

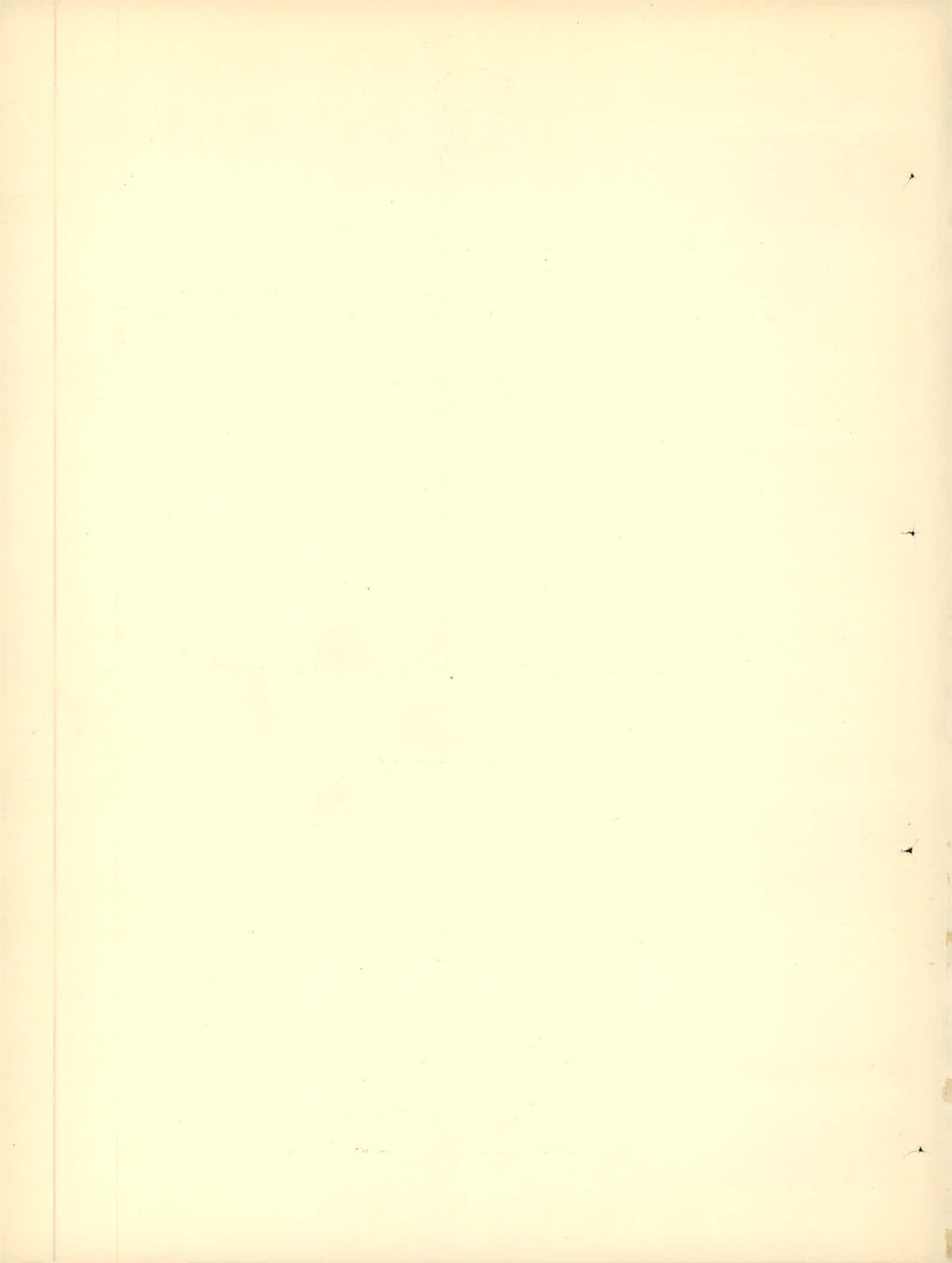


**REPORT OF THE
COMPTROLLER AND AUDITOR GENERAL
OF INDIA**

FOR THE YEAR ENDED 31 MARCH 1990

NO. 11 OF 1991

**UNION GOVERNMENT
(OTHER AUTONOMOUS BODIES)**





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

FOR THE YEAR ENDED 31 MARCH 1990

NO. 11 OF 1991

**UNION GOVERNMENT
(OTHER AUTONOMOUS BODIES)**

TABLE OF CONTENTS

	Paragraph	Page
Prefatory Remarks		(v)
Overview		(vii)
CHAPTER I		
General	1	1
CHAPTER II		
Ministry of Human Resource Development (Department of Education)		
University Grants Commission	2	3
National Council of Educational Research and Training		
Computer Literacy and Studies in Schools	3	39
Loss of interest	4	67
Blocking of funds	5	68
Purchase of cassettes and two-in-one sets	6	70
Indian Council of Social Science Research	7	71
University of Hyderabad	8	92
Indira Gandhi National Open University		
Construction of warehouse and office blocks	9	107
Rashtriya Sanskrit Sansthan		
Acquisition of land and construction of buildings	10	109
University of Delhi		
Irregular payment	11	110

	Paragraph	Page
Navodaya Vidyalaya Samiti		
Advance payment to contractor	12	111
Indian Institute of Technology, Kharagpur		
Poor cash management	13	112
Regional Engineering College, Silchar		
Idle outlay	14	113
School of Planning and Architecture, New Delhi		
Loss due to non-procurement of levy cement	15	113
(Department of Culture)		
Asiatic Society	16	115
National School of Drama		
Construction of temporary theatre workshop	17	126
Lalit Kala Akademi		
Avoidable blocking of funds	18	128
Sahitya Akademi		
Blocking of funds	19	130
Bal Bhawan Society, New Delhi		
Deposit of funds in advance	20	131
Unintended benefit to contractor	21	131
(Department of Women and Child Development)		
National Institute of Public Cooperation and Child Development		
Extra expenditure on electricity charges	22	133

	Paragraph	Page
Ministry of Surface Transport (Ports Wing)		
Visakhapatnam Port Trust	23	133
Bombay Port Trust		
Non-commissioning of two dock tugs	24	152
Idle investment	25	154
Calcutta Port Trust		
Unfruitful expenditure on dredging	26	155
Avoidable expenditure on overhauling	27	157
Non-recovery of dues from defaulting contractor	28	157
Cochin Port Trust		
Avoidable extra expenditure	29	159
Jawaharlal Nehru Port Trust, Bombay		
Non-recovery of port dues	30	159
Inadmissible benefit to a contractor	31	161
New Mangalore Port Trust		
Short levy of wharfage rates	32	162
Ministry of Commerce		
Indian Institute of Foreign Trade	33	163
Rubber Board, Kottayam		
Unfruitful expenditure	34	178
Spices Board, Kochi		
Construction of Indian Cardamom Research Institute Complex	35	179
Ministry of Water Resources		
Brahmaputra Board, Guwahati	36	180

	Paragraph	Page
Ministry of Social Welfare		
National Institute for the Orthopaedically Handicapped, Calcutta	37	192
Ministry of Labour		
Employees' State Insurance Corporation		
Construction of hospital building	38	199
Delay in commissioning of a hospital	39	202
Ministry of Health and Family Welfare		
Central Council for Research in Unani Medicine		
Construction of building	40	203
All India Institute of Medical Sciences		
Purchase of lithotripter machine	41	204
Ministry of Human Resource Development/ Ministry of Health and Family Welfare		
University College of Medical Sciences		
Non-utilisation of mobile vans	42	206
Ministry of Home Affairs		
North-Eastern Council, Shillong		
Delay in commissioning solar hot water system	43	206
Ministry of Textile		
Jute Manufactures Development Council, Calcutta		
Unintended benefit given to cement factories	44	207
Appendix		
Outstanding utilisation certificates		210

PREFATORY REMARKS

This Report for the year ended 31 March 1990 has been prepared for submission to the President under Article 151 of the Constitution. The results of test audit of the Central Autonomous Bodies (other than those under Scientific Departments included in Report No.2 of 1991) under the various provisions of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 are set out in this Report.

2. This Report includes, among others, reviews on:

- (a) University Grants Commission,
- (b) Computer Literacy and Studies in Schools,
- (c) Indian Council of Social Science Research, New Delhi,
- (d) University of Hyderabad,
- (e) Asiatic Society, Calcutta,
- (f) Visakhapatnam Port Trust,
- (g) Indian Institute of Foreign Trade, New Delhi,
- (h) Brahmaputra Board, Guwahati, and
- (i) National Institute for the Orthopaedically Handicapped Calcutta

3. The audited organisations are autonomous bodies which are different in character and discipline. The cases relating to autonomous bodies mentioned in this Report are among those which came to notice in the course of audit during the year 1989-90 as well as those which had come to notice in earlier years but could not be dealt with in previous Reports; matters relating to the period subsequent to 1989-90 have also been included, wherever considered necessary.

OVERVIEW

The Audit Report for the year ended 31 March 1990 contains 44 paragraphs including nine reviews. The points highlighted in the Report are summarised below:-

I. General

The accounts of autonomous bodies which receive financial assistance from Government are audited by the Comptroller and Auditor General of India.

Government of India paid Rs.1456.03 crores as grants and Rs.487.84 crores as loans to various autonomous bodies during 1989-90. In addition, 10 Universities received Rs.184.95 crores as grants from University Grants Commission/Central Government. The annual accounts of 31 out of 84 bodies (other than those under the Scientific Departments) whose accounts were to be audited under Section 14(1) and 14(2) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 had not been received. Further, for the year 1988-89, out of 177 Central autonomous bodies whose accounts together with Audit Reports thereon were required to be placed before Parliament, accounts of 92 bodies were received late beyond the prescribed time limit of three months by periods ranging up to six months and above and accounts of seven bodies were not received.

17067 Utilisation Certificates amounting to Rs.1140.42 crores were outstanding in March 1990 in respect of grants released to various bodies during 1976-77 to 1986-87. This indicated that the authorities releasing the grants had not

exercised proper control over the receipt of utilisation certificates.

(Paragraph 1)

II. Ministry of Human Resource Development

Department of Education

University Grants Commission:- The University Grants Commission was initially set up in December 1953 under a resolution of the Government of India and was later reconstituted as a corporate body in November 1956 as per the provision of the University Grants Commission Act 1956. The main objectives of the UGC are promotion and co-ordination of university education, determination and maintenance of standards of teaching and research in universities.

The University Grants Commission incurred expenditure of Rs.1491.66 crores during 1985-86 to 1989-90 under Plan and non-Plan. The UGC did not prepare programme-wise or scheme-wise budget estimates for Plan and non-Plan activities. Physical targets for most of the schemes funded by it were also not fixed. Information regarding year of commencement and amount of plan outlay in respect of the various schemes started during the Sixth and Seventh Five Years Plans was also not provided to Audit.

Heavy delays in the release of payments of grants to the universities/institutions after sanction were noticed. Both the amounts of sanctions for which bills had not been received as well as the amounts of bills received for which payments

had not been made had increased over the years. The time taken for release of payment ranged from 15 to over 180 days from the receipt of bills in 554 cases test checked.

Despite adoption of a simplified procedure, utilisation certificates for Rs.829.74 crores had not been issued (October 1990); in some cases since 1958-59. The UGC did not maintain year-wise analysis of outstanding audited statements of accounts which had not been received from the universities/institutions for grants disbursed.

The UGC had not inspected even a single university out of 144 universities set up till March 1989 for the purpose of ascertaining the financial needs or standards of teaching as prescribed in the Commission's Act. Out of 36 new universities established during 1980-89, 12 were set up without consulting the UGC and two were established against the advice of the UGC. The monitoring and evaluation system of the UGC was inadequate. Scheme-wise details of outstanding utilisation certificates had not been maintained. The Committees appointed for inquiring into the working of the Central Universities had not completed their work. No Visiting Committees were appointed for formulation of proposals for the Seventh Five Year Plan.

The UGC had incurred expenditure of Rs.8.58 crores during 1985-86 to 1988-89 on Mass Communication and Educational Technology. Targets for setting up of various units under the scheme had not been fixed. The production of programmes by Educational Media Research Centres and Audio Visual Research Centres had been below

expectation. The Audio Visual Centre, Srinagar which was paid Rs.21 lakhs in April 1987, had not produced a single programme so far. The programme of model course material in 15 subjects in the form of audio/video cassettes had not been prepared. Although Rs.45 lakhs had been spent against Rs.30 lakhs sanctioned for the Pre-school Children Television Project, not even a single episode had been telecast.

Under a scheme for strengthening infrastructure in science and technology launched in 1983-84, the UGC had released Rs.50.11 crores to various universities/institutions upto 1989-90. Utilisation certificates for Rs.33.32 crores against the assistance released upto 1988-89 were outstanding (September 1989). The UGC had released Rs.32.86 crores upto March 1990 under a scheme of financial support to faculty members of the universities and colleges to enable them to take up well defined major research projects in sciences, humanities and social sciences and engineering and technology. The receipt of annual reports of these projects was not monitored by the UGC. Not even a single report was received in respect of 37 out of 169 projects test checked.

The UGC had provided Rs.12.32 crores and Rs.5.51 crores for development of computer facilities and computer education for manpower training respectively during 1985-89. 28 universities to which Rs.92.05 lakhs were paid from 1985-86 onwards for running computer courses had not started any training course.

An amount of Rs.5.44 crores remained unutilised with the UGC out of the central assistance received

by it under the National Sports Organisation Programme from the Ministry for creation of new or additional physical facilities in universities/colleges, provision of adequate coaching in universities and at college level, etc. The number of gymnasia constructed and play fields actually developed for which Rs.2.36 crores were released to the universities/institutions up to March 1989 was not intimated by the UGC. Only one out of five universities and two of six colleges to which grants were paid for introducing three year degree courses in physical education could start the courses till March 1989.

The targets fixed in regard to grant of autonomous status to colleges were achieved to the extent of 32 and 15 per cent only during 1987-88 and 1988-89. Only 9 out of 35 State universities and 136 out of 6912 colleges had introduced restructured courses for which the UGC had provided Rs.4.69 crores upto March 1990.

The UGC had released Rs.1.11 crores up to March 1989 under a scheme 'Preparation of University Level Books by Indian Authors'. Out of 1035 projects funded by the UGC only 350 had been completed upto March 1989; as many as 257 books were completed after delays of 2 to 17 years and only 185 books had been actually published.

(Paragraph 2)

National Council of Educational Research and Training

Computer Literacy and Studies in Schools:- The project for providing computer literacy and studies in schools (CLASS) which was started as a pilot project limited to 250

schools in 1984-85 was continued based on annual allocations in budget. Although the expenditure of Rs.31.48 crores incurred upto 1989-90 was well beyond the financial powers of the Ministry, ex-post-facto approval of the Cabinet to the project was obtained only in May 1990. The Ministry admitted that several shortcomings in the implementation of the project such as delay in selection of schools, installation of hardware, non functioning of computer systems, etc. were attributable to the fact that no decision could be taken for the implementation of the project on regular basis.

Out of total expenditure of Rs.3148.25 lakhs incurred by the Ministry up to March 1990, Rs.973.42 lakhs remained unutilised with the National Council of Educational Research and Training (NCERT), Computer Maintenance Corporation (CMC) and Semi-Conductor Complex Limited (SCL). Out of Rs.119.31 lakhs paid to 24 States/Union Territories up to March 1989, Rs.47.16 lakhs had remained undisbursed with them which constituted 40 to 70 per cent or more of the amounts paid. Utilisation certificates were not received by the Ministry from the State Governments. In a number of cases funds were released by the State Government to schools which did not implement the project or in which computers had not been installed or schools which were not conducting the classes. Cases of misutilisation of funds by the schools were also noticed in audit.

The NCERT which had paid Rs.164.96 lakhs to the resource centres up to March 1990 had no information regarding the expenditure actually incurred by the

resource centres. Test check by audit showed that Rs.20.87 lakhs (32 per cent) out of Rs.65.88 lakhs released to 30 resource centres had remained unspent; audited statements of accounts for Rs.33.03 lakhs had not been submitted by 13 resource centres test checked.

The lists of schools were finalised late each year leading to delay in procurement and installation of computers in the selected schools. Consequently, even against the number of 2327 schools selected up to March 1989 computers had been installed only in 1694 schools by March 1990. Against the number of 5.47 lakh students that could have been trained, 74387 (13 per cent) students only were actually enrolled.

The procurement of hardware fell short of requirement and the non-installation of computers was as high as 37 per cent. The interval between the receipt of computers in resource centres and their despatch to schools ranged from 2 to 12 months, and that between the receipt of computers in schools and their installation by the CMC ranged from 2 to 27 months. 52 schools out of 228 test checked had reported defects in hardware on account of which the systems had remained inoperative for 30 days or more in a year. In eight schools the computers were not working from the date of installation, while in other schools the computers remained out of order for periods ranging from 1 to 39 months.

The NCERT had purchased software packages mostly on single tender basis. A software package purchased for Rs.12.93 lakhs remained unused. Purchase of defective software which could not be

utilised resulted in an infructuous expenditure of Rs.9.93 lakhs. Cases of avoidable extra expenditure of Rs.11.15 lakhs in purchases of software were also noticed. Several items of software had remained unused on account of lack of training, transfer of trained teachers, lack of new programmes, delay in installation and defective software. 97 computer systems and 938 software packages had been supplied 'to others' outside the scope of CLASS programme.

The average number of schools attached to a resource centre increased from 6 in 1984-85 to 42 in 1989-90 which was far in excess of the norm of 20 to 25 schools. The requirement that schools should be situated within about 100 kilometres of a resource centre was also not fulfilled. The resource centres were thus severely over stretched. Shortfall in training of teachers was also noticed as a large number of resource centres did not function and those functioning did not conduct the requisite number of training course. Against 6,981 teachers to be trained for schools selected upto March 1989, only 5,108 teachers could be trained up to March 1990. Resource persons, excepting a few, did not visit the schools for purpose of liaison and providing support. Project fellows for training of teachers were not appointed or vacancies not filled up in some resource centres.

The implementation of project in the schools fell short of the norms as several schools were not willing to participate in the project, computer classes were not conducted, the prescribed curriculum in regard to number of students to be enrolled, number of classes to be held, etc. was not followed. The

number of students enrolled ranged from 3 to 450. There were also drop outs of 18 per cent in Andhra Pradesh and 20 to 75 per cent in West Bengal in some schools.

The involvement of NCERT in monitoring the project seemed minimal and was confined to distribution of funds.

(Paragraph 3)

Loss of Interest:- The National Council of Educational Research and Training (NCERT) invested the accumulations of General Provident Fund and surplus cash arising out of sale proceeds of text books and publications amounting to Rs.417.50 lakhs in Government securities and short term deposits on various dates during March 1982 to June 1989. Failure to realise interest on due dates and/or reinvest the amounts judiciously, resulted in a loss of interest of Rs.24.17 lakhs.

(Paragraph 4)

Blocking of funds:- The National Council of Educational Research and Training (NCERT) deposited Rs.10 lakhs and Rs.15 lakhs with the Central Public Works Department (CPWD) in September 1976 and September 1977 respectively without detailed estimates and settlement of the details for the construction of a building within its campus for both Centre for Educational Technology and the Department of Teaching Aids. The work, however, could not commence. The NCERT deposited another amount of Rs.30 lakhs with All India Radio (AIR) in April 1983 for the construction of the same building without any estimate. As the AIR did not have the capacity to undertake outside

works, the building was finally got constructed through the Department of Space and occupied in August 1989.

(Paragraph 5)

Purchase of Cassettes and two-in-one sets:- The Central Institute of Educational Technology (CIET) of National Council of Educational Research and Training (NCERT) which was implementing a project on teaching Hindi as first language at primary level through radio broadcasts decided to convert the radio project into audio cassette mode and placed an order for duplicating 77 programmes on audio cassettes (500 copies of each programme i.e. 38,500 cassettes) in November 1986 at a total cost of Rs.7.56 lakhs. Though the 35000 cassettes were to be supplied before March 1987 and 3500 cassettes before June, 1987, the CIET delayed the supply of material (programme) to the firm till October 1987 and consequently the firm could complete the supplies by June 1988 only. The CIET also placed an order in November 1986 for 550 two-in-one sets (cost Rs.4.08 lakhs) to be supplied before 30th November 1986. The firm supplied the two-in-one sets in February 1987. The evaluation study conducted by CIET in February 1990 in 417 schools showed that 48 per cent of the two-in-one sets were not in working order and in another 10 per cent of the schools sets were not working on account of faulty electric supply. Thus the venture of CIET in teaching Hindi through audio cassettes suffered due to delayed supply of cassettes, failure of two-in-one sets and faulty electric supply.

(Paragraph 6)

Indian Council of Social Science Research

The Indian Council of Social Science Research, a registered society, was set up by the Central Government in August 1969 with the objective of sponsoring social science research programmes and projects, administering grants to individuals and institutions etc. Against the target of 650 research projects to be sanctioned during the Seventh Five Year Plan, the Council had sanctioned only 457 projects. 50 to 71 per cent of the proposals remained under consideration of the Council for one reason or the other. The number of proposals under consideration had increased by 37 per cent between 1984-85 and 1989-90. Reports in respect of 388 projects sanctioned upto 1987-88 which were due at the end of March 1990 had not been received. Utilisation certificates in respect of 332 projects amounting to Rs.77.53 lakhs were awaited; out of these utilisation certificates amounting to Rs.54 lakhs were pending from 5 to 20 years.

The Council had received only two reports of National Fellowships out of eight due as on 30th September 1990. The Council had not received utilisation certificates for Rs.21.92 lakhs in respect of 45 cases of Senior Fellowships and General Fellowships from 1976-77 onwards. Utilisation certificates for Rs.23.01 lakhs paid for short term Doctoral Fellowships and contingency grant were also awaited.

The Council had not prescribed any time schedule for completion of

research surveys; surveys initiated in 1981 had not been completed so far. Out of 158 data sets in the repository, only three data sets had been used during 1985-90.

As many as 58 ongoing projects were not shown as ongoing and were excluded from the annual reports of the institutes. The Council had provided assistance of Rs.123.19 lakhs during 1985-90 to six Regional Centres. The issue regarding status of these Centres had not been finalised so far.

Large stock of publications with sale value of Rs.66.48 lakhs had accumulated; 55 per cent of the unsold publications pertained to 1972-80.

The Council committed several irregularities in the construction of its building. The Council did not have title to the land on which the construction of building was taken up and for which it had made payment of Rs.303.19 lakhs to the National Buildings Construction Corporation Limited (NBCC) till October 1990. The work was entrusted to a private architect and the NBCC contrary to the advice of the Ministry. The Council allowed undue and extra financial benefits to the NBCC and paid the architect fees at a higher rate of 4 per cent instead of 3 per cent approved by the Ministry. The work which was required to be completed by October 1988 was still in progress. Delay in completion of work resulted in the Council continuing to incur expenditure on hire of buildings at the rate of Rs.3.96 lakhs per annum.

(Paragraph 7)

University of Hyderabad

Against the intake capacity of 219 students for the M.Phil courses in 1989-90, the actual enrolment was 168 students indicating a shortfall of 23 per cent. The shortfall of nine per cent in Ph.D. courses in 1987-88 increased to 20 per cent in 1989-90. The teacher student ratio ranged from 1:7 to 1:8 during 1985-86 to 1989-90 as against the recommended ratio of 1:10. A liquid helium plant acquired at a cost of Rs.15.64 lakhs in July 1980 was commissioned in January 1989. A Mass Spectrometer with accessories imported at a cost of Rs.24.16 lakhs during 1976 to 1978 and installed in 1979-80 was not put to any fruitful use. At the Computer Centre set up at a cost of Rs.65 lakhs, the average unutilised time was 76 per cent in 1989-90.

The University had received grants of Rs.33.98 lakhs during 1986-90 from the Department of Non-conventional Energy Sources for Energy Plant Demonstration Programme, but the date by which the scheme would start yielding results was uncertain. Expenditure of Rs.10.32 lakhs on five schemes incurred from out of unspent balances of other grants remained uncovered for more than four years.

(Paragraph 8)

Indira Gandhi National Open University

Construction of warehouse and office blocks:- Indira Gandhi National Open University (University) was allotted land in September 1985 and December 1987 for setting up its campus. According to the decision of the Expenditure Finance Committee (EFC) in December 1985, all the

construction works of the campus were to be executed through the Central Public Works Department (CPWD). But the University entrusted the work to the Public Works Department (PWD) of Delhi Administration and deposited Rs.72 lakhs with it in September 1987. In May 1988, the University entrusted the work of construction of temporary structure (six office blocks) and warehouse (three blocks) estimated to cost Rs.189.23 lakhs to the Hindustan Prefab Limited (HPL) to be completed by February 1989. The PWD refunded Rs.66.11 lakhs in May 1988 after deduction of Rs.5.89 lakhs towards departmental charges including Rs.1.45 lakhs relating to the construction of the compound wall to be constructed by PWD. Thus the funds amounting to Rs.66.11 lakhs remained blocked with the PWD for more than six months and the expenditure of Rs.4.44 lakhs retained by PWD towards departmental charges without execution of any work was rendered infructuous.

The University had made total payment of Rs.66.23 lakhs to HPL upto the scheduled date of completion, viz., February 1989 and Rs.178.69 lakhs upto June 1990. The work had not been completed so far (June 1990). Due to delay in completion of the work, the University incurred expenditure of Rs.39.21 lakhs on rental for its offices upto March 1990, and was still incurring further expenditure of Rs.0.86 lakh per month on this account.

(Paragraph 9)

Rashtriya Sanskrit Sansthan

Acquisition of land and construction of buildings:- The Rashtriya Sanskrit Sansthan paid Rs.15.48

lakhs in March 1986 towards cost of 7.27 acres of land in Jaipur for construction of office building. However, the Sansthan took possession of the plot of land only in February 1990. Thus delaying the construction and early exploitation of the amount of Rs.15.48 lakhs paid towards cost of land in March 1986 which remained blocked. Besides, the Sansthan was also incurring expenditure of Rs.1.82 lakhs per annum on rent for its office premises at Jaipur.

The Sansthan paid Rs.27.08 lakhs to the Calcutta Metropolitan Development Authority, Calcutta (CMDA) between October 1986 and March 1988 for allotment of land for setting up a Kendriya Sanskrit Vidyapeetha. The CMDA allotted 1.79 acres of land to the Sansthan in January 1988. The Sansthan had not taken possession of the land so far (June 1990) as the proposal for establishing a Vidyapeetha at Calcutta was turned down by the Ministry of Finance in July 1988. As a result the funds of the Sansthan amounting to Rs.27.08 lakhs have remained blocked with consequent loss of interest of Rs.6.99 lakhs upto June 1990.

(Paragraph 10)

University of Delhi

Irregular payment:- The University Grants Commission approved in April 1985, the revision of pay scale of Senior Laboratory Assistants of the University of Delhi with effect from January 1973. Although the revision of scale was approved on the condition that no arrears would be paid on this account and it would be treated as notional revision, the University nevertheless ordered

payment of arrears to the employees upto April 1985.

(Paragraph 11)

Department of Culture

Asiatic Society:- The Asiatic Society founded in the year 1784 was declared as an institution of national importance in January 1984 through an act of Parliament. Its main objective is to organise and promote research in humanities and sciences in Asia and to establish new research institutions, reading rooms, museums etc.

The Society incurred an expenditure of Rs.2.25 crores during 1985-90 on research activities in different fields. Out of eight Institutions/Centres and four Research projects started during first year of the Seventh Plan period, seven Institutions and all the four Research projects ceased working midway in 1988 after incurring an expenditure of Rs.20.18 lakhs. Twelve out of 33 scholars appointed for Teaching Centres and Research projects during 1985-86 to 1987-88 left the Society before completion of their terms. A sum of Rs.2.70 lakhs paid to them could not be recovered.

The Institute of Higher Sanskrit Studies and Research established by the Society in August 1985 was neither recommended by the Planning Board of the Society nor included in the revised draft Seventh Five Year Plan. Out of Rs.4.60 lakhs incurred on the Institute, Rs.3.95 lakhs were met by unauthorised diversion of funds. The Institute ultimately had to be wound up.

The renovation and repair works of the old building undertaken by the Society in March 1986 could not be completed although a sum of Rs.26.10 lakhs was paid to the contractor up to 1988-89, this included Rs.2.13 lakhs on account of idle labour. The Society violated the Government of India/University Grants Commission guidelines and even its own rules in making appointments to the posts of Professors, Registrar and Assistant Librarians.

(Paragraph 16)

National School of Drama

Construction of temporary theatre workshop:- The National School of Drama (NSD) planned to construct a temporary theatre in March 1979. The requirement of the theatre was planned in piecemeal and the concept which started as a temporary theatre estimated to cost Rs.4 lakhs developed into a full-fledged airconditioned theatre for which Rs.72.63 lakhs had already been paid to the Central Public Works Department (CPWD). The NSD had taken up the work of airconditioning the theatre and deposited Rs.44 lakhs with the CPWD between March 1988 to March 1990 against the approved estimate of Rs.34.19 lakhs. The work which was required to be completed in one year's time from March 1988 had not been completed so far (December 1990). The NSD had paid Rs.6.61 lakhs to the CPWD in March 1986 for provision of glazed tiles etc. against which no expenditure had been incurred so far (December 1990). The scheme for acoustic treatment submitted by Acoustic Expert in December 1989 had not been

approved by NSD so far (August 1990).

(Paragraph 17)

III. Ministry of Surface Transport

(Ports Wing)

Visakhapatnam Port Trust:- Visakhapatnam Port Trust was constituted by Government of India in February 1964 under the Major Port Trust Act 1963.

