In 17 States and 6 UTs DVEC were not set up			

1.1.7.3 Under-utilisation of capacity created

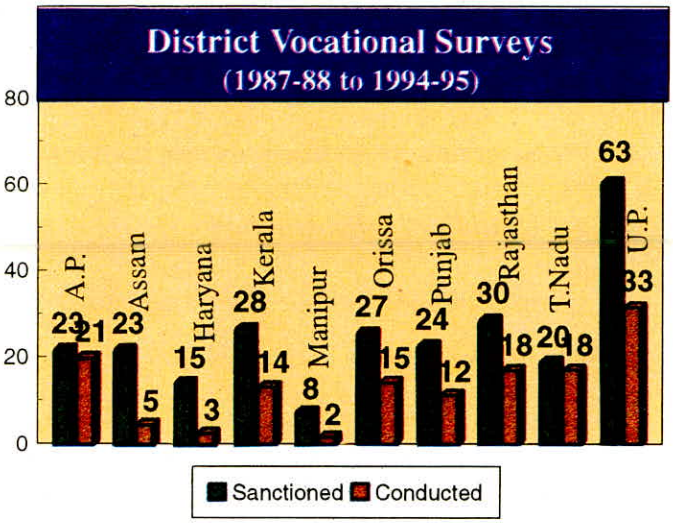
In Andhra Pradesh, the total number of students joining the vocational courses during the years 1993-94 and 1994-95 in 960 sections were 9228 and 13742 which worked out to an average strength of twelve students in each section against the norms of intake being 20-25 students.

1.1.8 District Vocational Surveys

The District Vocational Surveys are a prerequisite to the success of the scheme. The surveys were to be conducted to assess the requirement of the trades and skilled manpower in local industries so that the vocational schemes are selected with reference to the job opportunities and institutions in which the courses could be introduced.

1.1.8.1 Shortfall in Surveys

Ministry had sanctioned in all 448 surveys in 496 districts in 21 States and 3 UTs. However 7 States (Bihar, Goa, Gujarat, Madhya Pradesh, Meghalaya, Nagaland and Sikkim) and 2 UTs (Delhi and Pondicherry) did not conduct any survey. In the remaining 14 States and one UT district vocational surveys in 201 out of 308 district were conducted.



1.1.8.2 Un-utilised grant of Rs 45.17 lakh on account of surveys leading to closure of vocational courses

7 States and 2 UTs received grant of Rs 17.90 lakh during 1987-88 to 1994-95 for 127 surveys. However, no survey was conducted in any of the district. 15 other States received grant of Rs 57.78 lakh during the period 1987-88 to 1994-95 for conducting 321 surveys. The records in the Ministry revealed that 201 surveys by incurring an expenditure of Rs 30.51 lakh were completed. Rs 27.27 lakh (47.19%) of the grant remained unutilised. In Karnataka, 42 institutions had discontinued 15 courses after three years of their implementation the reason being inadequate surveys.

In Himachal Pradesh, six surveys at the cost of Rs 0.90 lakh were sanctioned during 1987-88. The survey team recommended 40 different courses for different schools keeping in view the local requirement. However, 14 courses recommended for 17 schools by survey team were not introduced in the respective schools.

1.1.8.3 Courses introduced without surveys

In Orissa, 15 surveys were conducted in 1988-89 at an expenditure of Rs 2.24 lakh. However, the survey reports were received after more than four years in May

1993. Vocational courses were introduced in 1988-89 to 1990-91 in 123 institutions without survey reports. However, these were discontinued in March 1993 in all schools. The Ministry further released Rs 2.40 lakh for 12 surveys in 1993-94. However, none of the 12 surveys was conducted by the State as of March 1995. The amount was lying unutilised as of March 1995.

1.1.9 Selection of institutions and courses

1.1.9.1 Unutilised infrastructure

In Sikkim, although infrastructure for vocational courses was provided in seven schools, but the courses were not started in four schools. Similarly in Punjab, test check in three districts, (Jalandhar, Ludhiana and Sangrur) revealed that in 96 of the 176 vocational courses covering 19 trades in 72 schools failed to attract even a single student. No. vocational teachers were posted in any of the schools, which would be one of the reasons for non-induction of any student in them.

In Manipur, 19 Institutions were approved for opening of vocational sections. Not a single vocational section has been made operational in any of the 19 institutions though Rs 57.61 lakh were spent against total release of Rs 110.50 lakh. Further, the population of students who passed secondary education was low rendering the viability of introduction of vocational courses uncertain.

1.1.9.2 Non-enrolment of students due to delayed sanction of schools

In Rajasthan, out of 74 institutions where vocational education were approved during 1988-89 to 1989-90, 17 institutions did not start the vocational education as of March 1995. It was attributed to late receipt of sanctions from the State Government and partly due to non-enrolment of students. In 1993-94, 55 courses could not function due to nil enrolment and 18 for other reasons.

The State Government introduced "Nursing and Pharmacy" courses in August 1989 without obtaining approval from Nursing Council of India and Pharmacy Council of India. Subsequently, these courses had to be cancelled by the State Government in March 1990. The students of these courses were offered three alternate

paramedical courses which they did not accept and filed a writ petition against the cancellation in the Rajasthan High Court.

1.1.9.3 Vocational courses started without industrial linkage

In Haryana, out of 78 Vocational Education Institutes (VEI) opened during 1983-84 to 1994-95, 14 were located at District Headquarters and remaining 64 were located in far off villages. Out of 78 VEIs, 15 VEIs were housed in the newly constructed buildings of VEIs, 14 VEIs in the ITI buildings and the remaining 49 VEIs were housed in rented/gifted/Panchayat buildings. It was envisaged in the scheme that vocationalisation of education aimed to provide skilled manpower at middle management level in the industries located nearby so as to avoid migration of skilled labour to other places. But in Haryana, 26 VEIs were opened without assessing the needs of the nearby industries.

1.1.10 Workshed, equipment and raw material

1.1.10.1 Workshed

The expenditure on construction of workshed/laboratory was to be borne by the Ministry subject to a limit of Rs 75,000/- per workshed upto March 1993 which was enhanced to Rs 1,00,000/- with effect from 1993-94.

The Ministry had sanctioned construction of 18055 worksheds and released Central assistance of Rs 13632.90 lakh to 29 States/UTs during 1987-88 to 1994-95. However, only 9583 worksheds were constructed by the end of 1994-95 at an expenditure of Rs 8502.09 lakh leaving a shortfall of 8472 worksheds (47 *per cent*).

Central assistance amounting to Rs 5130.81 lakh (37.6 *per cent*) remained unutilised with the States/UTs as of March 1995.

Eight States mentioned below did not build any worksheds against sanction of 111 worksheds by the Ministry and release of Central assistance of Rs 45.75 lakh.

Table 1.1.10.1 : Worksheds sanctioned but not constructed

Name of State	Number of worksheds sanctioned
Arunachal Pradesh	4
Mizoram	30
Tripura	2
Sikkim	9
West Bengal	39
Andaman & Nicobar Islands	6
Daman & Diu	5
Pondicherry	16
Total	**111**

1.1.10.1(a) Excess Central assistance

i) Rs 22.50 lakh were released by the Ministry to Government of Mizoram during 1987-88 to 1992-93 for construction of 30 worksheds as per project Report. In test check it was observed that the actual requirement of worksheds in 4 schools was 12. The Central assistance admissible was Rs 9.00 lakh (Rs 0.75 lakh x 12). While the progress report sent by the State Government to the Ministry indicated expenditure of Rs 21.75 lakh on worksheds information available in the Ministry did not indicate construction of any workshed in the State as of August 1995.

ii) In Orissa, the amount of Rs 200 lakh sanctioned for construction of worksheds has not been spent as of March 1995. The sites for construction of worksheds have not been selected by the Department and the amount was lying with the various engineers concerned as stated by the Chief Engineer, Building, Orissa.

iii) In the National Capital Territory of Delhi, the Ministry accorded sanction of Rs 48.62 lakh for construction of 50 worksheds during the period 1987-88 to 1994-95. Not a single workshed was constructed as of March 1995.

iv) In Andhra Pradesh, the Ministry accorded sanction for 1880 worksheds during 1987-88 to 1994-95 and released Rs 1360 lakh. Against this, only 938 worksheds were

constructed at an expenditure of Rs 1122 lakh by 1994-95. Rs 418.50 lakh was spent in excess of the norm with average cost of workshed as Rs 1.20 lakh against the norm of Rs 75000 per workshed, which were sanctioned before 1993-94.

1.1.10.1(b) Delay in construction of worksheds

i) In Kerala, the construction of worksheds in 71 schools was awarded to Kerala State Construction Corporation Ltd. in May 1990. The work was to be completed by November 1990. However, upto May 1995, the Corporation had completed construction of only 29 worksheds. Worksheds in 35 schools were at various stages of construction and in 7 cases, the work had not been started.

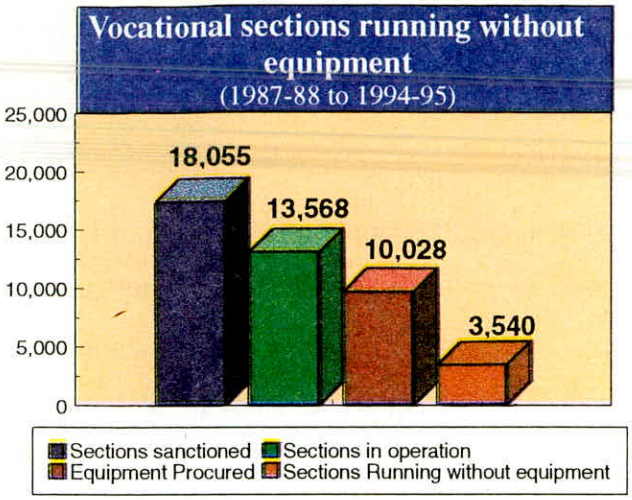
ii) In Punjab, against the construction of 846 worksheds for which financial assistance of Rs 597 lakh was made available by the Ministry during 1987-93, 430 worksheds (51 *per cent*) were completed and work for 138 worksheds was in progress. Thus, the construction of 278 worksheds was yet to start, although the entire Central assistance had been utilised. Further, Rs 150 lakh was released for construction of 150 worksheds during the years 1993-95, but no construction was taken up as of March 1995.

Though the Ministry had released Rs 3.00 lakh for construction of worksheds in Arunachal Pradesh in 1990-91, it was lying unspent as of June 1995 since the scheme was not operational in the State.

1.1.10.1(c) Specification reduced by 34 per cent in area of construction of worksheds

In Karnataka, 66 sites were identified for the construction of worksheds during 1989-91. Construction of 58 worksheds was taken up which had reduced area to 58.74 sq.meter instead of 89.10 sq.meter. Director of Education admitted in March 1993, that the reduced dimensions were not adequate for accommodating both students and equipment.

.1.10.2 *Equipment*



The scheme envisaged the minimum requirement in terms of machinery and equipment for the development of basic skills to exist in the schools. The average cost of equipment was not to exceed the maximum of Rs 0.75 lakh per course, which was enhanced to Rs one lakh from April 1993. Maintenance of equipment is the responsibility of the State Governments.

Test check of records in the Bureau of Vocational Education in the Ministry revealed that 13568 sections were in operation during 1994-95 against 18055 sanctioned by the Ministry during 1987-88 to 1994-95. 24 States /UTs could procure equipment for 10028 sections only. Thus, 3540 sections (26.10 *per cent*) were running without equipment as of March 1995.

Against the total grant of Rs 13799.15 lakh for purchase of equipment during 1987-88 to 1994-95, Rs 5639.09 lakh remained unutilised.

1.1.10.2(a) Expenditure on non-admissible items

i) In Kerala, out of 660 courses approved for which Central assistance of Rs 527.50 lakh was released during 1988-89 to 1994-95, State Government started only 560 courses upto 1994-95. Rs 435.12 lakh was released by Government of Kerala for purchase of equipment. Out of this, Rs 321.58 lakh was spent on the purchase of equipment. However, a balance amount of Rs 113.54 lakh was spent on purchase of non-admissible item such as furniture, consumables, chemicals, books, equipment etc for laboratories for non-vocational subjects which were not eligible for central assistance.

ii) In Karnataka, 30 colleges purchased almirah, furniture, typewriters, barbed wire, waste paper baskets, etc. costing Rs 5.69 lakh, which were not included in the prescribed equipment list. The Director of Education stated, in May 1993, that equipment grant was utilised to purchase these items as no other source was available with the colleges.

1.1.10.2(b) Injudicious expenditure of Rs 10.20 lakh on purchase of new diesel jeeps

For the course on maintenance and repairs of automobiles introduced in 5 schools in Kerala, 5 new diesel jeeps costing Rs 10.20 lakh were supplied to vocational schools for the purpose of dismantling/ reassembling, servicing etc. The old/ condemned vehicles available with the State Directorate or school, would have served the purpose rather than the purchase of new vehicles for training purposes.

1.1.10.2(c) Equipment worth Rs 58.33 lakh lying idle

Equipment worth Rs 58.33 lakh purchased during the period 1989-90 to 1992-93 was lying idle in Andhra Pradesh as of March 1995 for reasons like non-enrolment of students, non-commencement of courses etc.

1.1.10.2(d) Non-utilisation of equipment

In Himachal Pradesh, calculators, type-writers and furniture valued at Rs 7.43 lakh purchased in July 1992 by the Director of Education and supplied to 21 schools were lying un-utilised as the vocational courses in these schools could not be started upto May 1995 since the posts of the teachers were not sanctioned by the State Government.

1.1.10.2(e) Equipment purchased in excess of prescribed limit

For the purpose of requirement of equipment, each class was to be treated as a course. In Mizoram, 12 courses were introduced upto 1992-93. Rs 22.49 lakh were spent for purchase of equipment which was in excess of the norms by Rs 13.49 lakh.

1.1.10.2(f) Courses were running without the equipment

In Himachal Pradesh, Rs 67.17 lakh drawn during September 1991 to November 1992 for purchase of equipment were lying un-utilised in the shape of Bank Drafts. The purchases could not be effected as the rate contract for the same had not been finalised by the controller of stores. The Director of Education stated, in May 1995, that tenders for the purchases had been called for and the purchases would be effected shortly.

1.1.10.2(g) Non-utilisation of facilities

The Directorate of Education, NCT Delhi purchased equipment worth Rs 66.04 lakh for 65 courses whereas only 54 courses were running in 23 schools. As such, facilities created for 11 courses/sections, costing Rs 11 lakh remained un-utilised. This amount included Rs 5.72 lakh spent on purchase of equipment in December 1989 for Health Care and Beauty Culture, Electronics and Automobiles Techonology which were lying idle for more than 5 years.

1.1.10.2(h) Unutilised Central assistance

In Orissa, Rs 704.30 lakh were drawn for purchase of equipment. However, no equipment was purchased due to inadequate space in all the vocational institutions for preservation of these equipment. Thus, the entire amount of Rs 704.30 lakh remained unutilised.

In Rajasthan, an amount of Rs 85.87 lakh out of Rs 350.75 lakh was shown as expenditure on equipment but the same was lying unspent in PDA of District Rural Development Agency/District Officers/School concerned as of July 1995.

1.1.10.2(i) Idle equipment

In Punjab, equipment valued at Rs 143.37 lakh were purchased during March 1994 to September 1994 for 150 vocational sections in 50 schools. During the audit it was noticed that no student opted for these vocational trades as of May 1995 as no teachers were posted in the school. Thus, the investment of Rs 143.37 lakh on the purchase of equipment remained un-productive.

In Haryana, 220 machines/equipment valued at Rs 15.18 lakh purchased by the department for 4 districts were not put to use for the period ranging from 1 to 7 years mainly due to non-availability of power connections, mismatch of equipment with respective vocational course.

1.1.10.3 Raw material

The State Governments are to ensure that the requirements for consumables etc. for vocational schools are met on a continuing basis. Under the scheme, the expenditure ranging from Rs 250 to Rs 500 per student *per annum* for different courses was to be met by the State Governments upto March 1993. Thereafter, the Central Government agreed to share 50 *per cent* of the expenditure with a ceiling of Rs 6000 per vocational section per year.

1.1.10.3(a) Raw material cost claimed as salary component

(i) In Karnataka, Rs 18.39 lakh were spent on purchase of raw material during 1988-89 to 1992-93. However, instead of meeting the expenditure out of its own resources this expenditure was included in the salary of teachers, 75 *per cent* of which was claimed from the Ministry. Thus, Rs 13.79 lakh were claimed irregularly from the Ministry towards expenditure on raw material.

(ii) In Rajasthan, the minimum amount required for running 84 courses (for 1758 students), during the year 1987-88 worked out to Rs 4.40 lakh against which an amount of Rs 0.42 lakh (about 10 *per cent* of the minimum requirement) was provided to institutions by the State Government. Thereafter no amount for purchase of raw material was sanctioned upto 1992-93. Further Rs 0.90 lakh out of the amount released by the Ministry for purchase of raw material for 10 new sanctioned schools (30 courses) remained un-utilised in the PDA of SIERT Udaipur as of June 1995.

1.1.10.3(b) Students asked to bring their own raw material

In Uttar Pradesh, the State Government had not been providing any raw material to the institutions upto 1994-95. Instances came to the notice of Audit where the students were asked to bring their own raw material. In March 1995, the State

Government sanctioned Rs 6 lakh for purchase of raw materials for 100 institutions which was drawn and deposited into the PLA of Directorate in March 1995. It remained un-utilised as of July 1995.

1.1.11 Teachers

1.1.11.1 Appointment of teachers

Vocational courses were to be conducted with the help of full time and part time teachers. The full time teachers are expected to teach as well as to co-ordinate the organisation of the instruction and also the work of part time staff. The scheme stipulated that one full time teacher and one lab assistant in the first year of the course and two full time and two part time teachers would be posted for the course for class XII. Generally a Master's degree was to be the basic qualification for selection of teachers. For courses in which post graduates are not available in technical areas, degree or diploma was to be the minimum basic qualification for the purpose.

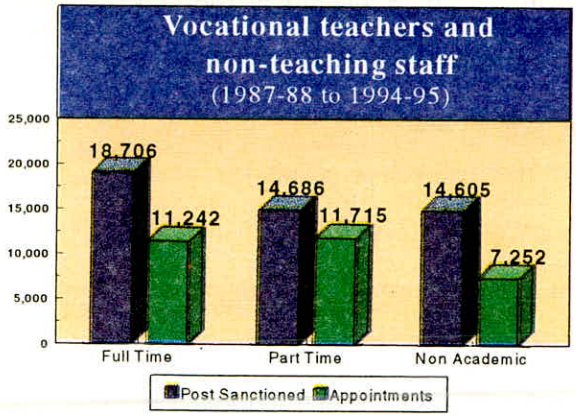
The part time teachers as per the scheme were to be selected from amongst professionals in the concerned vocation even though they may not have formal qualifications.

1.1.11.2 Staffing pattern of school level

The admissible posts of vocational teachers and non-teaching staff in 18055 vocational sections in 6280 schools upto 1994-95 were around 80,000. Against this, the Ministry had accorded sanction for 47997 posts.

Table 1.1.11.2 : Actual appointments against sanctioned posts

Nature of Post	Sanctioned	Appointed	Short-fall	Percen-tage
Full time Teachers	18706	11242	7464	40
Part time Teachers	14686	11715	2971	20
Non Academic Staff	14605	7252	7353	50
Total	**47997**	**30209**	**17788**	**37**



Not only the required number of posts included in the project reports sent by the State Governments/UTs were not sanctioned, 17788 posts were not filled up even out of the posts sanctioned by the Ministry.

11 States/UTs (Arunachal Pradesh, Jammu & Kashmir, Manipur, Meghalaya, Nagaland, Sikkim, Tripura, Uttar Pradesh, West Bengal, Andaman and Nicobar Islands and Dadar and Nagar Haveli) have not appointed any full time teacher against total sanctioned posts of 1421. In the remaining 19 States/UTs, 11242 full time teachers were appointed against sanctioned posts of 17285. There was an overall shortfall of 7464 (40*per cent*) in appointment of full time teachers.

Against the sanction of 14686 posts of part time teachers upto 1994-95 only 11715 were filled up leaving a short fall of 2971 (20 *per cent*).

Out of total grant on account of salary of staff amounting to Rs 20465.34 lakh during 1987-88 to 1994-95 only Rs 12414 lakh were utilised by the States/UTs. Jammu and Kashmir, Assam and Daman and Diu could not utilise the entire amount of grant for salary of vocational teachers.

1.1.11.3 Delay in appointment of teachers

i) In Gujrat and Rajasthan, the teachers were not appointed simultaneously with the introduction of vocational courses, the delay was ranging from 11 to 65 months.

ii) During test check in 3 districts of Gujarat, it was observed that 480 teachers and 95 lab assistants were appointed in excess of the prescribed norms. Computed with reference to the minimum of the pay scales of these posts, the excess claim of grant worked out to Rs 204.41 lakh during the period 1988 - 89 to 1992 - 93.

iii) In Kerala, the staff sanctioned by the Ministry for vocational schools included one full time teacher, one part time teacher and one lab assistant for each course. The

posts were filled on a temporary basis through employment exchanges at the end of respective academic year consisting of 10 months. It was stated in the project report forwarded to the Ministry that the school staff was engaged in examination and evaluation purposes for 2 months at the end of the respective academic session. However it was observed in audit that these teachers were not associated in such work, but their services were terminated at the close of academic year. However, grants towards their salary was claimed for the entire year i.e. 12 months. Thus, excess amount reckoned for Central assistance during 1990-91 to 1994-95 worked out to Rs 196.48 lakh.

iv) The scheme provides for Central assistance on account of salary component for management posts in Directorate and for staff specifically involved in vocational education at school level. In Kerala, it was observed that the Central assistance of Rs 22.01 lakh for the period 1990-91 to 1992-93 was claimed in excess towards the non-admissible salary of staff like night watchman, telephone operator, part time sweeper, drivers and special pay to teachers in charge of library.

1.1.11.4 Non appointment of regular teachers

In Uttar Pradesh, the State Government sanctioned only one part-time teacher on payment of an honorarium at Rs 50/- per day per vocational course against the approved staffing pattern of two full time and two part time teachers and one Lab assistant as provided under the scheme. No. full time teachers were appointed. Against the booked expenditure of Rs 807.74 lakh upto 1994-95, on the pay and allowances of vocational staff, Rs 226.29 lakh remained un-spent with the Directorate in the form of Bank Drafts as of July 1995.

1.1.11.5 Non availability of teachers

In Punjab although the target for opening the vocational sections in schools was achieved by 1994-95, the actual diversion of students from general stream to vocational education was only 6.72 *per cent* during 1994-95. In 1994-95, the total number of students at +2 stage was 62430 whereas the total number of students who joined the vocational stream was only 4199. The shortfall was attributed by the

department to paucity of funds, non-sanction of the posts of vocational teachers, late supply of equipment and non-availability of instructional material. The plea regarding paucity of funds was not convincing as sufficient funds were available.

1.1.11.6 Appointment of teachers without prescribed qualifications

i) In Haryana, though the scheme was in operation since 1983-84, yet qualifications for appointment of vocational teachers for para medical trades, opthalamic technician, radiographer and multipurpose health workers had not been prescribed as of May 1995.

ii) In Punjab, the qualifications and rules of recruitment of vocational teachers in respect of all 26 trades had not been prescribed by the State Government as of May 1995. Even though the qualifications and rules for recruitment of vocational teachers had not yet been prescribed, the State had appointed 285 full time vocational teachers.

1.1.11.7 Training of teachers

The scheme envisaged that new teachers appointed for vocational courses may be provided pre-service training and periodic refresher courses etc. for full time teachers and package training programmes should be arranged for part time teachers. Besides, a number of training courses of short term were also to be organised using the available infrastructure in Regional Colleges of Education, Indian Council of Agricultural Research, Central Training Institutions, Bank Training Colleges etc.

The Ministry sanctioned 682 workshops in 23 States and 2 UTs during 1987-88 to 1994-95. However, 10 States and 2 UTs (Arunachal Pradesh, Assam, Bihar, Gujarat, Madhya Pradesh, Manipur, Orissa, Tamil Nadu, Tripura, West Bengal, Andaman and Nicobar and Pondicherry) did not conduct any workshop against total number of 147 workshops sanctioned for them. However, remaining States/UTs conducted only 283 workshops against those sanctioned for them. In all, there was a shortfall of 399 (58.50 *per cent*) training courses.

The Ministry released grant of Rs 70.41 lakh to 22 States and 2 UTs for holding training courses. 10 States and 2 UTs did not utilise the entire amount of

Rs 13.55 lakh released for organising training courses. The remaining States/UTs utilised only Rs 22.04 lakh out of the total grant of Rs 56.87 lakh. Thus, Rs 48.38 lakh (68.70 *per cent*) of the total funds released by the Ministry remained unutilised with the States.

1.1.11.7(a) Training to vocational teachers remained neglected

i) In Punjab Rs 1.35 lakh were provided during the year 1987-88 for imparting training to 300 vocational teachers through 15 teachers' training courses. The amount was drawn in June 1992. However, only eight training courses for 198 teachers were held in 1992-93.

ii) In Kerala, Rs 10.35 lakh were received upto 1994-95 by the State Government to organise 85 training courses. Only 36 training courses were conducted at an expenditure of Rs 3.24 lakh. Balance amount of Rs 7.11 lakh remained unutilised.

iii) In Himachal Pradesh, out of 91 teachers, pre-service training was imparted to only 30 teachers. In Haryana, only 178 teachers out of 370 were sent for in-service training upto 1994-95.

1.1.12. Workshops

1.1.12.1 Development of curriculum, instructional material and text books etc

The scheme provided for workshops for development of curriculum for vocational courses instructional material, text books, review and finalisation of text books and orientation of programme of resource persons/ co-ordinators to be conducted alongwith the ceiling of expenditure as detailed below :

Table 1.1.12.1.(i) : Prescribed pattern for Workshops

S No.	Name of workshop for development of	Duration	No. of partici-pants	Expenditure ceiling per workshop (Amount in rupees)
1.	Curriculum	6 days	7	6000
2.	Instructional Material	6 days	18	14000
3	Text Books	15 days (2 spells)	18	27800
4.	Review & finalisation of Text Books	5 days	9	6300
5.	Orientation programme of Resource persons/ co-ordinator	5 days	30	24000

During the period 1987-88 to 1994-95, out of 25 States and 6 UTs where scheme was in operation, 7 States and 3 UTs (Arunachal Pradesh, Assam, Bihar, Gujarat, Madhya Pradesh, Manipur, West Bengal, Andaman and Nicobar, Pondicherry and Dadar and Nagar Haveli) did not conduct any work shop. Other States conducted the work shop with the shortfall ranging from 31.55 to 81.33 *per cent*. Similarly, the amount that remained unutilised with States/UTs ranged from 34.46 to 84.15 *per cent* as tabulated below :

Table 1.1.12.1.(ii) : Shortfall in holding workshops and utilisation of grants

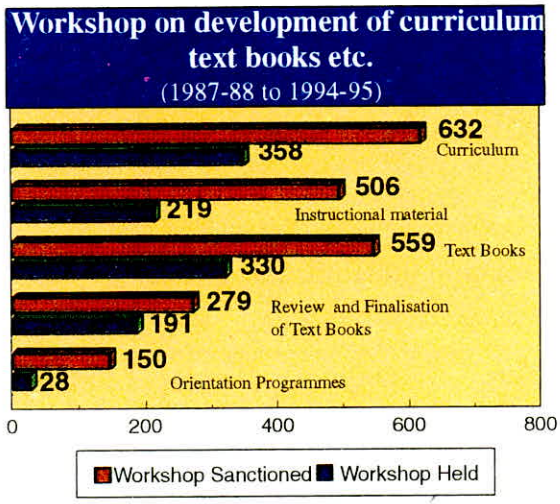
(Rupees in lakh)

Sl. No.	Name of workshop for development of	No. of work shop sanctioned (No. of States/ UTs)	No. of work shop held (No. of (States/ UTs)	Short fall (%)	Grant released (States)	Grant utilised (States)	Grant un-utilised (%)
1.	Curriculum	632 (23)	358 (17)	274 (43.35%)	36.03 (23)	15.08 (17)	20.95 (58.15%)
2.	Development of Instructional Material	506 (25)	219 (15)	287 (56.72%)	65.50 (25)	26.74 (15)	38.76 (59.18%)

Contd⇨

Sl. No.	Name of workshop for development of	No. of work shop sanctioned (No. of States/ UTs)	No. of work shop held (No. of (States/ UTs)	Short fall (%)	Grant released (States)	Grant utilised (States)	Grant un-utilised (%)
3.	Text Books	559 (20)	330 (15)	229 (40.96%)	140.33 (21)	75.74 (15)	64.59 (46.03%)
4.	Review & final-isation of Text Books	279 (16)	191 (9)	88 (31.55%)	23.27 (16)	15.25 (9)	8.02 (34.46%)
5.	Orientation programme of Resource persons/ co-ordinators	150 (14)	28 (7)	122 (81.33%)	26.95 (14)	4.27 (7)	22.68 (84.15%)
	Total	**2126**	**1126**	**1000 (47.04%)**	**292.08**	**137.08**	**155.00 (53.07%)**

1.1.12.1(a) Curriculum



i) The Ministry accorded sanction for conducting 632 workshops in 20 States & three UTs during the period 1987-88 to 1994-95 for curriculum development. However five States and one UT (Arunachal Pradesh, Bihar, Gujarat, Madhya Pradesh, West Bengal and Andaman and Nicobar) did not hold any workshop against 95 sanctioned workshops. The remaining 15 States and 2 UTs could conduct only 358 workshops against sanction of 537 workshops. Similarly the Ministry provided grant totalling Rs 36.03 lakh to 23 States/ UTs. But only 15 States and 2 UTs could utilise the grant of Rs 15.08 lakh and the balance Rs 20.95 lakh (58.15*per cent*) remained unutilised with the States.

(ii) *Development of instructional material*

The Ministry sanctioned 506 workshops for development of instructional material in 21 States and 4 UTs. 7 States and 3 UTs had neither conducted any workshop against 154 sanctioned workshops nor utilised any grant even though the scheme was in vogue for 7 years. 14 States and 1 UT could conduct only 219 workshops out of 352 sanctioned workshops with a shortfall of 133 workshops (37.78 *per cent*). The unutilised grant was Rs 38.76 lakh against released grant of Rs 65.50 lakh (59.18 *per cent*).

iii) *Development of text books*

The Ministry had sanctioned 559 workshops for development of text books in 18 States and 2 UTs. 4 States and 1 UT did not conduct any workshop against sanction of 117. The remaining 14 States and 1 UT had conducted only 330 workshops. Thus, there was an overall short fall of 229 workshops (40.96*per cent*). Against the release of Rs 140.33 lakh, 15 States/UTs could utilise Rs 75.74 lakh, thus, leaving unspent balance of Rs 64.59 lakh (46.03 *per cent*).

iv) Workshops on review and finalisation of text books and instructional material

Apart from development of the list of text books, the Ministry had sanctioned workshops for review and finalisation of the text books and instructional material. Ministry sanctioned in all 279 workshops for review and finalisation of text books and instructional material to 14 States and 2 UTs. 5 States and 2 UTs did not conduct any workshop against 78 sanctioned workshops. The remaining 9 States had conducted 191 workshops. Thus, there was an overall shortfall of 88 workshops (31.55 *per cent*). The 9 States did not utilise Rs 8.02 lakh against released grant of Rs 23.27 lakh.

1.1.12.1(b) Delay in development of curriculum

i) In Uttar Pradesh, while the State Government selected/ developed curricula for 35 vocational courses during 1989 and 1991, only 2 text books have been developed. The department stated in July 1995 that the work of development of text books of the

remaining 33 vocational courses could not be taken up due to non-availability of educational experts in the concerned vocational subjects. Similarly, in Andhra Pradesh, as against 110 text books required to be prepared by the end of 1994-95, only 25 text books were prepared as of March 1995.

ii) In Haryana, the department was to organise workshops every year to develop appropriate instructional material. However, no workshop was organised during the period 1987-88 to 1994-95.

1.1.13 Vocational guidance teacher and counsellor

The scheme envisaged that one teacher in each vocational institution should be trained in vocational guidance to provide necessary guidance to students and parents regarding suitable educational and vocational choices and co-ordinate the placement of students by working in collaboration with employers and the employment exchanges. Besides one trained counsellor was also to be appointed at district level to organise and run the Career Advice Centre and assist the vocational guidance teachers at schools.

Neither any vocational guidance teacher nor counsellor was appointed by any State in any school or district.

1.1.13.1 Modification of recruitment rules for employment of vocational stream

With a view to securing expansion and acceptability of vocational education, the scheme envisaged that the State Governments would undertake a thorough review of recruitment rules in Government/ quasi Government institutions, public and private sectors, to provide a clear preference for graduates of vocational stream.

Though the scheme was in operation in 25 States and 6 UTs, the data made available indicated that most of the States had not undertaken/completed review of recruitment rules for employment of vocational trained students. Steps to this effect have been taken only in 4 States (Himachal Pradesh, Uttar Pradesh, Kerala and Punjab).

1.1.14 Evaluation and Monitoring

The scheme provides for evaluation and monitoring as a built-in feature of the programme. Monitoring of programme implementation was to be done at various level viz. national, state, district and institutional level. The feedback mechanism was to ensure identification of deficiencies in instructions, administration, financial management etc. so that functionaries at each level are able to take timely decision to fill in the gap in policy making, direction budgeting etc. Since the scheme was based on many assumptions, corrective actions/modifications could be required.

For this, the Ministry, besides concurrent evaluation of the programme, also arranged for an external summation evaluation, so as to examine the final product coming out of vocational schools, efficiency and effectiveness of the system which would provide a reliable basis for future planning.

However, except a central evaluation got conducted by an external agency in 1990-91 no other evaluation and monitoring has been done at any level . Its final report was brought out after a period of 3 years i.e. .in August 1994 by National Informatics Centre.

1.1.14.1 Management Information System (MIS)

In October 1991, the Ministry introduced a Management Information System (MIS) for the vocational education programme so that there was a regular flow of vital information required for monitoring, evaluation and future planning of the programme. The MIS envisaged collection of information at the school level and its compilation at District and Directorate/ State levels. The data collected in the prescribed format at the district level was to be fed into the NICNET computers set up by the National Information Centre at the District Headquarters of all States. Through NICNET the Ministry could have direct access to the data at the district level. The State Governments were also to furnish to the Central Government annual and quarterly reports. Though the Ministry had released a grant of Rs 22.86 lakh to 16 States/ UTs upto march 1994, but MIS had not been set up in any State/ UT.

1.2 Follow up on Audit Reports

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

A review of the position regarding receipt of Action Taken Notes on the paragraphs included in the various Audit Reports upto the period ended 31 March 1994 revealed that the Ministry has not submitted the remedial/corrective Action Taken Notes on the following paragraphs as of December 1995 inspite of the instructions.

Table 1.2 : Corrective Action on Audit Reports

Audit Report Number and Year	Paragraph Number	Subject
1 of 1993	7.7	Injudicious release of grant-in-aid resulting in idling of funds
2 of 1994	3.4	Operation Blackboard
1 of 1995	10.1	Improvement of Science Education in Schools

The Ministry stated, in January 1996, that Action Taken Notes on these paragraphs were under process and would be sent shortly.

Department of Culture

1.3 Idle Equipment

National Research Laboratory for Conservation of Cultural Property (NRLC) Lucknow is entrusted with the work of research and development of conservation techniques of archaeological materials, monuments and analysis and technical studies of materials.

Test-check of records of NRLC in January 1995 revealed that two equipment; Environment chamber "Kottermann" and Radiography equipment "Monogil" costing Rs 5.21 lakh were provided by the United Nations Development Programme (UNDP) in May 1987 and November 1987, respectively. "Kottermann" is a material testing cabinet, Monogil is a radiography equipment, which is used in conservation of metallic artifacts. Both the equipment had not been installed in the laboratory as of November 1995.

The NRLC stated in August 1995, that "Kottermann" equipment could not be installed as it was received defective and UNDP and the manufacturer had been informed of this in May 1987.

As a result of ineffective action by NRLC, these equipment have not been installed despite a lapse of 8 years, depriving NRLC of benefit of the use of these equipment.

Ministry stated, in November 1995, that NRLC was being advised to take action for installation of the equipment.

1.4 Follow up on Audit Reports

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A review of the position regarding receipt of Action Taken Notes on the paragraphs included in the various Audit Reports upto the period ended 31 March 1994 revealed that the Ministry has not submitted the remedial/corrective Action Taken Notes on the following paragraphs as of November 1995 inspite of the instructions.

Table 1.4 : Corrective Action on Audit Reports

Audit Report Number and Year	Paragraph Number	Subject
1 of 1993	7.1	National Museum
2 of 1994	3.1	Unsold Publications of a Library
-do-	3.2	Non-fixation of sale price of Indian National Bibliography

The matter was referred to the Ministry in December 1995; their reply was awaited as of January 1996.

Department of Women & Child Development

1.5 Follow up on Audit Reports

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A review of the position regarding receipt of Action Taken Notes on the paragraphs included in the various Audit Reports upto the period ended 31 March 1994 revealed that the Ministry has not submitted the remedial/corrective Action Taken Note on the following paragraph as of November 1995 inspite of the instructions.

Table 1.5 : Corrective Action on Audit Reports

Audit Report Number and Year	Paragraph Number	Subject
2 of 1994	3.6	Scheme of Creches for Children of Working and Ailing Women

The matter was referred to the Ministry in December 1995; their reply was awaited as of January 1996.

CHAPTER II

Ministry of Home Affairs

2.1 Border Security Force

2.1.1 Introduction

Border Security Force (BSF) was raised in 1965 to promote a sense of security amongst the people living in the border areas; to prevent trans-border crimes, civilian transgression and trespass. The main commitment of BSF is on Indo-Pak border and India-Bangladesh border.

2.1.2 Organisational set-up

BSF has 156 Battalions (Bns), 20 Artillery units besides a Signal Regiment, 3 Premier Training Institutions, 9 Subsidiary Training Centres, a Water Wing, an Air Wing and 9 special units under over all charge of Director General, BSF.

2.1.3 Scope of Audit

The present review is based on records test checked in and information collected from BSF Headquarters (HQ) and other offices situated in Delhi, during 1993-94 and 1994-95.

2.1.4 Highlights

- **Deployment of BSF on the borders was on an average around 60 per cent during the last 7 years which is its primary duty.**
- **Rates of recovery for deployment of force for internal security duties were revised after a gap of six years resulting in short recovery of recurring expenditure from the States.**
- **Rs 53 crore were outstanding from States on account of charges for internal security duty performed by BSF.**
- **BSF held arms, ammunition and explosives valued at Rs 20.24 crore in excess of authorisation.**

- **Out of 400 rifles supplied by a Central Ordnance Depot in March, 1994, 184 rifles costing Rs 6.07 lakh were found defective.**
- **Claim for refund of advance payment of Rs 12.71 crore due from Central Ordnance Depot, Jabalpur consequent upon decision of BSF not to accept defective/ reconditioned Self Loading Rifles is yet to be settled.**
- **Disposal of arms and ammunitions costing Rs 68.60 lakh was pending for several years.**
- **Stores valued at Rs 4.36 crore were held in excess of authorisation.**
- **Vehicles were withdrawn from field units and kept in Delhi Motor Transport Pool and at Takenpur, at the expense of field battalions engaged on operational jobs.**
- **Only about one third of the total flying hours of BSF aircraft are being used by Central Para Military Organisations, depriving it of its availability at the time of emergent duty.**
- **BSF has currently 735 work projects on hand out of which expenditure has exceeded the sanctioned amount in 293 cases. Against sanctioned amount of Rs 67.46 crore during 1989-90 to 1994-95 the expenditure incurred was Rs 97.57 crore.**
- **Rs 50.65 lakh were outstanding from suppliers of materials received short/ damaged/ defective.**

2.1.5 Budget

The budget allocation and actual expenditure of BSF including the Tear Smoke Unit during 1989-95 was as under :

Table 2.1.5.1 : Budget and Expenditure

(Rs in crore)

Year	Budget Estimates	Revised Estimates (Final allo-tment after re-appropriation)	Actual expenditure
(A) REVENUE			
1989-90	432.35	470.40	470.39
1990-91	520.37	592.66	592.62
1991-92	621.85	675.80	675.04
1992-93	722.99	747.50	747.50
1993-94	775.90	880.64	880.43
1994-95	920.31	916.01	916.01
(B) CAPITAL			
1989-90	42.80	37.48	37.48
1990-91	43.38	58.48	58.48
1991-92	56.25	44.25	44.25
1992-93	55.63	58.33	58.33
1993-94	60.63	65.64	63.75
1994-95	68.15	79.14	78.53

From the above table it may be seen that the annual growth of expenditure during last five years on an average has been 19 *per cent*.

In addition, Rs 21.25 crore were spent out of a separate allocation of Rs 35.30 crore under "Punjab Action Plan" for electronics surveillance, observation post towers, boat patrolling and construction of road on Indo-Pak Border during 1989-95.

The expenditure under the heads salary, travelling expenses, motor vehicles, cost of ration, arms & ammunition, and clothing, tentage & stores during last six years was as follows:

Table 2.1.5.2 : Expenditure in major areas

(Rs in crore)

Head	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
Salary	272.00	323.37	375.00	425.25	482.00	536.00
Travelling expenses	26.00	29.11	39.50	54.50	65.00	61.00
Motor vehicles	20.60	25.75	21.97	18.40	17.95	20.11
Cost of ration	42.02	48.36	57.50	65.00	68.09	72.06
Arms and ammunition	23.82	51.39	60.03	68.12	138.44	105.83
Clothing, tentage and Stores	28.42	48.54	36.37	36.60	32.00	22.91

2.1.6 Internal security duty

2.1.6.1 The primary duty of BSF is to police the borders of India. It is, however, deployed on other duties from time to time. The year-wise position of the Force deployed on border security, internal security (IS)/ anti insurgency (AI) duties and other duties during last 7 years was as under :

Table 2.1.6 : Deployment of forces

Year	Total No of Bns	Total No of compa-nies (coys)	DEPLOYMENT					
			on Border		on IS/AI		other Duties	
			No. of coys	Percen-tage	No. of coys	Percen-tage	No. of coys	Percen tage
1989	128	768	457	59.5	112	14.6	199	25.9
1990	145	870	586	67.4	112	12.9	172	19.7
1991	147	882	550	62.3	227	25.8	105	11.9
1992	147	882	472	53.5	373	42.3	37	4.2
1993	147	882	519	58.8	285	32.3	78	8.9
1994	147	882	479	54.3	312	35.4	91	10.3
1995	156	936	483	51.6	289	30.9	164	17.5

(This includes newly raised 9 battalions (54 coys) which were under regrouping as on 30 June, 1995)

It would be seen from the above that deployment of BSF on the border, which is its primary duty, was on an average only around 60*per cent* during the last seven years. On the other hand, deployment on internal security and anti-insurgency operations increased from 15 *per cent* in 1989 to 42 *per cent* in 1992.

Ministry of Home Affairs (Ministry) explained, in January 1996, that out of the strength of 156 battalions at present, 122 are authorised for deployment on borders, 10 are meant for anti-infiltration and counter-insurgency role and 3 for internal security duties. There are 21 reserve battalions. However, due to commitment in Jammu and Kashmir only 102 battalions are deployed on borders.

The Ministry also stated that keeping in view the present internal security scenario of the country, the deployment of BSF for internal security duties has become inevitable in some border states. However, it added that it has been the endeavour of Government to utilise BSF for duties other than border guarding only in exigencies and in public interest.

2.1.6.2 Recoveries for internal security duty

It was decided by Government of India to recover the additional expenditure involved in movement and deployment of the battalions in the States with effect from April 1976. The rate of recovery was fixed at Rs 12 lakh per battalion *per annum* plus actual cost of movement/transportation of the battalions. The amount was raised to Rs 1.50 crore per battalion *per annum* from April 1988 which was further revised to Rs 4.45 crore per battalion with effect from October 1994. However, for Assam and Orissa, concessional rate of Rs 60 lakh *per annum* was fixed from April 1988 which was raised to Rs 1.78 crore from October 1994 , while no recovery is to be made from Himachal Pradesh, Jammu & Kashmir, Manipur, Tripura, Meghalaya, Nagaland, Sikkim, Arunachal Pradesh and Mizoram.

The Ministry stated, in January 1996, that the rates fixed for deployment of Central Para-Military Forces (CPMF) are reviewed periodically keeping in view the cost involved in raising/ maintenance of CPMF battalion. The recurring expenditure on travelling allowance/daily allowance, ration money, tentage and stores, arms and

ammunitions, communication equipment, free travel concession, wages, rent rate and taxes, minor works etc. and establishment charges on pay and allowances and uniform has been taken in respect of a Central Reserve Police Force (CRPF) battalion based on actual and 50 *per cent* of the apportioned cost on the above items and leave salary, pension contributions and POL/maintenance of vehicles of the static units required for maintenance of CPMF battalion have been taken into account while fixing the deployment charges.