The Port Trust had invested around Rs.110 crores for creation of iron ore handling facilities for a projected throughput of not less than 10 million tonnes by 1988. However, the average throughput upto 1987-88 was only 5.8 million tonnes; the initial physical target projected by the Port Trust was not justified. The charges for iron ore handling were fixed on an assumed throughput of 6.3 million tonnes. According to the Port Trust, the loss on account of the difference in throughput of 0.5 million tonnes was Rs.2 crores per annum. The Port Trust had defaulted on its debt and interest obligations to Government amounting to Rs.113.25 crores on the loan of Rs.110.41 crores obtained for creating iron ore handling facilities. The Port Trust incurred demurrage charges of Rs.2.2 crores for the years 1984-85 and 1985-86 on account of mechanical failures in the ore handling complex. Further, additional amount of Rs.71.38 lakhs was also paid to the Railways during the years 1988-89 and 1989-90 owing to delays in tipping of the rakes carrying iron ore.

The conveyor belt of the ore handling complex damaged owing to a

mechanical and human failures was replaced at a cost of Rs.143.16 lakhs. The utilisation of a Dust Control System, installed at a cost of Rs.81.02 lakhs to prevent pollution, was up to 3 per cent only.

The percentage of under utilisation of cargo handling equipment ranged from 65 to 100 during 1986-87 to 1988-89.

Though the Port charges on vessels and pilotage charges were increased from June 1988 and July 1988 respectively, the old rates continued to be charged on vessels carrying iron ore till March 1989 and on pilotage upto June 1989. Non-collection of charges at revised rates resulted in loss of revenue of Rs.463.05 lakhs during 1988-89 and 1989-90.

The Port Trust paid Rs.100.19 lakhs as penal charges to the Andhra Pradesh State Electricity Board as it did not comply with the latter's requirement for switching over to 132 KVA from 11 KVA notified in July 1981.

(Paragraph 23)

Bombay Port Trust

Non-commissioning of two dock-tugs:- The Bombay Port Trust entrusted the work of construction, supply and delivery afloat in Bombay harbour of two highly manoeuvrable 10 tonne Bollard Pull diesel tugs to a firm in February 1984 for Rs.205.76 lakhs less 1.5 per cent rebate, plus taxes and duties. The completion and delivery period was indicated as 15 months for the first tug and 18 months for the second tug (1984). The first tug D.T. 'Rajiv' was installed and taken over in March

1987. Since installation, the tug was in operation hardly for one month and remained idle for the rest of the period from March 1987 till April 1990. The BPT had also incurred an expenditure of Rs.12.57 lakhs for re-commissioning the tug after repairs to the engine. Though the defects were noticed within the guarantee period, the ship builders refused to carry out the necessary repair on the ground that the engine had not been checked even routinely by the BPT. The second tug which was to be commissioned in January 1988 was taken over in June 1989. The BPT had also incurred an expenditure of Rs.1.55 lakhs on modification of the tug.

(Paragraph 24)

Idle investment:- While seeking sanction to the estimates for the construction of a Link Span at Ferry Wharf, Bombay, for "Roll on Roll off" (Ro-Ro) passenger cum-cargo service in March 1985, the Bombay Port Trust (BPT) informed the Ministry of Surface Transport (Ministry) that the Oil and Natural Gas Commission (ONGC) was the only definite user of the service and that they were pressing for the early commencement of the service. Sanction was accorded by the Government in September 1985 and the work of construction of the link span was completed in March 1987 at a cost of Rs.152 lakhs. The service was used by ONGC for a short period from October 1987 to January 1988 for a payment of Rs.8.70 lakhs, whereafter it was discontinued as it was not considered economically viable. Since then the facility remained idle for want of users. The BPT was incurring a liability of Rs.29.39 lakhs per annum on account of repairs, maintenance, depreciation etc. and had spent Rs.8.57 lakhs

(upto June 1990) towards pay and allowances to watch staff deployed from April 1987 onwards. The notional amount of interest lost to BPT on the blocking of funds of Rs.152 lakhs amounted to Rs.86 lakhs till October 1990.

(Paragraph 25)

Calcutta Port Trust

Unfruitful expenditure on dredging:-

The Calcutta Port Trust hired a dredger from the Dredging Corporation of India in January 1989 for dredging during the fair weather period from January to March 1989, for opening a flood path over the Jiggarkhali flat, which could reduce the chances of siltation in the vicinity of Haldia Oil Jetty (HOJ). The cost of dredging was estimated to be Rs.380.50 lakhs. The dredged material was to be disposed of about 300/400 metres away through floating pipe line in order to avoid any adverse effect in the depths of HOJ and Haldia lock entrance due to dumping. The DCI commenced the work in January 1989 with only 160 metre pipe line already available at site. Although an additional 200 metre pipe line was subsequently mobilized, it could not be connected with the 160 metre pipe owing to strong tides in river. The work was discontinued from 15th February 1989.

The dredging carried out for 72 hours lifting 0.08 mcm of soil at a cost of Rs.38.68 lakhs reckoned at hourly rates, did not contribute towards achievement of the objective of a flood path over the flat and the expenditure proved infructuous. The Port Trust had made payment of Rs.18.68 lakhs to the DCI and balance amount of Rs.20.00 lakhs

continued to remain under dispute.

(Paragraph 26)

Avoidable expenditure on overhauling:- In September 1978 and in November 1979, the Calcutta Port Trust decided to replace 33 steam locomotives of foreign make procured between 1952-54 as these were beyond economic repairs and certain essential components were not available. No phased programme was, however, drawn for their replacement. The CPT overhauled one steam locomotive and four spare boilers at a cost of Rs.13.67 lakhs from September 1980 to December 1985, but these could not be put to use as the steam locomotives were completely withdrawn from April 1986. The overhauled boilers which could not be put to use were, however, disposed of through auction in September 1988. Also 51 springs costing Rs.1.51 lakhs, out of 56 springs (cost Rs.1.66 lakhs) purchased for the steam locomotive in February 1985, could not be used till withdrawal of steam locomotives. Failure to co-relate the overhauling programme in respect of the locomotives and boiler with the date of complete withdrawal of steam locomotives from the CPT railways resulted in an avoidable expenditure of Rs.15.18 lakhs.

(Paragraph 27)

Jawaharlal Nehru Port Trust

Non-recovery of port dues:- According to the contract for main civil works of the Jawaharlal Nehru Port Project, Bombay, awarded to a foreign contractor in July 1985 at a total cost of Rs.110 crores, free jetty landing facilities for unloading the imported equipment for

construction purposes were to be allowed to the contractor. On substantial completion of the work in March 1989, the contractor requisitioned container berth facilities to re-export the construction equipment imported for construction purposes. Due to the incorrect interpretation of the contract laws the contractor was allowed to avail the facility without recovering port charges for the period from 15 to 20 April 1989. This resulted in non recovery of port dues amounting to Rs.41.86 lakhs from the contractor.

(Paragraph 30)

Inadmissible benefit to a contractor:- According to the terms and conditions of the contract for the main civil works of Jawarlal Nehru Port Trust, Bombay, awarded to a foreign company, in July 1985, at a contract price of Rs.110 crores, the contractor was required to bear the customs and other import duties payable on the materials imported for the works. The contract also provided that in respect of certain specified items the contract prices would be adjusted upward or downward for additional or reduced costs arising out of subsequent legislations.

The Government of India, granted partial exemption from custom duty in October 1986 and accordingly the items were assessed at a uniform rate of custom duty of 55 per cent advalorem. However, the Port Trust did not make any adjustment on this account. This resulted in increase in cost of the project as well as an unintended

benefit to the company which worked out to Rs.8.74 crores on 11 items test-checked.

(Paragraph 31)

New Mangalore Port Trust

Short levy of wharfage rates:- In the Audit Report for the year ended 31 March 1987, mention was made of short recovery of Rs.41.60 lakhs during February 1983 to December 1984 because of non-application of prescribed higher wharfage rates under 'Heavy lifts' by the New Mangalore Port Trust. Despite the directions of the Ministry of Surface Transport, the Port Trust did not recover the amount short-levied. The Port Trust also did not apply the prescribed rates during 1986-87 to 1989-90 (up to January 1990) resulting in further short recovery of Rs.105.25 lakhs.

(Paragraph 32)

IV. Ministry of Commerce

Indian Institute of Foreign Trade:- The Indian Institute of Foreign Trade (IIFT), a registered Society, was set up by the Ministry of Commerce (MOC) to serve the cause of International Trade in the field of training and research. Its main objectives are training of personnel in techniques of International Trade, undertaking research in problems of foreign trade, conducting market research, area and market surveys, commodity surveys, providing consultancy services and disseminating information arising from its activities relating to research and market studies.

Out of 37 regular programmes developed, on an average 11 programmes were held every year, eight programmes were finally dropped and six programmes were deferred due to inadequate response. 12 regular training programmes developed during 1982-83 to 1989-90 could not be implemented. Only ten case studies were developed during 1985-86 to 1989-90 even though the case method of study in training programmes was to be given greater importance. The ratio of faculty to non faculty members of staff improved marginally from 1:3 in 1983-84 to 1:2.7 in 1989-90 against recommended ratio of 1:1. Training programmes were concentrated in Delhi (64 per cent in 1982-83 and 85 per cent in 1989-90 of the total programmes held during respective years).

Long term action plan in respect of studies and research programmes was not drawn up during 1982-83 to 1989-90 and there was no system of advance planning in this regard. IIFT mainly catered to the requirements of MOC from 1986-87 onwards and its own studies in functional areas ranged from one to three each year. Of 50 studies test checked quality in four cases was not found satisfactory. Four studies took 24 to 35 months for their completion and in nine cases period of delay in completion ranged from 6 to 14 months. No task force had been constituted to oversee the implementation of the accepted recommendations contained in the studies/surveys reports.

Observations of the Chief Technical Examiner on the inspection of the building complex of the Institute pointing out substandard works, overpayment to contractors and other irregularities remained

unsettled. Utilisation certificates in respect of building grants of Rs.9.24 lakhs received during 1979-80 and 1980-81 for land and Rs.515.75 lakhs for construction of building during 1979-80 to 1988-89 were not furnished by the IIFT.

IIFT could not generate internal resources for contributing towards its share of expenditure upto 1986-87 which resulted in an accumulated deficit of Rs.58.28 lakhs. Consequently, the pattern of financial assistance by the Government was liberalised with effect from 1987-88.

(Paragraph 33)

Rubber Board, Kottayam

Unfruitful expenditure:- The Rubber Board (Board) acquired 40 acres of land at Kottayam in September 1983 at a cost of Rs.32.02 lakhs for construction of its head office building. However, even after six years of acquisition of land, the Board had not commenced the construction and the Head office continued to be housed in rented building. The Board attributed the delay to scarcity of funds. In January 1989 the Board came to know that no permanent construction was permissible on one side of the land falling within 30 meters of the railway boundary. The Board, however, decided in November 1989 to construct the building, a part of which would be within 30 meters of the railway boundary, after executing an agreement with the Railways agreeing to pull down the structure as and when so required by the Railways. Delay in construction of the office building had resulted in blocking up of capital of Rs.32.02 lakhs for over seven years and payment of rent of Rs.22.53

lakhs upto March 1990 for the office building.

(Paragraph 34)

Spices Board, Kochi

Construction of Indian Cardamom Research Institute Complex:- The work 'Construction of Indian Cardamom Research Institute Complex at Myladumpara' (estimated cost Rs.36.15 lakhs) entrusted by the Spices Board to a contractor in March 1983 for completion by March 1984 was completed in April 1985 after delay of 12 months and 21 days. The Board had granted extension of eight months to the contractor and for the remaining delay, it recovered liquidated damages amounting to Rs.3.77 lakhs. The amount had, however, to be refunded with interest of Rs.0.14 lakh as per award of Arbitrator, subsequently upheld by Court, in favour of the contractor inter alia on the ground that the Board had not issued proper notice as required under the contract to the contractor.

The Board had withheld another amount of Rs.0.62 lakh towards cost of rectification of certain defects in the work. This had also to be refunded to the contractor as per award of the Arbitrator on the ground that the Board had already been availing the facilities without getting the defects rectified. The Board had engaged a consultant for day to day supervision who was also to be held responsible for any faulty design and ineffective supervision. The Board could not

recover any amount from the consultant as by the time the award was issued, the guarantee period of one year had already expired.

(Paragraph 35)

V. Ministry Of Water Resources

Brahmaputra Board, Guwahati :- The Brahmaputra Board had spent Rs.691 lakhs and Rs.865.48 lakhs for investigation of Dihang and Subansiri Dam Projects respectively during April 1982 to March 1990 inspite of opposition from the Government of Arunachal Pradesh and non-clearance of project reports by the Government of India which were submitted in July 1983. In addition the Board had incurred expenditure of Rs.23.99 lakhs on construction of experimental drift tunnel for proposed Subansiri Power House site without obtaining clearance of the project report from the Central Government. Expenditure of Rs.10.96 lakhs incurred by the Board for construction and maintenance of a vented cause-way proved wasteful since due to improper design and inadequate checking the cause-way was seriously damaged by flood after three years of construction. One unit of Bailey Bridge span alongwith components worth Rs.7.37 lakhs was lying unused since December 1984.

The work on "Preparation of feasibility report" of the proposed Debang Dam Project was discontinued in February 1986, owing to unapproachable site condition after incurring an expenditure of Rs.43.11 lakhs.

(Paragraph 36)

VI. Ministry of Social Welfare

National Institute for the
Orthopaedically Handicapped,
Calcutta

The National Institute for the Orthopaedically Handicapped, Calcutta, established in 1978, commenced functioning from April 1982, but its academic activities started only from 1984-85. Against the capacity of 360 students for the long term courses during 1984-90, the Institute had enrolled only 180 students. Only 20 physiotherapists, 20 occupational therapists and 14 orthotic and prosthetic technicians had successfully passed out till March 1990. Out of 22 research programmes/projects taken up by the Institute upto March 1990, research papers for only 10 programmes/projects were submitted of which 8 were published in journals. Four out of nine research programmes/projects taken up during the Seventh Five Year Plan were abandoned. The number of organisations, including Government departments, seeking consultancy from the Institute had declined from seven in 1986-87 to one in 1989-90. Hydrotherapy pool acquired from the Government of West Bengal in 1978 was never utilised and had become unserviceable. The value of stock of movable assests, both consumable and non-consumable, had not been reflected in the balance sheet. No system of internal audit had been introduced despite the requirement of bye-laws.

(Paragraph 37)

VII. Ministry of Labour

Employees' State Insurance
Corporation

Construction of hospital building, :-
The Employees' State Insurance Corporation (Corporation) paid, in February 1972, Rs.5.62 lakhs towards the cost of land acquired by the Government of West Bengal in February 1965 in Thakurpukur for establishment of an ESIC hospital. Due to frequent rethinking on the type of hospital to be established, the estimates for the construction of the hospital and other connected buildings were approved only in March 1982 for Rs.5.98 crores. The work commenced in April 1983 and was scheduled to be completed by April 1987. However, till March 1990, there was only 58 per cent of physical progress of the work. Meanwhile, the estimates approved in March 1982 were revised to Rs.12.63 crores by the Corporation in December 1989. Out of the total increase, Rs.3.50 crores was attributable to cost escalation alone. The work was yet to be completed.

The Corporation did not survey the land/ascertain the soil condition; land filling which was initially estimated, in May 1973, to cost Rs.2.83 lakhs, was finally sanctioned for Rs.41.72 lakhs in August 1983.

(Paragraph 38)

Delay in commissioning of hospital:-
The Employees' State Insurance

Corporation (Corporation) acquired land in February 1982 at a cost of Rs.7.80 lakhs for the construction of a 100 bedded T.B. hospital and staff quarters at Vadodara. The Corporation released Rs.34.20 lakhs to the State Public Works Department during May 1984 to June 1986 for the construction of hospital building. Although the construction of the hospital building had been completed in November 1986, the Corporation took its possession in October 1988 and the hospital was made functional only in August 1989. This resulted not merely in idle investment but also denial of intended facilities to the industrial workers for three years.

The Corporation also paid Rs.15 lakhs to the State Public Works Department for construction of staff quarters in October 1986 and March 1989. The work, however, could not commence and the proposal for construction of staff quarters was subsequently dropped. This resulted in blocking of funds to the extent of Rs.15 lakhs and also in a loss of interest amounting to Rs.4.60 lakhs during the period from October 1986 to December 1990.

(Paragraph 39)

VIII. Ministry of Health and Family Welfare

Central Council for Research in Unani Medicine

Construction of building:- The Central Council for Research in Unani Medicine entrusted the work of construction of the building of its Institute in Hyderabad and 13 staff

quarters estimated to cost Rs.100.11 lakhs to the Central Public Works Department in September 1982. Staff quarters were completed in December 1985 and office building in September 1987 at a cost of Rs.143.96 lakhs. Out of the cost overrun, the increase of Rs.31.83 lakhs was due to change in scope of work for which formal approval of the competent authority was not obtained and the additional expenditure was consequently irregular. The remaining increase was mainly due to cost escalation on account of delay of 19 months in the award of the work.

Ten of the 13 staff quarters completed in December 1985 were taken over only in January 1990 owing to non-availability of electric supply connections. The office building completed in September 1987 was handed over to the Council in March 1990; the delay was due to non-availability of ancillary facilities. This resulted in blocking of funds of the Council for a period upto 48 months in the case of staff quarters (Rs.12.66 lakhs) and for 30 months in the case of office building (Rs.131.30 lakhs).

(Paragraph 40)

All India Institute of Medical Sciences

Purchase of lithotripter machine:- The All India Institute of Medical Science (AIIMS), New Delhi purchased a lithotripter machine in September 1988 at a total cost of Rs.192.76 lakhs which included Rs.18.97 lakhs towards Indian agent's commission.

The Indian agent's commission paid by AIIMS worked out to 11 per cent of the f.o.b. price of the equipment and was prima facie excessive. The agency commission paid by the Director General of Supplies and Disposals for purchase of a similar machine from the same firm for the Lok Nayak Jai Prakash Narain Hospital, New Delhi was only 7.5 per cent of the f.o.b. price.

Failure to ensure advance preparatory action resulted in the machine remaining idle for seven months.

The AIIMS approved levy of charge of lithotripsy at the rate of Rs.7000 per case in October 1989. From August 1989 to March 1990, the average number of patients treated was 12 per month against anticipated average output of 42 patients due to non-availability of required staff.

(Paragraph 41)

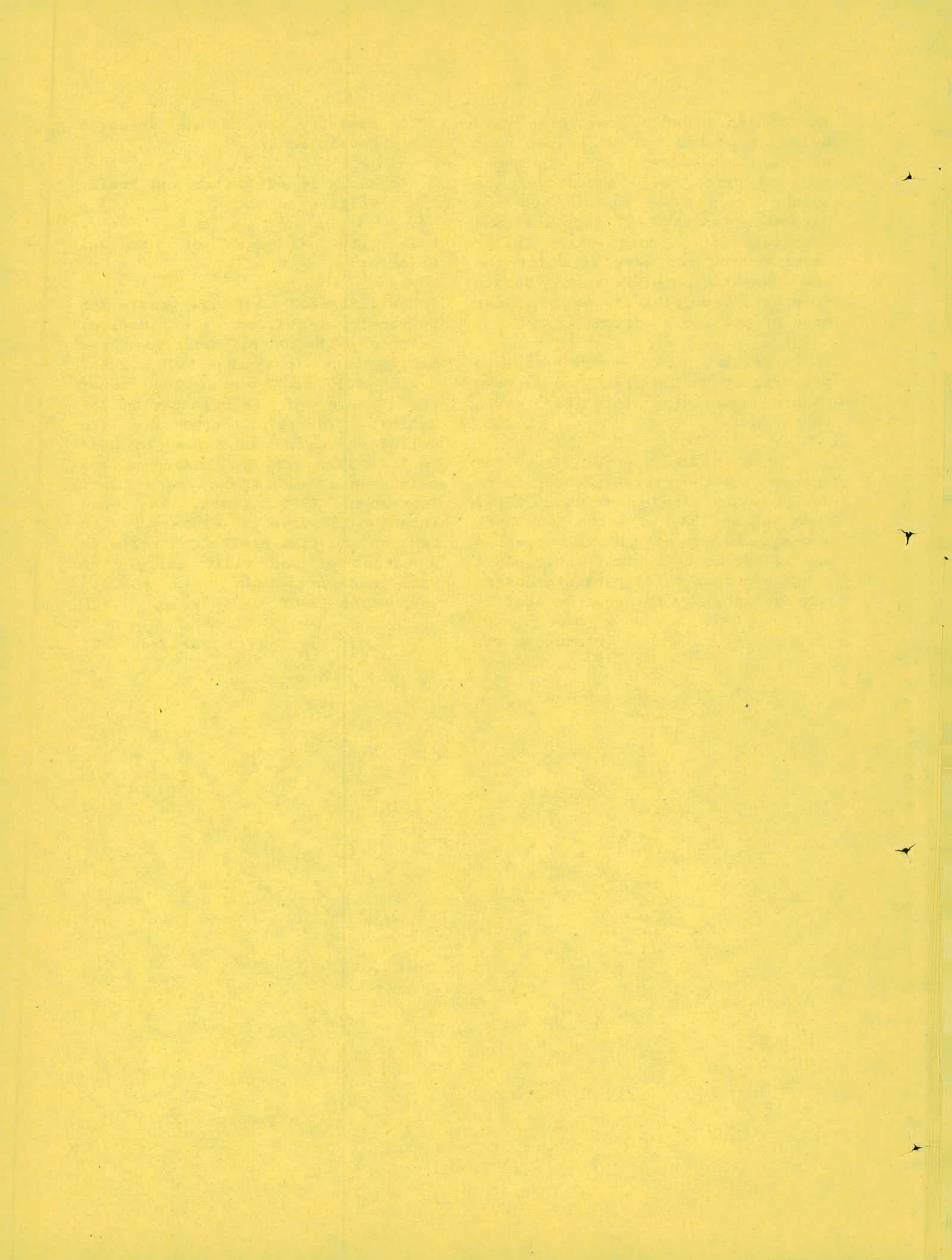
IX. Ministry of Human Resource Development/

Ministry of Health and Family Welfare

University College of Medical Sciences

Non-utilisation of mobile vans:- The University College of Medical Sciences, New Delhi received three mobile vans (cost Rs.38.85 lakhs) during July to November 1980 under the Scheme of Re-orientation of Medical Education (ROME). The College incurred an expenditure of Rs.1.03 lakhs on the insurance and maintenance of these vans upto September 1990. Each van was intended to serve two Primary Health Centres and five Health Centres with a target of one visit daily. The vans had not been used so far (September 1990).

(Paragraph 42)



CHAPTER I

1. General

1.1 *Release of grants and loans:-* The accounts of autonomous bodies, which receive financial assistance from Government, are audited by the Comptroller and Auditor General of India under various provisions of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. As on 31st March 1990, there were 84 Central autonomous bodies (other than those under Scientific Departments) whose annual accounts were to be audited by the Comptroller and Auditor General of India under Section 14(1) and (2) of the Act *ibid*. During 1989-90, grants and loan amounting to Rs.19757.12 lakhs and Rs.6.00 lakhs respectively were paid by the Union Government to 53 bodies. The annual accounts of 1989-90 in respect of 31 bodies have not been received.

As on 31st March 1990, there were 181 Central autonomous bodies (other than those under Scientific Departments) including 12 Universities whose annual accounts were to be audited by the Comptroller and Auditor General of India as sole auditor of these bodies under Sections 19(2) and 20(1) of the Act *ibid*. During 1989-90 grants and loans amounting to Rs.125846.23 lakhs and Rs.48777.96 lakhs respectively were paid by the Union Government to 160 autonomous bodies and grants to the extent of Rs.18495.06 lakhs were received by ten Universities from University Grants Commission/Central Government. The annual accounts for 1989-90 in respect of 11 bodies have not been received. The audited accounts of these autonomous bodies alongwith the Separate Audit Reports on each

individual body/organisation are issued to the Government of India every year for being placed before the Parliament.

1.2 *Delay in submission of accounts by autonomous bodies:-* "The Committee on Papers Laid on the Table of the House" recommended in its First Report (5th Lok Sabha) 1975-76 that after the close of the accounting year every autonomous body should complete its accounts within a period of three months and make them available for audit and that the reports and the audited accounts should be laid before Parliament within nine months of the close of the accounting year. For the year 1988-89, audited accounts together with Separate Audit Reports thereon of 177 autonomous bodies (other than those under Scientific Department), which were under audit of the Comptroller and Auditor General of India, were to be placed before Parliament. Out of these, the accounts of 78 autonomous bodies only were made available for Audit within the prescribed time limit of three months after the close of the accounting year. Submission of accounts of 99 autonomous bodies was delayed as indicated below:-

Delay upto one month	45
Delay of over 1 month upto 3 months	31
Delay of over 3 months upto 6 months	12
Delay of over 6 months	4
Accounts/information not received	7

99

1.3 *Outstanding utilisation certificates of grants:-* Consequent on the departmentalisation of

accounts in 1976, certificates of utilisation of grants were required to be furnished by the Ministries/Departments concerned to the Controllers of Accounts in respect of grants released to statutory bodies, non-Government institutions, etc. for specific purposes specifying that the grants had been properly utilised on the objects for which they were sanctioned, and that where the grants were conditional, the prescribed conditions had been fulfilled. The Ministry/Department-wise details indicating the position of outstanding utilisation certificates are given in Appendix.

The Ministries/Departments of Civil Aviation and Tourism, External Affairs, Finance (Department of

Revenue), Food and Civil Supplies (except Department of Food), Human Resource Development (except Department of Education) Labour, Planning, Surface Transport, Steel and Mines and Water Resources, Andaman and Nicobar Administration, Chandigarh Administration and Delhi Administration had not furnished information inspite of letters issued to them (May 1991).

Further, a large number of utilisation certificates amounting to Rs.1140.42 crores (17067 items) were outstanding in March 1990 in respect of grants released during 1976-77 to 1986-87. Out of these, utilisation certificates for Rs.1140.04 crores were outstanding in the case of the following:-

Ministry	Number of utilisation certificates outstanding	Amount (Rupees in crores)
Agriculture and Co-operation	503	40.39
Energy (Department of Power)	82	11.64
Commerce	71	48.59
Health and Family Welfare	2342	283.07
Human Resource Development (Department of Education)	11020	706.53
Information and Broadcasting	15	2.72
Textiles	234	3.95
Urban Development	171	1.75
Welfare	2542	41.40
Total	16980	1140.04

This indicated that the authorities releasing grants to statutory bodies, non-Government

organisations etc. had not properly monitored receipt of utilisation certificates.

Ministry of Human Resource and
Development

Department of Education

2. University Grants Commission

2.1 Introduction

The University Grants Commission (UGC) was set up in December 1953 under a resolution (November 1952) of the Government of India and was reconstituted as a corporate body in November 1956 in accordance with the provisions of the University Grants Commission Act, 1956 (Act). The main objectives of the UGC are promotion and coordination of university education and determination and maintenance of standards of teaching, examination and research in universities.

2.2 Scope of Audit

The audit of accounts of the UGC is conducted under Section 19(2) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, read with Section 19 of the UGC Act, 1956. The working of the UGC was earlier reviewed in the Report of the Comptroller and Auditor General of India for the year 1975-76 which was examined by the Public Accounts Committee in its Seventy Third Report (Sixth Lok Sabha). The present review is based on a test check of records of the UGC and selected schemes/ programmes funded by the UGC and covers the period from 1984-85 to 1988-89 updated to the extent possible for 1989-90. The review was conducted during March 1989 to December 1990.

A copy of the draft review was sent to the Ministry in December 1990 for confirmation of facts and furnishing comments. These have not been received so far (June 1991). The UGC furnished comments in January 1991, which were given due consideration while finalising the review.

2.3 Organisational set up

The Commission consists of a Chairman, a Vice-Chairman and ten other members appointed by the Central Government under Section 5(i) of the Act. The work of the Secretariat of the UGC which is headed by a Secretary, assisted by two Additional Secretaries, stands distributed among 19 Divisions each under a Deputy Secretary or an officer of equivalent rank. Against the sanctioned strength of 797, the men-in position as on 31st March, 1990 were 698.

2.4 Highlights

- The UGC did not prepare programme or schemewise budget estimates for Plan and Non-Plan activities. The excess of expenditure over budget estimates ranged from 2 to 27 per cent during 1985-86 to 1989-90. Both the budget estimates and expenditure during the Seventh Five Year Plan Period had exceeded the outlay.
- The UGC had not fixed physical targets for most of the schemes funded by it; only in the case of scheme of autonomous colleges the UGC

had fixed targets. These were not achieved.

- Despite adoption of a simplified procedure, utilization certificates for Rs.829.74 crores had not been issued since 1958-59 to 1988-89 as on 31st October 1990. The UGC did not maintain year-wise analysis of outstanding audited statements of accounts which were to be received against grants disbursed upto March 1989.

- The amount of sanctions for which bills had not been received from various universities as well as amount of bills received for which payments had not been made had increased over the years. A test check revealed that the time taken in release of payment ranged from 15 to over 181 days from the receipt of bills in 554 cases of March 1989.

- None of the 144 universities set up till the end of March 1989 had been inspected by the UGC for the purpose of ascertaining their financial needs or standards of teaching as prescribed in the Commission's Act. Out of 36 new universities established during 1980-89, 12 were set up without consultation with the UGC, and two were established against the advice of the UGC.

- The UGC's monitoring and evaluation system was inadequate. Scheme-wise details of outstanding utilization certificates had not been maintained. The Committees appointed for

inquiring into the working of the Central Universities had not completed their work. No visiting Committee was appointed for formulation of proposals for the Seventh Five Year Plan Period.

- There were vacancies of four members of the UGC for about 10 months in 1985-86 and 1986-87. Two vacancies of members were for periods longer than two years.

- The shortfall in utilization of budget allocated for Mass Communication and Educational Technology ranged from 19 to 44 per cent during 1985-86 to 1988-89.

- No targets for setting up Educational Media Research Centres (EMRCs)/ Audio Visual Research Centres (AVRCs) had been fixed by the UGC. The production of programmes by five EMRCs and nine AVRCs had been below expectation. The AVRC, Srinagar which was paid Rs.21 lakhs, in April 1987, had produced not even a single programme so far. The programme of model course material in 15 subjects in the form of audio/video cassettes had not been prepared.

- Although Rs.45 lakhs had been spent against Rs.30 lakhs sanctioned for the Pre-school Children Television Project, not even a single episode had been telecast.

- Against the assistance of Rs.4210.85 lakhs released to universities/colleges during 1983-84 to 1988-89 under the scheme of Standing Committee

for Strengthening Infra-structure in Science and Technology, utilization certificates for Rs.3331.93 lakhs were outstanding (September 1989). Out of 98 departments supported upto 31 March 1989 under the scheme, only 80 departments had been visited by expert committees.

- The UGC had not monitored the receipt of annual reports of major research projects supported by it. Not even a single report was received in respect of 21 out of 53, 6 out of 76 and 10 out of 40 major research projects in engineering and technology, sciences, and social sciences and humanities respectively.

- The UGC had not kept a watch on the receipt of utilization certificates and audited statement of accounts in respect of the grant aggregating Rs.1231.68 lakhs and Rs.550.79 lakhs paid for development of computer facilities and computer education for manpower respectively during 1985-89. The UGC had made advance payment of Rs.50.80 lakhs against a total cost of Rs.66.52 lakhs in violation of the agreed terms of phased payment for purchase of computers for colleges. No computer was installed by the stipulated date i.e. 31 March 1987.

- The UGC had not fully utilized the funds received from the Ministry for National Sports Organisation Programme. The number of gymnasia constructed and play fields actually

developed against the release of Rs.235.89 lakhs upto 1988-89 was not furnished by the UGC. Only one of five universities and two of six colleges to which grants were paid for introducing three year degree courses in physical education could start the courses upto March 1989.

- Under the scheme 'Restructuring of Courses', only 9 out of 35 State universities and 136 out of 6912 colleges had introduced restructured courses upto March 1989. No external evaluation of the scheme had been done.

- Although 22 out of 24 'Curriculum Development Centres' had submitted their reports follow up action regarding textual material, training etc. was not taken. No university had yet adopted the revised curricula.

- The targets fixed in regard to grant of autonomous status to colleges were achieved to the extent of 32 and 15 per cent only during 1987-88 and 1988-89 respectively.

- Out of 1035 projects under the scheme 'Preparation of University Level Books by Indian Authors', only 350 had been completed upto March 1989; as many as 257 books were completed after delays of 2 to 17 years. Only 185 books had been actually published.

2.5 Meetings of the Commission

Against a total strength of 12 members including the Chairman and the Vice-Chairman, there were

vacancies of four members from June 1985 to April 1986. Two vacancies of members were for a period of more than two years from May 1987 to May 1989.

The Commission was required to meet at least four times a year. Out of the total number of 40 meetings held during 1984-85 to 1988-89, the number of members who attended the meetings ranged between 5 and 11.

A Committee appointed by the Central Government, in August 1974, to review the functioning of the UGC recommended, in January 1977, that Commission's office should have two main divisions to deal with (a)

Educational planning and policy and (b) Administration and grants. The recommendations had not been implemented so far (January 1991).

2.6 Finance and Accounts

2.6.1 Receipts and Payments: The UGC is financed mainly by grants received from the Ministry of Human Resource Development, Department of Education. Separate funds are provided by the Central Government for meeting the non-Plan and Plan expenditure.

The receipts and payments of the UGC from 1985-86 to 1989-90 were as follows:

(Rupees in lakhs)

Year	Receipts				Payments				Deficit(-) Surplus(+)
	Non Plan	Plan	Specific Purpose	Total	Non Plan	Plan	Specific Purpose	Total	
1985-86	12493.73	8426.12	381.24	21301.09	12508.24	8384.21	378.35	21270.80	(+)30.29
1986-87	14408.15	10555.39	189.20	25152.74	14361.74	10576.52	69.84	25008.10	(+)144.64
1987-88	18044.23	15405.82	324.61	33774.66	18060.65	15389.43	162.06	33612.14	(+)162.52
1988-89	19449.30	14523.40	357.83	34330.53	19433.01	14508.58	44.58	33986.17	(+)344.36
1989-90	21662.92	14312.80	34.76	36010.48	21697.64	14246.13	96.58	36040.35	(-)29.87

A summary of the expenditure as per the accounts of the UGC relating to Non-Plan, Plan and

specific purpose items under major heads for the years 1985-86 to 1989-90 is given in Annexure-1.

2.6.2 Budget estimates and expenditure: The budget estimates and expenditure under Non-Plan and Plan during the years 1985-86 to 1989-90 were as under:-

Year	Budget estimates	Expenditure	Percentage of excess expenditure to budget estimates
(Rupees in lakhs)			
<u>Non-Plan</u>			
1985-86	11492.34	12508.24	8
1986-87	11956.00	14361.74	20
1987-88	14274.00	18060.65	26
1988-89	17700.00	19433.01	9
1989-90	19212.80	21697.64	13
Total	74635.14	86061.28	
<u>Plan</u>			
1985-86	8225.00	8384.21	2
1986-87	8300.00	10576.52	27
1987-88	14200.00	15389.43	8
1988-89	14100.00	14508.58	3
1989-90	13300.00	14246.13	7
Total	58125.00	63104.87	

The excess of Non-Plan and Plan expenditure over budget estimates ranged from 8 to 26 per cent and 2 to 27 per cent respectively during 1985-86 to 1989-90. Reasons for the excesses were not furnished by the UGC.

The allocation of funds among various programmes and schemes was generally left to the UGC. The UGC, however, did not prepare major head/sub-head/programme wise or scheme-wise budget estimates under Plan and Non-Plan. The scheme-wise budget control registers had also not been maintained properly. The Public Accounts Committee in its Seventy Third Report (Sixth Lok Sabha) had observed that the

Commission should not absolve itself of the responsibility for laying down inter se priorities between different schemes during the year in the light of final allocations made by Government. The UGC stated, in January 1991, that after knowing the plan outlay for a particular year the Commission reallocated the outlay among various schemes according to their priorities and commitments on the basis of total requirements. However, the UGC did not furnish allocation of outlays between various schemes during the Sixth and the Seventh Five Year Plans.

Against the outlay of Rs.280 crores earmarked by the Planning

Commission during the Sixth Five Year Plan (1980-81 to 1984-85), the expenditure was Rs.258.44 crores. However, against the outlay of Rs.370 crores for the Seventh Five Year Plan, the budget estimates were Rs.581.25 crores and the expenditure was Rs.631.05 crores. The UGC stated, in January 1991, that due to introduction of New Education Policy (NEP), 1986 subsequently, annual allocations were raised on year to year basis, totalling a net Plan allocation of Rs.575 crores.

2.7 Physical targets

The Public Accounts Committee in its Report *ibid* had observed that the UGC did not have a system of periodical appraisal of the progress of the Plan schemes in the sense of a critical review of achievements in regard to various Plan schemes with reference to targets, whether firm or notional. In its Action Taken Note, the Ministry stated (December 1978) that a directive had been issued to the UGC to undertake a comprehensive review of the various programmes implemented by it and the impact that they have made on the fulfilment of its statutory responsibilities. It was observed that no physical targets under any scheme except a few like autonomous colleges in the Seventh Five Year Plan, were found to have been prescribed by the UGC. The Estimates Committee in its Sixty Sixth Report (1988-89)-Eighth Lok Sabha had observed that without determining physical targets, a balanced growth and best utilisation of available funds was not feasible.

The Estimates Committee had also stressed that if planning was expected to achieve certain goals, it was obvious that the goals must first be identified and laid down

otherwise planning would hardly have any meaning. The Committee expected the Ministry to ensure that the UGC followed a well thought out and laid down planning procedures scrupulously.

However, no information regarding year of commencement and amount of plan outlay in respect of various schemes started during the Sixth and the Seventh Five Year Plans was provided to Audit. The UGC stated, in January 1991, that the total number of schemes operated was fairly large and many of them were essentially qualitative in nature and therefore working out various physical targets in the beginning for a number of quality programme schemes would tend to be ineffective and unrealistic. Another factor which made the scheme-wise allocation and fixation of physical targets at the beginning of a Plan period difficult was the fact that total Plan funds which were actually made available to the UGC, were not indicated at the initial stage of the Plan period.

2.8 Utilization of grants

According to the prescribed procedure each grantee institution was required to submit periodical progress reports and a statement of expenditure to the UGC. On the expiry of the prescribed period, a statement of accounts was to be rendered by the grantee institution, followed by a copy of audited statement of accounts. Based on these returns the various branches in the UGC, which sanctioned the grants, were to complete their records and issue certificates of utilization to the accounts branch of the UGC. The UGC decided, in October 1970, in consultation with Audit, that it might not be

necessary to base utilization certificates on audited accounts and that provisional certificates could be issued on the basis of periodical reports and statement of expenditure received from the appropriate authority of the grantee institution. The Public Accounts Committee in its Report ibid regretted that the problem of outstanding utilization certificates continued unabated despite the simplification of procedure and recommended that a crash programme should be drawn up for liquidating the outstanding utilization certificates. The recommendation was accepted by Government and, in August 1981, it was decided that for clearance of outstanding utilization certificates relating to the period from 1958-59 to 1973-74 it might be advisable to constitute peripatetic parties for on-the-spot clearance. It was, however, observed that utilization certificates for Rs.829.74 crores comprising 134559 items had not been issued since 1958-59 to 1988-89 as on 31st October 1990. The yearwise breakup of the outstanding amount is in Annexure II.

The UGC had not analysed the amount of outstanding utilization certificates scheme-wise. Only university-wise break up, that too upto 1985-86 as on 31st March 1989, was available. The UGC did not know

yearwise numbers and amount of audited statements of accounts which were to be received against the grants released upto March 1989. The UGC stated, in January 1991, that it had appointed a committee, in June 1989, to suggest measures for expediting the issue of utilisation certificates to reduce the backlog. The report of the committee was awaited (January 1991).

2.9 Delays in release of grant

The UGC released grants to the universities and other institutions after approval of schemes and issue of sanction to payment of the first instalment. The institutions were required to submit bills in the prescribed form for release of funds and on receipt of such bills the amounts of grant were remitted to the institutions.

The amount of grants for which sanctions had been issued, but payments had not been released to the institutions rose from Rs.857.39 lakhs on 28th February 1987 to Rs.5955.50 lakhs on 31st March 1989. Delays were noted at both the stages; the amount of sanctions for which bills had not been received from the universities/institutions as well as the amount of bills received for which payments had not been made had increased over the years as shown below:

(Rupees in Lakhs)

As on	Amount of pending sanctions			Amount of pending bills			Total		
	Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Grand Total
28th February 1987	563.89	70.00	633.89	200.00	23.50	223.50	763.89	93.50	857.39
31st March, 1988	1255.40	45.28	1300.68	3476.06	63.16	3539.22	4731.46	108.44	4839.90
31st March, 1989	3251.03	193.03	3444.06	2405.88	105.56	2511.44	5656.91	298.59	5955.50

University-wise/institution-wise break up of the aforesaid amounts along with the number of items involved was not made available to Audit.

Test check of 554 cases relating to March 1989 showed that the time taken in release of payment by way of cheques or demand draft from the date of receipt of bills was upto 15 days in 72 cases and ranged between 16-30 days in 7 cases, between 31-45 days in 65 cases and between 46-60 days in 30 cases. Cheques/bank drafts were despatched after 61-75 days in 94 cases, after 76-90 days in 139 cases, after 91-180 days in 146 cases, while in one case the payment was made after 181 days from the receipt of the bill.

The UGC stated, in January 1991, that it was aware of the situation and was considering remedial measures like decentralisation of some of the programmes, establishment of regional offices in different parts of the country, decentralisation of payment of grants through College Development Councils in the affiliating universities.

2.10 Form of Accounts

The Public Accounts Committee (Sixth Lok Sabha) in Paragraph 10.21 of its Seventy-third report recommended, in April 1978, revision of format of annual accounts so as to provide for scheme/programme-wise break up of plan expenditure. In the Receipts and Payments accounts for 1986-87 and 1987-88 the UGC had merely adopted the heads of accounts in the same order in which these were shown in the Budget estimates approved by the Ministry. The UGC stated, in September 1989 and January 1991, that the revised form of statement of accounts showing programme/ scheme-wise break up of Plan expenditure with effect from 1985-1986 was under consideration in consultation with the Ministry.

2.11 Establishment of universities

Under the Commission's Act, as amended in 1972, every new university was required to be declared fit by the UGC before it could receive financial assistance from it. Upto the end of 1947, there were only 20 universities in the country. At the end of March 1989 the number was 144 universities (9

Central universities and 135 State universities), 27 deemed universities and 6912 colleges out of which 4005 colleges, as on 31st March, 1989, had been recognised as eligible for assistance by the UGC. Out of 36 new universities established during 1980-89, three were Central universities and 33 State universities of which six agricultural universities were established in consultation with the Indian Council of Agriculture Research. Out of the remaining 27 State universities, 12 universities were set up without consulting the UGC. In the case of five universities, the State Governments made reference to the UGC but went ahead with their establishment without waiting for a response from the UGC. Two universities (Shri Padmavati Mahila Vishwavidyalayam, Tirupati and Mother Teresa Women's University, Kodaikanal) were established against the advice of the UGC. Only eight universities were established after prior consultation with the UGC.

The Estimates Committee (1988-89) stressed in para 4.55 of its Sixty Sixth Report (Eighth Lok Sabha) that it would like the Ministry/UGC to give serious thought to the problem of uneven growth of the universities in the country in consultation with State Governments after taking into account social, economic, cultural and humanistic aspects of education. It was imperative to develop a mechanism to ensure that a new university was established only if there was an actual need for it and in-depth spade work had been done, so that the university maintained the requisite standards after its establishment.

The UGC stated, in January 1991, that UGC Act had no provision to control the establishment of new universities and colleges which were established either by an Act of Parliament (Central University) or by an Act of the State Legislation (State University). The UGC also stated that while the Central Government had been suggesting to the State Governments to consult the UGC before the new universities were established, the clearance from the UGC was not required for establishment of new universities.

No university had been inspected till January 1991 for the purpose of ascertaining its financial needs or its standard of teaching, examination and research as required under Section 13(i) of the Commission's Act. The UGC stated, in January 1991, that although Section 13 of the UGC Act conferred the power of inspection on the UGC, in practice the relationship between the UGC and the universities was not conceived in the form of a patron-client relationship. It was against this background that the UGC had been reluctant to resort to the power under that Section and carry out statutory inspection of universities in the process of fulfilment of the normal responsibilities of the Commission.

2.12 Monitoring and evaluation

A sound monitoring and evaluation system is necessary to keep a watch on the progress of implementation of various schemes. It was observed that the UGC had not paid sufficient attention to establishing a system for monitoring and evaluation of the schemes and

programmes funded by it. The general shortcomings in this regard were as follows:

(i) The UGC had not maintained scheme-wise details of outstanding utilization certificates.

(ii) The UGC had maintained only individual files in respect of universities, colleges and individuals to which grants had been paid. No consolidated record was maintained to keep a watch on receipt of prescribed returns and progress reports of the schemes funded by it. Details like years of commencement of schemes, outlay, expenditure etc. were not made available to Audit. In cases in which progress reports had been received, no critical analysis was done.

(iii) A Committee appointed by the UGC, in January 1982, to enquire into the working of the Central universities recommended that the functioning of these universities as well as the quantum and quality of academic and research work carried out should be evaluated at regular intervals. The work of this review should be so organized that it would be completed for all universities over a period of five years. This had not been done. The UGC stated, in January 1991, that it had always been reviewing the achievements of the Central universities in a Plan period while assessing their needs. This was, however, no substitute for the evaluation recommended in January 1982.

Further, as a follow up action on the Hundred and Seventy-ninth Report of the Public Accounts Committee (Seventh Lok Sabha) on Jawaharlal Nehru University, on suggestions from the Ministry, the

UGC appointed a Committee, in May 1983, to look into the administrative and financial structure of the Central universities to ensure, amongst others, that the funds provided to the universities were not only utilized effectively for the purpose for which they were sanctioned, but also to see that the administrative procedures were streamlined. This Committee did not complete its work.

The UGC had appointed another committee, in January 1986, to review the working of the University of Hyderabad, North Eastern Hill University (NEHU) and Jawaharlal Nehru University. The Report of the Committee on University of Hyderabad was submitted, in November 1987, but no action had been taken on it by the UGC so far (January 1991). The UGC stated, in January 1991, that the report had been considered by the Commission. It had desired that the review process might be made less time consuming which was being worked out. The Report on NEHU was still awaited (January 1991). The review of Jawaharlal Nehru University had not been taken up (January 1991). The Review Committee is reportedly not working at present (January 1991).

(iv) The Commission had agreed, in July 1975, to the setting up of a 'Research and Planning Unit' with various functions like collection, compilation and presentation of different types of data, undertaking analytical studies and monitoring and evaluation of on going schemes etc. The UGC was requested, in May 1989, to intimate the work done by the Unit. No reply was received. The UGC stated, in January 1991, that the work envisaged under the 'Research and Planning Unit' was being done by all

the units of the UGC in co-ordination with each other.

(v) The UGC had a monitoring and evaluation cell which was required to monitor and evaluate the on going schemes/ programmes funded by it. The UGC did not furnish information regarding the composition of the cell and the date of its inception. The Estimates Committee, in its Sixty Sixth Report (1988-89) Eighth Lok Sabha, observed that hardly any intensive and extensive evaluation and monitoring of the schemes being implemented by all the Central universities and colleges in Delhi, had been done so far. The position in respect of State universities was also far from satisfactory.

(vi) Visiting committees were constituted by the UGC and sent to the universities upto the Sixth Five Year Plan to have a comprehensive and integrated picture of development during the previous Plan period and to provide general direction and perspective for future development in relation to the needs and requirements of the university as a whole as well as of the new departments and faculties. Taking note of the very important role the visiting committees were expected to perform in assessment of progress, present level and future needs of universities for improvement and coordination of standards, the Public Accounts Committee (Sixth Lok Sabha) in its Report ibid had recommended that every university must be visited for a reasonable period by the visiting committees and the reports must be given timely and due consideration. No such visiting committees were appointed for formulation of proposals for the Seventh Five Year Plan. The UGC

stated, in January 1991, that no visiting committees were appointed either for the Central or the State universities and that the personal discussion method in the UGC was introduced in the Seventh Five Year Plan period for all universities.

The Estimates Committee (Eighth Lok Sabha) in its Report ibid observed that the non-constitution of the visiting committees for the Seventh Five Year Plan deprived the UGC from taking stock of the performance of the universities in the Sixth Five Year Plan, which was so essential for chalking out future strategy and the plan proposals for the Seventh Five Year Plan for most of the universities were finalised in a slip shod manner.

2.13 Mass Communication and Educational Technology

2.13.1 *Salient features:* On the recommendations of a Task Force set up, in August 1982, the UGC introduced a scheme called 'Mass Communication and Educational Technology' in 1984, with the objective of improving the quality of higher education and making higher education available to students and other citizens on a wider scale. The scheme envisaged establishment of three levels of centres in universities - (i) a National Centre for Educational Media in universities (all tasks), (ii) a few Educational Media Centres (EMCS) or Educational Media Research Centres (EMRCS) (essentially for production and utilisation of programmes), and (iii) several Audio Visual Centres (AVCs) or Audio Visual Research Centres (AVRCs) (for orientation, utilisation and electronic journalism) all to be

coordinated centrally by the UGC Secretariat on Educational Technology.

2.13.2 *Pattern of assistance:* No specific pattern of assistance/guidelines had been prescribed for release of grants to the centres under the scheme. The UGC stated, in January 1991, that the task force appointed by the UGC on the scheme had spelt out the broad pattern of assistance regarding hard and software for the various EMRCs/AVRCs and that grants were approved for each centre keeping in view the recommendations made by the task force as also the reports of the expert committees which visit the media centres.

Against the outlay of Rs.200 lakhs and Rs.2000 lakhs in the Sixth and the Seventh Five Year Plans respectively the expenditure was Rs.290.37 lakhs during 1981-82 to 1984-85 and only Rs.858.21 lakhs during the four years from 1985-86 to 1988-89. The budget allocation and expenditure there against during 1985-86 to 1988-89 were as under:

(Rupees in lakhs)

Year	Budget allocation	Expenditure	Percentage of shortfall
1985-86	165.00	111.82	32
1986-87	228.00	185.69	19
1987-88	500.00	282.30	44
1988-89	350.00	278.40	20

The shortfall in utilization of budget allocation ranged from 19 to 44 per cent during 1985-86 to 1988-89. The UGC attributed the shortfalls in some cases to the time consuming process of provision of infrastructure, import of equipment

and non-availability of staff (January 1991).

The UGC did not furnish (January 1991) information regarding outstanding utilisation certificates and audited statements of accounts in respect of grants released upto 1988-89.

2.13.3 *Physical progress:* Upto 31st March, 1989 the UGC had set up one Mass Communication Research Centre (MCRC) at Jamia Millia Islamia (1981), one UGC-INSAT Project Unit at Jamia Millia Islamia including EMRC, three EMRCs and nine AVRCs in various universities. No targets for setting up EMRCs/AVRCs had been fixed by the UGC.

The National Centre for Educational Media in universities had not been set up. The UGC stated, in March 1990, that the proposal for setting up a National Centre had not been agreed to due to the establishment of the Indira Gandhi National Open University as the apex body for open university/distance learning. The UGC further stated, in January 1991, that the EMRCs and AVRCs in collaboration with a few other agencies were working in their own way to meet the communication needs but the efforts needed coordination and streamlining so as to avoid duplication and plan to greater coverage of facilities and that it was contemplating establishment of a consortium of educational media centres.

2.13.4 *Production of programmes:* As per Memorandum of Understanding between the UGC and the Media Centres located in different universities, each AVRC was expected to produce 3-4 programmes and each EMRC 4-8

programmes in a month as far as possible.

Upto 31st March 1989, a total number of 1164 programmes had been produced by the five MCRCs/EMRCs and nine AVRCs. Three out of the four EMRCs had not produced even the minimum number of 4 programmes in a month upto March 1989. Further, three out of nine AVRCs established in December 1986 (one) and January 1989 (two) had produced not even a single programme till March 1989. None of the remaining six AVRC's had produced the minimum number of programmes. The UGC had not taken any action to improve the performance which was below expectation. The UGC admitted, in January 1991, that although the number of programmes produced by the various media centres had reached quite a satisfactory level, there was much to be desired in terms of quality and depth of the programmes. Specific suggestions had been made in the Eighth Five Year Plan document on the programme for improving the performance both in terms of quality and quantity of the programmes.

The UGC sanctioned, in December 1986, the setting up of an AVRC at Srinagar and released a grant of Rs.21 lakhs in April 1987, to the Kashmir University. The UGC had received neither utilisation certificate nor audited statement of accounts against the grant paid. The AVRC had not produced a single programme so far (January 1991).

The UGC stated, in October 1989, that the AVRC was not functioning as its studio and other civil modifications had not been completed and that the university had been asked, in November 1989, to refund the grant.

2.13.5 *Production of model course material:* The Programme of Action on the National Policy on Education (1986) envisaged the production of model course material in 15 subjects in the form of audio/video cassettes in three years. A committee was constituted by the UGC in March 1987, to advise on the matters relating to the preparation of model video course material in 15 subjects to be done in eight production centres for under-graduate students. However, not even a single programme or model course material had been prepared upto December 1990. The UGC stated, in January 1991, that recording in the subjects of Chemistry, Geography, Home Science, Mathematics, Physics, Political Science etc. was at a fairly advanced stage, and was being expedited in the cases of other subjects, and that efforts were being made to make available the cassettes to universities early.

2.13.6 *Telecast of programmes:* In addition to 1164 programmes produced by the various centres, the UGC purchased 167 programmes from foreign concerns at a cost of Rs.8.49 lakhs during 1984 to 87, and 41 programmes from Indian sources at a cost of Rs.9.81 lakhs during 1986 to 1989. The UGC also received 636 Indian and foreign programmes during 1984 to 1988 free of cost from various institutions in India and abroad.

According to the UGC (January 1991) 3892 programmes were telecast (including repeat programmes) during 1984-85 to 1988-89 and generally each programme was for a duration of 20 minutes.

The feedback received in respect of programmes telecast

during 1987 and 1988 showed that while a large number of programmes were highly appreciated by the viewers, some of programmes also came in for sustained criticism for poor quality of production and presentation. The other criticism of telecast focused on unsuitability of timing of telecasts, last minute cancellation of programmes, the need for dubbing of programmes in Hindi and advance publicity to the programmes.

2.13.7 *UGC pre-school children television project:* The UGC initiated, in April 1987, a Pre - School Children Television Project for 13 episodes in Hindi and three regional languages under the direction of a research scientist appointed by the UGC in February 1987. The project was set up in Lady Irwin College, New Delhi. The Commission approved the project in September 1987, with a financial allocation of Rs.30 lakhs and the College was allowed 5 per cent of the project cost as administrative costs. The duration of the project was 13 months for production of 13 episodes. Against the allocation of Rs.30 lakhs, Rs.38 lakhs had been released for the project out of which Rs.23 lakhs were paid to Lady Irwin College New Delhi, Rs.10 lakhs to EMRC Gujarat and Rs.5 lakhs to Jamia Millia Islamia New Delhi. The project was extended upto 31st March 1990. A further 'on account' grant of Rs.7 lakhs was paid to the Lady Irwin College in October 1990. Reasons for increase of time schedule and for exceeding the allotted amount by Rs.15 lakhs were not forthcoming.

The UGC stated, in December 1989, that out of 13 episodes, one episode was completed in March 1989, two episodes in July 1989 and four

to eight episodes were expected to be completed by March 1990. The UGC did not furnish the latest position regarding completion of the episodes. Completed episodes were cleared by the Commission Advisory Committee - one in March 1989 and the other two in August 1989. No episode had yet (January 1991) been telecast, reasons for not telecasting the episodes were not furnished by the UGC.

Under the Act the Commission's general duty was to take such steps as it may deem fit for promotion and co-ordination of university education and for determination and maintenance of standards of teaching, examination and research in universities and perform such other functions for advancing the cause of higher education in India. The project did not come within the scope of its activities prescribed in the Act as it did not deal with higher education .

The UGC stated, in January 1991, that in view of education process being a continuum, innovations and research have applications at all levels of education. The project would therefore be beneficial to the educational system and society as a whole.

2.13.8 *Purchase of colour TV receivers:* The UGC placed orders, in February 1987, on the basis of limited quotations, for supply of 726 colour TV sets at the rate of Rs.6800/Rs.6830 per set exclusive of sales tax and octroi duty and 676 colour TV sets at the rate of Rs.6845 exclusive of octroi duty to colleges in South and West Zones and in North and East Zones on Electronics Corporation of India Ltd. (ECIL) and Uptron India Ltd.

(UPTRON) respectively. The prices were firm and not subject to variation and the supplies were to be completed by April 1987. The firms had supplied, in all, only 594 and 365 sets respectively. The UGC paid Rs.46.27 lakhs to ECIL and Rs.27.10 lakhs to the UPTRON. Against the amount of Rs.24.98 lakhs to be paid to UPTRON (excluding octroi duty) for 365 sets supplied by it, the amount actually paid was Rs.27.10 lakhs; the account of UPTRON had not been finally settled so far. Although not a single set was supplied by the two firms by the scheduled date, the UGC did not recover the penalty at the rate of 2 per cent in terms of the purchase orders with the firms. The UGC stated, in January 1991, that there were some delays in the installation of TV sets in the colleges because of certain operational difficulties and also increased excise duty on the TV sets. The suppliers as a special case agreed to allow the UGC a concession on the basic price of the set and as there were also delays in the actual payments made by the UGC, no penalty was recovered.

The UGC neither invited open tenders for supply of sets nor entered into any formal agreements with the firms.

2.14 Standing Committee for Strengthening Infrastructure in Science and Technology

2.14.1. Salient features: On the recommendations of the Scientific Advisory Committee to the Cabinet

(SACC) a scheme on strengthening of infrastructure in science and technology was launched in 1983-84, with a view to helping the selected science and technology departments in universities/institutions which had already achieved/exhibited high quality performance to do even better and to raise their standards comparable to their counter-parts elsewhere in the developed countries. The scheme was being handled in consultation with a High Power Committee called the Standing Committee for Strengthening of Infrastructure in Science and Technology (COSIST).

2.14.2. Pattern of assistance: Under the scheme selected departments were to be supported to the extent of Rs.50 to 60 lakhs for a period of five years for purchase of sophisticated research equipment, uninterrupted power supply systems to operate such equipment, cryogenic facilities, reprographic facilities, airconditioning, electric generator and buildings etc. The UGC also agreed to contribute towards salary of some technical staff for operation of the sophisticated equipment, provided that after the expiry of the initial period of five years, the liability towards salary of staff would be taken over by the concerned university. Five per cent of the grant was provided for maintenance and upgradation of equipment.