It was seen in audit as there was considerable delay in revising the rate of recovery for battalions deployed on IS duties leading to short recovery of charges during the intervening period.

Thus, there is need to institute a system to review the rates of recovery at regular intervals. Ministry of Finance has suggested to enhance the rate by 10 *per cent* every year. This suggestion may be accepted for intervening period of reviews of rate structure of recoveries at periodical intervals.

2.1.6.3 Outstanding recoveries from States on account of internal security duty

It was also seen that the amounts due from States (even at highly subsidised rates) were not forthcoming promptly. A sum of Rs 53 crore was outstanding as of 30 June 1995 from nine States on account of deployment of forces. Further, in case of Government of Punjab, in addition to the outstanding recoveries of Rs 30 crore, a sum of Rs 71.14 crore due on this account was converted by the Ministry as interest-free loan with a moratorium of ten years in 1992-93.

The States with outstanding amount of more than two crore were as under :

Table 2.1.6.3 : Outstanding recoveries from States

Sl No	State	Amount (Rs in crore)
1.	Punjab	30.00
2.	Andhra Pradesh	6.15
3.	Uttar Pradesh	5.40
4.	Assam	3.39
5.	West Bengal	2.50
6.	Bihar	2.49
7.	Haryana	2.24
	Total	**52.17**

The Ministry stated, in January 1996, that Rs 14.16 crore have further been adjusted till December, 1995 leaving a balance of Rs 38.01 crore.

2.1.7 Arms, ammunition and explosives

2.1.7.1 Holding of arms, ammunition and explosives

BSF procures arms, ammunition and explosives from ordnance factories on specific release order by the Ministry on the basis of authorisation and deficiency.

Test check of 58 items of arms, ammunition and explosives revealed that while 33 items (57 *per cent*) were held in excess of authorisation, in 25 cases (43 *per cent*) the items were less than the authorisation.

In the following cases actual holding was less than half of the authorisation:

Table 2.1.7.1(i) : Items of arms etc. held less than authorisation

(Numbers in thousand)

Sl No.	Item	Authori-sation	Holding	Deficiency
1.	7.62 MM BDR	24842.26	9250.19	15592.07
2.	7.62 MM Traca	278.84	12.57	266.27
3.	Cartg ill 1"	35.81	9.17	26.64
4.	Trip Flair	22.64	2.96	19.68
5.	Bicat Strip	94.67	34.66	60.01
6.	Ign. 4 Sec. Delay	354.40	72.68	281.72
7.	Ign.7 Sec. Delay	94.21	38.09	56.12
8.	Gren Hand No.90	51.62	20.15	31.47
9.	Cardtex	3641.06	236.14	3404.92
10.	Match Fuse	1.49	--	1.49

In the cases given below actual holding was more than double the authorisation. The cost of excess holding was of the order of Rs 20.24 crore :

Table 2.1.7.1.(ii) Items of arms etc. held more than authorisation

Sl No.	Item	(In thousand)			Cost of excess items (Rs in lakh)
		Authorisation	Holding	Excess	
1.	22"Rim	225.04	852.07	627.03	20.06
2.	303 CTN/BDR	123.75	5267.88	5144.13	1023.68
3.	303 Tracer	18.00	856.56	838.56	101.47
4.	303 blank	30.55	162.78	132.23	13.02
5.	303 Ballistic	2.00	139.25	137.25	16.47
6.	7.62 MM blank	886.59	1789.62	903.03	139.34
7.	7.62 HD	30.34	94.75	64.41	11.98
8.	Bomb 81 MM Mar Smoke	15.47	31.06	15.59	514.57
9.	Cart 81 Charge	5.58	24.72	19.14	42.30
10.	Cart 81 MM Charge-I	5.58	24.47	18.89	41.75
11.	Cart 81 MM Charge II	5.58	24.57	18.99	41.96
12.	Cart 81 MM Charge III	5.58	25.39	19.81	43.78
13.	Gun Powder (in gms.)	17.20	101.30	84.10	00.11
14.	Det No.6	0.11	3.84	3.73	1.31
15.	Ign. Electric	0.38	14.75	14.37	4.74
16.	Ign.Striking	3.39	16.52	13.13	1.97
17.	Snout Switch Capped	3.76	14.09	10.33	5.47
				Total	**2023.98**

The above position reveals that either the authorisation was not need based or BSF was procuring these items in excess of requirement. On one hand, it resulted in blocking of funds while on other, a number of items held in stock were insufficient to meet the requirement, which may affect the operational efficiency of the force.

2.1.7.2 Acceptance of defective rifles

The Ministry allocated 10000 AK-47 rifles and 1.50 crore rounds of ammunition for State police and Central police organisations. These were to be

procured centrally by BSF and to be allocated to various Central police organisations and State police on advance payment basis. The rifles and ammunition were purchased from Central Ordnance Depot (COD), Jabalpur in May 1993 for Rs 7.50 crore. Out of above, 400 AK-47 rifles alongwith 16000 rounds were issued to National Security Guards. National Security Guards intimated in March 1994 that out of 400 AK-47 rifles, 179 rifles were defective. On receipt of this information from National Security Guard, BSF called for a report from other Central police organisations and States. 184 rifles in all were found defective. The cost of defective rifles worked out to Rs 6.07 lakh. Supply of defective rifles by COD and its acceptance without quality inspection is a serious matter. BSF informed Audit in December 1995 that the Ministry advised them in January 1995 based on decision of Ministry of Defence that normal inspection procedure be dispensed with and stores received from COD be issued. It was not desirable on the part of the Ministry to interfere with technical requirement of inspection as a result of which defective arms got supplied. The Ministry further stated that the matter has been taken up with Ministry of Defence in October 1995 to provide replacement of defective AK-47 rifles on priority basis.

2.1.7.3 Undistributed rifles

Out of 10,000 AK-47 rifles and 1.50 crore rounds of ammunition costing Rs 7.50 crore purchased by BSF in May 1993 as interim consignee, 782 rifles and 1.04 crore rounds of ammunition were still to be issued to the States/Central police organisation as of December 1995. BSF informed Audit in December 1995 that release of AK-47 rifles and ammunition is done by the Ministry and BSF has no control on this matter.

2.1.7.4 Purchase of Self Loading Rifles

Rs 14.32 crore was paid in August 1993 to COD as 100 *per cent* advance payment for purchase of 8000 Self Loading Rifles (SLR), 2000 Nos. of CM 9mm IA and 50 Nos. of pistols 9mm Auto. The advance payment was made in August 1993 notwithstanding the decision of BSF in May 1993 itself that the SLRs were not to be

accepted since more than 60 *per cent* of them were reconditioned/overhauled. COD was asked in June 1994 to refund the amount.

On the matter being taken up by Audit, BSF informed in December 1995 that Ministry of Defence has agreed to refund balance Rs 12.71 crore being the advance payment made for SLRs.

2.1.7.5 Non-disposal of old and obsolete armament and ammunitions

Consequent upon re-organisation of BSF Artillery and induction of modern devices, old armaments i.e. guns and ammunition worth Rs 68.60 lakh became surplus with BSF Artillery Regiments with their modernisation in October 1993 in various frontiers and lost their operational capability. A proposal to dispose of the old and obsolete guns and ammunition was sent to the Ministry in February 1994. The Ministry has not yet approved BSF's proposal. As a result, old guns valuing Rs 23.87 lakh and ammunition valued at Rs 44.73 lakh were lying with BSF.

2.1.8 Holding of stores (clothing and tentage) and the authorisation

BSF is holding 201 items of clothing, tentage and equipment. Out of these, in the case of 123 items (61 *per cent*), the items held were in excess of actual authorisation, while in 36 cases the items held were less than the authorisation.

In the following cases, actual holding was less than 30 *per cent* of authorisation :

Table 2.1.8(i) : Items of stores held less than authorisation

Sl No	Item	Authori-sation	Holding	Deficiency
1.	Tent arctic large	54	18	36
2.	Tent arctic Medical	54	28	26
3.	Ballies Wooden all size	386506	160915	225591
4.	Sand bags	1852588	1217387	635201
5.	Shirt Angola DRAB	395438	257454	137984
6.	Boot DMS	181737	11	181726

On the other hand, in the following cases, actual holding was substantially more than the authorisation The cost of excess holding as intimated by BSF was Rs 4.36 crore as per details given against each of item :

Table 2.1.8.(ii) : Items of stores held in excess of authorisation

Sl No.	Item	Excess	Rate (Rs)	Total Amount (Rs in lakh)
1.	Badges of rank set	29046	3.10	0.90
2.	Bag sleeping complete	26534	940.00	249.42
3.	Cap beret black	255862	15.74	40.27
4.	Shoes durby L/ sole	2294	119.00	2.73
5.	Shoes durby R/ sole	15207	131.00	19.92
6.	Strap supporting pack 08	129290	7.00	9.05
7.	Turban voil blue 5 metres	24101	73.75	17.77
8.	Turban black 5.5 metres	19802	83.88	16.61
9.	Vest cotton white	479438	15.39	73.79
10.	Tent latrine complete	848	642.00	5.44
			Total	**435.90**

Thus, it may be seen that BSF has still to streamline its procedure relating to items of critical operational requirement and ensure that items are held as per the authorisation. On one hand, it leads to procurement of stores which is far in excess of authorisation resulting in blocking of funds, on the other, quantity of stores procured was less than the authorised quantity, leading to short issue/non-issue of these items to the force which may effect operational efficiency of the force.

BSF, in its reply in December 1995, stated that excess/ shortage of stores is mostly due to elaborate procedure prescribed for indenting/ procuring stores as laid down by Directorate General, Supplies and Disposals and the Ministry (procurement wing). If that be so, there is still need to streamline procedure of procurement.

2.1.9 Vehicles

2.1.9.1 Motor cycles, light, medium and heavy vehicles.

Actual number of various types of vehicles held by BSF was less than authorisation sanctioned by the Ministry as per details given below :

Table 2.1.9.1.(i) : Vehicles held less than authorisation

Sl. No.	Type of Vehicles	Authorised Number	Actual Holdings	Deficiency
1.	Motor cycle	1416	1330	86
2.	Light vehicle	2508	2454	54
3.	Medium vehicles	2651	2556	95
4.	Heavy vehicles	1606	1517	89

While there was overall shortage of vehicles against the overall authorisation the number of vehicles in some units, specially in Delhi and training institutes was more than their authorisation. An illustrative list of a few such cases is given below :

Table 2.1.9.1.(ii) : Vehicles held in excess of authorisation

Sl No	Name of the unit	Type of Vehicles	Authorised Number	Actual Holdings	Excess
1.	DG MT Pool	Motor Cycles	Nil	20	20
		Light Vehicles	07	75	68
		Heavy Vehicles	02	07	05
		Medium Vehicles	Nil	16	16
2.	Artillery Regiment	Light Vehicles	06	18	12
		Medium Vehicles	18	26	08
3.	BSF Academy Tekanpur	Light Vehicles	05	19	14
		Medium Vehicles	09	16	07
		Heavy Vehicles	08	15	07
		Water Tanker	--	02	02

It would be seen from above that DGMT Pool in Delhi was holding 75 light vehicles against authorisation of seven. Total holding of all types of vehicles in DGMT Pool was 13 times the authorisation while for Artillery Regiment it was nearly double and that for BSF Academy, Takenpur it was about two and half times.

BSF stated, in September 1994, that excess holding of vehicles in these units was due to the fact that authorisation has not been revised by the Ministry since its inception. These vehicles have been withdrawn from the field battalions to meet the need of these units.

The reply is not tenable. Apparently vehicles have been withdrawn for use at headquarters at Delhi and other ancillary units starving the field battalions engaged on operational job. The Ministry needs to review the position and direct BSF to surrender vehicles to field formation which they are holding in excess of authorised sanction.

2.1.10 Air Craft

2.1.10.1 BSF has its own Air Wing since May 1969. Apart from BSF duties, its fleet is also being used by various Central Government departments/ States for airlift of VIPs viz. Heads of Central Para Military Organisations, Senior Ministry Officials, Cabinet Ministers, State Chief Ministers, etc.

2.1.10.2 BSF Airwing is having six aircraft, five Avro and one Superking stationed in New Delhi. However, out of six pilots on its strength four resigned in December 1994/January 1995, while only one pilot has come on deputation from Air Force. Thus, BSF was having only three pilots for six aircraft. The Ministry stated, in January 1996, that shortage of pilots has at times affected the utilisation of the aircraft fleet. BSF has been depending on Indian Air Force for providing pilots.

2.1.10.3 The details of flying hours of BSF aircraft during 1992-95 are given below :

Table 2.1.10.3 : Flying hours of BSF aircraft during 1992-95

Sl. No	Authority using aircraft	Flying hours		Cost of flying hours (Rupees in lakh)		Total flying hours	Percentage of total flying hours
		AVRO	SKA	AVRO	SKA		
1.	Minister/MOS/ Dy. Minister(MHA)	1648.05	272.05	1092.89	107.47	1920.10	43
2.	Other MHA Commitments	622.35	125.35	401.27	53.23	748.10	17

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Sl. No	Authority using aircraft	Flying hours		Cost of flying hours (Rupees in lakh)		Total flying hours	Percentage of total flying hours
		AVRO	SKA	AVRO	SKA		
3.	Other Ministries	136.45	53.25	74.90	18.28	190.10	4
4.	Other CPOs	121.05	73.45	83.98	28.36	194.50	4
5.	DG, BSF/BSF Task	1290.50	131.05	813.60	53.50	1421.55	32
	TOTAL	**3819.20**	**655.55**	**2466.64**	**260.84**	**4475.15**	**100**

From the above, it may be seen that BSF/Para Military Forces used the aircraft only for one third of total flying hours. As BSF was sanctioned six planes for its essential operational duties, diversion of planes for other usages would have affected its operational capacity. The Ministry/BSF need to lay down guidelines so that planes are not allowed to be diverted for non-BSF use, depriving it of its availability at the time of emergent/operational duty.

2.1.11 Water vessels

BSF maintains different types of water vessels to prevent illegal crossing, infiltration, cattle lifting, smuggling, espionage etc., on the international riverline borders. It was, however, seen that actual number of vessels held were less than authorisation as per details given below

Table 2.1.11 : Holding and authorisation of water vessels

Sl. No.	Description	Auth-orisation	Held	Shortage
1.	Medium Crafts	14	12	2
2.	Mach. Boats	25	22	3
3.	Speed Boats	128	83	45
4.	Country Boat	141	135	6

Since the authorised strength is determined on the operational requirement, it was not clear how the BSF was able to perform its duties on the river-line borders in the face of shortage.

2.1.12 Other transport

In addition to modern system of transport, camels and horses are also used by BSF. It was, however, seen that number of camels and horses with BSF was less than authorisation as of June 1995 as per details given below:

Table 2.1.12 : Holding and authorisation of Horses and Camels

Animals	Authorised	Held	Shortage
Horses	341	295	46
Camels	1762	1391	371

It needs to be examined as to what extent these shortages affect the operational efficiency of BSF in areas where these means of transport are used.

2.1.13 Land and buildings

2.1.13.1 Land

2.1.13.1(a) BSF has an Engineering Directorate under overall charge of IG(HQ), who is responsible for all construction activities of BSF including acquisition of land.

Norms of land have been fixed by the Ministry for battalions and other establishments and units of BSF, apparently on the pattern of military key location plans. However, it was noticed that for some units, the norms for land are yet to be fixed. In many cases, where norms were fixed, there were significant deviations. For 53 units out of a total of 195 units, land is not available. In 73 cases, land is deficient ; the deficiency being more than 50 *per cent* in large number of cases. However, the Ministry assured, in January 1996, that the matter regarding land norms for a battalion is being reviewed.

2.1.13.1(b) Land at Tigri for Signal Training School

Signal Training School was functioning from Exhibition Ground, New Delhi upto 1970, when this site was vacated and the present site of 29 acres at Tigri was allotted by Delhi Development Authority for two years at annual rent of Rs 50,000.

The lease was not renewed thereafter but BSF continued to occupy this land at the same rent. BSF now has 45 acres of land under occupation at its Signal Training School. However, land entitlement of Signal Training School has not been approved as of August 1995.

It has constructed buildings at Rs 2.28 crore on the land on which it did not hold any lease/title.

2.1.13.1(c) Infructuous expenditure

BSF requested Government of Tripura for acquiring land measuring 56.91 acres against its entitlement of 31 acres. Land acquisition proceedings were initiated by the State Government in 1989. The proposal for acquiring land in excess of approved norms was not accepted by the Ministry. Therefore, the land was not acquired by BSF. Rs 5.95 lakh were placed with Government of Tripura in May 1994 as incidental expenses for acquisition of land by classifying it under sub-head "Construction of Building" instead of "Cost of land". Since the land was not acquired by BSF, this resulted in infructuous expenditure of Rs 5.95 lakh.

2.1.13.2 Buildings

2.1.13.2(a) Excess expenditure

A large number of works of BSF were being executed by CPWD. Test check of records relating to 735 works showed that the expenditure exceeded sanctioned amount in 293 cases.

The year-wise details of sanctioned amount and expenditure incurred is given below:

Table 2.1.13.2(i) : Sanctioned amount and expenditure on works

(Rs in lakh)

Year	Amount sanctioned	Actual expenditure	Excess
1989-90	2523.42	3870.62	1347.20
1990-91	1122.96	1642.82	519.86
1991-92	1835.40	2476.36	640.96

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Year	Amount sanctioned	Actual expenditure	Excess
1992-93	850.21	1203.82	353.61
1993-94	372.02	518.12	146.10
1994-95	41.82	44.96	3.14
Total	**6745.83**	**9756.70**	**3010.87**

Out of these, expenditure exceeded by more than 100*per cent* of the estimates in 50 cases.

The details of a few cases are given below:

Table 2.1.13.2(ii) : Works on which expenditure exceeded the estimates

Sl. No.	Name of works	Estimated cost (Rs in lakh)	Progress (in per-centage)	Expenditure (Rs in lakh)
1.	C/O 20 NOS T/II QTRS. BIKANER	25.32	55	66.00
2.	C/O RESDL/NON RESDL ACCMN. AT DABLA T-I 24 NOS T-III 4 NOS.	17.22	100	70.41
3.	C/O T/I-24 NOS,T/III-4 NOS AT POKRAN	17.22	100	59.42
4.	C/O TARGET FIRING RANGE AT THAKARI SHIRETAINING WALL AND FIRING POINT RAISINGHNAGAR	15.08	10	24.21
5.	PVDG EXTERNAL WATER SUPPLY FOR TWIN BNS KAKRIBARI, GANDHINAGAR-I	18.74	100	60.35

The Ministry in consultation with BSF/ CPWD need to review the entire construction programme of BSF and ensure that estimates for works are realistically prepared and once expenditure sanction is given, a monitoring mechanism is introduced so that there is no time and cost overrun. The Ministry assured in a meeting held with Audit in January 1996 that they are considering a proposal to involve other construction agencies i.e. HUDCO, NBCC and State Housing Corporations in building activities to avoid delay in construction and escalation in costs etc.

2.1.13.2(b) Sanctioned work not taken up

Scrutiny of records revealed that 141 works costing Rs 21.53 crore sanctioned by BSF during the last 7 years which were to be executed by CPWD, were still to be started as of July 1995. Out of the above, sanction in 17 cases at Rs 1.60 crore has lapsed, since they were not taken up within the prescribed time of five years from the date of sanction. The Ministry stated, in January 1996, that work in 25 cases has since been started.

2.1.14 Other Points

2.1.14.1 Non-Recovery for supply of defective material

Test check of records revealed that materials costing Rs 50.65 lakh received were either short/damaged or defective, but the firms did not replace the goods or refund its value.

BSF stated, in October 1994, that Controller of Accounts, DGSD had intimated that they could not intimate the recoveries in each case as it was time consuming. They further informed that the recoveries reflected in the inspection notes would be made from suppliers' pending bills or by issuing notice to them by that office.

2.1.14.2 Non-disposal of obsolete/ surplus stores and scrap

Eight tonne of scrap jackal steel (Rs 21 06 lakh), communication spares (Rs 6.60 lakh) and one Dacota aircraft (Rs 2.78 lakh) with book value of Rs 30.45 lakh are lying for disposal for three to six years as of July 1995.

2.2 Defective and delayed supply of weapons

The following two cases revealed that in one case one Army Base Ordnance Depot (ABOD) supplied Self Loading Rifles (SLRs) to Central Reserve Police Force (CRPF) without magazines and complete equipment scheduled items and in another, Central Ordnance Depot (COD), Jabalpur offered them 17-20 years old rifles without proof testing and emblem marking.

(i) The CRPF placed a firm demand of 200 rifles 7.62 mm - SLR D.P. with Ministry of Home Affairs (Ministry) in February 1991. The rifles were required for training by the CRPF, Rampur Unit. The Ministry allotted 150 rifles and requested Army Headquarters to release them.

COD Jabalpur issued release order in April 1993 for 150 rifles to ABOD for supply to CRPF against advance payment. Advance payment of Rs 16.18 lakh was made by the CRPF in November, 1993. ABOD supplied the rifles in January 1994. These were found to be without magazines and complete equipment scheduled items. Consequently the rifles could not be issued for use to the training institute.

The CRPF approached COD. Jabalpur and ABOD for supply of magazines and other items. However, these were not supplied as ABOD had no stock of magazines.

Thus, the rifles procured in January 1994 could not be put to use for training of CRPF as of October 1995.

(ii) The CRPF made advance payment of Rs 6.43 crore to COD Jabalpur, in March 1994 for procurement of 4000 numbers of 7.62 mm Self Loading Rifles (SLRs) On receipt of intimation of readiness of the weapons, an inspection team of CRPF was sent to COD Jabalpur in February 1995. The inspection team reported in February 1995 that the weapons were 17 to 20 years old and did not contain proof mark and emblem. The Ministry was informed of this fact by CRPF in March, 1995 stating that the weapons can not be accepted without the proof testing or certificate by the Director General Quality Assurance or Rifle Factory Issapur where they were produced.

On the matter being pointed out by Audit in April 1995, the CRPF took up the matter with the Ministry and the later requested the Ministry of Defence in August 1995 to refund the advance of Rs 6.43 crore. The matter has not been resolved as of October 1995 and SLRs have not yet been supplied to CRPF.

The matter was referred to the Ministry in November 1995; their reply was awaited as of December 1995.

2.3 Premature withdrawal of fund

In 1991-92, the North Eastern Council (NEC) decided to establish a company in the joint sector with the Government of Meghalaya, Canara Bank and private enterpreneurs, named Meghalaya Poultry Private Limited (MPPL) under the scheme for self sufficiency in animal origin food in the North East region. In February 1994, total project cost of Rs 348.96 lakh was envisaged consisting of NEC grant (Rs 87.25 lakh) bank loan (Rs 196.31 lakh) and equity (NEC: Rs 16.00 lakh, State Government: Rs 16.00 lakh and private entrepreneurs: Rs 33.40 lakh). The NEC was to release the grant and equity share as soon as the proposed company was registered. The company had not been established/registered as of August 1994.

However, in April 1994, the Secretary, NEC sanctioned Rs 84.03 lakh (Grants: Rs 68 lakh and Equity: Rs 16.03 lakh). The amount was drawn in March 1994 and disbursed to the Director, NEC in April 1994 who kept the entire amount in a current account in the Canara Bank in contravention of its own and extant Government instructions. Rs 83.00 lakh out of this were transferred to fixed deposit in September 1994.

Acquisition of land for the scheme was also not finalised nor were equity shares contributed by the State Government/Private Parties.

Thus, drawl of Rs 84.03 lakh even before registration of the company was irregular. The NEC stated, in March 1995, that the amount was drawn in anticipation of the State Government's commitment to participate in the project. This is not tenable as the grant should have been released only after registration of the proposed company.

Government of India stated, in December 1995, that efforts were still going on with Government of Meghalaya which is expected to provide its share and finalise the agreement soon.

2.4 Unutilised stores

The provisioning Directorate, Border Security Force, Headquarters, New Delhi procured clothing articles worth Rs 24.36 lakh from Central Ordinance Depot, Kanpur

in August 1992 for Panisagar Stores Complex (PSC), Tripura although no indent was placed by them.

Test-check of records of PSC in December 1994 revealed that the entire consignment of Rs 24.36 lakh had been lying in stock since the date of its procurement.

Joint Assistant Director, PSC, Tripura stated in May 1995, that the articles had been lying in store undistributed due to non-receipt of demand from the units.

Thus, articles worth Rs 24.36 lakh remained unutilised for over three years due to procurement of stores without assessing demand.

The matter was referred to the Ministry in August 1995; their reply was awaited as of December 1995.

2.5 Wasteful expenditure

In 1982-83, the North Eastern Council (NEC) cleared a scheme for setting up a 200 tonne per day (TPD) Mini Cement Plant (MCP) at Umrangshu in Assam at a cost of Rs 797.18 lakh. However, even before obtaining environmental clearance and ensuring availability of land for the project, it paid Rs 35 lakh to the Assam Industrial Development Corporation (AIDC) in March 1983 for development of site for township, construction of residential accommodation etc. and Rs 114 lakh to the Cement Corporation of India (CCI) in February - March 1984. NEC, however, decided in April 1987 to drop the project due to non-receipt of environmental clearance, delay in transfer of land for the project by the Government of Assam and increase in project cost.

Meanwhile, the two implementing agencies had incurred pre-operative expenditure of Rs 16.28 lakh on detailed engineering and system design and publicity/advertising, printing etc. Thus, injudicious release of funds without establishing feasibility of the project resulted in infructuous expenditure of Rs 16.28 lakh. The balance amount has been refunded.

The Ministry stated, in December 1995, that payments to the implementing agencies were made for carrying out preliminary works. The facts, however, remains that funds were released even before obtaining clearance of the Ministry of Environment and Forests which led to the expenditure becoming infructuous.

2.6 Follow up on Audit Reports

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

A review of the position regarding receipt of Action Taken Notes on the paragraphs included in the various Audit Reports upto the period ended 31 March 1994 revealed that the Ministry has not submitted the remedial/corrective Action Taken Notes on the following paragraphs as of December 1995 inspite of the instructions.

Table 2.6 : Corrective Action on Audit Reports

Audit Report Number and Year	Paragraph Number	Ministry	Subject
6 of 1992	17.18*	Human Resource Development	Release of grant-in-aid and inability of grantee to utilise
6 of 1993	10.3**	Home Affairs	Procurement of a vessel
-do-	10.5**	-do-	Irregular drawl of money
-do-	10.9**	-do-	Procurement of spare parts for a diesel generating set
-do-	10.10**	-do-	Wasteful expenditure

Contd ⇨

Audit Report Number and Year	Paragraph Number	Ministry	Subject
6 of 1993	10.11**	-do-	Avoidable expenditure due to damages caused during execution.
-do-	10.12**	-do-	Irregular expenditure on stores
-do-	10.18**	Home Affairs	Delay in fabrication of bus bodies
-do-	10.23*	Industry	Non-construction of industrial sheds
2 of 1994	10.1**	Home Affairs	Non-revision of service charges for vessels
2 of 1994	10.2**	-do-	Idle investment on rest camps for ex-servicemen
2 of 1994	10.3**	-do-	Unfruitful expenditure on defective vessel
-do-	10.4**	-do-	Idle survey equipments
-do-	10.6*	Environment	Unauthorised diversion of funds
-do-	10.7*	Finance	Non-realisation of revenue due to delayed re-assessment of rent
2 of 1994	10.9**	Home Affairs	Collapse of a portion of building due to faulty construction
-do-	10.10**	-do-	Non completion of Martyr's Memorial
-do-	10.11*	Urban Development	Recovery due from contractor
-do-	10.13**	Home Affairs	Unfruitful expenditure on a speed launch
2 of 1995	1.2	Home Affairs	Extra expenditure on acceptance of vessel fitted with non-specified foam
-do-	11.1**	-do-	Avoidable loss of power

Contd ⇨

Audit Report Number and Year	Paragraph Number	Ministry	Subject
2 of 1995	11.2**	-do-	Unutilised grants and equipment for tourism
-do-	11.4**	-do-	Under-realisation of forest receipt
-do-	11.5**	-do-	Idle expenditure on a bridge
-do-	11.7**	-do-	Non-levy of electricity surcharge
-do-	11.8**	-do-	Unfruitful expenditure on erection of bunk houses.
-do-	11.9	-do-	Unfruitful expenditure due to inadequate planning

* Pertain to Union Territories for which Action Taken Note is to be submitted by Ministry other than Ministry of Home Affairs but since the Ministry of Home Affairs is the nodal Ministry, the progress of submission of Action Taken Note is to be monitored by the Ministry.

** Pertain to Union Territories for which Action Taken Note is to be submitted by Ministry of Home Affairs

The Ministry stated, in January 1996, that since most of the paragraphs related to Union Territories, efforts were being made for finalisation of Action Taken Notes thereon.

CHAPTER III

Ministry of Information and Broadcasting

3.1 Premature procurement of equipment and delay in construction

All India Radio, Bombay entrusted construction of additional studio for Doordarshan Kendra, Worli, Bombay in March 1989 to a firm at a cost of Rs 443.64 lakh. The scheduled date of completion was November 1991. Since the firm could complete only 16.47 *per cent* work by November 1991, the contract was rescinded. An expenditure of Rs 127.45 lakh was incurred until November 1991. The remaining work was entrusted to another contractor at a cost of Rs. 523.53 lakh in November 1992 with stipulated date of completion as June 1995. Only 37*per cent* of work had been completed as of February 1995 and Rs 206.85 lakh had been paid to the second contractor. The progress has been slow mainly on account of frequent hindrances due to delay in clearance of design, lack of co-ordination between electrical and civil wings of AIR and suspension of work with a view to examining the possibility of change in the design of the building.

Doordarshan had placed purchase orders in March 1989 for procurement of major equipment for this studio at a cost of Rs 965.30 lakh. These were received during April 1990 to March 1994. Since the studio building was not completed, equipment valued at Rs 585.44 lakh were diverted as loan to Doordarshan Kendra, Bombay and Staff Training Institute, Lucknow. Remaining equipment valued at Rs 379.86 lakh are lying unutilised. The warranty period of one year for the equipment is already over.

Thus, deficient construction management and procurement of equipment in advance of requirement resulted in non-fulfilment of objective of constructing the additional studio on which an expenditure of Rs 1299.60 lakh has already been incurred. There is also possibility of obsolescence of electronic equipment valued at Rs 379.86 lakh.

The matter was referred to Ministry in June 1995; their reply was awaited as of November 1995.

3.2 Non-commissioning of HP transmitter at Jaisalmer

Under the scheme of television coverage of border areas, Ministry of Information and Broadcasting (Ministry) issued sanctions in February 1987 and March 1989 for procuring equipment for setting up a 10 K.W. High Powered T.V. transmitter (Rs 137.60 lakh) and construction of 300 metre tower for Rs 415.50 lakh at Ramgarh, Jaisalmer. Subsequently, the Ministry sanctioned revised estimates of Rs 209.60 lakh for equipment and Rs 546.01 lakh for constructions of tower in June 1995/July 1995. However, procurement order for transmitter was placed with M/s. Bharat Electronics Limited in March 1986 at a cost of Rs 74.77 lakh. The equipment was received in May 1987 and the construction of 300 metre tower and installation of transmitter was completed by May 1993. Total amount spent on procurement of transmitter, other equipment and construction of tower as of March 1995 worked out to Rs 726.59 lakh.

The transmitter had not been commissioned as of October 1995 since the Ministry has not sanctioned staff required to run the transmitter station.

Thus, non-commissioning of transmitter for more than two and half years after completion led to idle investment of Rs 726.59 lakh besides non-fulfilment of objective of setting up facilities for broadcasts to cater to sensitive border areas.

The matter was referred to the Ministry in November 1995; their reply was awaited as of December 1995.

3.3 Premature procurement of equipment - Rs 483.97 lakh

To provide Programme Production Centre at Allahabad, construction of a Television Studio was sanctioned by the Government of India in 1994.

Test check of the records of Station Engineer, Doordarshan, Allahabad in January 1995 and information obtained from Director General, Doordarshan (DG, D.D.) New Delhi in July 1995 revealed that orders for the supply of equipment

(Studio, Cameras, Video Tape recording, Audio equipment etc.) were placed on M/s BEL, Bangalore and M/s. GCEL, Baroda during 1988-89 by the DG, DD New Delhi. The equipment supplied by these undertakings between January 1991 and June 1995, were stored at Doordarshan Centre, Allahabad and New Delhi and full payment towards their cost amounting to Rs 483.97 lakh was made without their test and trial. These equipment, whose guarantee periods have already expired, are still lying unutilised (July 1995). It was noted that the land for the Studio was acquired only in October 1992 and construction of the studio has not started yet .

The procurement of equipment far in advance of the sanction of the studio, acquisition of land and construction of building was indicative of absence of co-ordination in the department.

Thus, non-commissioning of the studio has not only resulted into blocking of Rs 483.97 lakh but the very objective of setting up of Programme Production Centre could not be achieved. Moreover, due to fast improvement/advancement in technology, possibility of these equipment becoming obsolete, by the time the studio comes up, cannot be ruled out.

The matter was referred to the Ministry in July 1995; their reply was awaited as of December 1995.

3.4 Idling of equipment valuing Rs 391.26 lakh due to delay in award of civil work

Director General, Doordarshan placed an order with M/s. Bharat Electronics Limited, Bangalore in March 1989 for supply of one 10 KW TV Transmitter Band-I, Channel-3 with Antenna System to be manufactured indigenously for installation at Fazilka at a cost of Rs 125.33 lakh. The scheduled date of delivery was March 1991. Subsequently, it was felt that indigenous development of Channel-3 transmitter would not be feasible as the requirement of Doordarshan was of a single unit. As such, the firm was requested in October 1989 to import and supply the equipment to Doordarshan. The purchase order was revised in November 1992/February 1993 for Transmitter (cost Rs 309.97 lakh) and Antenna System (cost Rs 67.51 lakh) on the

basis of actual FOB cost, freight, insurance, landing charges etc. The equipment was supplied by the firm to the consignee (Chief Engineer: North Zone) in December 1992 for which payment of Rs.343.72 lakh was released in February-March 1993 by that office. In addition, spares valuing Rs 47.54 lakh were also procured for which payment was made by Central Purchase Store of Doordarshan.

During scrutiny of records in the office of the Chief Engineer (NZ) and Civil Construction Wing, it was noticed that the work relating to the construction of building in which the proposed transmitter was to be installed was not even sanctioned till the receipt of the equipment in December 1992. Administrative approval/ expenditure sanction of the building in which the TV transmitter was to be installed was conveyed in March 1993 and the work was awarded to the contractor in January 1994 with the scheduled date of completion as May 1995. Though the civil work has not been completed as of November 1995, the technical area was handed over by the Civil Construction Wing to the Chief Engineer, North Zone for installation of transmitter in September 1995. Another work of erection of 300 metre Steel Tower was awarded in December 1994 with the scheduled date of completion as December 1996.

Thus, lack of co-ordination between the civil and installation wings of Doordarshan led to a situation where the equipment had been received but the site preparation work had not even been awarded. This delay of about 2 years in award of civil work after the equipment was schedule to be delivered (March 1991 - March 1993) led to equipment and spares worth Rs 391.26 lakh lying idle for more than two and half years as of September 1995 besides denial of the facility to the target population.

The matter was referred to the Ministry in December 1995; their reply was awaited as of January 1996.

3.5 Lower categorisation leading to loss of Rs 352.30 lakh

Doordarshan accepts proposals of TV programmes from outside producers/ directors under `Commissioned Category' and `Sponsored Category'. Commissioned

programme are funded by Doordarshan whereas the sponsored programme are financed by the Sponsor/Producers.

For the telecast of sponsored programme, the sponsor pays to Doordarshan such telecast fee as prescribed from time to time in Doordarshan's Rate Card on the basis of categorisation of a programme. Sponsor is entitled to utilise `free of cost' such period of time as specified in Doordarshan's Rate Card for each category of programme. Doordarshan is also entitled to telecast commercial spot advertisement of products/service other than those of the sponsor of the programme.

Rules also provide that the category of a running programme irrespective of the telecast time can be changed by giving a 30 days notice and also before the telecast of the first episode after the extension of a serial.

Test check of records in Doordarshan revealed that the programme `The World This Week' was approved for 52 episodes under sponsored category in November 1989. The programme started from 16 February 1990. The duration of the programme was 45 minutes for non-Parliament days and 30 minutes for Parliament days. The Programme was categorised as `A'. Taking into consideration the viewership of the programme and the long waiting for spot ads, it was, however, decided in April 1990, to re-categorise the programme as `A-Special' with effect from 1 June 1990. But the producer did not agree to it though Doordarshan had a right to change the categorisation by giving 30 days notice. Doordarshan changed the spot-buy rate to those applicable to `A-Special' with effect from 1 June 1990 while the categorisation of the programmes/sponsorship fee continued as lower category `A'.

As per Doordarshan's Rate Card, the category of sponsorship fee, free commercial time (FCT) and spot buy should be matching and uniform. By keeping the programme under lower category for telecast fee and FCT Doordarshan had charged lower rate of telecast fee and had allowed 30 seconds extra time as FCT in each episode of 30 minutes which was not available after re-categorisation from `A' to `A special'. Doordarshan did not insist on categorisation to `A Special' even while granting further extensions and allowed extension of the programme in February

1991, December 1991, September 1992, May 1993 and December 1993 in `A' category for telecast fee and FCT while spot buy rates continued as A Special'. Till December 1993, 144 episodes under Sponsored scheme were telecast. Keeping the different categories of telecast fee, FCT and spot buy, Doordarshan had suffered a loss of Rs 127.20 lakh on account of sponsorship fee being the difference of fee between `A' and `A-Special' categories and Rs 225.10 lakh on account of 30 seconds extra FCT allowed per episode. This aggregated the total loss to Rs 352.30 lakh. The loss would be higher as some of the programmes were of duration of 45 minutes for which the telecast fee was to increase proportionately, the break-up of which was not furnished.

The matter was referred to the Ministry in October 1995; their reply was awaited as of December 1995.

3.6 Loss due to injudicious contract

Doordarshan allots slots for sponsored programmes on payment of sponsorship fees prescribed in its rate card applicable to the category of the programme. The sponsorship fee and free commercial time allowed to the sponsor is dependent on categorisation of a programme as 'Super A', 'A' Special, 'A' etc. In addition, Doordarshan also books 'spots' before the programme at spot-buy rates applicable to the particular category of programme.

The mega serial 'Chandrakanta', which was categorised as 'A-special' completed 52 episodes in March 1995. It was given extension for further 52 episodes in December 1994 which was effective from April 1995. While granting extension, Doordarshan agreed to provide 230 seconds of additional commercial time over and above 240 seconds of free commercial time (FCT) available to the sponsor during one hour slot of the programme in lieu of total payment of Rs 17 lakh per episode, which included the sponsorship fee of Rs 5.20 lakh for the two half hour slots. This rate was termed as minimum guarantee rate, wherein it was provided that the sponsor would make good the amount earned by Doordarshan through spot booking, if and when it fell short of Rs 6 lakh for each episode.

The spot booking rates applicable to A-Special category programme in the Doordarshan's rate card of February 1995 is Rs 85,000 for every 10 seconds. At this rate, the total revenue due to Doordarshan for the extra commercial time worked out to Rs 19.55 lakh. Thus the total amount due to Doordarshan, including the sponsorship fee, worked out to Rs 24.75 lakh per episode. Therefore, extension of the programme alongwith additional commercial time of 230 seconds at a flat rate of Rs 17 lakh entailed a recurring loss of Rs 7.75 lakh per episode. Doordarshan had no reason to obtain any guarantee of minimum revenue of Rs 6 lakh from spot bookings since the serial was already a success, which was evident from the average revenue of Rs 23.62 lakh per episode from the spot buys for this programme during March 1995. This has registered consistent increase and stood at Rs 48.34 lakh per episode in August 1995. Therefore fixing the rate at Rs 17 lakh per episode resulted in a favour to the sponsor at the expense of Doordarshan. It was further noticed that the minimum guaranteed returns in case of other popular serials like Junoon, Alif Laila and Superhit Muqabla were fixed at full commercial value of the commercial time allotted to the sponsors.

The mega serial had already run for 30 episodes as of October 1995 when this audit scrutiny was finalised. The injudicious fixation of rates for the additional commercial time allowed to the sponsor had, therefore, resulted in a loss of Rs 232.50 lakh.

The matter was referred to the Ministry in December 1995; their reply was awaited as of January 1996.

3.7 Wrong purchase of 3/4" U-matic Video Cassettes (KCA-20) valuing Rs 1.80 crore

KCA U-matic cassettes are used in edit VCR and cannot be used for field recording whereas KCS U-matic cassettes are used in field VCRs. Director General, Doordarshan advised Central Purchase Stores Division of Doordarshan in February 1989 to initiate action for procurement of 20,000 and 15,000 numbers of 3/4" video cassettes KCS-20 and KCA-60 respectively. Central Purchase Stores placed indent in November 1990 with the Director General, Supplies and Disposal, New Delhi (DGS&D) for procurement of 20,000 and 15,000 numbers of 3/4" video cassettes of

20 minutes and 60 minutes duration respectively, without specifying the type of cassette (viz KCA or KCS). In the meantime, 500 cassettes of KCS-20 and 4500 cassettes of KCA-60 were purchased from M/S ET & T in February 1991 as the stock position was critical. DGS&D placed order of the remaining quantity on M/s. Cinecita Comptronics Industries Pvt. Ltd. Bombay in January 1992 for supply of 19,500 and 10,500 numbers of 3/4" U-matic video cassettes KCA-20 and KCA-60 respectively at net FOB value Yen 3,36,70,159 with agency commission equivalent to Yen 10,10,105 to be paid in Indian rupees.

The Central Purchase Stores not only failed to indicate the specifications of cassettes in the indent placed on the DGS&D but it again failed to verify the description of cassettes in the Acceptance of Tender (A/T) when a copy was endorsed to the Superintending Engineer, Central Purchase Store, Doordarshan in January 1992. This led to procurement of 19,500 numbers of video cassettes, KCA-20 video cassettes instead of KCS-20.

These cassettes were distributed to various Kendras. However Delhi, Bombay, Calcutta and Jalandhar Kendras complained that the cassettes were not suitable as the same could not be used in the portable field VCRs due to their odd size. To meet the demand of KCS-20 for field recording, Central Purchase Store had to procure separately 23,375 cassettes valuing Rs 1.48 crore during October 1992 to April 1994.

Thus, failure on the part of Doordarshan to place the correct indent on DGS&D and recheck the specification on receipt of A/T from DGS&D led to wrong purchase of 19,500 cassettes (KCA-20) of incorrect specifications resulting in questionable expenditure of Rs 1.80 crore.

The matter was referred to the Ministry in October 1995; their reply was awaited as of December 1995.

3.8 Infructuous expenditure on TV decoders

For introducing teletext service in Delhi from mid-November 1985, a total quantity of 10252 teletext decoders (against the sanctioned quantity of 15000 decoders) was imported from a French firm in October-November 1985 through Electronics Trade and Technology Development Corporation Limited, New Delhi

(ET&T) at a landed cost of Rs 254.59 lakh. These decoders were to be sold through Public Sector Undertakings and indigenous private T V manufacturers.

As these decoders could not be disposed of due to technical reasons, ET&T asked the Ministry of Information and Broadcasting (Ministry) for reimbursement of expenses incurred by it in procuring and stock holding these items. The Ministry decided in August 1993 to re-imburse the landed cost of 9938 unsold decoders. It was also decided to appoint a technical committee comprising representatives of Doordarshan and the ET&T to recommend the utility or otherwise of the imported decoders.

Expenditure sanction for the re-imbursement of landed cost of Rs 251.75 lakh to the firm was issued by the Ministry in November 1993. Regarding release of payment to the ET&T Doordarshan referred to the Ministry soliciting clarifications inter-alia, as to whether the receipt of the report of the technical committee constituted to examine the extent to which the teletext decoders could be put to economic use was a pre-condition. The Ministry replied in December 1993 that payment was not conditional on the report of the technical committee.

The committee which examined the possibility of using the decoders found that due to variety of reasons, these were of no use and were mere junk. The committee further concluded that continued storage of the decoders was not advisable and the same should be auctioned off. The engineering wing of the Doordarshan was also of the view that the decoders were of no use to a broadcasting organisation and thus Doordarshan should not be forced to take their physical custody in view of their difficulty of storage space for such voluminous consignment.

Subject to the conditions stipulated in the sanction letter, Doordarshan released in March 1994 an amount of Rs 213.99 lakh representing 87*per cent* of the landed cost of 9905 decoders to the ET&T.

The case thus, revealed that investment made by the ET&T at the instance of Ministry remained unproductive for more than nine years; the Ministry had not explored the possibility of utilising/disposing of the decoders gainfully during this

period of nine years and Doordarshan incurred expenditure of Rs 213.99 lakh for the equipment which was of no use to it and was mere junk. The entire expenditure was, therefore, rendered infructuous.

The matter was referred to the Ministry in November 1995; their reply was awaited as of December 1995.