During 1983-84 to 1989-90, the UGC released Rs.5010.51 lakhs to various universities/institutions under the scheme as detailed below:

Year	Budget Provision (Rupees in lakhs)	Number of universities/ institutions		Amount of grant (Rupees in lakhs)	
		selected	assisted*	sanctioned	released
1983-84	500	12	12	452.20	452.20
1984-85	700	26	24	699.82	699.82
1985-86	300	18	14	627.79	380.34
1986-87	750	6	12	701.61	779.92
1987-88	1000	31	23	937.24	999.48
1988-89	900	5	13	887.77	899.09
1989-90	764	12	12	722.91	799.66
Total	4914	110	110	5029.34	5010.51

* Fresh cases only, excludes universities/institutions already assisted in an earlier year.

Reasons for issue of sanctions for Rs.627.79 lakhs against provision of Rs.300 lakhs during 1985-86 resulting in excess issue by Rs.327.79 lakhs (109 per cent) were not made available to Audit.

Against the assistance of Rs.4210.85 lakhs released upto 1988-89, utilisation certificates for Rs.3331.93 lakhs were outstanding (September 1989). Year-wise details of number and amounts of outstanding utilization certificates were not available with the UGC. The UGC had not kept adequate watch on the receipt of utilization certificates.

2.14.3. *Monitoring and evaluation:* The universities/institutions which had been assisted under the scheme, were required to be visited after one year of the provision of the assistance by specially constituted committees consisting of at least one subject expert and one scientific personnel of the Standing Committee for Strengthening of Infrastructure in Science and Technology Cell. The visit to universities was generally to be for one to two days. Out of 98

departments of various universities/institutions supported upto 31st March 1989, only 80 departments had been visited by expert committees by 31st March 1990 including four departments which were visited twice and 22 departments assisted during 1986-87 (one), 1987-88 (nine) and 1988-89 (12) were still to be visited by the committees to be formed by the UGC.

The universities/institutions were required to send progress reports while seeking release of funds every six months and further assistance could be discontinued if the progress was unsatisfactory. The UGC stated, in January 1990, that the departments were submitting the progress reports. Test-check of seven cases however, showed that only in two cases one progress report each was received. The UGC stated, in January 1991, that the universities were being impressed upon to furnish the six monthly progress reports regularly.

Under the scheme the equipment grant was provided as a one time input for procuring only such

equipment as was mentioned specifically in the scheme. Against non-recurring grants aggregating Rs.2216.48 lakhs released for equipment during 1983-84 to 1988-89 to 56 universities/institutions etc. approved during 1983-84 to 1985-86, Rs.140 lakhs remained unspent upto July 1990 which had not been refunded to UGC. The UGC stated, in January 1991, that the universities had been permitted to utilize the unspent balances by March 1991 as a very special case relating to the import of equipment.

No external evaluation of the scheme had so far been done, though 36 departments stood supported for five years. The UGC stated, in January 1991, that 15 departments had been invited to present their performance before experts drawn from national and other research laboratories/ R and D organisations.

2.15 Major research projects

2.15.1 Salient features: Under the scheme of major research projects, the UGC provided financial support to faculty members of universities/colleges to enable them to take up well defined research projects in sciences, humanities and social sciences and engineering and technology. The duration of a project was to be three years which could be extended for a maximum period of

another two years. The project report was to be received every year and request for extension was required to be made atleast three months prior to the termination of the project. The extension beyond three years was to be considered only if the project work was found to be satisfactory.

The grant was sanctioned by the UGC on the advice of experts, and released to the university/college in suitable instalments depending on the progress of work. Any grant remaining unutilised on the completion of the project was to be refunded to the UGC. The investigator was to furnish annual statement of expenditure alongwith the progress report of research work through the university/college. Within three months of the completion of the period for which the project was approved the university/college was required to send to the UGC an audited statement of accounts and utilization certificate of all approved expenditure incurred on the project.

2.15.2 Physical and financial progress: The number of major projects approved with amounts of grants, and amounts released for research projects in engineering and technology, sciences and social sciences and humanities during 1974-75 to 1989-90 was as under:-

(Rupees in lakhs)

Year	Number of projects approved			Amount of grant approved			Amount released		
	E&T	S	SSH	E&T	S	SSH	E&T	S	SSH
During 1974-75 to									
1984-85	136	2458	586	151.07	2165.65	207.05	59.89	1494.71	157.17
1985-86	4	216	99	3.55	283.81	62.95	4.40	176.05	33.78
1986-87	7	191	132	12.17	231.91	72.91	8.45	239.24	53.35
1987-88	5	162	103	8.32	181.16	56.72	10.94	283.03	52.57
1988-89	NA	199	136	NA	NA	NA	7.60	229.81	54.44
1989-90	NA	NA	NA	NA	NA	NA	5.80	374.59	39.88
Total							97.08	2797.43	391.19

E&T: Engineering and Technology; S: Science; SSH: Social Sciences and Humanities

NA: Not available

No physical targets were fixed. Information regarding budget estimates for the years 1984-85 to 1988-89 and plan outlays for the Sixth and the Seventh Five Year Plans was not made available to Audit. The amount of outstanding utilisation certificates was also not available with the UGC.

2.15.3 Engineering and technology projects: The UGC released Rs.63.99 lakhs during 1980-81 to 1986-87 for 53 major research projects against which utilisation certificates amounting to Rs.36.14 lakhs were still outstanding. Only 13 projects were completed but their final evaluation was not done and the remaining 40 projects sanctioned from 1980-81 onwards for which Rs.40.68 lakhs were released were incomplete.

Not even a single report was received in respect of 21 projects (amount Rs.12.62 lakhs) while the number of projects for which the first, second and third annual reports were received was eight, nine and two respectively.

In two cases involving Rs.4.78 lakhs the principal investigators had gone abroad in September 1983 and November 1983 without completing the projects, rendering the entire expenditure infructuous. In one case the UGC did not know the position of the project after release of amount of grant in July 1982. In another case (amount-Rs.2.71 lakhs) request from the principal investigator for extension of one year was granted in September 1985, although it was not received within the prescribed period of at least three months

prior to termination of the project and his progress report was also not got evaluated from the monitor.

2.15.4 Science Projects: According to the UGC (January 1991), 2019 major research projects were awarded in sciences during 1980-81 to 1988-89. The UGC did not provide information about the number of projects completed and evaluated, the number of incomplete projects and the amount of outstanding utilisation certificates as on 31st March 1989.

Test check of 76 research projects for which grants aggregating Rs.77.32 lakhs were released during 1982-83 to 1986-87 showed that the final consolidated reports were received in 46 cases only. The reports were evaluated in 27 cases; not a single report was rated outstanding, 9 reports were graded good, and 12 were rated satisfactory while six reports involving Rs.5.18 lakhs were unsatisfactory. The final report was not received in 24 cases involving Rs.24.04 lakhs and even the first annual reports were not received in six cases (amount Rs.2.53 lakhs). The number of cases in which the first, second and third annual reports were received was one, sixteen and seven only respectively.

2.15.5 Social Sciences and Humanities Projects: According to the UGC (January 1991), 801 major research projects were awarded in social sciences and humanities during 1980-81 to 1988-89. The UGC did not furnish information regarding the number of projects completed, evaluated and the outstanding amount of utilisation certificates for the years 1984-85 to 1988-89.

Test check of 40 cases (10 each of 1983, 1984, 1985 and 1986) showed that against the approved amount of grant of Rs.26.47 lakhs, Rs.14.10 lakhs were sanctioned and Rs.12.08 lakhs were released. Although the UGC had received audited statement of accounts for Rs.0.57 lakh, utilization certificates for Rs.9.95 lakhs were issued.

There were delays upto 13 months in sanctioning the first instalment of grant after approval of the projects; in addition UGC took upto four months to release the first instalment of grant after issue of sanction. The number of cases in which all the three annual progress reports were received was only seven; not a single progress report was received in 10 cases while the number of cases in which the first and the second reports were received was 5 and 17.

2.15.6 Categorisation of projects: The major research projects on science and engineering technology were categorised as basic/ fundamental research projects, applied or research and development oriented projects and projects for development and fabrication of equipments. Nearly 85 per cent of the projects awarded during 1974 to 1982 were in the category of basic/ fundamental research projects and 14 per cent related to applied or research and development oriented projects. Similar information in respect of projects awarded from 1983 onwards was not available/furnished by the UGC.

2.15.7 Monitoring: The UGC did not maintain a consolidated record in the form of a register of various

projects awarded by it. Publication of a directory of scientific research in progress in the universities jointly by the UGC and the Council of Scientific and Industrial Research had also been discontinued since 1974.

The scheme provided for rendering of statement of expenditure, utilisation certificates and progress reports. The UGC had not, however, prescribed any mechanism to monitor the receipt of these reports. The progress reports/final consolidated reports were required to be referred to the monitor for evaluation. The UGC did not have information regarding the number of cases in which these reports had been referred for evaluation to the monitor, the number received after evaluation and the number outstanding. The UGC stated, in January 1991, that it had since reorganised the research programmes into a Research Bureau and that suggestions made by the Audit for monitoring etc. would be concretised into operational specifics for implementation and it would be ensured that six-monthly progress reports were received regularly and projects monitored through appropriate mechanism.

2.16 Research Scientists

2.16.1 *Salient features:* The UGC initiated a scheme of 'Research

Scientists' in 1983-84 with a view to building a cadre of research scientists in Indian Universities to promote high quality research in science, engineering and technology and humanities including social sciences by providing opportunities to persons with outstanding merit and zeal for creative work. Under the scheme the UGC created 200 positions of research scientists in sciences, engineering and technology (100 positions) and humanities and social sciences (100 positions) in categories A, B and C corresponding to the grades of lecturers, readers and professors respectively in the ratio of 60:30:10. In addition to pay in the appropriate scales the awards carried contingency grants of Rs.5000 per annum.

The awards were for a contract period of five years in the first instance subject to renewal in the same or even higher grade depending upon performance. The performance of an awardee was to be assessed and monitored continuously by the UGC before the five year period ended.

2.16.2 *Physical and financial performance:* No physical or financial targets were fixed for 1984-85 to 1989-90.

A total amount of Rs.246.15 lakhs was paid under the scheme to various universities and colleges during 1984-85 to 1989-90.

(Rupees in lakhs)

Year	Humanities and Social Sciences		Science, Engineering and technology		Total	
	Universities	Colleges	Universities	Colleges	Universities	Colleges
1984-85	Nil	Nil	0.14	Nil	0.14	Nil
1985-86	6.11	0.79	3.89	Nil	10.00	0.79
1986-87	9.27	0.54	5.27	0.05	14.54	0.59
1987-88	8.88	0.93	3.28	0.86	12.16	1.79
1988-89	23.50	1.54	16.79	0.72	40.29	2.26
1989-90	62.57	3.78	94.40	2.84	156.97	6.62
	110.33	7.58	123.77	4.47	234.10	12.05

The UGC did not know the amount for which utilization certificates and audited statements of accounts had not been received.

The number of awards was 208 upto 1988-89 against which 132 candidates joined. The UGC did not furnish the reasons as to why the remaining 76 candidates did not join (April 1991). Two candidates were appointed in 1986-87 without observing the prescribed selection procedure; in two other cases appointments were made on the basis of applications of the candidates as and when received.

Out of 43 scholars who joined during 1984-87, 20 resigned before completion of their tenure - 1 in 1984-85, 3 in 1985-86, 9 in 1986-87, 3 in 1987-88 and 4 in 1988-89. Thus, the expenditure on these dropouts was infructuous.

Neither was any agreement entered into between research scientists and the UGC nor was any bond or an undertaking in some form obtained from the research scientists for completion of tenure. The UGC intimated, in July 1990, that the matter had been considered

and it was decided that 'no agreement or bond may be executed between the research scientists and the UGC'. The UGC did not furnish records relating to the decision to Audit.

The scheme had envisaged that the selected candidates would be placed in suitable university departments where they would enhance the research effort of the department and also participate to some extent in the teaching activities. The scientists were also required to furnish progress reports every year through the Department/University.

Notwithstanding this, in two cases the scientists were attached with the UGC and paid directly by it. The work done by these scientists was not known to the concerned group of the UGC dealing with the scheme. In one of these cases the post of research scientist was treated as co-terminous with the tenure of the Vice-Chairman instead of for a period of 5 years as envisaged in the scheme. The UGC stated, in January 1991, that the research scientists were with the former Vice-Chairpersons who were distinguished scholars guiding research work.

2.16.3 *Monitoring and evaluation:* Under the scheme six monthly/annual progress reports of work done by the research scientists were required to be sent in the prescribed form to the UGC. No proper watch was kept to see that the six monthly/annual progress reports were received. The UGC stated, in July 1990, that the annual progress reports were available in the respective files and no consolidated record was maintained to show the number of progress reports received yearwise. No midterm review of the performance of the research scientists appointed during 1984-85 to 1987-88 was done except in the later half of 1989. The review of the performance done in 1989 in respect of 20 research scientists out of 132, disclosed that in 8 cases (expenditure Rs.13.14 lakhs) the performance of the scientists was 'not good' and their tenure was taken as completed on the due date. No evaluation of the scheme had been done so far (January 1991).

2.17 *Development of computer facilities and manpower*

2.17.1 *Salient features:* With a view to increasing the manpower development for data analysis, support for research etc; the UGC provided recurring and non-recurring assistance to set up computer facilities at the universities/institutions since 1975-76. The computer configuration was determined by an expert committee known as the Computer Development Committee (CDC) with reference to the research, education, administrative and examination workload, size of the university and strength of staff etc. The make and model of computer were decided by

the university. Non-recurring assistance upto Rs.10 lakhs, between Rs.20 lakhs and Rs.50 lakhs and over Rs.50 lakhs was provided to the universities corresponding to 'A', 'B', and 'C' levels respectively for purchase of hardware. 'A' level assistance was provided to universities establishing the computer facility for the first time, which was upgraded to 'B' level after a minimum period of five years. 'C' level assistance was to be provided to universities, which had inter alia used 'B' level computer for at least 7-8 years.

In addition to non-recurring assistance for purchase of hardware, the UGC also provided assistance towards (a) salary of staff tapering off from 100 per cent to 25 per cent in the fourth year for a period of four years, (b) maintenance grant for computer and air conditioner at 10 per cent of the capital cost for four years and (c) grant for stationery and consumables.

From 1980-81, the UGC in collaboration with the Department of Electronics, provided assistance for running graduate and post-graduate courses in computer as well as short-term training courses. The Department of Electronics provided non-recurring assistance, whereas the UGC owed the liability of recurring expenditure for salary of staff, scholarships for students, working expenses etc.

2.17.2 *Implementation:* The UGC provided financial assistance of Rs.176.69 lakhs to 2 Central universities, one deemed university and 15 State universities for development of computer facilities for the first time during 1975-76. During 1985-86 to 1988-89, the UGC

paid Rs.1231.68 lakhs as grants for development of computer facilities to 81 universities and 230 colleges.

In addition, the UGC also released grants aggregating Rs.550.79 lakhs for computer education for manpower training during 1985-86 to 1988-89 to 80 universities.

The UGC did not furnish information regarding outstanding utilisation certificates and audited statements of accounts.

Test check showed that against the grants aggregating Rs.377.09 lakhs paid in eight cases during 1977-78 to 1988-89 utilisation certificates and audited statements of accounts for Rs.307.96 lakhs and Rs.345.34 lakhs had not been received so far.

Twenty eight universities to which Rs.92.05 lakhs were paid from 1985-86 onwards for running computer courses had not started any training courses. The UGC stated, in January 1991, that the various modalities in connection with the programme, coupled with the appointment of staff was time consuming which resulted in delayed institution of the courses, and the universities were being impressed to expedite the same.

2.17.3 Computer facilities in colleges: In May 1986, the CDC decided to provide impact PC/XT computers to 50 post-graduate colleges and 50 teachers training colleges subject to cost ceiling of Rs.5 lakhs and Rs.one lakh respectively. The UGC placed, in February 1987, order on the Computer Maintenance Corporation Ltd. (CMC) for supply of 100 small computers - 50 at the rate of Rs.0.55 lakh

without printer and 50 at the rate of Rs.0.66 lakh with printer to 50 colleges by 31st March 1987.

The UGC made advance payments of Rs.50.80 lakhs to the CMC against the total cost of Rs.66.52 in February and March 1987. This was in violation of the agreed terms of payment of twenty five percent at time of placement of order, fifty percent on despatch of consignment, twenty percent on production of certificate regarding satisfactory commissioning and five percent on expiry of warranty period and resulted in an unauthorised aid to the supplier to the extent of Rs.34.17 lakhs. The UGC paid further amounts of Rs.3.30 lakhs and Rs.9.00 lakhs to the CMC during 1988-89 and 1989-90 respectively. No computer was installed by the stipulated date i.e. 31st March 1987. Upto 31st March 1989 computers were installed only in 48 colleges. The UGC neither followed the prescribed procedure of obtaining tenders nor imposed any penalty for non-installation of the computers by the prescribed date.

(b) In accordance with the decision of the Commission in April 1988 the UGC released grants amounting to Rs.232 lakhs to 228 Colleges during 1988-1989, (generally at the rate of Rs.1 lakh per college) against 481 selected colleges during 1988-89 for purchase of personal computers directly from the vendors. The colleges were required to place supply orders for purchase of computer system within a period of three months and inform the UGC failing which approval/sanction order stood cancelled. No proper record in the form of a register or otherwise indicating the installation of PC/XT computers was maintained by the UGC. The UGC stated in January 1991, that

computers were installed in 177 colleges till 1st January 1990. The delay was attributed to procedural matters.

(c) The UGC had not prescribed any annual report/return regarding utilisation of computers in universities and colleges. In November 1990, the UGC sent a questionnaire to the universities and colleges for conducting a survey to examine the current status, use and application of computers. The information was required to be furnished by 31st December 1990. However, only five universities had furnished the reports by January 1991.

2.18 National Sports Organisation Programme

2.18.1 Salient Features: In pursuance of the recommendation of the Education Commission, the UGC initiated a scheme 'National Sports Organisation Programme' in 1969-70 with the objective of providing universality in the matter of games and through universality promoting excellence among college students in selected fields. The main features of the scheme were the creation of new or additional physical facilities in universities and colleges, provision of adequate coaching at the university/college

level, spotting of talent and further intensive coaching of inter university teams to enable them to participate in various major national sports meets, provision of incentive to students and teachers to effectively participate in the promotion of sports and games at college/university level and award of sports scholarships. Expenditure was also incurred from the UGC's Plan funds on activities pertaining to physical education and facilities for sports.

2.18.2 Financial assistance: The UGC received grants from the Ministry for the implementation of the scheme which also provided general assistance and co-ordination. The UGC released assistance to universities and colleges for development of play fields and purchase of accessories for games and sports, construction of gymnasias, sports pavilions/tracks and swimming pools upto the prescribed monetary limits. From 1987, the UGC contributed upto 75 per cent of the cost (100 per cent in the case of sports equipment) with monetary limits for different purposes. The position of receipt of funds from the Ministry and release of grants there against to the universities, colleges etc. during 1984-90 was as given below:-

(Rupees in lakhs)								
Year	Opening balance	Amount of grant received from the Ministry	Interest earned on short term deposits	Refund of unspent balance	Total	Amount of grant released	Closing balance	Percentage of grant to total amount
1984-85	1.96	15.00	-	-	16.96	8.97	7.99	53
1985-86	7.99	23.89	-	-	31.88	21.07	10.81	66
1986-87	10.81	159.86	-	-	170.67	61.86	108.81	36
1987-88	108.81	303.00	4.37	-	416.18	130.40	285.78	31
1988-89	285.78	335.00	19.44	-	640.22	40.00	600.22	6
1989-90	600.22	29.00	0.25	-	629.47	85.48	543.99	14

The UGC had not utilised the funds received from the Ministry fully. The percentage of release of grant, which was 66 in 1985-86, had declined to 6 in 1988-89 and was only 14 in 1989-90. The unspent balances lying with the UGC ranged from Rs.1.96 lakhs in 1983-84 to Rs.600.22 lakhs in 1988-89.

The UGC attributed (January 1991) the low utilisation of funds to a variety of reasons such as delay in the preparation of plans and estimates of the projects by the universities, non-availability of matching share from the State Governments and also the difficulty in arranging for the money involved over and above the pattern of assistance.

The UGC had released Rs.151.15 lakhs for construction of gymnasia and Rs.84.74 lakhs for development of playfields upto 1988-89. The number of gymnasia constructed and playfields actually developed was not furnished by the UGC. The UGC stated, in November 1989, that it was executing the programme on behalf of the Department of Youth Affairs and Sports, the funds were released to it by the Ministry in suitable instalments and it had no information regarding physical and financial targets under the scheme. The UGC did not know the amounts of outstanding utilisation certificates as well as pending audited statement of accounts as on 31st March 1990.

2.18.3 *Physical conditioning units:* In February 1984, the

Ministry suggested establishment of physical conditioning units in the universities. Under the scheme, assistance was to be provided at the rate of Rs.1 lakh for establishment of physical conditioning units in 21 universities, subsequently raised to 32 universities. The scheme was transferred to the Sports Authority of India with effect from April 1989.

During 1984-85 to 1988-89, the UGC received Rs.19 lakhs from the Ministry against which it released Rs.17.43 lakhs to the universities under the scheme. An amount of Rs.1.57 lakhs remained undisbursed with the UGC as on 31st March 1989.

Only 21 out of 32 Universities were assisted under the scheme, the full amount of grant of Rs.1 lakh was paid to only four universities by 31st March 1989.

The UGC did not make available information regarding number of universities which had established physical conditioning units, amount of outstanding utilisation certificates and audited statements of accounts.

2.18.4 The UGC released the following amounts as grants to the universities and colleges for (i) physical education including sports and (ii) facilities for sports during 1985-86 to 1989-90 from its Plan funds under the scheme for quality improvement of education.

(Rupees in lakhs)

Year	Physical education including sports			Facilities for sports			Grand total
	Univ- ersities	Colleges	Total	Univer- sities	Colleges	Total	
1985-86	-	-	-	31.91	1.25	33.16	33.16
1986-87	1.10	-	1.10	0.75	0.95	1.70	2.80
1987-88	-	-	-	2.00	2.00	4.00	4.00
1988-89	15.50	-	15.50	8.20	16.07	24.27	39.77
1989-90	34.00	-	34.00	11.50	20.51	32.01	66.01
Total	50.60	-	50.60	54.36	40.78	95.14	145.74

Despite inquiry by Audit, the UGC did not furnish any information regarding the year from which the UGC started incurring expenditure from its Plan funds under the aforesaid heads, yearwise budget estimates during the Sixth and the Seventh Five Year Plans, physical targets, if any fixed, yearwise amount of outstanding utilisation certificates and audited statement of accounts as on 31st March 1989, authority under which the expenditure was being incurred from the Plan funds etc.

2.18.5 *Three year degree course:* The UGC approved, during 1984-85, introduction of a three year degree course in physical education, health education and sports in universities and multifaculty colleges. In the initial stages only one college in each district having the basic minimum facilities viz. track and field, gymnastic, yoga, conditioning unit etc. was to be selected for introduction of the course. The UGC was to work out the actual number of such colleges for the Seventh Five Year Plan and beyond. This exercise was not done. Initially the Commission had visualized a target of 100 institutions to be identified

to start the course during the Seventh Plan period. The UGC stated, in March 1990, that this target could not be achieved because every care was taken to see that no institution without adequate facilities started the course.

According to the information furnished by the UGC, it had approved 18 universities and 32 colleges for assistance during 1987-88 and 1988-89 against which grants aggregating Rs.24.27 lakhs were released to five universities and seven colleges upto March 1989.

2.18.6 Test check of 11 case files - five universities and six colleges revealed the following :

(i) Against the total amount of Rs.23.27 lakhs paid to five universities and six colleges, utilisation certificates and audited statements of accounts for Rs.17.20 lakhs and Rs.22.27 lakhs respectively had not been received.

(ii) Only one of five universities and two of the six colleges to which grants were paid could start the degree courses upto March 1989. One of the colleges introduced physical education, health education, and

sports as an elective subject for the senior degree course instead of running a three year degree course in physical education as contemplated in the scheme. The UGC stated, in January 1991, that the course was now running on the prescribed lines.

(iii) No return had been prescribed to watch the progress of work done. None of the universities which were paid grants during 1987-88 and 1988-89 intimated the enrolment of students in the course; out of 6 colleges only 2 colleges intimated the number of students on their own. The UGC stated, in January 1991, that the suggestion of Audit for instituting a return proforma for monitoring the progress of the scheme had been noted.

2.19 Restructuring of courses

2.19.1 *Salient features:* In order to maintain standards of teaching in universities, the UGC initiated during the Fifth Five Year Plan a scheme of 'Restructuring of Courses'. The scheme was intended to

make the first degree level courses more relevant to the rural environment and to the development needs of the community and to link education with work practical/ field experience at all levels.

2.19.2 *Pattern of assistance:* Under the scheme the UGC provided assistance to universities for (a) seed money (b) orientation of teachers and (c) preparation of course materials, teaching aids etc. The universities/colleges were assisted for offering some of the courses on an experimental basis. The total assistance to a university/college under the scheme was limited to Rs.5 lakhs for a period of five years since October 1980. Prior to 1980 the assistance for recurring and non-recurring expenditure to the colleges under scheme was limited to Rs.1 lakh per annum for a maximum period of three years.

The amounts of grants released under the scheme from 1976-77 onwards were as follows :
(Rupees in lakhs)

Period	Outlay	Amount of grant		
		Univer- sities	Colleges	Total
1976-77 to 1979-80	Not available	20.67	11.13	31.80
1980-81 to 1984-85	500	9.42	85.41	94.83
1985-86 to 1989-90	410	18.98	323.63	342.61
		49.07	420.17	469.24

The expenditure had been less than outlay. The UGC did not advance any reasons for the same. The UGC also did not intimate the provision made in the budget estimates.

2.19.3 *Physical progress:* The UGC had initially identified 18 universities and 155 colleges on regional basis to take the lead, introduce restructured courses and act as pace-setters in this important area. During 1978-79, another 32 colleges were added to the list of the colleges in which the restructured courses were to be introduced. However, no year-wise targets had been set. Upto 1980-81, this scheme was being implemented by 31 colleges and one university only. By 31st March 1989, the following number of universities and colleges had introduced restructured courses in Arts, Science and Commercial disciplines.

Year	Number of Universities	Number of colleges
1985-86	8	107
1986-87	9	114
1987-88	10	134
1988-89	9	136

Thus only 9 out of 35 State universities and 136 out of 6912 colleges had introduced the restructured courses. The progress was slow. The UGC stated, in January 1991, that some universities and colleges had introduced the scheme but the overall impact had not been upto the mark and the implementation of the programme had been very slow as the initiative for introducing reforms in the curricula lies with the universities. Not even a single Central University had introduced the scheme of restructured courses.

2.19.4 *Monitoring and evaluation:* (i) The UGC did not furnish information regarding the amounts for which utilization certificates and audited statements of accounts had not been received upto 31st March 1989.

(ii) Under the scheme, a report on the progress of the implementation of the scheme was to be sent to the UGC as at the end of each half year ending September and March. The UGC did not provide information regarding number of progress reports received and number outstanding. On test check of 8 cases no such progress report was found to have been received.

(iii) The UGC was not aware whether the universities/colleges assisted during the Fifth and the Sixth Five Year Plans were still continuing the restructured courses during the Seventh Plan. Thus continuity of courses in respective universities/colleges could not be ascertained.

(iv) Under the scheme the universities were to set up Implementation Committees to review the progress of the scheme periodically and to evaluate the progress from time to time. The UGC did not even know the particulars of universities which had set up Implementation Committees till March 1989. No external evaluation of the scheme had so far been conducted.

2.20 Curriculum Development Centres

2.20.1 *Salient features :* To prepare model curriculum in different subjects to maintain uniform standards of education in the country, the UGC initiated in 1986 a scheme of curriculum

development centres (Centres) to be set up in different disciplines. The major task of such centres was to undertake a thorough review of the existing syllabi and courses of different universities at various levels of higher education and to suggest measures for modernising the same and restructuring them, besides developing alternative models to emphasise the different aspects of study of the subject concerned. The centres were set up by the UGC in such of the universities as were identified by it under 'Special Assistance Programmes' or were known to have contributed significantly in the areas of their specialisations. The centres were required to set up Committees as per the prescribed composition for the purpose.

2.20.2 *Physical and financial progress:* Each centre was eligible for an 'on account' grant of Rs.6 lakhs (Rs.3 lakhs each for post-graduate and under-graduate education) for meeting expenditure on items like TA/DA for resource persons, secretarial assistance, stationery items, books/teaching aids etc. Upto 31st March, 1989, 27 Centres (17 in humanities and social sciences and 10 in science) were established in 21 universities and 3 deemed universities in 1986-87 (24 Centres) and 1988-89 (3 Centres).

Against the outlay of Rs.1.94 crores provided in the Seventh Five Year Plan the following amounts of grants were sanctioned as the first instalment of Rs.4 lakhs each and released during 1985-86 to 1989-90:

Year	Approved		Amount released	
	No. of centres	Amount allocated (Rupees in lakhs)	Number of Centres	Amount (Rupees in lakhs)
1985-86	21	126.00	10	40.00
1986-87	3	18.00	14	56.00
1987-88	Nil	Nil	Nil	Nil
1988-89	3	18.00	2	8.00
1989-90	Nil	Nil	1	4.00

The UGC stated, in January 1991, that the difference between amount sanctioned and actual grant paid was due to the fact that the sanctions which were communicated towards the end of a financial year in some cases were actually paid in the next financial year due to the late receipt of the required documents. However, the UGC had paid only the first instalment of grant of Rs.4 lakhs against the total amount of Rs.6 lakhs per centre. The remaining amount was not paid in the absence of the prescribed statement of expenditure as mentioned below.

Out of 26 centres to which grants were paid upto 31st March 1989 only 11 centres had sent statements of expenditure which were still under examination. Audited statements of accounts of these Centres were still awaited. Information regarding the amount of outstanding utilisation certificates was not available with the UGC.

2.20.3 *Implementation:* The centres were required to submit draft curricula within one calendar year which could be extended by a few months on the specific request

of the co-ordinator of the centre. Out of 24 centres approved in 1985-86 and 1986-87, 22 centres had submitted their reports. Test check of records relating to 9 centres showed that no centre had submitted the report within the prescribed time. The UGC had also not kept a record of the date of receipt of the reports, but could only provide the dates of sending these reports to the press. The extent of delay in submission of records could, therefore, not be ascertained.

Out of 22 reports only 2 reports - Commerce and Urdu - were circulated to the universities by 31st March 1989 for making suggestions to the Centres for further follow up action, so that finalized reports could be circulated among the universities and colleges for adoption and adaptation. No university had yet adopted the revised curricula. Further follow up action in regard to textual and other supporting materials, development of teaching aids and imparting of training to teachers as required under the scheme was consequently not possible. The UGC stated, in January 1991, that out of 27 centres 24 centres had already furnished model curricula which had been circulated among the universities with the request to adopt the same. As it was for the universities to accept the advice of the UGC depending on the suggestions offered by the respective Boards of Studies and the Academic Councils of the university concerned, the process was time consuming.

2.21 Autonomous colleges

2.21.1 *Salient features:* In pursuance of recommendations of Education Commission (1964-66) the

UGC formulated a scheme of autonomous colleges in the Fourth Five Year Plan (1969-73) with the objective of conferring autonomous status on colleges to decentralise the responsibility of the affiliating university, so that selected colleges could experiment with the designing of courses, development of teaching methods including examination reforms, curriculum development and other academic development measures. The National Policy on Education, 1986, stated that autonomous colleges be helped to develop in large numbers until the affiliating system was replaced by a free and more creative association of universities with colleges.

The scheme commenced in October 1976, when the UGC gave its concurrence to the conferring of autonomy to five colleges of Madras University. A non-lapsable annual grant of Rs.1 lakh upto 1979-80 and Rs.2 lakhs thereafter for a period of five years was provided by the UGC. The maximum amount of assistance was revised in October 1986 and ranged from Rs.4 to 6 lakhs per annum for under-graduate arts/science and commerce colleges and Rs.7 lakhs per annum for both under-graduate and post-graduate level colleges.

The status of autonomy was to be granted initially for a period of five years. The first external evaluation was to be undertaken after three years and a second evaluation after five years by the university with the help of a committee which would also determine continuance or otherwise of the autonomous status.

2.21.2 *Physical and financial performance:* Following the adoption

of the National Policy for Education (NPE) 1986, and the Programme of Action thereon which envisaged development of about 500 colleges as autonomous colleges in the Seventh Five Year Plan, the UGC proposed 50 colleges in 1986-87, 150 in 1987-88, 200 in 1988-89 and 100 in 1989-90 as its targets.

Against the target of 50 colleges in 1986-87 no college was granted autonomy. During 1987-88 and 1988-89 the UGC gave its concurrence to the proposals of 48 and 29 colleges respectively for grant of autonomous status. The targets fixed for 1987-88 and 1988-89 were thus achieved only to the extent of 32 and 15 per cent respectively.

The colleges numbering 21 which were conferred autonomous status prior to the NPE were also to seek assistance on the basis of the revised guidelines laid down by the UGC. Out of old 21 autonomous colleges, only 2 colleges, one each in 1987-88 and 1988-89 were granted autonomous status as per the revised guidelines. No college under the Central universities had yet been conferred autonomy.

The UGC stated, in January 1991, that the desired target could not be achieved because of (a) lack of provision of autonomy in the Acts/Statutes of most of the universities, (b) delays in the approval of Statutes by the State Government and (c) lack of initiative and awareness on the part of universities and State Government etc. Thus the scheme was formulated without fully understanding the ground conditions.

Out of total grants of Rs.488.16 lakhs paid under the scheme upto March 1989, Rs.127.07

lakhs were paid during 1978-79 to 1986-87 and Rs.361.09 lakhs during 1987-88 to 1988-89. The amounts of outstanding utilisation certificates and audited statements of accounts were not known to the UGC.

2.21.3 Evaluation: The UGC had not enquired whether the purpose for which autonomous status had been conferred, was met in respect of 21 colleges which were conferred autonomy prior to 1986. A study conducted by the National Institute of Educational Planning and Administration New Delhi (NIEPA) in 1987 in respect of 12 colleges in Tamil Nadu which were granted autonomous status during 1978-79 to 1982-83 showed that while the teachers were involved in decision making process relating to academic matters, the decision making process on administrative and financial matters was by and large restricted to authorities. The attempts to refashion course contents were strongly influenced by the on-going pattern of courses in the country. But for some changes here and there the diversification of courses and course combinations conformed by and large to traditional patterns. The methodologies of teachings in most of the colleges had remained traditional and thus efforts towards excellence had fallen short of the desired levels.

2.22 Preparation of University level books by Indian authors

2.22.1 Salient features: With a view to supplementing the efforts of the State Governments in production of books in Indian languages, the UGC initiated a programme of providing financial assistance for writing of quality books for universities and colleges in 1970-71. The objective of the scheme was

to provide financial assistance to outstanding senior academics and research scholars for preparation of high quality books, monographs, and reference material not necessarily conforming to a particular set of syllabi. The books were to be of post-graduate level pertaining to disciplines where gaps existed and needed to be filled. The books were required to be completed in a period of two years, which could be extended, in special cases, by one more year.

2.22.2 *Financial and physical performance:* The UGC released a total amount of Rs.111.18 lakhs from 1970-71 to 1988-89 under the scheme. Out of 1035 projects approved, 350 were completed, 98 were cancelled and 587 projects were in progress. The amount of grants paid in respect of 98 projects which were cancelled was not available with the UGC. Test-check of records relating to 112 projects out of 587 projects still in progress showed that these projects had remained incomplete for periods ranging from 7 to 19 years. Extension of time beyond the maximum admissible limit had been granted in five cases. Out of the completed projects only 55 were completed within the prescribed schedule and 257 projects were completed after delays ranging from 2 to 17 years; similar details in respect of 38 projects were not made available to Audit. Out of 350 projects completed, only 185 books had been published; the copies of these were also not accessioned by the UGC.

The Public Accounts Committee in its Report *ibid* had directed that the UGC should keep a close watch on the progress of each of publication projects with a view to ensure that the projects actually fructify and their completion was not unduly

delayed. As can be seen from what has been stated above, heavy delays still persisted. Such delays frustrated the very objective of the scheme.

2.22.3 *Monitoring:* The UGC did not maintain consolidated registers indicating details relating to approval of projects, amounts of grants paid on different occasions, physical progress, receipt of manuscripts etc. The system of monitoring the progress of work was inadequate. In most cases where manuscripts had not been received, the UGC did not pursue the matter with the concerned person/institution. The details of outstanding audited statements of accounts and utilization certificates were not available with the UGC.

The UGC stated, in June 1990, that the operation of the scheme was suspended in July 1986 consequent to its review being undertaken and no proposal received thereafter was considered for assistance. However, it supplied a list of 57 projects which had been given approval after 18th July, 1986, stating that the proposals had in fact been received prior to the crucial date. The dates on which the proposals had been received were not furnished by the UGC. A scrutiny of dates of approval of these 57 projects showed that the UGC had taken 9 to 26 months to accord approval to these projects; in 11 cases, the time for according approval was 24 months or more which was the time normally allowed for scholars to complete the project. No evaluation of the scheme was done by the UGC.

The UGC stated, in January 1991, that it was aware of the bottlenecks and had undertaken a review of the schemes/projects

received till July 1986. The UGC also stated that the observations made by Audit, particularly to avoid delays by the authors, maintenance of coordinated records etc. had been

noted and would be considered while finalising a programme of the production of books which was in progress.

Annexure I

Summary of the expenditure of the UGC relating to Non-Plan, Plan and Specific Purpose items under Major heads for the years 1985-86 to 1989-90
(Rupees in lakhs)

	1985-86	1986-87	1987-88	1988-89	1989-90
Non-Plan					
1. UGC Administrative charges	218.48	247.90	308.83	338.08	378.87
2. Block grants to					
(i) Central Universities	7220.71	8414.60	10403.67	11190.60	12340.84
(ii) Deemed Universities	1695.38	1954.03	2490.00	2575.24	2514.65
(iii) State Universities for specific purpose	23.12	39.58	80.05	65.56	69.14
3. Maintenance grants to constituent and affiliated colleges of					
(a) Delhi University	2547.18	2865.81	3986.22	4185.13	4955.07
(b) Banaras Hindu University	3.90	6.50	6.32	48.08	50.92
4. Schemes not covered under Block grants					
(i) House Building Advance	261.95	272.50	271.50	345.25	168.37
(ii) Delhi University for import of equipment from Japan	77.00	83.00	-	-	-
5. Teacher awards, Emeritus fellowships and Research fellowships	364.10	337.71	397.01	560.76	1085.84
6. Scholarships and fellowships under Engineering and Technology	93.34	131.29	110.23	117.24	112.49
7. Grants to non-university institutions	3.08	4.32	6.77	7.07	21.45
Total	12508.24	14361.74	18060.65	19433.01	21697.64
Plan					
1. Development of linkages between different sectors	605.92	494.69	800.41	504.72	722.62
2. Schemes for quality improvement of education	4585.44	6543.50	9386.39	8834.52	7500.02

	1985-86	1986-87	1987-88	1988-89	1989-90
3. Programme for quality improvement of research	2439.70	2648.04	3386.81	3208.65	4095.52
4. Programme to reduce disparities	153.10	246.37	328.89	339.66	509.95
5. Programmes for improvement of management	48.09	75.64	160.30	312.77	200.16
6. Development of engineering and technology	551.96	568.28	1328.63	1308.26	1217.86
Total	8384.21	10576.52	15389.43	14508.58	14246.13

Expenditure out of grants from Government of India and other sources for specific purposes

1. Grant from Ministry of Human resource Development					
(i) National Services Scheme, National sports Programme and Scheme for Handicapped	24.63	64.96	144.04	43.29	92.00
(ii) Grant from Ministry of Science and Technology strengthening disciplinary training and teaching biotechnology	353.19	0.92	16.00	-	0.06
2. Expenditure from Endowment Funds Grants from other sources	-	2.00	1.00	1.00	3.00
3. Expenditure out of interest on Endowment Fund	0.53	1.96	1.02	0.29	1.52
Total	378.35	69.84	162.06	44.58	96.58

Annexure II

Position of outstanding utilisation certificates for Plan and Non-Plan grants as on 31st October 1990.

Year to which utilisation certificates pertain	Plan		Non Plan	
	No of items	Amount (Rupees in lakhs)	No. of items	Amount (Rupees in lakhs)
1958-59	13	12.95	Nil	Nil
1959-60	33	15.52	-do-	-do-
1960-61	128	20.99	-do-	-do-
1961-62	223	59.48	-do-	-do-
1962-63	663	97.36	-do-	-do-
1963-64	850	145.99	-do-	-do-
1964-65	1426	135.34	-do-	-do-
1965-66	1586	181.36	-do-	-do-
1966-67	1516	209.30	-do-	-do-
1967-68	2210	291.43	-do-	-do-
1968-69	2594	292.38	-do-	-do-
1969-70	4251	207.71	-do-	-do-
1970-71	4860	630.61	-do-	-do-
1971-72	5768	724.46	-do-	-do-
1972-73	3822	751.95	4	5.65
1973-74	2941	592.71	4	3.32
1974-75	3532	330.00	3	151.01
1975-76	4530	765.69	1	4.75
1976-77	5648	1182.16	1	2.15
1977-78	7707	723.25	71	393.08
1978-79	7096	1541.45	18	124.97
1979-80	5992	885.15	1322	129.63
1980-81	3928	420.23	1808	227.69
1981-82	5419	180.70	1290	811.21
1982-83	3524	444.03	1158	597.16
1983-84	1863	1061.35	1550	1209.59
1984-85	8513	4597.41	994	294.60
1985-86	4195	2009.76	1672	2929.91
1986-87	7851	5410.80	899	2903.45
1987-88	10024	10038.89	1173	12703.36
1988-89	8503	10193.56	1377	16328.30
Total	121214	44153.97	13345	38819.83
	Plan		121214	44153.97
			134559	82973.80

**National Council of Educational
Research and Training**

**3. Computer Literacy and Studies
in Schools**

3.1 Introduction

A project for providing computer literacy and studies in schools (CLASS) was introduced in June 1984 keeping in view the role of computer in different fields of human activity. The objectives of the project were to demystify the computer, provide students with a broad understanding of the computer and their use, familiarize them with a range of computer applications and provide hands-on experience. The computer literacy classes were not part of the curriculum; students opting for computer literacy classes were exempt from periods prescribed for socially useful productive works or work experience, games, library etc.

The main tasks involved in the implementation of the project were identification of resource centres for providing training to teachers, identification of schools and selection of teachers, selection and provision of hardware and software and provision of requisite facilities in schools.

3.2 Organisational set up

The National Council of Educational Research and Training (NCERT) was designated as the nodal agency for implementing the project which was jointly administered by the Ministry of Human Resource Development (Ministry) and the Department of Electronics (Department). The Ministry was responsible for identification of schools in consultation with the

State Governments/ Union Territories for introduction of the project and the resource centres. The Department was responsible for looking after the availability of computers. Upto 1986-87 the Department provided funds to the NCERT for meeting expenditure on resource centres, schools and purchase of software, and to Computer Maintenance Corporation Limited (CMC) and Semi-Conductor Complex Limited (SCL) for purchase of hardware. From 1987-88, the Ministry provided funds to the State Governments/ Union Territories and other agencies (Kendriya Vidyalaya Sangathan, Atomic Energy Education Society, Bal Bhawan Society, Central Tibetan Schools Administration) to meet the expenditure on schools, to the NCERT for meeting expenditure on resource centres and to the CMC for purchase of hardware.

The implementation of the project was to be monitored by the NCERT which was also responsible for providing the necessary academic back-up. A steering committee consisting of Secretary, Department of Electronics, Adviser (Education) of the Ministry and representatives of NCERT was appointed in June 1984 to monitor the implementation of the project.

3.3 Scope of Audit

A review of records of the NCERT relating to the implementation of the project from 1984-85 to 1988-89 was conducted in May - October 1989. The result of review supplemented by information supplied by the CMC, the Department and the Ministry was communicated to the Department and the Ministry in November 1989, for verification of facts and figures and comments, if any. The Ministry furnished its

reply, in February 1991, which was stated to have been prepared in consultation with the Department. The review has been modified taking into account the reply.

3.4 Highlights

- The project initially approved by Eletronics Commission as a 'Pilot Project' was continued only with the administrative approval of the Ministry though the total expenditure was Rs.3148.25 lakhs up to 1989-90. Ex-post facto approval of the Cabinet was obtained in May 1990 only. The Ministry admitted that the failure to take a decision for the implementation of the project on regular basis and the resultant uncertainty about its continuance was responsible for several shortcomings noticed in its implementation.

Out of the total expenditure of Rs.3148.25 lakhs incurred by Government of India upto 1989-90, Rs.973.42 lakhs had remained unutilised with the CMC, the NCERT and the SCL.

Out of Rs.119.31 lakhs received by 24 State Governments/Union Territories upto 1988-89, Rs.47.16 lakhs remained undisbursed; the undisbursed amounts constituted 40 to 70 per cent in different States. Utilisation certificates were not received by the Ministry

from the State Governments. In a number of cases funds were released by the State Governments to schools which did not implement the project or in which computers had not been installed or schools which were not conducting the classes.

- Out of Rs.36.61 lakhs sanctioned by the Ministry for Kendriya Vidyalaya Sangathan up to 1988-89 expenditure of Rs.6.74 lakhs only had been incurred and Rs.13.21 lakhs was lying unspent with 269 schools.

- No information was available with the NCERT about the expenditure incurred by resource centres and the unspent balances out of the funds released to them at the rate of Rs.0.30 lakh per annum. An amount of Rs.20.87 lakhs (32 per cent) out of Rs.65.88 lakhs released to 30 resource centres test-checked remained unspent; audited statement of accounts for Rs.33.03 lakhs had not been submitted by 13 resource centres test checked.

- The number of schools selected up to 1989-90 was 2598. The lists of schools were finalised late each year leading to delay in procurement and installation of computers in the selected schools. Consequently, computers had been installed in 1694 schools only (65 per cent).

Against the number of 5.47 lakh students that could have been trained, 74387 (13 per cent) student only were actually enrolled.

The procurement of hardware fell short of requirement; 8197 systems only had been procured against 8271 systems required in respect of the schools selected up to 1988-89. Of the 8197 systems, 5141 systems only had been installed up to 1989-90. The interval between receipt of computers in resource centres and their despatch to schools ranged from 2 to 12 months and the interval between receipt of computers in schools and their installation by CMC ranged from 2 to 27 months. Ninety-seven systems and 938 software packages had been supplied to others i.e. the Ministry and the Department resulting in diversion of funds.

Fifty two schools (23 per cent) out of 228 test checked had reported defects in hardware on account of which the system was inoperative for 30 days or more in a year. Of the 52 schools, in eight schools the computers were not working from the date of installation while in others the computers remained out of order for periods ranging from one to 39 months.

Software packages were purchased mostly on single tender basis. Extra

expenditure of Rs.7.79 lakhs was incurred by the NCERT in the purchase of software on account of non-supply of blank diskettes to software firms. Purchase of defective software from three firms, which could not be used, resulted in infructuous expenditure of Rs.9.93 lakhs. The NCERT also paid Rs.2.05 lakhs as development charges for a software, which was excessive. Failure to consider the offer of a firm for supply of British software at a cheaper rate resulted in avoidable expenditure of Rs.3.36 lakhs. A software package purchased at a cost of Rs.12.93 lakhs remained unused.

There was no uniformity in supply of packages to schools. Several items remained unused on account of lack of training, transfer of trained teachers, lack of new programmes, delay in installation and defective software.

The average number of schools attached to a resource centre was 42, far in excess of the norm of 20 to 25 schools envisaged. The requirement that schools should be situated within about 100 kilometres of a resource centre was also ignored.

Against 6981 teachers to be trained for the schools selected upto 1988-89 only 5108 teachers were trained

upto March 1990, as a number of resource centres did not function and those functioning did not conduct the requisite number of training courses.

Resource persons did not visit the schools for purposes of liaison and providing support, excepting a few at the time of installation of computers. Project fellows for training of teachers were not appointed or vacancies were not filled up in some resource centres.

The implementation of project in the schools fell short of the norms as several schools were not willing to participate in the project, computer classes were not conducted, the prescribed curriculum with regard to number of students to be enrolled, number of classes to be held, etc. was not followed. The number of students enrolled ranged from 3 to 450. There were also drop outs of 18 per cent in Andhra Pradesh and 20 to 75 per cent in West Bengal in some schools.

The involvement of NCERT in monitoring the project seemed minimal and was confined to distribution of funds.

Though the weaknesses in the implementation of the project had been pointed

out in an evaluation, adequate action had not been taken to make it more effective.

3.5 Project sanction

The proposal to introduce a country-wide CLASS Project mooted by the Department in November 1983 aimed at starting computer education programme as pilot project in about 500 Central Schools at an estimated cost of Rs.4 crores. On the basis of experience gained through the pilot project, the programme was to be extended subsequently to all schools across the country involving an investment of Rs.300 crores. However, in view of resource constraints the pilot project was limited to 250 schools in 1984-85 and the extent of coverage in the Seventh Five Year Plan was to be decided after assessing the results of the pilot project. No estimate of expenditure involved in introducing the project in 250 schools was prepared nor was the approval of Electronics Commission obtained.

The Space Application Centre (SAC) Ahmedabad was entrusted with the evaluation of the pilot project in December 1984. The SAC carried out the evaluation in six schools in Ahmedabad in June 1985 and submitted its report in July 1986 as mentioned in paragraph 3.13 *infra*. However, even before the evaluation was conducted and the report was received, the Electronics Commission approved, in February 1985, the expansion of the programme to 1000 schools during 1985-86 at an estimated cost of Rs.10 crores. The expansion was actually implemented in two phases in 1985-86 and 1986-87 due to restricted budget allocation.

The National Policy on Education - 1986 stated that programmes of computer literacy would be organised on a wide scale from the school stage. A programme of action prepared by the Ministry, in August 1986, for implementation of the National Policy envisaged extension of computer literacy programmes to cover all higher secondary schools by 1991, secondary schools by 1995 and elementary schools in the long run. Further, in June 1987 in a meeting held in the Ministry to discuss the project, it was decided that the literacy project should be implemented at higher secondary stage and should aim to cover about 13000 higher secondary schools by the end of Seventh Five Year Plan. A working group constituted by the Department to specify programme objectives for computer education in schools also recommended, in February 1988, that 13000 schools should be covered under the project by 1990. In June 1988, the Department and the Ministry sent a note for the Cabinet for covering 13000 schools at an estimated cost of Rs.198.58 crores to the Planning Commission and the Ministry of Finance for their comments. Both the proposed size and the quantum of outlay were questioned by the Planning Commission and the Ministry of Finance; the latter also directed that such a large proposal should be routed through the Expenditure Finance Committee(EFC).

The Department submitted in November 1988, a proposal to the EFC to expand the project to cover 13000 higher secondary schools by 1990, involving an outlay of Rs.198.58 crores. The EFC decided in March

1989 that the project should be implemented within the allocation of Rs.6.5 crores available for 1988-89. The foreign exchange requirement for the project was also not approved.

Meanwhile, the project was extended in 1987-88 and 1988-89 based on budget allocations and expenditure of Rs.25.28 crores had been incurred on the project up to March 1989. This was beyond the financial powers of any individual Ministry or Department as per the scheme of Delegation of Financial Powers and required approval of the Cabinet.

The Ministry stated, in August 1990 and February 1991, that a provision of Rs.6.20 crores had been made for the project in 1989-90 in anticipation of Cabinet approval and the *ex post facto* approval of the Cabinet had been obtained in May 1990, for the expenditure of Rs.8.68 crores incurred in excess of Rs.20 crores in the Seventh Five Year Plan up to March 1990. The Ministry admitted that several shortcomings in the implementation of the project such as delay in selection of schools, installation of hardware, non-functioning of computer systems, etc., (as mentioned in the subsequent paragraphs) were attributable to the fact that no decision could be taken for the implementation of the project on a regular basis and the resultant uncertainty about its continuance.

3.6 Financial outlay

3.6.1 Budget and expenditure : The table below shows the budget provision and expenditure on the project during 1984-85 to 1989-90:

(In lakhs of rupees)

Year	Budget Provision			Expenditure		
	Depart- ment	Ministry	Total	Depart- ment	Ministry	Total
1984-85	280.79	-	280.79	280.79	-	280.79
1985-86	343.25	59.75	403.00	394.00	56.84	450.84
1986-87	300.00	100.00	400.00	519.86	-	519.86
1987-88	300.00	600.00	900.00	90.00	539.11	629.11
1988-89	50.00	600.00	650.00	50.00	598.20	648.20
1989-90	20.00	600.00	620.00	20.00	599.45	619.45
Total	1294.04	1959.75	3253.79	1354.65	1793.60	3148.25

The expenditure excluded Rs.240 lakhs representing value of 900 computer systems (valued at Rs.152 lakhs) and software packages (valued at Rs.88 lakhs) received in December 1984 from the Government of United Kingdom as aid. The expenditure of Rs.3148.25 lakhs upto 1989-90 comprised Rs.2507.01 lakhs paid for procurement and distribution of hardware, Rs.295.86 lakhs for expenses in school, Rs.244.82 lakhs for expenses of training of teachers in resource centres, Rs.91.03 lakhs for purchase of software and Rs.9.53 lakhs towards other expenses. The amounts were paid to various agencies as under:

CMC - Rs.2042.70 lakhs for procurement of peripherals and distribution of hardware to schools and resource centres, of this amount Rs.809 lakhs remained unutilised (September 1990). The Ministry stated, in February 1991, that the non-utilization of funds by the CMC was due to the time required for attachment of resource centres to schools, procurement of hardware testing/ packing, transportation etc, unwillingness of the resource centres to accept equipment and unpreparedness on the part of some of the schools.

SCL - Rs.464.31 lakhs for supply of computers; according to the Ministry (February 1991) the SCL

had an unspent balance of Rs.9.51 lakhs at the end of March 1989, after adjusting the cost of computers supplied to the CMC for onward distribution.

NCERT - Rs.456.74 lakhs for procurement of software, payments to resource centres and supply of books to schools etc; of this amount, Rs.154.91 lakhs remained unutilised (March 1990), including Rs.49.61 lakhs which had been paid to the NCERT upto March 1989. The Ministry stated, in February 1991, that the NCERT could not utilise the funds due to time required for development of indigenous software, and less demands from resource centres.

State Governments/Union Territories and other agencies - Rs.164.47 lakhs for distribution to schools.

The grants were released by the Ministry at the fag end of the year, in March, resulting in non-distribution of the grants to resource centres and schools in that year. For the year 1989-90, the Ministry released a grant of Rs.121.18 lakhs to the NCERT in March 1990; this amount could not be released to State Governments/ nodal agencies by NCERT before the end of 1989-90. The Ministry attributed (February 1991) the release of grants at the fag end of the year to continuation of the project on adhoc basis from year to year.

3.6.2 *Undisbursed amounts :*

The grants sanctioned by Ministry to schools were paid by the NCERT to State Governments/ nodal agencies which disbursed the amounts to schools usually after delays of 4 to 12 months. Further, heavy amounts remained undisbursed with the State Education departments/ nodal agencies. Out of Rs.119.31 lakhs received by 24 State Governments and Union Territories upto 1988-89, an amount of Rs.47.16 lakhs (40 per cent) remained undisbursed. Such undisbursed amounts ranged between 40 and 50 per cent in Arunachal Pradesh, Bihar, Karnataka, Maharashtra and Orissa, 51 and 70 per cent in Dadra and Nagar Haveli, Gujarat, Kerala, Meghalaya, Mizoram, Nagaland, Sikkim and West Bengal, and were more than 70 per cent in Andhra Pradesh and Pondicherry. Information was not available in respect of Delhi, Himachal Pradesh and Madhya Pradesh, while Andaman and Nicobar Islands, Chandigarh, Punjab and Manipur had shown the grants as wholly distributed. The Ministry stated, in February 1991, that the utilization certificates were not being sent by the State Governments in most cases and that the matter had been repeatedly taken up with them. The funds remained undisbursed because of non-participation of the selected schools in the Project due to unwillingness, non-preparation in terms of physical facilities, delay in installation of equipment and duplication in selection in the case of some schools.

3.6.3 *Payment of grants to schools :* (a) In a number of cases grants were paid to schools though computers had not been installed in the school or the school was not

conducting the classes as mentioned below :

Andaman and Nicobar Islands : Grants amounting to Rs.0.07 lakh were paid in 1987-88 to two schools which did not implement the project.

Delhi : Two schools were paid Rs.0.07 lakh each for 1987-88 and 1988-89 though in one school no classes were held and in the other classes were held in 1987-88 only.

Himachal Pradesh : Two schools received grants of Rs.0.11 lakh though computers had not been installed; of the total amount released, Rs.0.04 lakh were shown as spent.

Kerala : Twenty schools were paid grants totalling Rs.0.70 lakh for 1987-88; in 19 schools computers had not been installed and in one school classes were not held as no teacher had been trained. While three schools refunded the amount, seventeen schools retained the grant for utilising it in 1988-89 when they received the computers.

Manipur : Three schools were paid Rs.0.11 lakh though classes were not held in 1987-88 and 1988-89 in one school and in 1987-88 in another school and one school had not been supplied the computer system.

Mizoram : One school was paid Rs.0.04 lakh in 1986-87 though classes were not held.

Orissa : Five schools were paid Rs.0.25 lakh as grants for the years 1985-86 to 1988-89 during July 1988 to March 1990, even though computers were installed in two

schools in 1989-90 and had not been installed in the remaining three schools.

Punjab : Two schools which were not operating the programme because teachers had not been trained or were frequently transferred were paid the grant of Rs.0.07 lakh in 1988-89.

Uttar Pradesh : Rs.0.24 lakh were paid to five schools of which one school had no electricity, three schools were not running the project and the fifth school was non-existent.

The Ministry stated, in February 1991, that since 1989-90 funds were being released to the State nodal officers with instructions to ensure that funds were provided only to those schools where the systems had actually been installed.

(b) A large number of schools did not spend the grants wholly or partially; but had retained the balance amount with them. Out of Rs.7.35 lakhs paid during 1984-85 to 1988-89 to 165 schools test checked, an amount of Rs.3.05 lakhs (40 per cent) was unspent and remained with the schools.

(c) The Ministry paid grants in respect of Kendriya Vidyalayas to the Kendriya Vidyalaya Sangathan (Sangathan) New Delhi for distribution to schools. The Sangathan did not accept the grant of Rs.11.37 lakhs for 1988-89 as it already had huge unspent balances and out of Rs.25.24 lakhs received by it for the years 1984-85 to 1987-88, Rs.5.29 lakhs (grant for 1987-88) was lying undisbursed with the Sangathan. The Sangathan also

informed the Ministry, in February 1990, that an amount of Rs.13.21 lakhs was lying unspent with 269 schools. Thus out of Rs.36.61 lakhs sanctioned by the Ministry up to 1988-89, expenditure of Rs.6.74 lakhs only had been incurred by the schools.