3.9 Delay in provision of television facility around Rajamundry

With a view to providing television coverage to the people residing within a radius of 70 Kms around Rajamundry, Andhra Pradesh, Director General, Doordarshan, New Delhi granted, in March 1991, administrative approval and expenditure sanction for Rs 228.75 lakh for procurement by way of advance action for equipment of long lead time and for the purchase of initial set of spares, to enable setting up a 10 KW very high frequency channel 12 Plus transmitter along with its allied equipment and a 150 metre high television tower with antenna system.

Land acquisition for setting up television facility took a long time. Ultimately the site was acquired for Rs 5.11 lakh and handed over to the department in December 1993. However, the administrative approval and expenditure sanction for construction of building has not been issued by the Government (November 95) as a result construction work could not commence.

It was, however, noticed that a supply order was placed with M/s Bharat Electronics Ltd (BEL) Bangalore, in March 1991, (among other things) for supply of one set of 10 KW television transmitter with all the accessories and spares at a total cost of Rs 138.30 lakh (exclusive of taxes & duties) with the condition that the equipment should be supplied before 30 September 1992. The equipment were guaranteed for a period of 12 months from the date of receipt of last batch of the items. BEL supplied the equipment between September 1992 and March 1994 and payments totalling Rs 146.70 lakh were made to the firm between March 1991 and September 1994.

Thus, mismatch in procurement of the television transmitter with accessories and construction of the building resulted in the equipment procured at a cost of Rs 146.70 lakh, remaining idle. The guarantee period of the equipment expired in March 1995 even before it could be installed and commissioned.

Thus, due to delay in commissioning of the equipment the people residing within a radius of 70 kms of Rajamundry have been deprived of the much needed television facility. Besides, there is also possibility of the equipment procured at Rs 146.70 lakh becoming unserviceable resulting in wasteful expenditure.

The matter was referred to the Ministry in July 1995; their reply was awaited as of November 1995.

3.10 Injudicious expenditure

Test check of records in the Central Purchase and Stores Office of Doordarshan in June 1995 revealed that Doordarshan procured 14 items of spares during August 1991 to February 1995 at a cost of Rs 55.06 lakh without assessment of requirement, while it already had sufficient stock of these items. The closing balance of each of these items at the end of June 1995 was more than the quantities purchased fresh during the period mentioned above, indicating that the existing stock before procurement were more than adequate to meet the requirement. In case of five items procured at a cost of Rs 29.17 lakh during August 1991 and February 1995 not a single unit was issued against the existing balance before procurement as well as out of fresh procurements.

Thus, injudicious procurement resulted in avoidable blocking of over Rs 55 lakh and calls for a review of a system of procurement of spares in Doordarshan.

The matter was referred to the Ministry in September 1995; their reply was awaited as of December 1995.

3.11 Non-recovery of outstanding dues

Station Director, Commercial Broadcasting Service, All India Radio, accepts contracts from agencies and companies for broadcasting of advertisements on the

primary channels. Clause 18 (a) of the contract provides for recovery of penal interest at the rate of 18 *per cent per annum* and / or cancellation of the accreditation of the agent for non-payment of dues within 45 days from the first of the month following the date of the broadcast.

Scrutiny of the consolidated ledger maintained for watching recovery of the dues revealed that an amount of Rs 32.87 lakh, was outstanding against the agencies for the periods mentioned below :

Table 3.11 : Outstanding dues against accredited agencies

(Rs in lakh)

Station	Period	Amount	Remarks
Bombay	1986-95	24.29	Nine stations in Maharashtra and Goa
Calcutta	1988-95	8.58	Ten stations in West Bengal, Assam and Tripura
Total		**32.87**	

All India Radio Stations had neither charged penal interest nor cancelled the accreditation of any agency for non-payment of dues. The interest recoverable at the rate of 18 *per cent per annum* on the arrears worked out to Rs 20.34 lakh.

The department stated, in September 1995, that out of the arrears of Rs 24.29 lakh pertaining to Bombay for the period upto 1994-95, an amount of Rs 11.22 lakh had been received upto September 1995.

Thus, failure to take effective action for prompt recovery of dues led to non-realisation of arrears of Rs 21.65 lakh as of October 1995. Besides, interest of Rs 20.34 lakh for non-payment of dues was also not demanded.

The matter was referred to the Ministry in February/November 1995; their reply was awaited as of December 1995.

3.12 Acceptance of sub-standard serial

Director General Doordarshan approved commissioned production of a 13 episode serial `Dasa Kumar Charita' of 25 minutes each in Hindi at Rs 2.80 lakh per

episode through M/s Hi-matic Tele Studio Bangalore in March 1994. The cost per episode was determined on considerations of historical setting and special dresses required in production of the serial. The serial was to be directed by experienced director Shri K.S.Nagabharna.

The producer, Ms Radha Amarnath of Hi-matic Tele Studio approached Doordarshan on 10 November 1994 that she herself wanted to direct the serial along with two assistants on the ground that Shri Nagabharna was abroad for three months. Instead of taking a firm decision, Controller of programmes, Doordarshan wrote to Director Doordarshan Kendra, (DDK) Bangalore on 19 December 1994 to discuss the matter with the producer as to whether it would be worthwhile to go ahead with this prestigious production in the absence of Shri Nagabharna. He was also directed to depute an officer to oversee the production work. However, by the time DDK, Bangalore contacted her, she had already completed the shooting under her own direction without approval of Doordarshan. Subsequently, Doordarshan came to know in January 1995 that the ground that Shri Nagabharna's return from abroad was uncertain, on which the producer asked for permission to direct the serial herself on 10 November 1994 was not correct, since Shri Nagabharma had returned from abroad only one week after her request, on 17 November 1994.

Preview of rough cuts by a team of three officers of Doordarshan in March 1995 revealed serious production shortcomings relating to continuity and clarity of story. Final cuts submitted in April 1995 also revealed shortcomings on account of repetitions, widely varying time of each episode and overall average quality of production. Besides, the total duration of final cuts was only of 302 minutes in place of 325 minutes.

The Deputy Director General (L) and Director (Fin.) recommended that because of breach of contract in changing the director without approval of Doordarshan and average production quality, the producer should not be paid more than 50 *per cent* of the sanctioned amount besides reduction on account of shortfall in duration of the serial by 23 minutes.

Notwithstanding this, Director General, Doordarshan approved full payment to the producer except deduction of Rs 1.40 lakh for the shortfall in duration. Thus, not only Doordarshan accepted inferior quality programme in which the director was changed unauthorisedly and made payment of Rs 35.00 lakh at the rate approved for higher grade of production, it paid about Rs 1.40 lakh for 23 minutes duration of the serial which was not supplied at all by the producer.

The matter was referred to Ministry in December 1995; their reply was awaited as of December 1995.

3.13 Non-utilisation of Engineering News Gathering van worth Rs 29.91 lakh

Test check of records in the office of the Chief Engineer (North Zone) revealed that an Engineering News Gathering (E.N.G.) van duly fitted with expensive video and audio equipment procured for Programme Generation Facility (PGF), Chandigarh in February 1991 at a cost of Rs 29.91 lakh was lying un-utilised since its receipt in the store of Chief Engineer North Zone as of October 1995 in the open.

The Deputy Director (Engineering) stated, in October 1995, that the equipment was stored in the godown in Delhi as construction work of the building for PGF Chandigarh had not yet been taken up.

Thus, equipment valuing Rs 29.91 lakh has not been used for a period of more than 4 years since its procurement due to mismatch in its receipt and completion of construction of building.

The matter was referred to the Ministry in November 1995; their reply was awaited as of January 1996.

3.14 Non-realisation of outstanding dues

Commercial Broadcasting Service, All India Radio, Thiruvananthapuram (CBS, TVM) maintains the accounts of revenue from commercial advertisements broadcast on primary channel. According to the terms and conditions of the contract with accredited agencies, bills are sent to the agency concerned after the month of broadcast, payable within 45 days from the first of the month following the date of

broadcast. It is also stipulated that if the accredited agency fails to make payment of monthly bills by the due date on more than 3 occasions in a year or within 44 days after the prescribed credit period, it shall automatically lose its accreditation facility.

One of the accredited agencies with CBS, TVM continuously defaulted in payment of advertisement charges for the period from June 1988 to July 1989. But contrary to the provisions in the contract, it was allowed extension of the credit facility on different occasions during 1988 and 1989. The accreditation facility was finally withdrawn with effect from 12 May 1989 by the Director General, All India Radio, New Delhi. After adjusting the bank guarantee of Rs 0.25 lakh, an amount of Rs 15.65 lakh including interest of Rs 1.82 lakh for period upto 14 October 1989 was due from the agency.

The department referred the matter to the Court of Arbitration, Bombay in September 1989 for realisation of the dues. The Court of Arbitration decided the case in favour of the department for recovery of the dues from the defaulting agency in July 1991 with interest at 18 *per cent*. However, the recovery had not been effected as of November 1995. The department stated, in June 1995, that though a suit was filed in September 1991 in the Principal Sub Court, Thiruvananthapuram to obtain a decree on the award, it was not properly pursued by the counsels. As such, it was dismissed in April 1992 on the ground "No steps, No representation" It, further, added that a restoration petition was filed in August 1993 and that the case was restored in April 1995. The department stated, in November 1995, that the case has been posted for hearing in December 1995.

The matter was referred to the Ministry in May 1995; their reply was awaited as of November 1995.

3.15 Suspected misappropriation of government funds

General instructions for handling cash stipulate that entries made in cash book regarding remittances of receipts to the accredited bank for credit into government account should be attested by the Head of the Office or a gazetted officer nominated by the Head of the Office after verifying them with reference to the bank's receipt

recorded in pay-in-slip or challan. The Departmental Officer is also required to send to the Pay and Accounts Office a weekly list of remittances into the bank to enable him to watch receipt of corresponding credits in the bank scrolls received by him.

Test check of records in the Office of the Superintending Engineer, CCW, All India Radio, circle No.2, New Delhi, revealed that as per entries in the cash book an amount of Rs 5260 was shown as deposited in the bank through seven challans during March 1994. However, corresponding credits for Rs 1025 only were available in the records of Pay and Accounts Office and Bank.. The figures in the challans were found interpolated/tampered with Further, amounts totalling Rs 2191 received in cash through TR-5, were not entered in the cash book during June 1992 to April 1994 by the cashier. In seven other cases, amounts realised through cheques issued by the Pay and Accounts Office were short entered in the cash book to the extent of Rs 17,162 by the cashier. The omissions resulted in short credit of an amount of Rs 23,588. CCW, All India Radio stated, in October 1995, that the departmental enquiry had been initiated against the cashier.

Further, as per provisions in the Rules, the details of undisbursed amount of pay and allowances/contingencies etc. are to be prepared in GAR-25 to verify the correctness of balances/payments and to ensure refund of un-disbursed amount to Government account. Test check of records in the Office of the Director General, Doordarshan revealed that undisbursed amount totalling Rs 99,157 was not refunded during 1993-95 and the cash book was debited in excess of amounts actually paid against 12 salary/contingent bills. This could not be detected by the department as the details of undisbursed amounts were not being maintained in the prescribed format.

In another case, an amount of Rs 17,600 was received by the cashier in cash from DGS&D on account of sale of tender forms vide TR 5 No.83 dated 7 April 1994. However, this amount was not entered into the cash book.

In the above cases, suspected misappropriation could have been avoided if the departmental officers had followed the prescribed financial rules and procedures.

The matter was referred to the Ministry in October 1995 and January 1996; their reply was awaited as of January 1996.

3.16 Follow up on Audit Reports

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

A review of the position regarding receipt of Action Taken Notes on the paragraphs included in the various Audit Reports upto the period ended 31 March 1994 revealed that the Ministry has not submitted the remedial/corrective Action Taken Note on the following paragraph as of December 1995, inspite of the instructions.

Table 3.16 : Corrective Action on Audit Report

Audit Report Number and Year	Paragraph Number	Subject
2 of 1995	3.2	Setting up and functioning of FM Radio Stations

The Ministry stated, in January 1996, that Action Taken Note on the paragraph was under process and would be sent shortly.

CHAPTER IV

Ministry of Personnel, Public Grievances and Pension

Department of Personnel and Training

4.1 Follow up on Audit Reports

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

A review of the position regarding receipt of Action Taken Notes on the paragraphs included in the various Audit Reports upto the period ended 31 March 1994 revealed that the Ministry has not submitted the remedial/corrective Action Taken Note on the following paragraph as of November 1995 in spite of the instructions.

Table 4.1 : Corrective Action on Audit Reports

Audit Report Number and Year	Paragraph Number	Subject
2 of 1995	7.1	Staff Selection Commission

The matter was referred to the Ministry in December 1995; their reply was awaited as of January 1996.

CHAPTER V
Ministry of Surface Transport

5.1 National Highways in Tamil Nadu

5.1.1 Introduction

The National Highways Act, 1956 declared thirty nine Highways in the country as 'National Highways' and the development and maintenance of these National Highways (NH) are vested with the Government of India (GOI). The Ministry of Surface Transport (MOST) exercises these functions through the various State Public Works Departments.

The works relating to NH, situated in the Tamil Nadu State (2002.464 Kms) are executed by the Highways and Rural Works (H & RW) Wing of the State Public Works Department (PWD).

5.1.2 Organisational set up

Two Chief Engineers (CE) assisted by five Superintending Engineers (SE) and sixteen Divisional Engineers (DE) are executing the NH Works in the State.

5.1.3 Audit coverage

A review on the execution of NH Works during 1990-95 including the implementation of the World Bank assisted 'National Highways Project' (NHP) with special emphasis on the system of tender was conducted by Audit during September 1995 to November 1995.

5.1.4 Highlights

- **Two hundred and two tender calls test-checked in the office of Chief Engineer (NH) revealed that 181 cases were responded to by only one (32 cases) or two (149 cases) tenderers. Of the 93 cases test-checked under the later category, the same pair of tenderers participated in 2 or more calls in 39 cases. Poor participation by the registered contractors due to restricted sale of tender forms and the failure to delete the non-**

participating contractors from the Register of Contractors periodically vitiated the entire tendering system.

- **There was avoidable delay in acceptance of lowest tenders within the validity period of tenders resulting in extra commitment of Rs 36.58 lakh in two cases.**
- **In four cases injudicious decisions in rejecting the lowest competitive tenders had resulted in an extra liability of Rs 230.82 lakh.**
- **There was avoidable delay in the finalisation of the tenders relating to packages I and II of 'National Highways Project' resulting in avoidable extra expenditure of Rs 83.47 lakh towards payment of price variation on inputs.**
- **In one work, failure to award the additional works, contingent to main work, to the main contractor had resulted in an avoidable extra commitment of Rs 44.04 lakh.**
- **Payment of Rs 760.17 lakh was made in four packages under 'National Highways Project' for the use of foreign inputs without verifying the actual usage in accordance with the agreement conditions.**
- **Rs 34.24 lakh recovered from contractors towards Seigniorage charges on earth and metal was credited to 'State Revenues" instead of to the NH Works.**
- **Out of stores costing Rs 457.66 lakh purchased by Coimbatore NH Division between October 1991 and September 1992 without any assessment of requirements, stores worth Rs 440.60 lakh were kept idle and debited to the 'State Suspense Accounts'.**
- **Irregular entrustment of lease for 'Toll collection' had resulted in loss of revenue to the extent of Rs 89.85 lakh.**

5.1.5 Funding

The entire expenditure on the development and maintenance of NH are met by Government of India and the State Governments are entitled to agency charges for meeting establishment expenses at 9 *per cent* on the works expenditure excluding maintenance of roads in urban limits. Besides, agency charges are also allowed on survey and investigation, quality control and work-charged establishment. Assistance

at the rate of Rs 16,000 per Km upto August 1994 and at Rs 60000 per Km from September 1994 were also provided for maintaining the roads in urban limits.

The expenditure on NH works including NHP are initially met by the State and booked under "8658 Suspense Accounts - Pay and Accounts Office Suspense". The amount is reimbursed by the Pay and Accounts Office, Bangalore (PAO) of MOST, the nominated PAO, to clear the "Suspense Head". The expenditure on the establishment etc., are met from the consolidated fund of the State and the agency charges received are credited to the State.

The details of allotment by Government of India, expenditure incurred by the State and reimbursement obtained from Government of India during 1990-91 to 1994-95 are as follows :

Table 5.1.5 : Funds allotment and expenditure

(Rupees in lakh)

Year	NH (Development and Maintenance)			NHP		
	GOI allotment	Expendi-ture	Reimbur sement	GOI allotment	Expendi-ture	Reimburse-ment
1990-91	1601.79	1637.94	1637.94	712.07	698.93	698.93
1991-92	1660.00	1663.16	1659.87	760.22	761.14	761.14
1992-93	1815.00	1875.12	1857.90	1020.27	1001.82	1001.82
1993-94	2337.00	2582.07	2579.43	2519.50	2055.35	2046.16
1994-95	2692.36	2692.36	2530.35	1660.00	1704.26	253.08
Total	**10106.15**	**10450.65**	**10265.49**	**6672.06**	**6221.50**	**4761.13**

Note : All figures are inclusive of agency Charges

As against the claims of Rs 16672.15 lakh including the agency charges for 1990-95, Rs 15026.62 lakh was reimbursed by the Government of India. The difference consisted of disallowed expenditure and withheld amounts which were mainly due to clarifications required on vouchers, and expenditure in excess of Government of India sanctions. It was noticed that the reimbursement of expenditure under NHP from June 1994 onwards (Rs 1449.91 lakh) was withheld as the revised estimate for the project was yet to be approved by the Government of India.

5.1.6 System of tenders

5.1.6.1 Registration of contractors

Government in November 1986, and December 1992 prescribed the experience required in Government work and solvency for registration/promotion of contractors to appropriate class. The experience and solvency prescribed for registering contractors for executing works valuing more than Rs 10 lakh are as follows :

Table 5.1.6.1 : Experience and solvency prescribed for registering contractors

Monetary limit	Minimum experience in Government works	Minimum solvency
Above 10 lakh and upto Rs 25 lakh		
(i) upto November 1992	7 years	Rs 5 lakh
(ii) from December 1992	4 Years and at least 5 works should have been executed for a total value not less than Rs 10 lakh.	Rs 7.5 lakh.
Above Rs 25 lakh		
(i) upto November 1992	8 years	Rs 5 lakh
(ii) from December 1992	5 Years and at least 5 works of total value not less than Rs 25 lakh.	Rs 10 lakh

Test check of documents relating to 181 of the 757 cases of registration in the 5 circles revealed that contractors without the prescribed experience (180 cases) and solvency (25 cases) were registered for carrying out works costing more than Rs 10 lakh during 1990-95. Of the 180 defective registrations, 14 contractors were awarded 20 works. Test check conducted in Madras and Salem circles disclosed that 37 out of 42 works awarded to contractors, who did not possess experience and solvency prescribed by Government, were not completed within the scheduled time.

5.1.6.2 Improper advertisement

MOST prescribed in May 1989 following norms for publishing the advertisements relating to tender calls in the newspapers/journals.

Table 5.1.6.2 : Norms for publishing advertisements of tender calls

	Cost of work	Norms
i)	Upto Rs 50000	No advertisement
ii)	Above Rs 50000 upto Rs 25 lakh	3 Regional newspapers
iii)	Above Rs 25 lakh upto Rs 2 Crore	2 National newspapers, 2 Regional newspapers, The Indian Trade Journal and The Indian Highways.
iv)	Above Rs 2 Crore	4 National newspapers, 2 Regional newspapers, The Indian Trade Journal and The Indian Highways. (Advertisement for pre-qualification only)

Test check in 4 NH Circles revealed that out of 70 cases of tender calls, in 38 cases (all works costing less than Rs 25 lakh) advertisement were made in excess of the prescribed norms and in the remaining 32 cases (all works costing more than Rs 25 lakh) less advertisement was resorted to.

5.1.6.3 Poor participation in tenders

Test Check of the records relating to 202 tender calls made available to Audit by the office of the CE (NH) revealed that 181 tender calls were responded to by only one (32 cases) or two (149 cases) tenderers. Scrutiny of 118 tender calls in 4 NH circles disclosed that only two offers were received in 93 cases out of which in 39 cases the same pair of tenderers participated in 2 or more tender calls. Further, the pattern of tenders accepted in respect of 59 development works in these circles revealed Minus tenders in 7 cases and tender excess (i) upto 5 *per cent* in 7 cases, (ii) 5 to 10 *per cent* in 25 cases and (iii) 10 to 35 *per cent* in 20 cases.

Audit scrutiny revealed the following :

a) Government in December 1992, ordered annual review of the Register of Contractors and deletion of those who had not participated in tender calls for the last two years and who failed to execute works and to consider them for registration only after one year. Though, such penal action could force the contractors to participate in the tender calls, thereby facilitating receipt of competitive tenders, the annual review was not conducted in the circles.

b) The pattern of sale of tender forms in respect of 118 cases reviewed in the four circles revealed that tender forms were sold only to one in 9 cases and to two contractors in 77 cases.

c) Complaints against non-issue of tender forms in spite of requests were received in 3 cases in Madurai circles.

From the above, it may be seen that the entire tendering system was vitiated which would have effectively prevented securing competitive rates for the tenders floated by the CE(NH).

5.1.6.4 Finalisation of tenders

5.1.6.4(a) Delay in acceptance of tenders

Test check of 125 cases in the 4 NH circles revealed that in 27 cases the tenders were not finalised within the validity period mentioned in the Tender Notice. Failure to finalise the tender within the validity period had resulted in de-sanction of two schemes and in avoidable extra commitment of Rs 36.58 lakh to the Government of India in the following two cases.

i) The lowest tender of Rs 46.50 lakh for executing the work"Strengthening of the existing two lane pavement in Km 254/785 - 260/0 of NH-7", with validity upto 12 April 1992 and recommended by the CE (NH) on 13 December 1991, was not finalised by the Government till the expiry date of validity of tender. As the tenderer refused in April 1992 to revalidate the offer, retender called for in April 1992 resulted

in the work being entrusted at a higher cost of Rs 65.88 lakh in December 1992; the work was in progress as of October 1995.

ii) Tenders were invited in August 1989 for the work "Reconstruction of a High Level Bridge at Km 271/2 of NH-7 along with approaches". The lowest tender of Rs 57.63 lakh recommended by CE (NH) on 05 October 1989 was not decided by the Government till the expiry of the validity of the tender (29 November 1989). Consequently, the offer was withdrawn and the work was awarded at higher cost of Rs 75.37 lakh in November 1990, in retender and completed in July 1995 at the cost of Rs 74.83 lakh.