The Ministry stated, in February 1991, that the Sangathan had been permitted to utilize the unspent amount upto June 1990 and that it had been reminded to send the utilization certificate which was still awaited.

(d) The amount of Rs.3500 per year paid to the schools was intended to cover expenditure on purchase of minor items for computer rooms, purchase of stationery, TA/DA to school staff for going to resource centres. Some of the schools spent the amount on other items such as purchase of carpets, electrical fittings, furniture, vacuum cleaner, marblex flooring, steel almirahs, etc. Such expenditure on inadmissible items amounted to Rs.1.05 lakhs in Karnataka (Rs.0.15 lakh), Maharashtra (Rs.0.53 lakh) and Orissa (Rs.0.37 lakh). In Bihar the State Government sanctioned Rs.2.40 lakhs for construction of computer rooms in 20 schools. In Sikkim, in one school loans amounting to Rs.7614 were advanced to employees for different purposes out of project funds. In Himachal Pradesh, one school at Sanawar to which two computers were supplied in 1985 and which purchased two computers in 1987, charged Rs.725 per student per annum from the 750 students trained from April 1989. The Ministry stated, in February 1991, that the diversion of contingent grants for other purposes had been brought to

the notice of State/Union Territories Governments for taking remedial action.

(e) The majority of the schools had not maintained separate cash account for the grant, but had merged the grants with school funds. Utilisation certificates were not furnished to the State education authorities regularly by the schools. The State agencies neither furnished the consolidated utilization certificates to the Ministry nor kept watch on the submission of utilization certificates by the schools.

3.6.4 Payment of grants to resource centres : (a) The NCERT received from the Ministry and paid to the resource centres Rs.164.96 lakhs during 1984-85 to 1989-90 at the annual rate of Rs.0.30 lakh per resource centre. No information was available with the NCERT about the expenditure incurred by resource centres and the unspent balances. In 30 resource centres test checked Rs.20.87 lakhs out of Rs.65.88 lakhs (32 per cent) received up to March 1989, remained unspent. The short fall of expenditure was generally attributed to less number of training courses, non appointment of project fellows, etc.

The resource centres were required to submit the audited statement of accounts. Test check showed that 13 resource centres had not submitted such statements for Rs.33.03 lakhs.

The NCERT stated, in August 1990, that 10 resource centres had submitted the accounts in 1989-90, since the resource centres were required to submit the audited statement of accounts by 30th June

only a few resource centres had submitted the accounts; however, further funds were released to resource centres only after receipt of unaudited statement of accounts from them. The Ministry stated, in February 1991, that taking a serious view of the matter, the resource centres had been informed that no more funds would be released unless the audited statements of account of expenditure for the previous years are submitted by them.

(b) The grants which cover expenses of training of teachers were paid to several resource centres, irrespective of the extent of functions performed by them. One resource centre in Haryana was paid Rs.1.28 lakhs during 1984-85 to 1988-89, though only 12 teachers were trained in the centre and no project fellow had been appointed. The centre had spent Rs.0.20 lakh only. One centre in Assam (Silchar) was paid Rs.2.63 lakhs, though it had conducted only two training programmes (in 1987 and 1988) and incurred an expenditure of Rs.1.75 lakhs.

(c) The grant paid to resource centres covered inter alia, daily allowance to resource persons for 20 days in a year. Information furnished by schools test checked in audit showed that no resource persons had visited the schools after installation of computers, vide paragraph 3.10 below.

(d) Project fellows were not continuously employed in most of the resource centres test checked, but were employed for one to six months and were continuously changing. According to the resource centres, the remuneration paid to project fellow was inadequate and qualified

persons were not forthcoming.

(e) In Karnataka, in one resource centre at Mysore, payment of daily allowance at higher rates than prescribed resulted in excess of Rs.0.24 lakh. Three resource centres in West Bengal had been paid Rs.10.01 lakhs against Rs.7.20 lakhs due to them, and had incurred

expenditure of Rs.8.15 lakhs during 1984-85 to 1988-89.

3.7 Physical progress

(i) Against the initial target of 13000 schools proposed to be covered during the Seventh Five Year Plan, the annual targets and achievements upto 1989-90 were as under :

Year	Target	Achievements		Number of students enrolled
	Number of schools	Number of schools selected	Number of schools in which system was installed	
1984-85	250	248	215	2214
1985-86	500	501	383	6539
1986-87	500	500	359	13486
1987-88	700	700	247	18904
1988-89	380	378	176	21945
1989-90	271	271	314	11299
Total	2601	2598	1694	74387

(ii) The Ministry stated, in February 1991, that the target of 13000 schools remained a dead letter because adequate funds for that large a coverage were never made available in the ad hoc year to year allocations. The list of schools for 1987-88, 1988-89 and 1989-90 were finalised belatedly after the close of the financial year, in April 1988, April-May 1989 and April 1990 respectively.

(iii) Due to the delay in finalising the list of schools the procurement and installation of hardware in the schools was delayed. Consequently though 2327 schools were selected upto 1988-89, computer systems had been installed in 1380 schools (60 per cent) only upto 1988-89 and in 1694 schools (65 per cent) upto 1989-90.

(iv) Against the capacity of 5.47 lakhs students created upto 1989-90, the number of students actually enrolled was only 74387 (13 per cent).

3.8 Hardware

3.8.1 Procurement : The choice of hardware (micro-computer) was determined on the recommendations of an Expert Group which recommended BBC-ACORN as the most suitable micro computer. The configuration of the system was BBC-MICRO-32K RAM, medium resolution graphics colour monitor, floppy drive, and printer.

During 1984-85, 900 systems valued at Rs.1.52 crores (Pound Sterling 7,61,675) were received from the United Kingdom as aid. The CMC which was responsible for

procurement, distribution, installation and maintenance of hardware was purchasing the micro-computer ('UNICORN') of the same configuration, indigenously from SCL, while peripherals viz., monitor, disk drive and printer were imported from Japan and United Kingdom. The CIF value of the total imports upto 1988-89 was Rs.429.86 lakhs.

The total expenditure on procurement of hardware up to March 1989 comprised cost of micros (Rs.542.27 lakhs, including Rs.464.31 lakhs paid to SCL), cost of imported peripherals (Rs.429.86 lakhs), local accessories (Rs.39.56 lakhs), warehousing and distribution charges (Rs.74.90 lakhs), installation charges (Rs.13.07 lakhs).

Besides, the annual maintenance charges paid to CMC

amounted to Rs.159.26 lakhs upto 1988-89.

During 1989-90 expenditure of Rs.439.09 lakhs was incurred on hardware; information regarding expenditure incurred separately for procurement, supply, warehousing, installation and maintenance was not available.

Each resource centre and school was supplied seven systems and two systems respectively upto 1986-87. From 1987-88 the number of systems supplied to schools was increased to five.

The distribution of the systems to the schools was done by the CMC in consultation with the project co-ordinator in the resource centre on receipt of the lists of nominated schools. The number of systems procured and installed are given in the table below :

Year	Number of schools (target)	Number of systems required in		Number purchased	Number installed in		Cumulative balance remaining with CMC/RC
		Schools	Resource Centres		Schools	Resource Centres	
1984-85	250	500	294	1250	430	294	526
1985-86	500	1000	56	1150	766	56	854
1986-87	500	1000	21	900	718	21	1015
1987-88	700	3500	-	1200	494	-	1721
1988-89	380	1900	-	1436	778	-	2379
1989-90	271	1355	49	2261	1570	14	3056

(a) Against the requirement of 8271 systems for the schools and resource centres nominated upto 1988-89, 8197 systems were procured upto 1989-90, of which 5141 systems only had been installed.

(b) Out of 700 schools selected for 1987-88, computer systems for 628 schools were

despatched to respective resource centres and installed in 456 schools only upto March 1990. In respect of schools selected for 1988-89, the procurement of hardware had not been finalised till September 1989

(c) Two hundred and seventy eight system supplied by the SCL to the CMC were returned by the latter

in August 1988 for repairs and had not been received back (January 1991).

(d) Ninety-seven systems had been supplied to others i.e. the Ministry and the Department though the justification for such distribution was not clear; this represented diversion of funds. According to the Ministry, 65 computers had been supplied to institutions and administrative Ministries connected with the Project and 32 were in floating stock with CMC.

(e) Neither the NCERT nor the Ministry was maintaining an inventory of the systems supplied to schools/resource centres though these were the property of the Government.

3.8.2 Installation of computers : Pending preparation of rooms or acceptance of the computers by schools, the CMC despatched the computers to the resource centres. The interval between receipt of computers in resource centres and their installation in schools ranged from 2 to 12 months. In several cases, the computers had been despatched to schools even before the schools were ready to receive the computers, which indicated lack of co-ordination between resource centres, the CMC and schools. Consequently, the computers were lying in the schools uninstalled for a long time.

The large number of systems which remained uninstalled with resource centres and schools entailed blocking of funds.

A test check of records of resource centres and schools in March - May 1990 revealed the following :

Andhra Pradesh : Out of 141 schools selected upto 1988-89, computers had not been provided to 8 schools selected for 1987-88, and 24 schools for 1988-89. Ten computers supplied to two schools in June 1989 had not been installed upto March 1990. The time taken in installation of computers after receipt in resource centres ranged from one to three months in 68 cases, three to six months in 27 cases and was more than six months in 12 cases; the delays were attributed to non-preparation of rooms.

Assam : Thirty five computers received in respect of seven schools selected for 1988-89 were lying in the resource centre for over nine months. Five computers supplied to one school in October 1989 had not been installed upto March 1990.

Bihar : Computers supplied to one school in March 1989 had not been installed upto June 1990 and in another school computer supplied in February 1989 was not operational as software was not supplied. In two resource centres, out of 197 systems received, 169 systems had been installed in schools. As many as 16 systems had not been installed for more than 12 months (June 1990).

Delhi : Computers supplied to two schools in December 1986 and March 1989 were installed after delays of 11 months and six months respectively.

Manipur: Computers received in July 1986 were installed in October 1988, after two years and three months, in one school.

Gujarat: In two resource centres at Ahmedabad and Surat, 40 and 10 computers remained undistributed from May 1989 and April 1989 respectively.

Himachal Pradesh: Five computers received in December 1988 for one school were still with the resource centre at Chandigarh. In one school computers received in April 1987 had not been installed (March 1990).

Karnataka : Out of 170 computers received upto March 1989 by two resource centres at Gulbarga and Mysore, 17 computers had not been despatched to the schools. The time taken for installation in 38 schools was over 12 months in 5 schools, 9-12 months in 12 schools, 6-9 months in 2 schools, 3-6 months in 13 schools and 1-3 months in 6 schools. In two schools, computers received in December 1984 and September 1985 were installed after four months.

Kerala : Ten computers received in December 1988 by one resource centre at Thiruvananthapuram for two schools at Agathy and Minicoy were still to be installed (June 1990). The computers received in December 1986 by the resource centre at Cochin for one school in Mattanchery were yet to be installed (September 1990). Further, out of 45 computers received in January 1989 for 9 schools by the State Institute of Education, Thiruvananthapuram, 20 computers were installed in May 1990 and 25 computers remained to be installed (August 1990). In respect

of four out of eight schools attached to the resource centre at Thiruvananthapuram, the time taken for installation ranged between three and 11 months.

Madhya Pradesh : Out of 313 computers received upto 1988-89 in the resource centres only 188 computers had been installed in schools upto March 1989. Computers had not been installed in 29 schools of 1987-88 and 17 schools of 1988-89 (June 1990).

Mizoram: While in one school computers received in July 1986 were installed after a delay of 10 months, in three other schools the equipment received in July 1989 had not been installed (March 1990).

Maharashtra: Twenty computers received in January 1989 for four schools of 1987-88 were lying with the resource centre (June 1990).

Orissa: Sixty-five out of 288 computers received up to 1988-89 in three resource centres had not been installed in schools. The time lag between receipt of systems in resource centres and installation in schools was over 12 months and the time lag between receipt in the school and installation ranged between five months to two years in four schools test checked. In one school, the systems supplied in January 1987 had not been installed (March 1990).

Pondicherry: In one school two computers supplied in September 1986 were installed in November 1987.

Rajasthan : Ten computers received in two resource centres at Ajmer and Jaipur (five each) during 1987-88 and 1988-89 respectively had not been installed in schools.

Uttar Pradesh: In the resource centre at Varanasi, 27 of the 96 systems received upto 1988-89 (2 in 1986-87 and 25 in 1988-89) were still in stock. Out of 29 schools attached to this centre up to 1988-89, computers had been installed in 23 schools; installation in two schools was awaiting CMC engineer, one school could not be located by the resource centre and three schools had not intimated their preparedness. In respect of 19 schools the time taken by the resource centre ranged from two to 12 months. In the resource centre at Allahabad to which 41 schools were attached, computers had not been supplied by CMC in respect of 22 schools. Delay of four to 41 months occurred in installation of computers after their receipt in four schools.

West Bengal: Delay of four months occurred in one school.

The Ministry stated, in February 1991, that the matter was being referred to the concerned States/Union Territories for taking necessary action.

3.8.3 Non-functioning of computers : The resource centres were responsible for maintenance of computers in schools in co-ordination with the CMC.

Out of 228 schools in various States/Union Territories test checked in Audit, 52 schools (about 23 per cent) had reported defects in hardware on account of which the system was inoperative for 30 days or more in a year.

An analysis of the 52 cases showed that in 8 schools the computers were not working from the date of installation - four from

December 1985, two from January 1986 and one each from May 1987 and August 1989; in 11 schools computers remained out of order for one to four months; in 13 schools for five to eight months; in four schools for 8-12 months; in eight schools for 12-24 months; in seven schools for 24-36 months and in one school for 39 months as on March 1990.

The Ministry stated, in February 1991 that the gap in communication between the schools and the resource centres and between resource centres and CMC may have been the cause of delay in most of the test checked cases. The Ministry admitted that there could be a few cases where CMC took a longer time to attend to the systems. However, instructions had been sent to CMC field engineers to be in touch with the resource centres and find out whether any unattached complaints were pending.

3.9 Software

The software packages to be supplied to schools consisted of (a) generic or multipurpose packages which could be used for open learning exercises irrespective of special area of interest and (b) computer based learning packages for acquiring both general and specific cognitive abilities in science, social sciences and mathematics.

3.9.1 Procurement : The software packages were purchased by the NCERT on the basis of recommendations of a High powered technical purchase Committee (Committee). The Committee did not invite open tenders but evaluated the software offered by software vendors and recommended purchase mostly on single tender basis after negotiation and keeping in view the usefulness of the

packages for the Project. The software packages were directly supplied to CMC for distribution to schools alongwith the hardware. Expenditure of Rs.91.03 lakhs had been incurred on procurement of software upto 1989-90 in addition to software worth Rs.88 lakhs received from the United Kingdom as aid.

3.9.2 Extra expenditure : The price of software packages included inter alia the cost of floppy diskettes. The Committee decided, in March 1986, that blank diskettes should be supplied by the NCERT and the price thereof (which had been quoted at Rs.47 to Rs.61) should be reduced from the total price to be paid to the suppliers. For the purchases during March 1986 to March 1989, the NCERT stipulated that the firms would reduce the cost of package by the amount of cost of floppy diskette quoted by them if blank diskettes were supplied by the NCERT.

However, the NCERT made no effort to procure in bulk blank diskettes for supply to the software firms. In February 1987, the NCERT purchased a limited number of 1500 diskettes at Rs.42 each from Electronics Trade and Technology Development Corporation Ltd (ETTDC - a Government of India Enterprise). These were also not supplied to the software suppliers. During 1986-89, a total number of 75425 software diskettes were purchased from the firms. Reckoned with reference to the cost of blank diskettes purchased from ETTDC, the extra expenditure incurred by the NCERT on account of high cost of diskettes charged by the software suppliers worked out to Rs.7.79 lakhs.

The NCERT, in July 1990, and the Ministry, in February 1991,

stated that diskettes could not be supplied to the firms as the Department did not permit their import, the market price at that time ranged from Rs.50 to Rs.55 per diskette, price reduction to the same extent was offered by the suppliers and that bulk procurement of diskettes for supply to firms could not be arranged owing to non-availability of storage space and manpower. The reply is not tenable as the cost of diskette was Rs.42 only in 1987 (supplied by ETTDC) and diskettes could have been supplied straight away to the software firms obviating the need for storage in the NCERT.

3.9.3 Defective software : (a) In January 1986, the NCERT placed an order on firm 'A' for supply of 1000 copies of a package CAMPUS/CLASS at Rs.260 per package. The firm supplied 50 copies in June 1986, which were sent to 50 resource centres in December 1986, for use on trial basis. Despite adverse reports from the resources centres in August 1987 that the system was too complex, slow and needed frequent change of diskettes, the Committee decided, in November 1987, that another 250 copies might be procured and distributed to 250 selected schools. Accordingly, the firm supplied 250 copies in May 1988, out of which 151 copies were distributed to schools. The software had not been used as it was not functioning. Thus the expenditure of Rs.0.78 lakh proved infructuous.

The NCERT stated, in July 1990, that since the response from resource centres was negligible it was considered by the Committee that the software might be used in some selected schools to obtain feed back from the teachers who were to use it.

(b) In October 1985 the NCERT placed an order for 1000 copies of a spread sheet package "Spreadlord" on firm 'B' of Bangalore at a total cost of Rs. one lakh. The firm supplied one master copy, in October 1985, and 1000 copies, in January 1986, which were despatched to the schools in 1985-86 and 1986-87. Meanwhile, in November 1986, the NCERT noticed that the software was deficient in several respects, operationally difficult and fell short of the capacity indicated. The firm was not willing to modify the package and the warranty expired in January 1987. The purchase of 'Spreadlord' resulted in wasteful expenditure of Rs. one lakh.

The NCERT stated, in July 1990, that as soon as the report about the software "Spreadlord" being not bug free was received it was decided not to procure any more copies and that the package was being used by those schools to which it was supplied.

(c) The NCERT purchased 1000 copies each of 11 software packages from a firm 'C' at a cost of Rs. 10 lakhs in May 1988. In April 1989, nine out of 11 software packages were found to be faulty. By then copies of packages had been despatched to 462 schools.

Although the firm rectified/replaced some of the software packages, further verification done by CMC in October 1989 showed that most of them were defective and failure rate varied from 15 to 70 per cent. Thus defective software costing Rs. 8.15 lakhs was lying with the CMC and schools. The Ministry stated, in February 1991, that as per the agreement reached between the NCERT and the supplier, all the defective

copies of the software were to be replaced by the supplier and this was being done.

3.9.4 Software development charges :
The NCERT purchased 1300 copies of software package "Physics Lab" at Rs. 412 per copy (development charges Rs. 100, cost of material Rs. 312) in December 1987 and another 1000 copies at Rs. 395 per copy (development charges Rs. 75, cost of material Rs. 320) in July 1988. The total development charges paid to the suppliers amounted to Rs. 2.05 lakhs.

The development charges are a one time cost incurred initially for the software development and not related to mass production of a package. In all other cases of purchase of software, the NCERT had paid Rs. 0.15 lakh to Rs. 0.45 lakh (maximum) as development charges. The payment of Rs. 2.05 lakhs as development charges was therefore, excessive.

The NCERT in July 1990 and the Ministry, in February 1991, stated, that the software 'Physics Lab' was a little different from other software packages which were only disk based and for which lumpsum development charges were paid to the developer; in the case of 'Physics Lab', it was disk based as well but three experiment boards, components and boxes were to be assembled and as such equating the pack with other packs was not correct. The reply was not tenable as the aforesaid process related to mass production and not to development.

Out of 2300 copies supplied by the firm, 983 were still lying in stock with the CMC (April 1990). The Ministry stated, in February 1991, that these were being utilized

against current software requirements.

(b) LISP pack 50 copies

(c) Logo pack 50 copies.

3.9.5 Purchase of British software :

On the recommendations (March 1986) of the technical purchase committee, the NCERT placed orders on firm 'E' in July 1986 (1000 copies), in March 1987 (400 copies) and May 1988 (1000 copies) for supply of four items of software to be manufactured under licence from British firm, at rates varying from Rs.117.50 to Rs.122.50 per copy. The total value of the software was Rs.11.52 lakhs. It was observed in Audit that in March 1986 itself, another firm 'C' which had entered into collaboration with the same foreign firm for licence production of the software had offered to supply the said software at Rs.85 per copy. The offer of firm 'C' was not considered by the committee before placing orders on firm 'E' in July 1986 or in March 1987. The savings in cost if the offer of firm 'C' had been accepted would have worked out to Rs.3.36 lakhs.

The NCERT, in July 1990, and the Ministry, in February 1991, stated that the meeting of the Committee was held in March 1986, and intimation of firm 'C' was received by the NCERT after the selection was made by the Committee. No reasons were, however given why the offer of firm 'C' was not considered subsequently before orders were placed with firm 'E'.

3.9.6 Purchase of programming languages : The following packages of computer programming languages approved by the committee were purchased in October 1988:-

- (a) Logo Rom (Chip) and manual
- 2000 copies costing
Rs.12.93 lakhs

The justification for purchasing these packages was not clear, particularly as teaching programming was not one of the aims of the project. Moreover, LOGO ROM was a 'Chip' to be fitted to the computer. These were lying in stock with CMC in April 1990. The purchase of packages which were not required thus resulted in avoidable blocking of funds. The Ministry stated, in February 1991, that LOGO ROM was purchased as it was found to be very useful for schools and resource centres. However, for administrative reasons its despatch to schools was tied up with the despatch of Language ROMS. The Ministry further stated that the CMC had been advised to fix ROM Chip in one of the systems being supplied/ already supplied to schools/ resource centres.

3.9.7 Supply of software to schools

: According to the Ministry 25 packages (covering different subjects) were to be supplied to each school. However, the number of packages procured and distributed to schools varied from year to year. Out of 59 different types of software packages purchased, the number of copies purchased was 2000 or more for 35 packages, between 1000 and 2000 copies for 12 packages, between 500 and 1000 copies for 7 packages and less than 500 copies for 5 packages.

There was no correlation between the number of copies procured and the number of schools selected. For the year 1987-88, 2300 copies of four packages, 1000 copies of 23 packages and 750 copies of four packages were purchased though

the number of schools selected was 700 only. The balances in stock with CMC, in April 1990, in respect of 18 items ranged from 25 to 50 per cent of the procured quantity. In several cases, the number of copies in stock exceeded the number of schools selected in 1988-89 and 1989-90. The Ministry stated, in February 1991, that the spare copies of these packages would be used for the schools to be selected and brought under the CLASS-Project in future.

Copies of software packages numbering 938 were issued to 'others' (other than resource centres and schools); this represented diversion of funds.

3.9.8 Utilisation of software : Test check showed that several items of software remained unused on account of (i) lack of training, (ii) transfer of trained teachers, (iii) want of new programmes, (iv) the software being out of syllabus, or above standard (v) difficulty in understanding the packages being in English and (vi) delay in installation of system, besides defective software.

Andaman and Nicobar Islands : In one school, three packages relating to commerce group received in 1986-87 could not be utilised in the absence of commerce group in that school. In another school, though CLASS project was not implemented, the software supplied, in November 1985, was used for 'Computer Science' elective subject from 1987-88.

Andhra Pradesh : In three schools 9, 12 and 34 packages were not used. No reasons were furnished, except in one case where this was

attributed to non-installation of computers.

Assam : In one school eight packages, received in November 1985, were not used; no reasons were, however, on record.

Bihar : In four schools 37,5,5 and 7 software packages were not used.

Delhi : One school did not use 45 packages as these were 'not covered under CLASS', while three schools did not use 23 packages because of defects. Five other schools did not furnish the necessary information.

Gujarat : In one school, 37 packages were not used as they were not applicable for the students of Classes VIII and IX.

Himachal Pradesh : In three schools software packages were not used as these were above standard, trained lecturer was not available, and the subjects were not covered in the syllabus.

Karnataka : In 15 schools, 404 software packages out of 791 supplied remained unused from the date of supply because (i) the subjects were not relevant, (ii) the packages were above the level of comprehension, (iii) the teachers were not adequately trained and could not handle the packages, and (iv) adequate time was not available.

Madhya Pradesh : One school returned 12 packages being defective; the remaining 14 schools did not utilise 239 out of 693 packages reportedly because they

were above standard and in English not generally understood well by the students.

Maharashtra : Information available from 36 schools showed that 495 copies of certain packages of software were not used at all owing to (i) non-applicability for the classes (10 schools), (ii) not being in syllabus (two schools) (iii) standard being too high for school level (five schools), (iv) students not interested (one school), and (v) packages being faulty (eight schools). No reasons were furnished by the remaining 10 schools.

Mizoram : In two schools, 18 packages were not used as these were defective.

Pondicherry : Software packages were not used in three schools as these were above standard (one school, five packages), due to 'inadequacy of time' (one school, 31 out of 37 packages) and due to late start of the scheme (one school, 33 out of 41 packages).

Punjab : In 11 schools, 126 out of 346 software packages could not be used due to : (i) transfer of teachers (35), (ii) lack of training to teachers (23), (iii) non-allocation of periods (45), (iv) packages being non-functional (19) and (v) not covered by prescribed syllabus (4).

Rajasthan : In one school, 35 out of 40 software packages were not used as the time tables were not adjusted to provide for the computer classes; 13 packages were not used in four schools due to malfunctioning, and three packages were not used in one school due to shortage of time.

Uttar Pradesh : In two schools the systems were not operated at all, though they had been received in February and July 1987 respectively.

West Bengal : Out of 387 copies of certain packages received in 13 schools, 85 copies were not used in seven schools owing to shortage of time (two schools - 48 packages), want of interested students (one school - 8 packages) material being outside syllabus (one school - 8 packages) and defective packages (three schools - 21 packages).

While recognising that the students as well as teachers were experiencing some difficulty with English as the medium of software, the Ministry stated, in February 1991, that the State Governments had been advised to, as far as possible, transfer trained teachers under CLASS-project, only to those schools where CLASS-project was being implemented.

3.9.9 Development of language ROMS :
A working group constituted by the Ministry for evaluation of the project had observed, in February 1988, that the language of instruction of software posed problems in schools. Even earlier, in a meeting held in June 1987, it was suggested that the computers supplied to schools should be fitted with three language ROMs - Hindi, English and the regional language. The CMC stated that it had developed language ROMs in most regional languages. The progress of purchase of language ROMs was, however, slow and only in June 1989 the NCERT had placed orders on the CMC for supply of 1000 copies language ROMs at a cost of Rs.9.50 lakhs. These had not been supplied so far (August 1990).

The Ministry stated, in February 1991, that it took time to arrive at an agreeable price with CMC for supply of Language ROMS.

3.10 Resource Centres

The main functions of a resource centre were: (a) training of teachers from schools, (b) liason with and support to teachers and schools in solving problems and for this purpose visiting the attached schools regularly, (c) development of software for use in schools, (d) monitoring of the programme and (e) co-ordination with the CMC for ensuring timely repair of the malfunctioning sets.

A project co-ordinator was appointed to monitor the implementation of the programme in each resource centre. Each resource centre was paid a grant of Rs.0.30 lakh per annum for meeting expenses on training, etc. In addition a faculty member was appointed as 'Project fellow' on a remuneration of Rs.1500 per month for training teachers and providing back-up facilities. The Ministry also prescribed that a resource centre should devote 30 per cent of its time for the project.

The following table gives the year-wise details of resource centres nominated and schools attached :

Year	Number of resource centres	Number of schools attached	
		for the year	cumulative
1984-85	42	248	248
1985-86	50	496	744
1986-87	53	498	1242
1987-88	53	621	1863
1988-89	53	378	2241
1989-90	60	271	2512

(a) According to the guidelines issued by the Ministry, the schools should be in clusters of 20 to 25 so that each school is within about 100 kilometres of a resource centre. The average number of schools attached to each resource centre increased from 6 in 1984-85 to 42 in 1989-90, which was considerably in excess of the 20 to 25 schools envisaged in the scheme. The average number of schools attached to a resource centre was as high as 47 in Andhra Pradesh, 60 in West Bengal and 64 in Gujarat during 1988-89.

also not fulfilled. In respect of 96 schools attached to three resource centres in Maharashtra, the distance from the resource centre was 101 to 200 kms in respect of 36 schools, 201-300 kms in respect of 17 schools, 301 to 400 kms in respect of 16 schools and 401 to 500 kms in respect of 22 schools while 5 schools were beyond 500 kms. Two resource centres located at Chandigarh catered to 28 schools in Himachal Pradesh and 88 schools in Punjab.

The requirement that schools should be situated within about 100 kilometres of a resource centre was

The attachment of a large number of schools to a resource centre and the long distance to be covered by resource centre adversely

affected the functioning of the resource centres and coordination and monitoring of the project.

The Ministry stated, in February 1991, that due to resource constraint and the continuation of the Project on ad hoc basis, it had not been possible to expand the network of resource centres.

b) A large number of resource centres to which schools were attached did not actually function. Also the resource centres which did

function did not conduct the requisite number of training courses to train the target number of teachers. Consequently, against 6981 teachers to be trained for the schools selected upto 1988-89 at the rate of three teachers per school, only 5108 teachers were trained upto March 1990; the shortfall was 27 per cent.

The following table gives yearwise details of resource centres nominated, and teachers trained:

Year	Resource Centres		Teachers	
	to which schools were attached	functioning	to be trained	actually trained
1984-85	42	17	744	700
1985-86	49	34	1503	1018
1986-87	50	47	1500	1462
1987-88	47	43	2100	200
1988-89	46	39	1134	1350
1989-90	60	46	813	378
Total			7794	5108

The NCERT stated, in August 1990, that during 1989-90, 14 resource centres were nominated of which seven centres were additional and seven centres were in replacement of non-functional centres. These 14 centres started functioning in 1990 only.

(c) A test check of 24 resource centres in 10 States/Union territories, revealed the following:-

Andhra Pradesh: In three resource centres, 343 teachers only against 456 were trained up to March 1989. For 24 schools selected in 1988-89, no training programme had been held up to March 1990.

Assam : One resource centre had trained 169 teachers against 279 teachers to be trained up to 1988-89.

Bihar : Two resource centres trained 209 teachers against 249 to be trained upto 1988-89.

Delhi : Two resource centres were non-functional from 1987-88.

Gujarat : In two resource centres 215 teachers only were trained upto March 1989 against 363 to be trained.

Kerala : In two resource centres in Kerala, the shortfall in training was 32 (259 against 291) teachers.

Madhya Pradesh : Only 336 teachers were trained in four resource centres against 393 to be trained.

Maharashtra : The number of teachers trained in five resource centres was 519 against 627 to be trained up to March 1989.

Pondicherry: A resource centre in Madras nominated for two schools of 1987-88 and one school of 1988-89 in Pondicherry did not conduct training for these schools.

Uttar Pradesh : Against 259 teachers, the number of teachers trained in two centres was 201 upto March 1989.

(d) No refresher courses were conducted by any of the centres, test checked, except in 1985-86 (in the first batch of teachers), by some of them. The reasons for shortfall in the number of teachers to be trained were attributed to belated nomination of teachers, cancellation of schedules of training by the resource centres,

etc.

(e) Each resource centre was to appoint a Project Fellow for training teachers and providing back-up facilities. Out of 40 resource centres test checked, in three centres no 'project fellow' was appointed, in four centres vacancies that arose after the incumbents left the centres, had not been filled up for over one year, and in 10 centres the 'Project fellows' worked for six months or less on an average during each of the years 1984-89. The reasons for not appointing 'Project fellows' were stated to be generally low remuneration and unwillingness of qualified persons to join.

(f) The resource persons were required to regularly visit the schools attached for close liaison with the teachers and providing support. In most of the resource centres, test checked, the resource persons did not visit the schools except at the time of installation of the computers. The resource persons of seven out of 14 resource centres for Chandigarh, Delhi, Himachal Pradesh, Kerala, Mizoram, Nagaland, Orissa and Pondicherry had not paid any visit to the schools. In Andhra Pradesh, Assam, Bihar, Karnataka, Punjab, Uttar Pradesh and West Bengal the number of visits was less than one per school per year. In West Bengal, 77 out of 97 schools were reported to have been visited by resource persons during 1984-89. However, test check of 9 schools showed that the resource persons had visited two schools only prior to installation of computers. Similarly, resource person in one centre at Varanasi had visited the

schools once only before installation of computers.

The resource centres stated that no instructions regarding number of visits were issued by the Ministry or NCERT.

3.11 Implementation in schools

According to the curriculum prescribed by the Ministry, each school was to select up to 60 students for participating in the project. The teachers trained under the project were to be entrusted with the responsibility of conducting the courses. The curriculum was to be covered in class XI of the schools under 10+2 system and in class X in schools under 11 year Higher Secondary School system. From 1987-88 onwards, the curriculum was divided in 2 or 3 self contained units to be covered in classes VIII, IX and X. The school time table was to be rearranged to find adequate time for instruction.

The activities under the course were to be divided into three phases spread over 30 weeks in the first year; each student in a group of three or four should get access to the machine at least once in a week for one full period. The full period for CLASS Project was considered as two consecutive periods of the school. Approximately 30 periods would be needed for individual hands on experience for effective utilisation of the software.

Test check of functioning of CLASS Project in 228 schools showed that several schools were not willing to participate in the project, computer classes were not

conducted at all in some schools though the systems had been installed, the prescribed curriculum was not followed in as much as there were shortfalls in the number of students enrolled, shortfalls in the number of periods, and there were drop outs in some schools. As majority of schools test checked did not maintain attendance register of students attending the classes, the information furnished by them regarding enrolment, classes conducted, attendance etc. was not verifiable.

Andaman and Nicobar Islands : Out of seven schools selected for participating in the project upto 1988-89, the project was not implemented in four schools because of dearth of teachers in one school and non-installation of computers in three schools. Out of 15 teachers trained five could not be utilised on the project because of shortage of teachers. One school did not allot any period for CLASS during 1989-90.

Andhra Pradesh : Against 347 teachers trained upto March 1989 (including four teachers trained in the resource centre Mysore), 223 teachers only were continuing in the schools (under CLASS Project) as per information available in 107 schools. Classes were not held in one school at Warangal from May 1986 (computer installed in March 1986), and in one school at Secunderabad during 1987-88 and 1988-89 owing to transfer of teachers. The number of students enrolled was less than the prescribed number (60); the total enrollment upto March 1989 was 14513 students against 21090 students i.e. 69 per cent and the attendance was 82 per cent, with drop outs 18 per cent. The number of periods allotted

for CLASS varied from 2 to 12 periods per week in different schools.

Arunachal Pradesh : No records were maintained in one school test checked, showing the number of classes conducted, students enrolled, etc. The computers installed in February 1985 remained out of order upto March 1989.

Assam : Only two to three periods were allotted in a week and the attendance of students varied from 85 to 96 per cent.

Bihar : No teachers were trained in two schools and in six other schools out of 17 teachers trained only 11 teachers were continuing at the end of June 1990. The number of students enrolled ranged from 10 to 135 in four schools and the attendance from 62 per cent to 100 per cent. In three schools which were supplied computers in February-March 1989, students had not been enrolled and classes had not been held due to non-availability of software, non-installation of computers, teachers not trained, etc.

Chandigarh : Out of 15 teachers trained, six teachers only were continuing in six schools; the periods allotted varied from three to nine per week. No classes were held in two schools where computers were installed in January 1987 and January 1989.

Delhi : In two schools where computers were installed in March 1989 and September 1989 only 14 and 20 students respectively were enrolled.

Goa : In six schools selected upto 1987-88, 1032 students were

enrolled against 1440 students to be trained upto 1989-90. Out of 360 students enrolled in 1989-90, 44 (13 per cent) dropped out. Against 15 teachers required in the five schools test checked only 11 were trained and eight were actually working. In three schools, 12 to 17 hours of training only was imparted against 60 hours prescribed.

Gujarat : The number of periods allotted was not uniform; the utilisation of computer varied from 70 minutes to 12 hours per week in the six schools test checked. The number of students enrolled also varied from 35 to 300.

Haryana : In six schools, only 14 out of 18 teachers trained were continuing on the project in 1988-89. Classes for two to four periods per week were held; the utilisation of computer varied from three and half hours to 12 hours per week. In one school at Faridabad computers were installed in December 1985; but the teachers were not trained till 1987-88.

Himachal Pradesh : In eight schools only 17 out of 22 trained teachers were continuing on the project. The utilisation of computers ranged from 4 to 72 hours in three schools during 1988-89. No student was enrolled in three schools in 1987-88 and in two schools in 1988-89. In one school, only 20 students were enrolled in 1988-89. The number of periods allotted varied from 6 to 19 per week.

Karnataka : The enrollment of students ranged from 30 to 120 in 1988-89. In one college, no classes were held in 1988-89 owing to heavy work load; in another school the enrollment had declined from 60 in

1985-86 to 40 in 1987-88 and 10 in 1988-89, with 31 per cent attendance as the parents were not allowing the children to attend classes outside school hours. In 14 colleges which maintained attendance registers, the average attendance of students ranged between 50 and 98 per cent.

Kerala : The classes were conducted only after school hours except in two schools. The time table was not re-arranged and the periods allotted (after school hours) for computer classes ranged from 26 to 170 in a year. A review of 29 courses conducted in 10 schools from 1984-85 to 1989-90 showed that in 23 courses the average duration per course ranged from 14 to 36 hours, while in 6 courses the average duration was 87 hours. The schools were not aware about the requisite course duration.

Madhya Pradesh : In 15 schools test checked against 3420 students to be trained, 1874 students (55 per cent) only were enrolled during 1984-85 to 1988-89. In one school, though computers were installed in June 1989, no classes were held (March 1990).

Maharashtra : In 20 schools, 33 teachers were not working in the project as they were either transferred or were not willing. Information available from 133 schools out of 184 selected upto 1988-89 indicated that 15855 students were enrolled during 1984-85 to 1988-89 as against 21420 students to be trained as per norms. The number of students enrolled ranged from 3 to 450; 17 schools had less than 60 students every year. The shortfall was attributed to delay in training of teachers, delay

in installation of computers, etc.

The computer classes were not held in a school in Bombay for one and half years. The school reported that the classes could not be held for want of proper guidance to the teachers as there was frequent change of Headmasters. In another school at Miraj, the entire curriculum was reported to have been completed in one month in March 1988; no classes were held in other months during May 1987 to December 1989.

Manipur : Out of four schools test checked, in one school though computers were installed in February 1986, classes were held from 1987-88 only; the computers were utilised for 18 and 79 days during 1987-88 and 1988-89 respectively. In another school, computers installed in July 1986 were operated from October 1988 only and the attendance of students was 80 per cent.

Meghalaya : The number of students enrolled in one college dropped from 46 in 1985-86 to 29 in 1986-87; no student was enrolled in 1987-88 and 1988-89. The computer was utilised for 60 and 65 days in 1985-86 and 1986-87, and remained idle thereafter. In another college the computer was utilised for 147, 76 and 56 days during 1986-87, 1987-88 and 1988-89 respectively.

Mizoram : In two schools test checked, only two or three periods were allotted per week; the number of students enrolled was 48 and 39 in 1987-88 and 1988-89 respectively. In four schools, with 12 trained teachers, classes were not conducted at all owing to non-installation of computers (three schools) and due to

non-availability of electricity etc (one school).

Nagaland : In one out of the two schools test checked classes were conducted for 44 students in 1987-88 only though the computers were installed in July 1986. No classes were conducted in 1988-89 owing to shifting of computer to another room and want of power connection. In the other school 60 students were enrolled in 1988-89 with attendance ranging from 75 per cent to 80 per cent.

Orissa : In seven out of 10 schools test checked the computers received between September 1986 and September 1989 had not been installed or were installed late for want of accommodation. In the remaining three schools, classes were conducted with 10 students for 10 days in 1988-89 in one school though the computer was installed in January 1987, no classes were conducted in another school prior to 1987-88 though the computer was installed in July 1985, and in the third school the number of students enrolled was 48,40,48 in 1986-87, 1987-88 and 1988-89 respectively with 70-75 per cent average attendance. Only six out of ten trained teachers were continuing in three schools (March 1990).

Pondicherry : In two out of four schools test-checked teachers were trained 21 and 31 months after installation of computers and classes were commenced one and two years after installation of computers; in a third school no teacher was trained, reportedly due to inadvertance.

Punjab : Six out of 31 teachers trained in 11 schools test checked had been transferred. The

number of students enrolled was 266 only during 1988-89. Actual attendance was not recorded. In one school, five systems installed remained idle and no classes were held as trained teachers were not posted.

Rajasthan : Out of nine schools test checked, in one school, the computers installed in March 1989 were not utilised as the teachers were trained in June 1989 only and no regular periods had been allotted in school time table. In another school though 60 students were enrolled in 1988-89, classes were held for 25 hours and attended by 10 students only. In one school the number of students enrolled had declined from 108 in 1986-87 to 76 in 1988-89. In another school 23, 23 and 18 students only had been enrolled in 1986-87, 1987-88 and 1988-89 respectively.

Sikkim : Out of four schools test checked, in two schools, the classes were held after school hours. The enrollment in one school was shown as 97, 145, 98 and 196 in 1985-86, 1986-87, 1987-88 and 1988-89 respectively. However, the number of classes held came down from 52 in 1985-86 to 17 in 1988-89 and the record of actual attendance was not available. In the second school five students only were enrolled of whom four attended the classes in 1988-89.

Uttar Pradesh : In 19 colleges test checked, 48 out of 57 teachers trained were continuing. Seven colleges did not conduct classes in 1988-89, of which two colleges discontinued the project after 1985-86 and 1987-88, one college supplied with computer system in July 1986 had no electricity, and in one college the system installed in February 1987 was not operated at

all. The number of students enrolled ranged from 15 to 150, with average attendance of 15 to 120.

West Bengal : Out of 20 schools test checked, 10 schools did not conduct classes during 1988-89 since computers were not installed (four schools selected in 1987-88), hardware was defective (two schools), the school was unwilling to participate in the project (one school) and for reasons not stated (three schools). In one school no regular classes were conducted though students were enrolled and the students of each section were reported to have been taken to the computer class at least once in a month. In five schools, the number of drop outs were 20 to 75 per cent of the students enrolled. The computer utilisation was only for 15 days in a year in yet another school.

The Ministry stated, in February 1991, that the observations made by Audit had been brought to the notice of States/ Union Territories for remedial action.

3.12 Monitoring

The NCERT had prescribed bi-monthly reports to be submitted by the schools showing the number of teachers trained, students enrolled, students attending regularly, number of periods devoted to CLASS etc. The resource centres were also required to send bi-monthly reports showing the activities undertaken by the resource centres at schools and at the centre itself. In addition, a monthly report was also to be received from the 'project fellow'.

Submission of reports by the schools;
The NCERT could not furnish to

Audit information regarding the number of schools which had submitted the bi-monthly reports. Test check showed that bi-monthly reports were never submitted by schools in Andaman Islands, Arunachal Pradesh, Assam, Haryana, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim and Uttar Pradesh. In Andhra Pradesh against 1422 reports due, only 188 reports were sent. In Orissa against 894 bi-monthly reports due during 1984-85 to 1988-89 only 19 reports were received by the resource centres. Non-submission/irregular submission of reports was also noticed in respect of schools in Dadra and Nagar Haveli, Gujarat, Karnataka, Punjab, Rajasthan and West Bengal.

Submission of reports by the resource centres: The position regarding submission of bi-monthly reports by the resource centres during 1984-85 to 1988-89 was as under :

Year	Number of Resource Centres	Number of Resource Centres which submitted reports
1984-85	42	20
1985-86	50	21
1986-87	53	20
1987-88	53	15
1988-89	53	06

Thus only 12 to 50 per cent of the resource centres had submitted bi-monthly returns. The NCERT had not pursued the matter relating to non-submission of reports by the defaulting resource centres. The

NCERT stated, in August 1990, that efforts were being made to collect the reports from resource centres.

Submission of reports by the project fellows: The monthly reports from the project fellows were also not received regularly. From the information made available to Audit, it was seen that in respect of seven resource centres 82 reports only had been received against 392 monthly reports due.

Steering committee : The Steering Committee constituted in June 1984 to review the progress of implementation had not met even once after November 1986.

As already mentioned in paragraph 3.7 above, 74387 students only had been enrolled in CLASS which was far below the target and the capacity. The progress of implementation by the schools with reference to the actual number of students enrolled, trained and the number that could have been trained had thus not been monitored effectively. The NCERT had limited its involvement merely to distribution of grants to the resource centres.

The Ministry stated, in February 1991, that resource centres had been requested to send the bi-monthly reports regularly and NCERT was pursuing the matter. A Steering Committee meeting was also held on 30 October 1990.

3.13 Evaluation

Computer literacy classes were not compulsory and did not form part of the academic curriculum. It was in the nature of a hobby for selected students. The feed back from the resource centres and

schools was not only infrequent but scanty. It was, therefore, difficult to assess the impact of the project on the students and the achievement of its objectives. However, the declining trend of enrolment of students and the non-functioning of resource centres, was indicative of lack of enthusiasm on the part of participants. Inadequate monitoring by the Ministry and the NCERT also indicated that there was lack of sufficient involvement on the part of these agencies in the implementation of the project. An evaluation of the project implemented in 1984-85 in six schools conducted by the Space Application Centre Ahmedabad in June 1985 showed that no criteria was followed for selection of teachers, involvement of resource centre personnel was lacking, most of the teachers did not take the course seriously enough, opportunities for hands on training were inadequate, and none of the school students had developed broad and clear understanding of applications of computers. The study also showed that in two schools, the students were not able to work on their own, and none of the teachers had consciously attempted to utilise the computer for improving effectiveness of instruction. Further in most of the schools the physical targets were not fully reached due to various constraints and the programme could not achieve the anticipated objectives owing to lack of motivation and change intention at the school. The study *inter alia* highlighted the following:

- Language of instruction posed problems.
- Lack of regular and frequent classes.

Computer utilisation and hands on experience provided to students was uneven.

Adequacy of training needed to be reviewed.

Scheduling of computer classes in existing time-table.

A working group constituted by the Ministry to specify programme objectives for computer education, in its report (February 1988) recommended that although there had been shortcomings and weaknesses in the programme, it should be expanded to cover as large a number of schools as possible, as in the overall, the programme had been quite useful. No further evaluation of the project had been undertaken by the Ministry. The Ministry stated, in February 1991, that the programme had achieved its objectives partially.

4. Loss of interest

The National Council of Educational Research and Training (NCERT) invested the accumulations of General Provident Fund (GPF) and surplus cash arising out of sale proceeds of text books and publications, in Government securities and short term deposits. In the cases mentioned below the NCERT failed to realise interest when due and/or reinvest the amounts judiciously resulting in loss of additional interest of above Rs. 24.17 lakhs.

(i) In April 1987 the Publication Department of the NCERT invested an amount of Rs. 150 lakhs in short term deposits with State Bank of India - Rs. 50 lakhs for a period of

90 days and Rs.100 lakhs for a period of six months. These amounts were reinvested from time to time upto October 1988. In April 1988, the Publication Department invested an additional amount of Rs.100 lakhs. The investments earned interest at the rate of 8 per cent per annum. The investments were made by the Publication Department on its own without consulting the Finance Department and were not entered in the prescribed register of investments. The Publication Department failed to realise the proceeds of the investments in October 1988 and belatedly advised the bank in June 1989 to credit the proceeds to its current account. In November 1989, the NCERT requested the bank for payment of interest beyond October 1988 on the investment of Rs.100 lakhs made in April 1988. The bank had not paid interest to the NCERT so far (September 1990). The NCERT did not approach the bank for payment of interest on the investment of Rs.150 lakhs made in April 1987. Reasons for this were not on record.

The failure to realise the proceeds of investments, when due, resulted in loss of interest of Rs.13.33 lakhs at the rate of 8 per cent per annum from November 1988 to June 1989. It was also observed that the NCERT did not assess its cash requirements from time to time and invested the surplus cash in short term deposits only. Had the surplus cash been invested for longer periods (one year and above) instead of short periods of three and six months the NCERT could have earned additional interest.

The Ministry admitted, in September 1990, that it was incorrect not to invest the money beyond October 1988 and stated that

necessary administrative action was being taken by NCERT against persons responsible for making investments without consulting Internal Finance. The Ministry also stated that the investments could not be made on long term basis for the reason that the money which was surplus at that time could have been required by the Publication Department urgently at any time. The reply was not tenable as no proper assessment of its cash requirement was made by the Publication Department from time to time.

(ii) The Accounts Branch of the NCERT had invested Rs.9.45 lakhs in term deposit for a period of 60 months, which matured in December 1987. The NCERT, however, realised the amount only in August 1988. Consequently it lost interest amounting to Rs.0.50 lakh on this investment.

The Ministry stated, in September 1990, that there was some delay on the part of the NCERT in realising the amount, due to relevant papers being held up with higher officers.

(iii) The NCERT invested Rs.116.27 lakhs out of the accumulations of General Provident Fund in Post Office Time Deposits on various dates during the period from March 1982 to June 1986, but failed to realise interest periodically on due dates and drew it after a lapse of 2-5 years, in some cases alongwith deposits matured. This resulted in a loss of Rs.8.49 lakhs which could have been earned by reinvestment.

The Ministry stated, in September 1990, that the NCERT was not aware that compound interest was not payable and that the matter had since been taken up with the postal

authorities in August 1988 for allowing compound interest.

(iv) Interest amounting to Rs.12.91 lakhs due on various dates during the period from May 1985 to November 1988 on half yearly basis on investments of Rs.41.78 lakhs in Central Government/State Government loans, was drawn in January 1989 only owing to delay in registration of documents with the Reserve Bank of India, in six cases. This resulted in a loss of Rs.1.85 lakhs by way of additional interest which could have been earned.

The Ministry stated, in September 1990, that the delay in collection of securities was mainly due to the time taken by the Reserve Bank of India (RBI) for converting the securities into stock, inspite of taking up the matter with it well in time. The reply was not tenable as it was observed that the NCERT had sent the promissory notes due for interest in June 1985 and November 1986 to the RBI for conversion into stock as late as in October 1988.

5. Blocking of funds

The National Council of Educational Research and Training (NCERT) proposed to Government, in July 1974, the construction of a separate building within its campus for both the Centre for Educational Technology and the Department of Teaching Aids (merged in 1984 and now known as Central Institute of Educational Technology - CIET). Though no detailed estimates had been prepared, the Ministry released Rs.10 lakhs to the NCERT in March 1976, which the NCERT deposited with Central Public Works Department (CPWD) in September 1976. Meanwhile, in April 1975, the NCERT had asked a

private architect to prepare blue prints of the proposed building on the consideration that the technical area for the building was to be put on a modular and expanding basis. The NCERT deposited a further sum of Rs.15 lakhs with CPWD in September 1977 pending settlement of the details of construction of the building. The delay in commencement of construction was commented upon in Paragraph 32.7.3 of the Advance Report of the Comptroller and Auditor General of India for the year 1978-79 - Union Government (Civil). In Paragraph 5.38 of its 48th Report (Seventh Lok Sabha), the Public Accounts Committee (1980-81), observed that the matter had been allowed to drift for too long and that necessary plans should be finalised expeditiously in consultation with the Ministry of Works and Housing and the Ministry of Information and Broadcasting.

Since the CPWD was reluctant to undertake the construction work in collaboration with the private architect, the NCERT approached the Ministry of Information and Broadcasting in July 1981 proposing that the construction work might be entrusted to All India Radio (AIR). The NCERT also deposited a sum of Rs.30 lakhs with the AIR in April 1983 without any estimates or details of construction. As the AIR did not have the capacity to undertake outside works, the Ministry decided, in October 1983, that the responsibility for the construction of building should be entrusted to Department of Space. Sanction for Rs.337.68 lakhs was accorded by the Ministry in November 1987. The cost was revised to Rs.452.29 lakhs in November 1987 by the Department of Space. The building was completed by the

Department of Space and was occupied by the NCERT in August 1989. The NCERT had released Rs.445.41 lakhs for the work till 1989-90. The amounts of Rs.15 lakhs and Rs.30 lakhs deposited by the NCERT with the CPWD and AIR respectively in September 1977 and April 1983 were got refunded in February 1979 and November 1983 respectively. The amount of Rs.10 lakhs deposited with the CPWD in September 1976 was got refunded only in December 1990.

Thus a period of about eight years was taken in deciding the agency for construction of the building. The NCERT acted prematurely in disbursing money to construction agencies without finalising details of construction or cost estimates. The amounts deposited with the CPWD and the AIR had remained blocked for 14 years and 3 months (Rs.10 lakhs) and 17 months (Rs.15 lakhs) with the CPWD and for 7 months (Rs.30 lakhs) with the AIR. The approximate amount of interest (at the rate of 10 per cent) on deposits of Rs.25 lakhs with CPWD and Rs.30 lakhs with AIR worked out to Rs.18.13 lakhs. Delay of eight years in construction of facilities had adverse effect on the progress of Educational Television (ETV) programme by NCERT.

The Ministry stated, in February 1991, that considerable time had been lost in fixing the agency for construction of the building due to the reluctance of the CPWD and the AIR to take up the job. The Ministry, however, did not furnish any reasons for release of funds to the construction agencies before finalising details of construction and cost estimates and for the long time taken in obtaining refund from them.

6. Purchase of cassettes and two-in-one sets

The Central Institute of Educational Technology (CIET) of the National Council of Educational Research and Training (NCERT) was implementing a project on teaching Hindi as first language at primary level through radio broadcasts in Rajasthan during 1979-86. This project was discontinued in April 1986, as broadcast time was not available from All India Radio. The CIET decided to convert the radio project into audio cassette mode and proposed (October 1985) to extend it to 450 village schools in Hoshangabad district in Madhya Pradesh during 1986-89. The project envisaged supply of 500 two-in-one sets (radio-cum-cassette recorder) and 308 programmes recorded on audio cassettes to the schools.

The CIET placed an order, in November 1986, on firm 'A' for duplicating 77 programmes on audio cassettes (500 copies of each programme i.e., 38500 cassettes) at a total cost of Rs.7.56 lakhs. Of these, 35 programmes (17500 cassettes) were intended for use by Class I students and the remaining 42 programmes (21000 cassettes) were for students of Class II and Class III. Though the 35000 cassettes were to be supplied before March 1987 and 3500 cassettes before June 1987, the CIET delayed the supply of material (programmes) to the firm till October 1987 and consequently the firm could complete the supplies by June 1988 only. Out of 38500 cassettes, 26700 cassettes (Class I - 5700, Classes II and III -21000) were found to be defective and were replaced by the firm in January/February 1989 (Class I - 4655 cassettes; Class II and Class III - 19500 cassettes) and January

1990 (Class I - 1045 cassettes, Class II and Class III - 1500 cassettes).

As a result of delay due to supply of programmes and rectification of defective cassettes, only 8100 recorded cassettes containing only 18 out of 35 volumes for Class I could be sent to Hoshangabad in October 1987 - February 1988 and another 12 volumes in January 1989 only. Out of 25 volumes for class II, only 13 volumes were sent in September 1989. The remaining volumes of class I and class II along with the volumes for class III were sent in August 1990.

The CIET also placed an order in November 1986 for 550 two-in-one sets (cost Rs.4.08 lakhs) on firm 'B' to be supplied to Director of Education, Government of Madhya Pradesh, Bhopal before 30th November 1986. The firm supplied the two-in-one sets in February 1987. The evaluation study conducted in February 1990 by CIET, in 417 schools in Hoshangabad district, showed that 48 per cent of the two-in-one sets were not in working order and in another 10 per cent of the schools, sets were not working on account of faulty electric supply. The value of inoperative two-in-one sets was about Rs.2.05 lakhs.

The venture of CIET in teaching Hindi through audio cassettes not only got delayed due to delayed supply of cassettes, but also suffered adversely due to failure of two-in-one sets, and lack of electricity in 10 percent of the schools.

The Ministry stated, in December 1990, that in a project of pioneering nature, some teething

problems were inevitable and that achievement level of the project would be assessed only after the project was completed in March 1991.

7. Indian Council of Social Science Research

7.1 Introduction

The Indian Council of Social Science Research (Council) was established in December 1968, by a resolution of the Government and was registered under the Societies Registration Act, 1860, as an autonomous organisation, on 1st August 1969. The main objects for which the Council was established include sponsoring of social science research programmes as well as projects, administering of grants to institutions and individuals and giving financial support to learned associations, standard journals etc; provision of technical assistance for formulation of social science research programmes and support of institutional arrangements for training in research methodology, development of centres of documentation science, organizing workshops, study circles etc., publishing research work, administering scholarships etc.

7.2 Scope of Audit

The accounts of the Council are audited by the Comptroller and Auditor General of India under Section 20(1) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. The certified accounts and Audit Report thereon are placed every year before the Parliament. A review on the working of the Council since its inception to 1977-78 was included in the Report of the Comptroller and Auditor General of

India for the year 1977-78. The present review covers the period from 1985-86 to 1989-90 and is based on a test check of records of the Council conducted during April to November 1990.

7.3 Organisational set-up

The Council comprises of 26 members-- a Chairman, 18 social scientists, six nominated representatives of the Central Government and a Member Secretary appointed by the Council with the prior approval of the Central Government.

The Policy, Planning and Administrative Committee (PPAC), looks after the policies, plans, and administrative and financial affairs of the Council. A Research Committee (RC) scrutinises and sanctions grants-in-aid for research projects and other research proposals for financial assistance submitted to the Council or sponsored by the Council itself. Separate standing Committees have been constituted for dealing with matters relating to research institutions, documentation services, training, data archives and international collaboration.

7.4 Highlights

- Against the target of 650 research projects to be sanctioned during the Seventh Five Year Plan the Council had sanctioned only 457 projects.
- Proposals ranging from 50 to 71 per cent remained pending with the Council for one reason or the other during 1985-86 to 1989-90; the number of proposals under consideration had increased by 37 percent between 1984-85 and 1989-90.