5.1.6.4(b) Non-acceptance of competitive tender

According to the provisions of Highways Manual, the engineer should make it a rule to accept the lowest reliable tender unless there are good and convincing reasons to the contrary. The department failed to accept the competitive tender in the following cases:

i) Irregular rejection of tender

Government of India accorded in January 1991 technical approval and financial sanction of Rs 95.11 lakh for the work of "Strengthening the weak two lane pavement in Km 327/083 to 333/6 of National Highways (NH) 45". The estimate for the work was technically sanctioned for Rs 95.11 lakh by the Chief Engineer (CE), NH Madras in July 1991.

Tenders for the work were invited by the Superintending Engineer (SE) NH, Madurai in August 1991, the value of work put to tender being Rs 86.16 lakh. Five tenders were received. The lowest tender of Rs 74.23 lakh was 13.85 *per cent* below the estimate cost put to tender. The remaining four tenders of Rs 90.21 lakh to Rs 112.29 lakh were above the estimated cost. The SE rejected all the tenders in October 1991 for the reason that the lowest tender which was below the estimate was unworkable and ordered call of retenders, though there was only one tender which was below the estimate.

Retenders were invited in November 1991. Four tenders were received. The lowest tender (Rs 81.69 lakh) was 5.19 *per cent* below the estimate. The remaining three tenders were at Rs 93.68 lakh to Rs 108.52 lakh.

The lowest tender of contractor 'A', for Rs 81.69 lakh was recommended in February 1992 to the State Government by the CE (NH) for acceptance. Government observed in May 1992 that good quality work could not be done with discounted tenders and wanted CE to consider award of the tender to second lowest tenderer Firm 'B', for Rs 93.68 lakh which was 8.72 *per cent* above the estimate or alternatively inviting retenders again. Thereafter CE (NH) recommended the tender for Rs 93.68 lakh of Firm 'B', which was accepted in August 1992.

The following irregularities were noticed :

The CE while recommending the lowest tender of the second call to Government in February 1992 had stated that the tenderer was financially sound and was capable of doing the work and the rates quoted were reasonable. When the Government directed the CE in February 1992 to furnish Performance Report of the two lowest tenderers of the second call, it was reported by him in May 1992 that the lowest tenderer had not executed any work in NH Wing and his capabilities were yet to be tested. However, it was noticed in audit that the lowest tenderer was registered as a Ist class contractor in October 1985 itself and had executed road works ranging from Rs 9.07 lakh to Rs 50 lakh in the Corporation of Madras and the Tamil Nadu State Construction Corporation. The tenderer was also prequalified in March 1991 for a work valuing Rs 5.15 crore under a World Bank assisted project, which was to be executed to NH standards. Therefore, Government had no basis to ignore the lowest tenderer.

Thus, the rejection of the lowest tender at Rs 81.69 lakh by the State Government and award of work to the tenderer who quoted Rs 93.68 lakh was done clearly with a view to give favour to the contractor. This also resulted in extra liability of Rs 11.99 lakh to the Government of India.

ii) The SE (NH) Madras recommended in January 1992 the lowest tender of Rs 13.25 lakh for executing the work of "Special Repairs to Kms.18/0-22/3 of NH - 4 - Poonamallee bypass" to the CE (NH). The SE also clarified in February 1992 that

a) 6 out of 7 tenders received were of Minus percentages ranging from 20.81*per cent* to 4.16 *per cent*.

b) the lowest tenderer had quarry with crusher and own lorries and

c) tenders with less percentage ranging from minus 13.13 to minus 26.02 *per cent* for contract values of Rs 20.70 lakh to Rs 169.79 lakh were accepted earlier.

The CE (NH) instructed in March 1992 the SE to reconsider his recommendations as the Government had felt that only premium tender should be accepted for NH works to ensure good quality of work.

The SE changed his earlier recommendation in April 1992 stating that the rates quoted by the lowest tenderers was unworkable. Retender was invited in June 1992 and the work was entrusted to the lowest of the two tenderers at a cost of Rs 20.85 lakh (tender premium of Rs 9.89 *per cent*) in August 1992. The work was completed at the cost of Rs 31.37 lakh in February 1993. The additional commitment of Rs 18.12 lakh was avoidable.

iii) Government did not accept the lowest tender of Rs 145.06 lakh (13.03*per cent* less than estimate), received in August 1990 for the work of "Strengthening of existing weak two lane road from Km 40/0 - 52/8 of NH-5" on the ground that the price hike in petroleum products at that time would have a pinch on the lowest contractor. The third lowest tender of Rs 153.77 lakh (8.15 *per cent* less than the estimate), recommended by the CE was accepted in March 1991. The contractor abandoned the work in May 1993 and balance work costing Rs 69.57 lakh, after termination of the first contract at his risk and cost in May 1994, was entrusted at a cost of Rs 156.66 lakh in July 1995 to another contractor.

Scrutiny of the tender files in Audit revealed that the SE (NH) Madras and CE (NH) had recorded that the contractor quoting the lowest had executed several NH works, and was financially sound with good command of labours and satisfactory past performance. Further, the contractor had revalidated his tender even after the hike in the petroleum price. However, another tenderer who did not have such a record and equally affected by the hike was considered and his Minus tender was accepted. Thus, injudicious decision in rejecting the lowest tender had resulted in an extra liability of Rs 8.71 lakh to the Government of India.

5.1.6.5 Delay in finalisation of tenders

The work of "Widening the existing carriageway to four lanes in Km 27/8-67/0 and strengthening the existing carriageway in Km 27/8-160/2 of NH-45" was sanctioned by the Government of India under NHP for Rs 5411 lakh in September 1986. Eleven firms were pre-qualified in July 1986 with the approval of Government of India and were eligible to participate in the tenders which was split up into six packages excluding the land acquisition.

The lowest tenders of Firm 'BR' viz., Rs 1183.84 lakh for Package I and Rs 740.89 lakh for Package II were accepted by the Government with the approval of Government of India in May 1987. The contracts were annulled in October 1987 after forfeiting the Earnest Money Deposit (EMD) of Rs 19.43 lakh due to failure of the contractor to execute the agreement. The offers of 3 firms (firms NB, IR and AP) for Package I and 2 firms (Firms IR and AP) for package II, received during the retender (April 1988), were considered and the lowest offers of firm NB (Rs 1464.44 lakh) for package I and firm IR (Rs 1025.73 lakh) for Package II were recommended to Government of India in May 1988 for acceptance. The project cost of Rs 5411 lakh exceeded by 15 *per cent* due to the high tender premium received for these two packages, the revised estimate at Rs 7229 lakh for the Project was approved by the Cabinet Committee in September 1989. In the meantime, based on the adverse remarks passed by the World Bank Mission (WBM) in December 1988, on the performance of the firm N, a constituent of the firm NB, and the firm IR, the tender

proposal were returned to the State Government to recommend the remaining tender of Firm AP for both the packages. Revised proposals, for the Package I (Rs 1656.44 lakh) and Package II (Rs 1162.13 lakh) were approved by Government of India in September 1989. The works were awarded to Firm AP on 29 September 1989 and taken up for execution in November 1989.

Audit scrutiny revealed :

(a) There was no provision either in the Federation Internationale Des Ingenieurs Conseils, Switzerland (FIDIC) conditions adopted for the project or in the special conditions included by the Government, to recover the extra expenditure incurred by the Government due to non-execution of the work and execution of the work through other agencies. This condition was prescribed in the agreements entered into with the contractors executing other works including NH Works. As the letter of acceptance would constitute the formation of the contract, the non-provision of the stringent penal clause in the Tender document had resulted in an extra liability of Rs 893.84 lakh to the Government of India.

b) According to the recommendations of WBM in December 1988 and orders of Government of India in January 1989, the lowest bid of Firm NB, for Package I was not to be considered unless the Joint Venture of firm N and firm B was demonstrably stronger than firm N. In this case, the firm NB (Joint Venture) was pre-qualified to participate in the tender in June 1986 and also in February 1988 and no critical assessment of the Joint Venture was made. Hence, the rejection of the lowest offer of firm NB by Government of India was not justified and had resulted in an extra commitment of Rs 192 lakh.

(c) According to pre-qualification details furnished by the MOST in July 1986 and February 1988, the firm AP was qualified to execute works only upto Rs 2250 lakh. Two firms who were similarly qualified were not permitted to participate in the retender for Packages I and II in April 1988 as their financial capacity assessed in the pre-qualification was not sufficient. The firm AP was awarded contracts to a value of Rs 3497 lakh for NHP works in Punjab state in June

1987 and the works were in progress, the contracts for a further sum of Rs 2818.57 lakh were awarded in September 1989 for Packages I and II, violating the principles of contracts. The Packages I and II scheduled to be completed by November 1992 were not completed as of October 1995.

d) Tender conditions provided for payment of price variation from 12 months subsequent to the closing date of tender viz April 1989, the avoidable delay beyond March 1989 in finalising the tender had resulted in an avoidable extra commitment of Rs 83.47 lakh to Government of India towards payment of price variation of inputs from April 1989 to September 1989.

5.1.7 Execution of works

5.1.7.1 Delay in entrustment of additional works

The work "Strengthening the existing weak two lane pavement from Km 314/2 - 324/4 of NH-45" was entrusted to Contractor R at a cost of Rs 70.43 lakh in August 1989 and the agreement was executed in September 1989. The contractor was not allowed to commence the work as Government of India ordered in October 1988, to assess the correct quantity of Bituminous Macadam (BM) for Profile Correction Course (PCC). Further, the CE (Roads) MOST, during the inspection of the site in October 1989, ordered to rebuild the sunken portion of certain reaches which were not contemplated in the original sanctions. Additional works costing Rs 6.41 lakh were proposed to be executed before taking up the main work by the same contractor. The proposal sent to Government of Tamil Nadu, in April 1990, was not approved till December 1990. The contractor withdrew his offer in December 1990. The contract was foreclosed in January 1991. On retender in June 1991 the work including the additional work was awarded to the same contractor for Rs 120.88 lakh in March 1992. The works commenced in April 1992 and was under progress as of October 1995 and Rs 152.70 lakh were incurred.

Thus, failure of the Government to entrust the additional works contingent to the main works to the same contractor in time resulted in an avoidable extra commitment of Rs 44.04 lakh.

5.1.7.2 Unproductive outlay

The work of "Construction of Railway Over Bridge (ROB) and its approaches at Km 395/2 of Dindigul - Madurai Section, near Mettur Gate on NH-7", sanctioned in June 1988 by Government of India for Rs 133.77 lakh was to be shared by Railways (ROB work) and Government of India (Approach portion). The work relating to the approaches was awarded to a contractor for Rs 70.76 lakh in December 1988 was not completed as scheduled in July 1990. The contract was terminated in February 1992, at the risk and cost of the contractor after incurring an expenditure of Rs 42.20 lakh. In repeated retendering, either no response was received or only single response was received. Escalation in cost due to retender necessitated approval of revised estimates by Government of India. The proposal was forwarded by Government of Tamil Nadu quite late in October 1994. Government of India approved the revised estimate in May 1995. The work was finally entrusted to the contractor in June 1995 and was scheduled to be completed in May 1996.

In the meantime, the bridge portion of the work was completed by the Railways in April 1992 at a cost of Rs 126.38 lakh. The delay in the preparation of the revised estimates and delay in their sanction resulted in non-achievement of the objective of closing the level crossing to ensure free flow of traffic.

5.1.7.3 Excess payment on foreign inputs

The general and special conditions of contract stipulated in the tender document and agreements adopted for works under National Highways Project (NHP) included various instructions regarding use of foreign inputs. The conditions are summarised as under:

(a) If the foreign inputs were to be used in the work, its cost was to be given as a percentage to the tender value (in rupees) and the payment to the extent of specified percentage was to be made in foreign currency. The foreign currency percentage was to be fixed on the basis of justification showing the requirements of the foreign inputs for the work.

(b) While releasing the payment on account of foreign inputs, the payment was required to be limited to the specific percentage in the agreement and if the foreign inputs were not used in the work to the specified percentage, the payment on account of foreign currency was to be restricted to the percentage actually used.

It was noticed in audit that the justification for the percentage of foreign currency payment requested by the contractor was not obtained by the department and kept on record in respect of Packages I and II.

The payments were made in rupees on the basis of exchange rate then prevailing in respect of foreign inputs to the extent specified in the agreements for all the packages. Further, it was seen that the contractor of Packages I and II had furnished documentary evidence for use of foreign inputs only to an extent of 5 *per cent* and 4.25 *per cent* of the tender value respectively. In respect of packages V and VI the contractor did not produce any documentary evidence for use of foreign inputs.

This resulted in payment of Rs 760.17 lakh to the contractors against the provision for payment in foreign currency without verifying the actual use of foreign inputs.

5.1.7.4 Price variation towards foreign input

The agreements relating to Packages I and II of NHP, inter-alia, provided for payment of escalation in the cost of foreign inputs from 12 months subsequent to the closing date of tender. The calculation of variation of price in Indian Rupee, on account of foreign inputs, should be based on acceptable base index, as applicable to the specified foreign inputs, on construction projects in the foreign country. However, the department made payments of Rs 311.15 lakh on the basis of particulars of index furnished by the contractor without verifying their correctness/authenticity. The SE (NH 45) stated in November 1995 that the authenticated indices would be obtained from the competent authority, and overpayments, if any, will be regulated before making final payments to the contractor.

5.1.7.5 Un-authorised aid to the contractor

In accordance with terms and conditions of contract of NHP, interest free mobilisation advances of Rs 165.64 lakh for Package I and Rs 116.21 lakh for Package II equivalent to 10% of the contract value were paid to the firm AP in October 1989 The advances were to be recovered in interim payment certificates for 24 consecutive months starting from seventh month after the commencement of work in November 1989 or until 80% of the work had been completed which ever was earlier.

The contractor requested in September 1991 for deferment of the recovery of the mobilisation advances for 12 months from June 1990 on the ground that there was delay on the part of department in handing over the site in workable area (Package I) and the firm could get import licence from the Government only for importing machines (Package II). The request was forwarded to Government of India in October 1991. Government of India agreed in July 1992 to the deferment of the recovery of interest free mobilisation advances of Rs 281.85 lakh by 12 months for package I and to charge simple interest at 18% for the deferred period for Package II. However, test check revealed that the agreement provided for handing over the site in stages only. Out of the total road length of 26.6 Km for Package I, site was handed over for a road length of 13.461 Km. in November 1989, 1.90 KM in March 1991, 4.0 Km. in April 1991, 1.4 km in June 1991 and 1.75 km in April 1992, all before the end of the contract period (November 1992). The records also revealed that though two stretches exceeding 5 kms each were handed over in November 1989 itself, the firm had not kept up their programme and shown substantial progress of work. Thus, non-levying of interest on mobilisation advance for the deferred period in Package I was not justifiable and resulted in loss of interest of Rs 5.20 lakh.

5.1.7.6 Seigniorage charges

According to Rule 7 and 3 (5) of Mines Mineral Concession Rules, 1959, no Seigniorage charges shall be levied, if the mineral quarried or extracted, are used solely for bonafide public purpose. Hence, if the tendered rate was inclusive of cost of materials, the Seigniorage charges on earth and metal recovered from the contractors

had to be credited to the work. However, Seigniorage charges amounting to Rs 34.24 lakh were collected during February 1991 to March 1994 for NHP works from the contractors, were remitted to the State revenue in contravention of the above provision.

5.1.7.7 Extra cost due to departmental failure

During the execution of the works relating to Packages V and VI of NHP disputes between the contractor and the department were referred to the Arbitration Committee, in June 1990. The arbitration award brought out *inter alia*, the following departmental failures:

(a) The agreement provided for construction of retaining wall with Randam Rubble(RR) Masonry for 'Madhuranthagam By Pass' (Package V). But the contractor had executed Coarse Rubble Masonry. After site inspection, the Arbitrators allowed higher rate at Rs 550/m^3 as against Rs 450/m^3 for RR Masonry for this work. Failure of the department to ensure execution of work in accordance with the specifications of the agreement had resulted in extra expenditure of Rs 6.85 lakh.

(b) The agreement contemplated for providing sand gravel (SG) mix with 0.5% sand for the sub-base. Though the test results were satisfactory, the department instructed the contractor to lay a sub-base by providing SG mix with 20% sand resulting in extra expenditure of Rs 5.80 lakh (Rs 2.14 lakh for Package V and Rs 3.66 lakh for Package VI).

(c) Due to the delay in the approval of SG mix design for hard shoulders for the widened portion, the contractor has done edge packing with gravel to bituminous course for proper compaction of the edge of the existing carriageway, resulting in an extra cost of Rs 3.33 lakh (Rs 1.93 lakh for Package V and Rs 1.40 lakh for Package VI)

5.1.8 Procurement and disposal of stores

5.1.8.1 Irregularities in purchase of stores

Mention was made in Paragraph 7.3 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 1993 - No.2 of 1994 - Union Government - Civil regarding irregularities committed by the office of the Divisional Engineer (NH), Salem in incurring an expenditure of Rs 139.00 lakh towards summary procurement of wheel barrows and water-carts.

Test-check of records in the Office of the Divisional Engineer (NH), Coimbatore in April 1993 further revealed that payments totalling Rs 457.66 lakh were made by the Divisional Engineer between October 1991 and September 1992 on instructions from the Superintending Engineer (NH), Salem to 10 co-operative societies for the supply of empty oil barrels, paints, etc., on behalf of the divisions under his control. The supply orders were placed and the payments made without any indents from any of the divisions under the control of SE and also without any assessment of requirements and in violation of procedures prescribed in the Tamil Nadu Financial Code. As information relating to the receipt of material was not available in the records produced during Audit, the irregular expenditure on purchase of materials was brought to the notice of the Chief Engineer (National Highways), Madras in June 1993.

The Divisional Engineer (NH), Coimbatore stated, in July 1994, that out of the expenditure of Rs 457.66 lakh incurred by the Division on the purchase of materials, Rs 0.13 lakh alone was debited to the works. Cash Settlement Suspense Account for Rs 16.89 lakh towards transfer of materials was accepted by another Division and Rs 0.04 lakh was recovered from one society towards short supply; the balance amount of Rs 440.60 lakh was kept pending under suspense account. He also added that materials worth Rs 55.61 lakh were not supplied by the co-operative societies.

Meanwhile, in July 1993, the Chief Engineer (NH), Madras accepting the irregular expenditure stated that the Government had referred the matter to the Vigilance and Anti-corruption department for detailed investigation. The findings of

the Vigilance and Anti-corruption Department during the course of investigation communicated in November 1994 to the Chief Engineer (NH), Madras in their interim report were as follows:

(i) Most of the co-operative societies involved in these transactions existed only in the name boards and they did not manufacture any of these materials; (ii) All the materials purchased for about Rs 7.5 crore by the National Highways Circle, Salem were made without any estimate; (iii) They were not at all required for any of the works they were charged; (iv) They remained unutilised; (v) In course of time they would get rusted and become junk and the amount spent on them would be a loss to Government; (vi) Such huge purchases should not have been effected without calling for tenders; and (vii) There was breach of financial and administrative discipline on the part of the officers involved in the purchases.

As of September 1995, the final report of the Vigilance Department was not sent to Government.

5.1.8.2 Injudicious sale of surplus steel

According to the provisions of the Tamil Nadu Highways Manual, serviceable surplus stores which could not be transferred or utilised on works either in the same division or to other divisions are to be sold by public auction.

The CE(NH) sent a proposal to the Government in May 1991 to dispose of the available surplus stock of 1329 tonnes of steel by public auction. However, 1181.427 tonnes of steel were sold to Tamil Nadu State Construction Corporation (TNSCC) during October 1992 to September 1993 at Rs 3800 per tonne valuing Rs 44.89 lakh out of which only Rs 8.11 lakh was realised as of June 1995.

The following irregularities were noticed:

(i) The rate fixed for sale of steel was ad hoc and did not have any relation to market value. The market rate of steel was more than Rs 10000 per tonne at that time.

(ii) The CE (TNUDP) proposed in May 1990 to sell the surplus stock to the contractors at rates ranging from Rs 9264 per tonne to Rs 9495 per tonne while TNSCC was supplied only at Rs 3800 per tonne.

(iii) Though Government of Tamil Nadu issued orders for disposal of surplus steel through public auction in June 1993, the department continued its supply of steel to TNSCC at a lower rate of Rs 3800 per tonne and delivered 308 tonnes after the issue of orders.

The loss on account of failure to sell the surplus steel through public auction could not be quantified in audit. Non-realisation of Rs 36.78 lakh towards cost of steel from TNSCC had resulted in interest subsidy of Rs 11.59 lakh at 18 *per cent* simple interest for the period from October 1993 to June 1995.

5.1.9 Irregularities in collection of toll

The NH (fees for use of permanent bridges) Rules 1978, inter-alia, provide for levy of fees (Toll) for permanent bridges.

The toll levied is to be collected by the State Governments concerned either departmentally or through private contractors on the basis of competitive bidding and remitted every week to the Government of India for crediting to a separate fund kept for this purpose. The state will be entitled to collection charges not exceeding 12 *per cent* of the total collection.

The audit of toll collection in respect of two permanent bridges in NH-7 and NH-45 revealed the following :

5.1.9.1 Extension of lease resulting in loss of revenue

5.1.9.1(a) The lease for period from 10 February 1991 to 09 February 1992 was granted to a contractor for Rs 27.50 lakh through public auction in December 1990. In contravention of the rules, extension of lease for a further period of one year from 10 February 1992 to 09 February 1993 was granted in January 1992 to the existing lessee for Rs 30.25 lakh after increasing the contract amount by 10 *per cent* by the Government without resorting to the tender-cum-auction. However, an estimate of

toll fees prepared by the department based on the traffic census for a week suggested a toll fee potential of Rs 58.60 lakh.

CE(NH) proposed in December 1992 an increase of 25 *per cent* over the existing rate stating that the percentage of increase would be more if an auction was conducted. However, the increase was limited to 10 *per cent* at the instance of Government. Thus, extension of lease without going in auction had resulted in a probable loss of Rs 28.35 lakh as compared to departmental estimates worked out through traffic census.

5.1.9.1(b) Irregular entrustment of lease

The lease for the period from 10 February 1993 to 09 February 1994 was entrusted to TNSCC on nomination basis for Rs 60.50 lakh. The estimated amount of lease as per the traffic census conducted during December 1991 at the revised toll rates applicable for the period in question worked out to Rs 122 lakh. Thus, entrustment of lease on nomination basis resulted in an estimated loss of revenue of Rs 61.50 lakh.

5.1.9.2 Non-remittance of toll

It was noticed in October 1995 that the toll of Rs 62.11 lakh collected for the period from December 1993 to August 1995 in respect of two permanent bridges were not remitted to Government of India in violation of the rules.

5.1.10 Conclusions

a) The tendering system need to be improved to attract competitive bids

b) Time limit prescribed for acceptance of tenders should be strictly adhered to so that need for retender and price escalation can be avoided.

c) Tenders less than the estimated cost may be considered on merits and they should not be summarily rejected.

d) Specific instructions need to be issued for accounting the Seigniorage charges recovered from the contractors executing NH works.

e) The procedure prescribed for the procurement of stores should be strictly followed.

The review was referred to the Ministry in December 1995; their reply was awaited as of December 1995.

5.2 Excess payment due to sanction of higher rates

The work for strengthening and widening the existing National Highway No 12* including reconstruction of culverts, in Km 24 to Km 40 was awarded to a contractor at his tendered cost of Rs 169.75 lakh in December 1991. The work was to be completed within 45 months.

As per the tender documents, the work envisaged excavation of 38,174 Cubic metre (cu.m) in ordinary soil with a lead of upto 50 metre. However, during execution, excavation was carried out in all types of strata and the quantity of excavation, measured and paid for varied substantially from the estimates. The contractor claimed payment for extra items for excavation of 62,527.73 cu.m. i.e. hard rock (2702.75 cu.m.), ordinary rock (16,714.88 cu.m.), hard soil (29,902.27 cu.m.) and ordinary soil (13,207.83 cu.m.).

The contractor claimed payment for extra items based on the rates approved under different contracts for bridge works in same area. He was paid an extra amount of Rs 47.09 lakh.

Scrutiny in audit revealed that clause 13 of the standard form of agreement, dealing with regulation of payment for extra items was deleted at the stage of Notice Inviting Tender without substituting it with any alternative provision. Thus, the department had no acceptable basis for working out the extra item rates. Had clause 13 been retained in the agreement, the payment for extra item was to be worked out with reference to rates given in the current schedule of rate of April 1989 relevant to

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* Biora-M.P. Rajasthan Border

the area of work plus an adhoc addition of 15 *per cent*** and thus restricted to Rs 19.89 lakh.

Further, while framing the estimates the alignment of the road had been incorrectly worked out as pointed out by the Ministry of Surface Transport in its technical note dated 23 November 1990. The inaccuracy of alignment had resulted in the unrealistic estimation of excavatable quantities.

On being pointed out, the Executive Engineer stated, in January 1994, that the extra item rate had been sanctioned by the Superintending Engineer taking into account the prevailing market rate and average lead of 1 Km. The reply is not tenable since extra rates sanctioned by the department were higher than even those indicated in the Current Schedule of Rates applicable during the period the work was executed. Besides these rates, the lead taken into account while working out extra item rates was also not in accordance with the disposal plan. Thus, by incorrect fixation of alignment, faulty estimation of excavatable quantities, unauthorised exclusion of clause 13 of standard form of the agreement, provision of unjustifiably higher lead and determination of extra item rates in an incorrect manner resulted in extra payment of Rs 27.20 lakh.

The matter was referred to the Ministry in September 1994; their reply was awaited as of November 1995.

5.3 Avoidable extra expenditure

Technical approval and financial sanction for the work of 'Strengthening of pavement from Km. 185.400 to Km. 217.000 of Hyderabad- Vijayawada section of National Highway (NH) 9 were accorded in March 1990 by the Ministry of Surface Transport, Government of India, for Rs 455.66 lakh. The work was technically sanctioned in June 1990 by the CE, NH for Rs 491.64 lakh.

** The CSR of April 1989 provided for an adhoc increase of 15 per cent over the scheduled rates.

a) Extra expenditure due to delay in acceptance of tenders

Tenders for execution of the work were invited by Superintending Engineer (SE), Special NH Circle, Vijayawada in October 1990 from five pre-qualified firms. Out of the four tenders received on 15 November 1990, the lowest tender was for Rs 479.39 lakh at 25.16 *per cent* excess over estimate rates (SSR 1989-90). The tender was valid for 6 months up to 14 May 1991. After two rounds of negotiations held with the lowest tenderer on 21 December 1990 and 11 January 1991 by the SE, the tenderer reduced his rates from Rs 479.39 lakh to Rs 465.36 lakh. The lowest negotiated tender for Rs 465.36 lakh was recommended by SE on 18 January 1991 to the CE, who in turn recommended to the Commissionerate of Tenders (COT) after 3½ months on 4 May 1991 for acceptance.

The firm was requested by the SE on 18 April 1991 to extend the validity of the tender up to 30 June 1991. The firm stated that their earlier negotiated tender be treated as cancelled and demanded a prorata increase of 1.5 *per cent* over original tender value of Rs 479.39 lakh for partial compensation of the escalation in cost of materials, labour, transportation etc. Further negotiations were held on 6 June 1991 by the CE, during which the firm modified its rate to the original tender value of Rs 479.39 lakh. The CE accordingly recommended on 6 June 1991 for the acceptance of the original lowest tender for Rs 479.39 lakh by the COT.

The COT felt in July 1991, that the original lowest tender with a premium of 25.16 *per cent* was reasonable and opined that, but for the delay caused by the department at various levels, the lowest tender would have been advantageous to the Government. They, however, rejected the tender on the ground that tender whose value was finalised by the Department before acceptance for a particular amount (Rs 465.36 lakh) could not be revised to a higher amount (Rs 479.39 lakh) at the time of its acceptance and accepting such a tender would set an undesirable precedent.

Tenders were invited again in July 1991 from the same five pre-qualified firms and the negotiated lowest tender for Rs 509.74 lakh with a premium of 14.825 *per cent* (SSR 1991-92) of the same contractor, whose tender was rejected in the first call, was

accepted by the CE and the work was awarded in December 1991 to them. Thus, delay in the acceptance of tender within its validity period, resulted in an avoidable extra expenditure of Rs 44.38 lakh.

b) Avoidable extra expenditure on earth work

During the execution, the contractor represented that the NH in the reach passed through a number of villages and paddy fields and sufficient width of road was not available for borrow earth and requested for approval for carting earth with an average lead of about 3 Kms. This fact was known to the department and contractor firm even before taking up the work.

The Agreement provided for execution of 21,079 cu.m. of earth work for closing breaches and formation of berms with all leads and lifts involved at Rs 140 per 10 cu.m. The Agreement also stipulated that the Department would not undertake the responsibility of providing the source of earth required for the work and the contractor should make his own arrangements at his cost for the source of earth and for the approaches to the sources of earth, irrespective of the leads involved. Inspite of the above specific condition in the agreement, a supplemental agreement was concluded in July 1992 with the contractor firm for the conveyance of earth with 3 Kms lead for closing of breaches and strengthening of berms at Rs 452 per 10 cu.m. and payment was made for 35,581 cu.m. This resulted in an avoidable expenditure of Rs 11.10 lakh.

The matter was referred to the Ministry in October 1995; their reply was awaited as of December 1995.

5.4 Follow up on Audit Reports

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

A review of the position regarding receipt of Action Taken Notes on the paragraphs included in various Audit Reports upto the period ended 31 March 1994 revealed that the Ministry has not submitted the remedial/ corrective Action Taken Notes on the following paragraphs as of December 1995 inspite of the instructions.

Table 5.4 : Corrective Action on Audit Reports

Audit Report No. & Year	Paragraph Number	Subject
No 2 of 1995	8.3	Delay in construction of boat
-do-	8.4	Overpayment of City Compensatory Allowance

Ministry stated, in January 1996, that Action Taken Notes in respect of Para 8.3 and 8.4 are under process.

CHAPTER VI

Ministry of Textiles

6.1 Defunct Carpet Weaving Training Centres

With a view to increasing the production base in carpet weaving and to enhance the employment opportunities among artisans, Carpet Weaving Training Centres (CWTCs) were opened by Ministry of Textiles, Government of India, under Departmental Training Scheme, introduced from April 1990. In September 1992 the Ministry of Textiles directed all Regional Directors (Handicrafts) that the CWTCs may be shifted to other locations after completion of five consecutive training sessions or even earlier with prior approval of the Ministry. The Ministry further directed that the identification of the CWTCs to be shifted and selection of alternative locations should be finalised at least four months in advance to avoid loss of man power.

During test check in audit in August 1994 of the records of Regional Director (Handicrafts), Central Region Lucknow, it was observed that despite these orders nine CWTCs* which were closed between April 1992 and May 1994 due to non-availability of trainees, were shifted to alternative locations only after a gap of 10 to 35 months.

Delay in shifting of the centres to alternative locations resulted in wasteful expenditure of Rs 21.37 lakh on their pay and allowances till June 1995, besides not fulfilling the objectives of training of artisans at desired locations.

The matter was referred to the Ministry in February 1995. The Ministry stated, in October 1995, that delay in shifting was due to administrative reasons. They, however, added that they were conducting enquiry to fix responsibility.

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* 1. Maheshpur Thakumn, 2.Masohm, Etah; 3. Nagla Baraula, Aligarh; 4. Tela Bazar, Allahabad; 5. Manda Khas, Allahabad; 6. Meja Road, Allahabad; 7. Asaura, Hapur, 8.Payagipur, Sultanpur, 9.Gossiganj, Faizabad.

CHAPTER VII

Ministry of Urban Affairs and Employment

7.1 Avoidable expenditure

Against the requirement of 3200 tonnes cement requisitioned for the year 1992-93 by the Executive Engineer, CPWD, Jaipur, the Chief Engineer North Zone, New Delhi placed indents on the Director General of Supplies and Disposals (DGS & D), New Delhi for supply of 5700 tonnes in May, August and November 1992. 5169.15 tonnes cement valued at Rs 98.44 lakh was supplied upto March 1993. Besides, 1240.35 tonnes cement valued at Rs 23.38 lakh was received against the local supply orders placed by the Executive Engineer in February and May 1992. Thus, 6409.50 tonnes cement valuing Rs 121.82 lakh was received in Central Division, CPWD, Jaipur during 1992-93.

Due to receipt of cement far in excess of requirement the department had to store the cement in godowns of the Rajasthan State Warehousing Corporation at Durgapura from October 1992 to April 1994 incurring an expenditure of Rs 6.87 lakh on account of storage charges. Besides, an expenditure of Rs 1.08 lakh was incurred on transportation of 2055 tonnes cement from Warehousing Corporation godowns, Durgapura, to the Departmental Store godowns at Bajaj Nagar from where cement was being issued to the contractors.

Only 3138 tonnes cement was utilised during 1992-93 and 3271.50 tonnes cement valuing Rs 62.30 lakh was lying unutilised at the end of March 1993. Despite this balance, 1500 tonnes cement was further indented by the Chief Engineer in March 1993 against which 604.05 tonnes cement valuing Rs 10.10 lakh was received in the division during April-December 1993 from the supplier. Further, supply was stopped by the Executive Engineer by issuing telegram to the supplier. During the entire year 1993-94, out of the stock of 3875.55 tonnes cement, 3150.95 tonnes was utilised and balance 724.60 tonnes of cement was utilised during the year 1994-95.

The Chief Engineer, CPWD, stated in July 1995, that the indents were placed on DGS & D on the basis of sanctions in hand and anticipated sanctions for the year 1992-93. The reply is not tenable as against the requisition of 3200 tonnes cement indents were placed by him for 5700 tonnes in 1992-93 and 1500 tonnes in 1993-94 without any valid reasons.

Thus, indenting of cement in excess of requirement resulted in blocking of Rs 62.30 lakh on account of excess procurement, besides, avoidable expenditure of Rs 7.95 lakh on storage and transportation charges.

The matter was referred to the Ministry in May 1995; their reply was awaited as of October 1995.

7.2 Unfruitful expenditure

Central Public Works Department (CPWD), Calcutta awarded the work of construction of 600 units of type II general pool government residential accommodation in five blocks of 16 storey each at Tollygunge, Calcutta in December 1976 at tendered cost of Rs 275.17 lakh. The construction was completed in March 1992 at a cost of Rs 413.09 lakh more than 12 years after the scheduled date of completion i.e. December 1979. The delay in construction was attributed to slow progress of work by the contractor, court injunction on rescission of contract and award of the balance work to another contractor and delay in award of the balance work by CPWD.

CPWD procured 10 passenger lifts for these blocks at a cost of Rs 26.10 lakh during June 1979 and December 1984. Two of these lifts were installed in another block of type III quarters. However, CPWD failed to install any of the remaining 8 lifts valued at Rs 22.50 lakh in type II blocks due to hindrances mentioned above. Due to prolonged storage of over 9 years the lifts were damaged and became unfit for further use. Components of the lifts valued at Rs 9.67 lakh were pilfered during their prolonged storage.

CPWD failed to install lifts in the type II residential blocks even after their completion in March 1992. As a result, 440 residential units above fourth floor could not be allotted to Central Government employees in all the five blocks. Central Government employees waiting list for type II general pool accommodation in Calcutta since April 1992 has ranged from over 1700 employees to 3800 employees.

Inability of the CPWD to accelerate the construction and complete installation of lifts in the completed blocks rendering 440 units unfit for allotment to the Central Government employees has resulted in denial of residential accommodation to them. It has also resulted in a loss of licence fee of Rs 7.13 lakh and avoidable payment of House Rent Allowance of Rs 39.60 lakh to 440 employees for the period from April 1992 to March 1995.

The matter was referred to the Ministry in May 1995; their reply was awaited as of October 1995.

7.3 Delay in construction of residential quarters at New Bombay

The Central Public Works Department (CPWD) awarded the work relating to construction of 240 Type II quarters at New Bombay to a firm in November 1988 at a cost of Rs 233.26 lakh with the stipulated date for completion as July 1990. The work was, however, completed in August 1994 at a cost of Rs 247.82 lakh after a delay of more than five years and nine months. The final bill of the contractor has not been settled as of April 1995.

Audit scrutiny revealed that delay of more than 3 years 9 months occurred on account of hindrances caused by the department on account of non-availability of architectural/constructional drawings, non supply of cement, steel as per schedule and non-completion of other related works such as construction of storm water drains and electric work which were within the control of CPWD.

Failure to coordinate the work by CPWD and timely supply of departmental items led to delay in completion of residential quarters. The delay also resulted in payment of escalation charges of Rs 25.31 lakh.

The delay in construction of quarters resulted in severe inconvenience to Government employees besides loss of Rs 39.40 lakh as of August 1994 on account of House Rent Allowance paid to the employees and licence fees which could have accrued to the Government from August 1990.

The matter was referred to the Ministry in April 1995; their reply was awaited as of November 1995.

7.4 Heavy accumulation of stock

Test checks in Audit in August - September 1995 of the records of the Government of India Press, Aligarh revealed that 6335 reams of flat paper valued at Rs 32.41 lakh was available in the stock at the end of 1991-92. The Press further procured 2329 reams during 1992-93 and 1993-94 at an expenditure of Rs 9.27 lakh. The total consumption of the paper during 1992-93 to 1994-95 in the Press was only 948 reams (1992-93: 199 reams 1993-94:281 reams and 1994-95: 468 reams). Reasons for procuring paper worth Rs 9.27 lakh during 1992-93 to 1993-94 when huge stock was already available with the Press, was not forthcoming.

Thus, procurement of paper by the Press without reference to the anticipated consumption resulted in heavy accumulation of stock of 7716 reams of paper valued at Rs 37.38 lakh at the end of 1994-95, which works out to more than 24 years consumption on the basis of average consumption during the last three years.

The matter was referred to the Ministry in July 1995; their reply was awaited as of October 1995.

7.5 Additional expenditure due to non-fulfilment of contractual obligations

The work 'Construction of Customs House near Indira Gandhi International Airport, New Delhi' was awarded to a contractor in February 1989 by the Central Public Works Department (CPWD) at a cost of Rs 2.43 crore to be completed by 25 August 1990.

The work was completed in January 1994, after a delay of about 40 months. Extension of time for the completion of work had to be granted by CPWD upto January 1994 on account of delay in supply of structural drawings (600 days), steel (221 days), cement (33 days) and miscellaneous items (481 days). This led to an additional payment of Rs 28.96 lakh (paid upto July 1995) to the contractor on account of escalation in the cost of material and labour beyond the scheduled date of completion.

The matter was referred to the Ministry in September 1995; their reply was awaited as of December 1995.

7.6 Avoidable expenditure of Rs 27.76 lakh

The work relating to construction of Resident Doctor's Hostel at Masjid Moth, All India Institute of Medical Sciences (AIIMS), New Delhi was awarded to a firm in December 1987 at Rs 1.93 crore with stipulated date for commencement and completion of work by December 1987 and June 1989, respectively. The work was completed by August 1991.

Test check of the records of the department, however, revealed that the work got delayed mainly due to delay in supply of approved structural drawings (706 days) and delay in completion of electric works by the department (111 days).

The contractor went into arbitration and was awarded an amount of Rs 7.69 lakh, along with interest and declaratory award in December 1990. The department accepted the award partially for Rs 11.96 lakh and contested the award regarding expenses of site and office overheads due to late completion of the work and non-supply of steel for grill railings etc. The Hon'ble High Court vide its judgement of November 1993 dismissed the objections against both these claims and made the award as 'Rule of the Court'. A total payment of Rs 27.76 lakh was made to the contractor upto April, 1994 on account of award (Rs 7.69 lakh) declaratory award (Rs 4.79 lakh), payment under clause 10 CC for escalation (Rs 12.37 lakh) and interest (Rs 2.91 lakh).

Thus, the failure of the department in discharging contractual obligations viz. timely approval of structural drawings and completion of electric works etc. resulted in an extra avoidable expenditure of Rs 27.76 lakh.

The matter was referred to the Ministry in October 1995; their reply was awaited as of November 1995.

7.7 Blockade of funds

Against an order placed by the erstwhile Ministry of Urban Development (Directorate of Printing) in November 1989 on a firm for supply of 1000 tonne of sunshine super printing paper in various sizes to the various Government of India Presses, the Government of India Press, Ring Road, New Delhi, received a quantity of 50 tonnes and 34 kg of paper of the size of 66 x 102 cms in January 1990.

Test check of the records of the Government of India Press, Ring Road, New Delhi revealed that only 238 reams were consumed upto the period August 1995 by the press. The press had transferred 500 reams of paper to the Government of India Press, Nasik in June 1994.

Thus, even after the transfer of the paper the press was left with huge stock of paper i.e. 1122 reams valuing Rs 7.08 lakh lying unutilised upto December 1995.

This was pointed out to the Directorate of Printing in July 1995. It stated in September 1995 that the paper was purchased on the basis of the expected consumption. It added that some departments were converting their publications from Royal to metric size. As such the paper could not be consumed.

Apart from the above, against the consumption of 48 reams of green cover paper (67 x 94 cms.) during the year 1992-93, Government of India Press, Ring Road, procured 299 reams of this paper during the year 1993-94 when the Press was already having an opening balance of 179 reams as on 01-04-1993. The consumption during 1993-94, 1994-95 and 1995-96 (upto July 1995) was 42, 28 and 3 reams respectively with the result that 404 reams valuing Rs 3.31 lakh were lying unutilised in the Press.

Similarly, while there was an opening balance of 60 reams of silver coated art paper (61 x 86 cms.) as on 01-04-1993, the Press received a supply of 397 reams on 12-05-1993 and 250 reams on 28-06-1994 against Directorate of Printing supply order dated 19-02-1993 and 12-11-1993 respectively. The consumption during the year 1993-94, 1994-95 and 1995-96 (upto July 1995) was 59, 22 and 6 reams respectively leaving a quantity of 620 reams valuing Rs 5.30 lakh as unutilised.

The matter was reported to the Ministry in October 1995. While the Ministry have not sent their comments as of January 1996 the Directorate has, in their reply of December 1995 sought to justify the procurement of stock on the grounds of expected work orders from user Ministries/Departments. The Directorate has, however, not explained as to why they resorted to huge stockpiling of paper without a proper assessment of actual requirement of paper. Director of Printing further added that they were considering transfer of excess stock of paper to other printing presses of the Directorate. Thus, unrealistic assessment of requirement resulted in excess stockpiling of paper and blocking of Rs 15.69 lakh from one to six years.

7.8 Improper payment of Holding Tax

Article 285 of the Constitution of India exempts, Central Government property from the purview of all taxes imposed by State Government or by local authority within State. Charges for specific services rendered to Central Government property by local authority is, however, payable under separate order of the Central Government, as compensation payable in quasi contract and not as payment of taxes.

In contravention of the Constitutional provision, Central Public Works Department (CPWD), however, paid Holding Tax of Rs 15.62 lakh to the local authority of Salt Lake area for the period 1982-94 in respect of Central Government properties at Salt Lake, Calcutta.

The matter was referred to the Ministry in July 1995; their reply was awaited as of December 1995.

7.9 Non-occupation of an office building

Construction of a Central Government Office (CGO) Complex at Poonkulam near Thriuvananthapuram city to accommodate those Central Government offices which were located in private hired buildings was sanctioned in September 1988 at an estimated cost of Rs 104.42 lakh. The construction of the building stipulated to be completed in December 1991, was completed in July 1993 at a cost of Rs 153.00 lakh (October 1994). The building has a carpet area of 60,665 square feet excluding toilets and columns. Though 18 Central Government Offices had originally requested for accommodation in the CGO Complex, 5* of them subsequently opted out on the ground that either their presence in the city was needed or they were to acquire their own premises in the city. The office space admeasuring 60,150 square feet was allotted in November 1993 to 13 offices. As of July 1995, only 9 offices had shifted to their alloted premises admeasuring 43,950 square feet in the CGO Complex. The other 4** offices to whom floor spaces admeasuring 16200 sq. feet had been alloted continued in their rented building paying monthly rents ranging from Rs 1,400 to Rs 15,000. The delay in occupying the CGO Complex by these four** offices entailed an avoidable expenditure of Rs 4.28 lakh towards rent on the hired buildings at the rate of Rs 0.21 lakh per month for the period December 1993 to July 1995. Seven offices shifted from their rented buildings after a delay of 4 to 20 months, which resulted in an avoidable expenditure of Rs 15.54 lakh on rent by them (Vide Appendix II).

The Ministry of Urban Affairs and Employment stated in August 1995 that the Estate Manager, Thiruvananthapuram has been advised to issue notices to those departments which had not occupied the alloted space. Ministry of Information &

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* 1. Central Ground Water Board, Kerala Region
2. Regional Office for Health and Family Welfare.
3. Community Food and Nutrition extension Unit, Thiruvananthapuram.
4. Press Information Bureau, Thiruvananthapuram.
5. Directorate of Field Publicity, Regional Office, Kerala.

**! 1. Survey of India.
2. Film Division.
3. National Service Scheme, Regional Office.
4. Yojna.

Broadcasting stated in December 1995 that office of the Films Division of Thiruvananthapuram has been shifted to CGO Complex in September 1995.

Replies from other Ministries had not been received as of November 1995.

7.10 Acceptance of sub-standard work

Central Public Works Department (CPWD) Indo-Bangladesh Border Zone engaged, in January 1992, a contractor for construction of 4.47 km road along Indo-Bangladesh border in Uttar Dinajpur district at a cost of Rs 37.52 lakh by January 1993. The work inter-alia included formation of earthen embarkment, laying water bound macadam and supply of stone aggregates. The work was completed in December 1993 and the contractor was paid Rs 36.15 lakh in July 1993.

During test check in Audit, it was noticed that the contractor did not execute the work as per specifications and also did not rectify the defects pointed out by CPWD from time to time. The department, through a notice under clauses 10A and 14 of the agreement, asked the contractor in February 1993 to rectify or remove and re-construct the water bound macadam work over 1.829 km within 15 days i.e. by 8 March 1993. But the contractor did not comply with the terms of the notice. The department, however, released the payment for the work on 3 March 1993. The department also did not exercise the options available under clause 14 of the agreement (i) towards levy of compensation of Rs 2.20 lakh for delay in the rectification of sub-standard work beyond specified date and (ii) for re-execution of the work at the risk and cost of the contractor.

Release of payment without rectification of work, non-levy of compensation amounting to Rs 2.20 lakh and non re-execution of the work at the risk and cost of the contractor was not in order. It was held by the Executive Engineer that due to negligence on the part of the contractor and lack of proper supervision by the Assistant Engineer the work was executed with lesser quantity of materials viz. stone aggregate and stone screenings in bottom most two layers of water bound macadam. However, no responsibility was fixed.

Thus, lack of supervision and ineffective follow up action resulted in execution and acceptance of sub-standard work valued Rs 10.69 lakh.

The matter was referred to the Ministry in June 1995; their reply was awaited as of November 1995.

CHAPTER VIII
Ministry of Water Resources

8.1 Unnecessary purchase of spares

The Farakka Barrage Project had an authorised strength of only four crawler tractors valued at Rs 10.97 lakh since October 1983. However, it had an accumulated inventory of spare parts for crawler tractors valued at Rs 39.94 lakh in January 1989. Without taking into account the inventory of spares already available and proper assessment of requirement, the Project procured spares, valued at Rs 13.62 lakh during February-May 1989. Spare parts worth only Rs 1.62 lakh were used in 6 years upto March 1995, out of which spares for Rs 13000 only were used out of the procurement made during 1989.

Test check in Audit further revealed that the spare parts procured during February-May 1989 included items valued at Rs 7.17 lakh which were already available in the inventory of Rs 39.94 lakh at the time of placing the procurement orders in 1989. Only 3 *per cent* of total spares available with the Project at the end of May 1989 have been utilised in six years.

Thus injudicious procurement of spares without proper analysis of the requirement and inventory resulted in accumulation of inventory of Rs 51.94 lakh which was about 5 times the cost of the four tractors held by the Project.

The matter calls for a departmental enquiry and fixing responsibility on delinquent officers for wasteful purchase.

The matter was referred to the Ministry in July 1995; their reply was awaited as of November 1995.

CHAPTER IX

UNION TERRITORIES

Andaman & Nicobar Administration
Ministry of Home Affairs

9.1 Absence of inventory control

The Directorate of Shipping Services (DSS), Andaman and Nicobar Islands has a Marine Store for materials required in connection with the repairs, maintenance and movement of vessels under their control. A total of 7672 items of material were handled by the store at the end of March 1995. As DSS did not maintain price store ledgers and bin cards, the value of inventory holding could not be ascertained. DSS, however, procured materials worth Rs 32.00 crore during the period 1989-90 to 1994-95 of which material worth Rs 9.17 *crore* was procured locally.

Test check by Audit, in May 1995, of the inventory holding in Marine store revealed that DSS had made purchases without ascertaining requirement or fixing the maximum level of stock of holding. As a result, 32 items of spares valuing Rs 89.14 lakh remained non-moving for periods ranging from three to ten years. Further, 18 items of spares procured were slow-moving, which can be consumed during the period ranging from 11 to 400 years at the present annual rate of consumption. This has resulted in over-stocking of materials worth Rs 59.77 lakh even after allowing 7 years consumption as safe storing level.

Thus, deficient inventory control system in DSS resulted in blocking of funds to the extent of Rs 1.49 crore apart from avoidable occupation of storage space.

While accepting the facts, the Andaman and Nicobar Administration stated, in November 1995, that excessive inventory could take place due to oversight in physical monitoring procedures followed.

The matter was referred to the Ministry in September 1995; their reply was awaited as of December 1995.

9.2 Blocking of funds

Andaman and Nicobar Administration accorded administrative approval and expenditure sanction in April 1991 of Rs 43.08 lakh towards work of providing piped water supply from a spring source "Raja Nallah" in reserve forest area to Radhanagar

and Shyamnagar villages in North Andaman. The work was to be executed by Andaman Public Works Department (APWD) within one year. The work inter-alia included construction of concrete weir, two pump houses, service tank and laying of pipelines within reserved forest area.

APWD procured pipes valuing Rs 67.02 lakh during October 1990 to June 1993 and stored them at Shyamnagar outside reserved forest. APWD, however, could complete only 7 per cent of work between November 1991 and March 1993 as they could not obtain permission for execution of the work within forest area and the pipes were lying unutilised for 24 months to 56 months as of June 1995. Reasons for delay in approaching the competent authority for obtaining environmental clearance and not securing permission of the competent authority were not specified by APWD.

Thus, premature procurement of materials prior to environmental clearance resulted in avoidable blocking of Rs 67.02 lakh. The objective of providing piped water supply also remained unfulfilled.

The matter was referred to the Ministry in June 1995; their reply was awaited as of November 1995.

9.3 Wasteful expenditure

The Directorate of Fisheries, Andaman and Nicobar Administration has been procuring mechanised boats/engines under two schemes for supply to fishermen, tribals and their co-operative societies on 50 per cent subsidy.

Test check of the records of the Directorate, in April 1995, revealed as under:

i) The Directorate procured 35 number of mechanised boats of different sizes between September '1991 and October 1993 at the total cost of Rs 60.51 lakh under the scheme "Supply of mechanised boats". Out of 35 boats, 12 boats valued at Rs 32.48 lakh could not be distributed yet as the beneficiaries could not purchase the boats due to financial stringency (October 1995).

ii) Under the second Scheme "Motorisation of Traditional Fishing Crafts", the Directorate procured 69 number of engines with sterm gear assembly between May

1993 and June 1994 at the cost of Rs 14.09 lakh, out of which 26 valued at Rs 5.80 lakh remained undistributed as of October 1995.

While accepting the facts, the Directorate stated, in September 1995, that they would not procure further mechanised boats and engines till the existing stock were distributed fully.

Thus, due to unrealistic assessment of requirements, usefulness of Rs 38.28 lakh spent on purchase of mechanised boats and fishing crafts has become questionable.

The matter was referred to the Ministry in September 1995 ; their reply is awaited as of December 1995.

9.4 Wasteful expenditure

To facilitate construction of 460 metres long retaining wall with Reinforced Cement Concrete (RCC) sheet pile wall and RCC superstructure behind wharf structure at Haddo, Port Blair, Andaman Lakshadweep Harbour Works (ALHW) engaged a contractor in August 1992 for construction of sheet pile wall at the cost of Rs 63.71 lakh (excluding cost of cement and steel supplied departmentally) by August 1993. The work, inter alia, included driving of precast piles to final set level in sea and in cases these piles due to shorter length did not attain final set during initial driving, these were to be extended by in situ concreting and were to be redriven till final set was achieved. For extension the contractor was to be paid extra. The work commenced in September 1992 and was completed in January 1995. An amount of Rs 61.94 lakh was paid to the contractor as running payments upto June 1995.

Test check in Audit revealed that for casting of piles ALHW prescribed five different lengths varying from 10 metres to 18 metres. However, during execution, large piles were found to be excessively long. Out of 739 piles (607 vertical and 132 raker) of cumulative length of 10176 metre, there was excess of 1668 metre in 472 piles (63.87 per cent). An amount of Rs 32.98 lakh including the cost of cement and steel was spent on the excess length. As the excess length was of no use to the work

those were cut from piles, rendering the expenditure infructuous. In addition ALHW spent Rs 1.47 lakh in transporting the cut pieces to stock yard.

The expenditure could have been minimised if the piles were cast for the minimum length and then extended in situ to attain final set. In that eventuality an expenditure of Rs 4.32 lakh on 472 piles at the rate of Rs 915 per pile would have been incurred on account of their extension against extra expenditure of Rs 32.98 lakh. Thus, casting of piles in excess of the length in the absence of adequate survey led to avoidable expenditure of Rs 28.66 lakh.

ALHW stated in January 1995 that extension of shorter piles and their redriving was a very tedious process which would have delayed the project. The Ministry also endorsed (October 1995) this view. The contention of the ALHW is not based on facts taken into account at the time of determining the length of piles for casting. Besides, technical feasibility existed for extension of piles in situ, on account of which the provision was made in the agreement. The work, incidentally, had already been delayed by 17 months as of November 1995.

9.5 Unauthorised payment

Andaman Lakshadweep Harbour Works (ALHW) placed an order with a firm in October 1994 for fabrication and erection of two five tonne capacity electrical overhead travelling cranes within six months at a cost of Rs 17.76 lakh. The terms of payment provided for release of 90 per cent of cost of the cranes on receipt of inspection notes and provisional receipt certificate from interim consignee at Calcutta.

During February 1995, the firm submitted a proforma invoice of Rs 15.98 lakh and sent a Railway Receipt (RR) dated 12 March 1995. ALHW on the basis of RR and proforma invoice released Rs 15.98 lakh on 13 March 1995. Subsequently during June 1995, ALHW found that the cranes were under construction and the RR did not relate to consignment of cranes and asked the firm to refund the amount. The amount had not been refunded so far (November 1995). ALHW stated (September 1995) that the crane components were under process of despatch. ALHW further

added (November 1995) that the firm could not despatch the crane so far because of a dispute between the firm and its subsidiary. However, efforts were being made to take delivery of the equipment.

Payment was made without verification of receipt of inspection notes and provisional receipt certificate from the interim consignee at Calcutta as per terms of the contract. As such the payment of Rs 15.98 lakh was made in violation of contract. No responsibility was fixed for non-observance of payment procedure.

The matter was referred to the Ministry in August 1995; their reply was awaited as of November 1995.

9.6 Overpayment of incentive wages

Andaman and Nicobar Administration vide its orders of November 1975 had prescribed norms for stevedoring in terms of tonne per gang consisting of 27 persons per 8 hours. The norms are different for different types of material, being 25 tonne for general cargo and the maximum 50 tonnes for food grains. The Controller of Andaman Labour Force pays incentive wages in addition to the wages payable to a worker, for the quantum of stevedoring work in excess of prescribed norms.

Test check of payment of incentive wages in respect of stevedoring work of four inter-island vessels under the Directorate of Shipping Services revealed that higher incentive wage than admissible were paid by applying norms for stevedoring for general cargo, whereas the general cargo constituted only one fourth of the total 1.15 lakh tonne cargo handled during 1990-95. The two major items other than general cargo were food grains (53.41 *per cent*) and oil in drums (11.23 *per cent*) for which the norms for stevedoring were higher at 50 and 35 tonne respectively.

Adoption of lower norms for working out incentive wages resulted in excess payment of incentive wages of Rs 17.91 lakh between April 1990 and March 1995 on pro-rata basis.

The Chief Port Administrator, Port Management Board, Andaman and Nicobar Islands, stated in September 1995, that no specific norms could be applied for items of cargo handled which are of large variety and small quantity. The reply is not tenable as the Administration's order of November 1975, had specified norms for all the seven items handled during 1990-95 including general cargo. Besides, 87 per cent of the

excess payment of incentive wages was made on only two items namely food grains and oil in drums, which were quite distinguishable.

The matter was referred to the Ministry in August 1995; their reply was awaited as of December 1995.

Ministry of Information and Broadcasting

9.7 Delay in setting up of TV transmitter

With a view to relaying TV Programmes through INSAT-ID, the Director General, Doordarshan, New Delhi approved establishment of a Very Low Power TV Transmitter (VLPT) at Great Nicobar Islands during 1991-92 at a cost of Rs 80.31 lakh, with a stipulation that suitable building on rent be hired for the installation of the transmitter.

Director General, Doordarshan placed an order for supply of 2 numbers of 10 watts transmitter; accessories and one set of spares at a cost of Rs 12.81 lakh (excluding taxes and duties) in March 1992, with a state owned undertaking. The equipment were received by April, 1993. The equipment were guaranteed for a period of 12 months from the date of receipt of last batch of items indented.

Due to non-availability of a suitable building on hire, Government land was allotted for construction of the building in October 1992. The estimate for construction of a building at a cost of Rs 13.00 lakh furnished by the Andaman and Nicobar Lakshadweep Harbour Works Department in December 1992, was forwarded by the Chief Engineer, South Zone (CESZ) to the Director General, Doordarshan in September 1993 for approval after exploring the possibility of executing the work departmentally. While the estimate was still under the consideration of Director General, Doordarshan, another estimate for Rs 9.04 lakh was obtained from Andaman Nicobar Public Works Department (A&N PWD) and sent in August 1994 to him. Director General, Doordarshan asked CESZ to provide porta cabins to accommodate the transmitters and asked him to send civil estimates for the same in September 1994. In October 1994, however, approval of the estimate for construction by A & N PWD was communicated. Clarifications sought by the CESZ, in October 1994, whether to

take up civil construction or construction of porta cabins, was awaited from the Director General, Doordarshan as of May 1995.

Thus, without assessing the availability of building on hire and without considering the delays involved in the process of acquisition of land or the construction of a building by PWD, orders for the supply of equipment were placed. This resulted in equipment worth Rs 15.88 lakh lying idle for more than two years. As the guarantee period for the equipment has expired, it is not known whether the equipment will be serviceable, when the building is eventually constructed and equipment installed. Thus, due to faulty planning people of Greater Nicobar Island have been deprived of the telecast facility.

The Director General, Doordarshan stated, in May 1995, that orders for the purchase of equipment were placed for a group of projects to avail quantity discounts and non-availability of rented building in this case was a rare phenomenon. The contention of the department is not tenable as the local conditions of the island to get suitable rented building for proper coverage were not taken into consideration Further, though the land was taken over in October 1992, there was inordinate delay in the selection of agency for execution and sanction of estimates.

The matter was referred to the Ministry in July 1995; their reply was awaited as of October 1995

Ministry of Surface Transport

9.8 Wasteful expenditure

Andaman Lakshadweep Harbour Works (ALHW) awarded reclamation work of foreshore area at Hadoo Wharf. Port Blair, in August 1992, to a contractor. While the reclamation work (stage-I) was in progress, the dumped earth drifted towards sea due to movement of high/low tides. However, ALHW did not take any action to prevent the drift and continued the earth spreading work. Moreover, during a cyclone, in November 1992, 8649 cubic metre earth was washed away as the area was open to sea and without any protection. The washed away earth was replenished by the contractor for which he was paid once again. Thus, improper planning, wherein, the

earth was dumped in the foreshore area without first constructing the walls, led to wasteful expenditure of Rs 7.52 lakh.

Admitting the fact of slipping away of dumped earth during cyclone, ALHW stated, in September 1995, that walls were not constructed to close open sides of sea as the site normally had no effect of wave condition.

The reply is not tenable as logically, formation of boulder toe wall/bund should have been formed before dumping earth to protect it from being washed away. Besides, the ALHW constructed a temporary boulder bund, in January 1993, at an expenditure of Rs 5.47 lakh for subsequent reclamation work.

The matter was referred to the Ministry in July 1995; their reply was awaited as of December 1995.

Chandigarh Administration
Ministry of Urban Affairs and Employment

9.9 Infructuous expenditure

The Chief Engineer-cum-Secretary, Union Territory, Chandigarh, created a new public works division No 8 in May 1993 with a strength of 60 posts of technical and non-technical categories in Group 'B' 'C' and 'D' for augmentation of water supply scheme (phase III) and other works related to city water supply scheme without budget allocation for works expenditure. 31 posts were filled in 1993-94. No work was entrusted to this division until August 1995.

Thus, the formation of the new division without work was not justified. It resulted in an infructuous expenditure of Rs 24.34 lakh on pay and allowances of the staff.

The Executive Engineer reported to the Director (Project) in March 1995 that either adequate work be transferred to this division or it should be wound up to avoid further expenditure. No action seems to have been taken by the Government and expenditure on salary of staff is continued to be made.

The matter was referred to the Ministry in December 1995; their reply was awaited as of December 1995.

9.10 Infructuous expenditure on purchase of battery operated vehicles

According to the action plan prepared by Government of India for switching over to non-conventional sources of energy in order to reduce consumption of oil and to control pollution, the Administration of the Union Territory of Lakshadweep(UTL) procured, in the first phase, 9 battery operated vehicles during March 1989-December 1990 at a cost of Rs 28.64 lakh. Though the vehicles were put to use between March 1989 and April 1991, they were off the road frequently due to failure of battery and other repairs jobs. In the absence of adequate repair and maintenance facilities in UTL, servicing of the vehicles was got done through personnel from the mainland. As per the information made available to audit, 7 vehicles valued at cost Rs 23.06 lakh were out of order and lying idle for periods ranging from 28 to 66 months.

An expenditure of Rs 1.78 lakh was incurred on repairs and maintenance of 6 vehicles. Information relating to the remaining two vehicles have not been furnished as of October 1995.

The induction of the battery operated vehicles without providing facilities in UTL for periodical repairs and upkeep of the vehicles, led to idling of the vehicles and consequently the objective of switching-over to non-conventional source of energy and control of automobile pollution was not achieved. The expenditure of Rs 30.42 lakh incurred on procurement of the vehicles and their maintenance was, thus, largely unproductive.

The matter was referred to the Ministry in June 1995; their reply was awaited as of October 1995.

9.11 Loss due to irregular payment to a society

The Vessel M.V. Bharath Seema owned by the Administration of the Union Territory of Lakshadweep (Administration) was given to the Shipping Corporation of India (SCI) for its manning and management during operation between the Indian mainland and Lakshadweep and also between the islands in the Lakshadweep. It was,

however, requisitioned by the Indian Navy from 5 November 1988 to 20 April 1989. The chartering of the vessel by the Indian Navy led to cancellation of 11 schedules booked by the Lakshadweep Society for Promotion of Recreational Tourism and Sports No.SR.XLV (SPORTS), Kavaratti, a society registered under the Societies Registration Act. The Administration paid Rs 3.42 lakh to SPORTS in February 1989 and December 1989 towards reimbursement of loss on cancellation of the tourists schedules, though there was no agreement between SPORTS and the Administration for reimbursement of such loss.

On the irregular payment to SPORTS being pointed out by Audit in February 1991, the Administration asked SPORTS (July 1994) to refund the sum of Rs 3.42 lakh. The recovery of the amount had not been made upto May 1995.

Ministry of Surface Transport stated, in November 1995, that they had no comments to offer as the Society (SPORTS) was under the administrative control of the Administration of Union Territory of Lakshadweep.

(B M OZA)
Director General of Audit
Central Revenues

New Delhi
The **28 February, 1996**

Countersigned

(C G SOMIAH)
Comptroller and Auditor General of India

New Delhi
The **4 March, 1996**

Appendix I

(Refer to Paragraph 1.1.6.2)

Budget Provision and Expenditure

S No	State	Grant Released	Grant Utilised by State	Grant Unutilised with State
1.	Andhra Pradesh	5920.03	4428.32	1491.71
2.	Arunachal Pradesh	6.35	-	6.35
3.	Assam	851.82	316.29	535.53
4.	Bihar	1269.24	125.00	1144.24
5.	Goa	541.78	412.26	129.52
6.	Gujrat	4919.82	3742.00	1177.82
7.	Haryana	1837.62	1236.46	601.16
8.	Himachal Pradesh	424.57	345.43	79.14
9.	Jammu & Kashmir	54.85	32.30	22.55
10.	Karnataka	3338.42	1933.19	1405.23
11.	Kerala	2798.40	1459.45	1338.95
12.	Madhya Pradesh	3168.86	1566.78	1602.08
13.	Maharashtra	9653.15	5623.75	4029.40
14.	Manipur	110.50	57.61	52.89
15.	Meghalaya	20.75	15.00	5.75
16.	Mizoram	92.02	63.12	28.90
17.	Nagaland	24.24	8.00	16.24
18.	Orissa	2104.03	314.00	1790.03
19.	Punjab	1695.18	1020.63	674.55
20.	Rajasthan	2457.13	1704.80	752.33
21.	Sikkim	17.83	-	17.83
22.	Tamil Nadu	3109.84	1299.63	1810.21
23.	Tripura	4.12	-	4.12
24.	Uttar Pradesh	3745.67	3024.51	721.16
25.	West Bengal	40.69	39.69	1.00
26.	Andaman & Nicobar	6.48	--	6.48
27.	Chandigarh	173.92	57.37	116.55
28.	Dadar & Nagar Haveli	8.04	2.46	5.58
29.	Daman & Dieu	5.75	3.09	2.66
30.	Delhi	235.24	50.66	184.58
31.	Lakshadweep	--	--	--
32.	Pondicherry	50.33	21.89	28.44
		48686.67	**28903.69**	**19782.98**
			59.37 %	40.63 %

Appendix II

(Refers to paragraph 7.9)

Statement on avoidable expenditure towards rent paid by allottee-offices due to their delay in occupation of the allotted space in CGO Complex, Thiruvananthapuram.

S.No.	Name of office	Floor area allotted (Sq. ft.)	Date of occupation	Extent of delay (months)	Expenditure incurred on rent (Rs in lakh)
1	Directorate of Census Operations	22100	10 July 1995	20	13.80
2	National Savings Organisation	2800	28 Oct. 1994	11	0.49
3	National Sample Survey Organisation	3800	25 July 1994	8	0.24
4	Directorate of Enforcement	2000	25 July 1994	8	0.21
5.	Central Public Works Department, Trivandrum Central Circle	5800			
			1 April 1994	4	0.52
6	Central Public Works Department, Trivandrum Civil Division.	2400			
7	Central Public Works Department, Trivandrum Electrical Division	2650	1May 1994	5	0.28
				Total	**15.54**

ERRATA

Page	Line	For	Read
iv	13th from above	Lakshdweep	Lakshadweep
xi	6th from above	battallions	battalions
xv	4th from above	17 lakh	Rs 17 lakh
xxi	Last	Lakshwadeep	Lakshadweep
57	5th from above (Table, 4th column)	Irregular	Infructuous