- Out of 1922 projects sanctioned since establishment of the Council, reports in respect of 388 projects sanctioned upto 1987-88 which were due at the end of March 1990 had not been received.
- Out of the total grant of Rs.330.36 lakhs released upto March 1988, utilization certificates in respect of 332 projects amounting to Rs.77.53 lakhs were awaited. Out of these, utilization certificates amounting to Rs.54 lakhs were pending for 5 to 20 years.
- The Council had received only two reports of National Fellowships out of eight due as on 30th September 1990. Utilisation certificates for Rs.21.92 lakhs were awaited in respect of 45 cases of Senior Fellowships and General Fellowships from 1976-77 onwards. The Council had not received utilisation certificates for Rs.7.06 lakhs paid for short-term Doctoral Fellowships and Rs.15.95 lakhs paid as contingency grant.
- No fixed time schedule for completion of research surveys was prescribed by the Council; surveys initiated in 1981 had still not been completed.
- There was 40 percent shortfall in the acquisition of data sets during 1985-86 to 1989-90. Out of 158 data sets in the repository, only three data sets had been used during 1985-90.
- The research institutes funded by the Council did not furnish details of programme and activities to be undertaken by them. As many as 58 ongoing projects were not shown as ongoing projects and were excluded from the annual reports of these years.
- The issue regarding status of the six Regional Centres to which the Council had provided assistance of Rs.123.19 lakhs during 1985-86 to 1989-90 was still pending finalization.
- Large stocks of publication with sale value of Rs.66.48 lakhs had accumulated; 55 per cent of the unsold publications pertained to 1972-80. The recovery of royalty from publishers was not properly watched.
- Several of the deficiencies mentioned above were commented upon in the Report of the third Review Committee submitted in July 1986.
- The Council did not have title to land on which the construction of the building was taken up for which the Council had made payment of Rs.303.19 lakhs to the National Buildings Construction Corporation Limited (NBCC) till October 1990. It entrusted the construction to a private architect and the NBCC contrary to the advice of the Ministry. It allowed undue and extra contractual financial benefits amounting to Rs.25.80 lakhs to the NBCC and paid the architect fees at a higher rate of 4 per cent on the cost against the 3 per cent, approved by the Ministry. The estimates prepared by the architect were

defective and norms of consumption of material were not prescribed. Consequently no effective cost control was possible. Delay in completion of work resulted in the Council continuing to incur expenditure on hired buildings (Rs.3.96 lakhs per annum), cost escalation and additional

payments to the architect and the NBCC, inherent in the terms of agreements with them.

7.5 Summary of Accounts

A summary of the receipts and payments of the Council for the years 1985-86 to 1989-90 classified under broad heads is given below:

	1985-86	1986-87	1987-88	1988-89	1989-90
	(Rupees in lakhs)				
<u>Receipts</u>					
Opening Balance	4.24	4.00	5.34	5.40	15.00
Grants from Government	427.13	449.53	579.66	676.60	687.70
Other Governments Grants (including Department of Culture, Ministry of External affairs, Cabinet Secretariat and Department of Women and Child Development)	7.50	10.25	10.82	12.50	11.12
Receipts from other sources	15.05	29.95	29.19	33.01	37.25
Total	453.92	493.73	625.01	727.51	751.07
<u>Payments</u>					
Administration	30.78	38.01	34.64	38.98	39.37
Direct expenditure on various activities	65.88	102.33	89.61	106.52	107.50
Research grants *	58.47	51.51	79.48	80.09	77.45
Research fellowships *	32.11	34.57	51.01	60.28	66.33
Training *	4.62	1.47	2.98	2.72	4.41
Study grants *	0.50	0.73	0.53	0.25	0.32
Regional and State Centres *	21.46	20.39	23.02	27.00	31.32
Maintenance and development grants to Research Institutes *	172.12	163.82	274.48	252.00	315.78
Capital expenditure	10.06	24.93	4.02	2.71	2.06
Building	50.00	22.00	43.94	110.79	59.12
Debt, Deposits and Advances	3.92	28.63	15.90	31.17	32.90
Closing Balance	4.00	5.34	5.40	15.00	14.51
Total	453.92	493.73	625.01	727.51	751.07

* including expenditure incidental thereto

7.6. Meetings

In terms of the Memorandum of Association and Rules of the Council, the two committees viz. PPAC and RC were required to hold at least three meetings in a year at such intervals as the Charirman might decide. These Committees held only 7 and 14 meetings respectively during 1985-86 to 1989-90 as given below:-

Year	Number of meetings held	
	PPAC	RC
1985-86	2	4
1986-87	1	3
1987-88	1	2
1988-89	2	2
1989-90	1	3
Total	7	14

The PPAC did not hold the prescribed number of meetings in any of the years, the number of meetings held by the RC fell short of the prescribed number during 1987-88 and 1988-89. The Ministry stated, in April 1991, that the PPAC meetings could not be held due to lack of sufficient agenda and that steps were being taken now to condone the requirements. The RC meetings were not held due to paucity of funds and lack of good proposals from the scholars. It will, however, be seen from the details given in para 7.7.1 that as many as 255 and 233

proposals were considered (and either sanctioned or rejected) during 1987-88 and 1988-89 respectively. The total number of proposals which were either sanctioned or rejected ranged between 190 and 313 during 1985-86 to 1989-90.

7.7 Research projects

The Council extended financial assistance for research projects involving writing of books/monographs based on research analysis and interpretations of primary data/material collected through survey research or based on secondary data. The grants of the Council were ordinarily given for projects covering a period of not more than two years and the final reports of the projects were to be submitted to the Council on the completion of the project period and not later than three months thereafter.

7.7.1 Sanctioning of research projects: During 1985-86 to 1989-90, the Council received 1414 proposals for research projects out of which 457 projects were sanctioned. Out of these, six projects were subsequently cancelled, and grants aggregating Rs.202.59 lakhs were released in the remaining cases. The position of projects considered, rejected and sanctioned was as under:

Year	Opening Balance	Proposals received	Total	Proposals sanctioned	Projects rejected	Proposals under consideration	Amount of grant released
(Rupees in lakhs)							
1985-86	347	290	637	77	236	324	38.59
1986-87	324	287	611	124	171	316	26.87
1987-88	316	268	584	102	153	329	48.48
1988-89	329	311	640	79	154	407	47.48
1989-90	407	258	665	75	115	475	41.17
Total		1414		457*	829		202.59

* Out of these 6 projects were cancelled before release of grant.

(i) Against the target of 650 research projects to be sanctioned during the Seventh Five Year Plan (1985-90), the Council had sanctioned only 457 projects. Thus, there was shortfall of 193 (30 per cent approximately). The Council stated, in September 1990, that the shortfall was due to lack of funds and also lack of good proposals from the scholars. The Ministry observed, in April 1991, that the Council was being asked to furnish a specific reply in the matter.

(ii) Nearly 11 to 20 per cent of the proposals were sanctioned by the Council whereas 17 to 37 per cent of the proposals were rejected. Proposals ranging between 50 to 71 per cent remained under consideration of the Council for one reason or the other during 1985-86 to 1989-90. The number of proposals under consideration had increased from 347 at the end of 1984-85 to 475 at the end of 1989-90, an increase of 37 per cent.

A test check of 263 research proposals under consideration as on 31st March 1990, revealed that in respect of 130 proposals, the scholars were advised to re-formulate/revise the proposals which

were still awaited, the earliest pertaining to the year 1983-84, 78 proposals were referred to the consultants for their first opinion (the earliest being in 1986-87), 37 proposals were referred to the consultants for a second opinion (the earliest being in 1983) and 6 proposals were referred to consultants for a third opinion (the earliest being in 1985-86). In 4 cases, revised proposals were awaited from the scholars, in 3 cases, the reaction of the scholars to the comments of the consultants on the proposals were awaited and in 5 cases pilot projects were awaited.

The entire process involved delays whether on the part of consultants/or scholars in returning the proposals to the Council for final consideration even though usual time limit of one month was given by the Council to the consultants and scholars for returning the proposals. No effective measures had been taken by the Council to monitor processing of the research projects. The Council contended that it was not in a position to take any unpleasant step either against the defaulting consultants or against the individual scholars who were

obliging the Council by conducting studies on its behalf. The Ministry observed, in April 1991, that the Council was being asked to furnish specific reply in the matter.

7.7.2 *Incomplete research projects:*

The total number of research projects sanctioned since the establishment of the Council till March 1990 was 1999 of which 77 projects were cancelled. Out of the remaining 1922 projects, reports in respect of 1383 projects only were received and reports in respect of 388 projects sanctioned upto 1987-88 which were due as at the end of March 1990 had not been received. Out of these 89 projects were sanctioned in 1987-88, 77 in 1986-87, 34 in 1985-86, 38 in 1984-85, while the remaining 150 projects for which grants aggregating Rs.51.06 lakhs were paid during 1973-74 to 1983-84, were pending even after five to fifteen years.

7.7.3 *Delay in completion of research projects:*

The Council did not furnish information regarding the extent of delays in completion of projects. An analysis of 84 cases of research projects which were put up before three successive meetings of the RC in August 1989, January and May 1990 revealed that reports in respect of only 33 projects (39 per cent) had been received within the prescribed time limit, 10 had been delayed by less than one year, 11 by one to two years, 7 by two to three years, 2 by three to four years, 4 by four to five years, 6 by five to ten years and 8 by more than 10 years. Information in respect of 3 projects was not ascertainable. The Ministry stated, in April 1991, that delay was due to transfer of scholars from one institution to another, unforeseen important assignments of project director or

the staff of the project leaving due to unattractive emoluments.

7.7.4 *Projects abandoned/cancelled:*

The total number of research projects abandoned by the researchers and/or cancelled by the Council was 77 upto March 1990. Out of these 33 projects were abandoned/cancelled before any grant was released. Seven projects were abandoned owing to the death of the project directors, in one case the project director was not interested and the research grants for one project was transferred to another on-going project. In the remaining 35 cases no reason for abandonment was recorded.

Out of grants aggregating Rs.3.34 lakhs released in respect of 44 projects, Rs.1.58 lakhs in respect of 33 projects were refunded after 2 to 10 years without giving any reason for the delay. The expenditure incurred on eight abandoned projects amounted to Rs.1.18 lakhs; in respect of the remaining three projects the entire amount of Rs.0.31 lakh was still to be refunded by the researchers. Registers of grants showing all details and different stages were required to be maintained for systematic follow up, but these were left incomplete showing lack of monitoring.

7.7.5 *Allotment of more than one project:*

In terms of the rules of the Council, ordinarily a scholar would be entitled to take up only one research assignment at a time, whether it was a teacher's award or a project (or a programme, in which he was co-ordinator). Ordinarily, not more than one research programme was to be sanctioned to an institution or an organisation at a time.

However, the Council assigned more than one project in six cases (17 projects). Seven projects involving grants of Rs.1.87 lakhs were assigned by the Council to one researcher during 1971-72 to 1977-78; out of these reports in respect of two projects pertaining to 1971-72 and 1976-77 were received by the Council in 1988 (i.e. after a lapse of more than 10 years) and reports in respect of the remaining five research projects assigned during 1973-74 to 1979-80 were still awaited (May 1990). The Council had also assigned two research projects each to 5 scholars (10 projects) upto 1979-80. Final reports in respect of none of these project had been received (May 1990).

The Ministry stated, in April 1991, that in the case of sponsored programmes for priority areas of themes of national importance, the Council reached out to scholars and institutions with requests to undertake the study on its behalf. In such cases, the eminent social scientists and competent academicians were granted more than one research project. However, as can be

seen from above, some of the researchers to whom more than one project was allotted delayed their completion, and allotment of more than one project was not in the interest of their timely completion.

7.7.6 *Utilisation certificates:* The grants were to be utilised within two years or on completion of the project which ever was earlier. Out of the total grant of Rs.330.36 lakhs released upto March 1988, utilisation certificates in respect of 332 projects amounting to Rs.77.53 lakhs were awaited .

Out of 332 projects, the utilisation certificates in respect of 260 projects upto 1982-83 for Rs.54 lakhs were pending from 5 to 20 years.

Out of 451 projects for which Rs.202.59 lakhs were released during 1985-86 to 1989-90, 100 projects involving an amount of Rs.37.94 lakhs were completed. Out of these 100 completed projects, utilisation certificates in respect of 41 projects involving Rs.15.89 lakhs were still awaited as shown below:

(Amount in lakhs of rupees)

Year	Number of projects		Utilization certificates received		Utilization certificates not received	
	Number of projects	Amount	Number of projects	Amount	Number of projects	Amount
1985-86	42	8.50	29	3.93	13	4.57
1986-87	42	24.67	25	15.22	17	9.45
1987-88	13	3.47	5	2.63	8	0.84
1988-89	3	1.30	-	0.27	3	1.03
1989-90	-	-	-	-	-	-
	100	37.94	59	22.05	41	15.89

No records were maintained by the Council to indicate the position of the outstanding utilization

certificates university or institution wise.

The Council stated, in September 1990, that the difficulty was that most of the grants were sanctioned to the universities and for years together the Council had been reminding the defaulting universities without success for expediting the submission of pending utilisation certificates, even officers had been sent to these universities to verify the accounts and get the utilisation certificates. The Ministry stated, in April 1991, that efforts were underway to obtain the certificates from at least the institutes located at Delhi and the institutes funded by the Council.

7.7.7 Evaluation of project reports:

The Council received project reports for 383 projects during 1985-86 to 1989-90. The Council had not prescribed any time limit for the evaluation of these reports by the evaluators. The Council stated, in February 1991, that generally one month's time was given to the evaluator. It was seen that 24 reports were still with the consultants to whom these had been sent for evaluation from 1987-88: 2 reports, 1988-89: 7 reports and 1989-90: 15 reports. No reasons were furnished for the inordinately long time taken in evaluation of the reports.

Out of the 359 reports evaluated by consultants only one report was evaluated as outstanding, six reports were considered for publication grant and the remaining reports which constituted nearly 98 per cent were simply recorded completed.

The Council stated, in September 1990, that it did not make

any assessment of the utilisation of various final reports of different projects sanctioned by it as these were not issued out to any scholars but were kept as reference books in the library and it was not feasible to tell precisely how many times these reports were utilised by the scholars.

7.8 Research Fellowships

7.8.1 With a view to encouraging research in social sciences, the Council had different schemes of fellowships: research fellowships (National fellowships, Senior fellowships, General fellowships) Doctoral fellowships (Institutional fellowships, Centrally administered fellowships, fellowships for foreign nationals, short-term fellowships), and contingency grants.

7.8.2 National Fellowships: The Council awarded a fixed number of national fellowships every year for a period of one year, (which could be extended in special cases upto two years) to scholars selected by a committee in this behalf from the nominations received from universities, research institutions etc. on the basis of their contribution to the social sciences and their standing as scholars in different fields. During 1985-86 to 1989-90, 16 national fellowships were awarded and an amount of Rs.16.27 lakhs was released.

Out of 16 national fellowships awarded, two scholars were granted extension even beyond two years. Completion reports were due from eight fellows as on 30th September 1990, out of which only two were received and six were outstanding. No system existed with the Council to follow up/monitor the research work of the fellows once the

fellowship was granted.

7.8.3 *Senior fellowships and General fellowships:* Senior fellowships and General fellowships etc. were awarded to the scholars on their requests after getting their research proposals examined by the consultants or experts in the field for evaluation and advice regarding their suitability of award of the particular category of fellowships. The fellowships were awarded for a duration of two years. The scholars to whom the fellowships were awarded were to affiliate themselves to an institution through which the Council would administer the fellowship.

During 1985-86 to 1989-90, the Council received 370 proposals for grant of fellowships. Out of these 176 were rejected, 105 were accepted and 89 proposals were under consideration from 1987-88 (13 proposals), 1988-89 (29 proposals)

and 1989-90 (47 proposals). The total amount released during 1985-86 to 1989-90 was Rs.61.94 lakhs.

Out of 105 cases in which fellowships were sanctioned, 8 cases were converted into research grants. Only 72 out of 105 scholars selected actually joined; reasons for the remaining 33 scholars not joining were not available with the Council. The Ministry stated, in April 1991, that the unemployed scholars who get jobs, prefer to take up jobs and that scholars in employment were sometimes denied leave from their employers and could not take up the fellowship.

7.8.4 The utilization certificates amounting to Rs.21.92 lakhs due upto March 1990 in respect of 45 cases (32 of senior fellowships and 13 of general fellowships) had not been received so far (July 1990). The year-wise details were as under:-

(Amount in lakhs of rupees)

Year	Senior Fellowships			General Fellowships		
	Number of cases	Amount released	Amount for which Utilization Certificate awaited	Number of cases	Amount released	Amount for which Utilisation Certificate awaited
1976-77	3	1.30	0.66	-	-	-
1978-79	3	2.06	2.06	-	-	-
1979-80	2	1.16	0.82	-	-	-
1980-81	4	2.62	1.46	-	-	-
1981-82	2	1.23	1.18	-	-	-
1982-83	3	2.39	2.25	1	0.32	0.32
1983-84	1	1.28	1.28	7	2.20	1.87
1984-85	1	0.78	0.21	1	0.66	0.17
1985-86	4	4.46	4.46	2	0.55	0.33
1986-87	5	4.94	3.57	-	-	-
1987-88	4	3.03	0.76	2	0.52	0.52
Total	32	25.25	18.71	13	4.25	3.21

Thus utilisation certificates had not been received in respect of 26 cases, for which grants were released prior to 1984-85. The Council stated, in May 1990, that in majority of cases, the institutions and the universities did not get their annual accounts audited, and because of this the accounts of fellowships also did not get audited. However, the accounts of fellowships were invariably received and it was the technical Chartered Accountant certified utilisation certificate that was outstanding.

7.8.5 Doctoral Fellowships: The Council awarded 212 doctoral fellowships during 1984-85 to 1989-90 and released Rs.87.37 lakhs against the sanctioned amount of Rs.88.62 lakhs centrally administered fellowships 105; amount released 33.76 lakhs against Rs.35 lakhs sanctioned, institutional fellowships 107, amount released Rs.53.61 lakhs against Rs. 53.62 lakhs sanctioned.

Out of 212 cases in which fellowships were awarded, 19 scholars to whom Rs.2.91 lakhs were

paid dropped out. No reasons for the scholars having dropped out were available in six cases, in the remaining 13 cases, the reasons were (i) scholars getting jobs, (ii) scholars failing in M.Phil, (iii) scholars having difficulty in registration for doctorate degree, and (iv) ill-health of scholars. The rules did not provide for any bond from the awardees for ensuring completion of fellowships. According to the information furnished by the Council in February 1991, 195 scholars completed their fellowships during 1985-90, out of these 84 scholars were awarded doctoral degrees. The reasons why in the remaining cases the scholars did not secure doctoral degrees were awaited from the Council (April 1991).

7.8.6 Short term Doctoral Fellowships: The Council awarded 359 short-term doctoral fellowships during 1985-86 to 1989-90. Out of an amount of Rs. 28.08 lakhs released for these fellowships, utilisation certificates for Rs.7.06 lakhs in 85 cases were still awaited. The year-wise details were as under:-

Year	Number of cases	Amount for which Utilisation certificates awaited
(Rupees in lakhs)		
upto		
1984-85	48	2.90
1985-86	3	0.32
1986-87	14	1.51
1987-88	7	0.76
1988-89	7	0.71
1989-90	6	0.86
Total	85	7.06

The Council stated, in September 1990, that most of the grants relating to doctoral fellowships were sanctioned to the

State universities. The outstanding utilization certificates were from these State universities who had been continuously reminded. The

Ministry stated, in April 1991, that the Council had decided to take up the matter with the Vice-chancellors of Universities and Heads of Institutions.

7.8.7 *Contingency grants:* Since inception, the Council had released an amount of Rs.22.01 lakhs towards

payment of contingency grants to 977 doctoral fellows out of which utilisation certificates amounting to Rs.15.95 lakhs due as on 31st March 1990 were still awaited. The year-wise position of outstanding utilisation certificates was as under:-

Year	Number of cases	Amount of contingency grant released	Amount for which utilisation certificates awaited as on 31st March 1990
(Rupees in lakhs)			
upto			
1984-85	783	17.37	12.86
1985-86	61	1.61	0.99
1986-87	35	0.74	0.47
1987-88	45	0.91	0.52
1988-89	19	0.40	0.31
1989-90	34	0.98	0.80
Total	977	22.01	15.95

The Council did not inform Audit of the action taken by it to obtain the outstanding utilization certificates (February 1991).

7.9. Research surveys

7.9.1 The Council conducted research surveys for keeping track of literature, researches and trends in social science research in the country. It was felt that these surveys of researches already done would help the Council in formulating its research promotion policies and identifying priority areas of research. Such surveys were also meant to help in the teaching of social sciences in the country.

An advisory committee of social scientists was to be formed for each subject separately under a

convener. The advisory committee was to identify contributors who would be asked to survey literature on the subject that had appeared during the stipulated period.

The first survey was launched in 1970 and was designed to cover all the research work done in the major disciplines such as Economics, Political Science, Sociology, Public Administration, Management, Demography, Accountancy, Geography, Psychology upto the year 1969.

Twenty-four volumes had been published till March 1990 under the first series covering the period upto 1969. The Council had taken up second, third and fourth series of research survey to cover the period after 1969 viz. 1970-77, 1977-82 and post 1982 respectively.

7.9.2 The Council was asked in September 1990 to furnish information in respect of each survey, the number of disciplines proposed to be covered, number actually covered, and discipline-wise date of commencement and date of completion of survey. The Council did not furnish the information. The Council was also not able to provide information regarding budget and

expenditure incurred on each survey separately. The Council merely furnished details of funds released for some surveys which were treated as equivalent to expenditure incurred.

The present position of on going surveys in various disciplines was as under:

Subject	Year from which taken up	Amount released
		(Rupees in lakhs)
Economics	1981	1.00
Political Science	1981	1.01
Geography	1983	0.49
Sociology	1987	1.86
Public Administration	1987	1.34
		5.70

When the surveys were commissioned, the Advisory committee did not prescribe a fixed time schedule for their completion. The Council stated, in June 1990, that since most of the scholars were fully employed, it was not possible for them to devote time for getting the surveys completed within the stipulated time. The Council also stated that it was difficult for it to establish a deadline and get work out of these scholars who were otherwise in full time employment elsewhere.

Effective system of monitoring to watch the progress of the survey projects did not exist. In view of the slow progress of surveys and inadequate monitoring, the objectives of surveys viz. formulation of research programme

policies, identification of priority areas of research and teaching of social sciences in the country were not achieved.

7.10. Data Archives

7.10.1 The purpose of data archives was to acquire and organise data, primarily generated by the projects funded by the Council and disseminate it among interested scholars and institutions. In addition, the Council also acquired relevant data collected by various research institutes, Government agencies and private organisations. The decision to acquire a particular data set would depend upon its re-use potential and availability of related documentation, with preference being given to data sets available in machine-readable form.

During 1985-86 to 1989-90, the Council incurred expenditure of Rs.41.49 lakhs on data archives

7.10.2 Acquisition and utilization of data: Against the target of 58 data sets to be acquired during 1985-86 to 1989-90, the achievement was 35. Thus, the shortfall was 40 per cent.

The Council contacted 375 project directors during 1985-1990 out of whom 316 project directors responded and returned the data inventory proforma. Out of 316 cases, 58 (18 per cent) cases were still under negotiation. The number of cases of data acquired ranged from 7 to 20 per cent of the number responded during 1985-86 to 1989-90. Nearly 80 to 93 per cent of the data could not be acquired by the Council for the following reasons viz. (i) data being not quantifiable (ii) manual tabulation (iii) micro study (iv) secondary sources and (v) partial data.

Even the acquired data was grossly under utilized. Out of the 158 data sets in the repository, only one data set was used by the scholars during each of the years 1985-86, 1987-88 and 1989-90, whereas during 1986-87 only two data sets were used. No data set was used during 1988-89.

The Council stated, in September 1990, that the utilisation of archival data largely depended on two factors viz (i) the ability of the scholars to do secondary analysis of the existing data (ii) the extent of familiarity of the scholars with the techniques and use of computers in research. The Council also stated that except in a few disciplines, scholars had yet to go a long way in this. The Ministry

stated, in April 1991, that both data inputs and their utilisation were growing at a slow rate, primarily due to the nature of social science research environment and that it was a long gestation programme.

7.10.3 National Register: The Council undertook compilation of the National Register of Social Scientists in India as an ad hoc project in 1976. The first volume of the National Register on Social Scientists was published in 1983 containing brief biographical sketches of 7527 scholars engaged in research and/or teaching various social science disciplines during 1976-80. Out of 1100 copies printed at a cost of Rs.1.02 lakhs, 103 copies were distributed free, 406 copies were sold (sale price Rs.2.36 lakhs) and 591 copies remained with the Council till September 1990. In January 1984 the Council decided to keep the Register updated as a regular programme. Out of over 12000 scholars engaged in different branches of social sciences who were addressed upto March 1990 for updating the Register, 3952 responded upto September 1990. No target date had been fixed by the Council for updating the Register. Consequently, the purpose of having an upto date directory of social scientists could not be served. The Ministry admitted, in April 1991, that it was extremely difficult to fix any rational target date for the collection of relevant information, and it had no control over information which was to be volunteered by social scientists.

7.11 Training courses in research methodology in social science
The Council organised full time training courses in research methodology in social science, of

durations varying from 2 to 45 days for doctoral students, research workers and teachers of research methodology.

No targets were fixed as to the number of trainees and the number of courses to be organised each year. During 1985-90, 48 such courses for 1257 trainees were organised for which Rs.17.57 lakhs were sanctioned and Rs.15.47 lakhs

were released. The statements of accounts in respect of 19 courses for which an amount of Rs.5.57 lakhs was released had not been received from 1985-86 onwards.

The position of the number of participants at the time of commencement and completion of training courses alongwith dropped out cases was as under:

Year	Number of courses	Number of participants at commencement of course	Number of participants at the time of completion.	Number dropped out
1985-86	4	87	83	4
1986-87	14	388	346	42
1987-88	11	296	261	35
1988-89	8	235	198	37
1989-90	11	251	237	14

Nearly 5 to 16 percent of the participants did not complete the training. The reasons were stated to be emergencies in homes, unavoidable circumstances, illness, accidents etc.

Evaluation of the training courses done by the trainees on the conclusion of the courses in the presence of officers of the Council specifically deputed for the purpose, showed several deficiencies like non-supply of sufficient reading material and synopsis of lectures and lack of opportunities for practical training in data processing. The Council did not inform Audit of the steps it had taken to overcome these deficiencies.

7.12. Grants-in-aid to research institutes

The Council provided maintenance and development grants to research institutes of all India character and importance, registered under the Societies Registration Act 1860, and engaged in the field of social sciences which were outside the scope of the University Grants Commission. The institutes were required to raise an equivalent amount from their own resources or from other sources, except in the case of non-recurring grants for essential infrastructure where the requirement of matching contribution could be dispensed with by the Council with prior permission of the Government. The amount of recurring

grant was subject to a ceiling of Rs.20 lakhs in a year. The total amount of non-recurring grant for land, buildings and equipment (including library development) was not to exceed Rs.60 lakhs for each Institute.

During 1985-86 to 1989-90 the Council had released Rs.1178.20 lakhs as grants-in-aid to 21 to 25 research institutes as shown below:

Year	Number of research institutes	Amount (Rupees in lakhs)
1985-86	20	172.12
1986-87	21	163.82
1987-88	24	274.48
1988-89	24	252.00
1989-90	25	315.78
Total		Rs 1178.20 lakhs

Research institutes were expected to disseminate their research studies, in the form of published books, mimeographs and monographs etc. In terms of rules framed by the Council for payment of grants in aid to research institutes, the grants were to be sanctioned on receipt and scrutiny inter alia of annual reports of the preceding year and programme activities for the current year as well as detailed description of the project/scheme for which assistance was sought. The Institutes were also required to submit an achievement-cum-performance report every year. A test check of proposals for grants in aid received from the research institutes showed that details of activities were generally not submitted. The research institutes merely submitted budget estimates classified under heads of expenditure like establishment, library, programmes, publications, travel allowance etc. The Annual reports only enumerated the activities undertaken during the preceding year without relating them

to the annual programme of activities. The reports thus lost the character of achievement-cum performance reports.

Consequently, although utilization certificates and audited statements of accounts were received, no system of effective monitoring of Council's programme taken up by the institutes existed. The data provided by the institutes in their annual reports was never checked/scrutinised before inclusion in Council's annual reports. Thus 16 ongoing projects at the end of 1984-85, 6 ongoing projects at the end of 1986-87 and 36 ongoing projects at the end of 1987-88 in respect of 4, 2 and 5 institutes respectively were not shown as ongoing or completed projects in subsequent years and were excluded from the annual reports of those years. The Council had not inquired into the status or the reasons for the exclusion of these projects by the research institutes from the following years reports. In the absence of

classified statements or other information, it was not possible to ascertain the financial implications involved therein. The Ministry stated in April, 1991, that the point made by Audit has been taken note of and it would be ensured that all ongoing and completed projects are included in the Council's reports.

7.13. Regional Centres

7.13.1 The Council had established six Regional Centres between 1973-74 and 1977-78 at Bombay, Calcutta, Chandigarh, Delhi, Hyderabad and Shillong to act as its service and support centres in different regions and States where source materials for research on the region (or in the regional languages) could be collected and made available to the social scientists from all parts of the country. The regional centres were to provide library, documentation and other research facilities to social scientists of the region, stock social science research material, subscribe to periodicals in social science research, maintain essential bibliographical and documentation services, collect social science research material in regional languages, establish hostels where teachers and scholars could stay at minimum cost and operate a scheme of study grant to cover travel and local maintenance costs of social scientists who desired to consult research material available in the libraries located in the region.

Under the existing working arrangements, each regional centre was managed as a "collaborative arrangement between the Council and the host institution" selected for the purpose. The Vice-Chancellor of

the host university or head of the research institute acted as the Chairman of the concerned regional centre and broadly supervised its administration and programmes. An Advisory Committee constituted by the Council in consultation with the Chairman advised him on the planning and development of the programme of the regional centre.

7.13.2 During 1985-86 to 1989-90 the Council provided assistance aggregating Rs.123.19 lakhs to six regional centres.

The State Governments of Maharashtra and Goa, Andhra Pradesh and Punjab and Haryana also provided assistance to the Western Regional Centre, Bombay, Southern Regional Centre, Hyderabad and North Western Regional Centre, Chandigarh respectively. The non-recurring grants were routed through the university whereas recurring grants were paid directly to the regional centres.

So far (February 1991), the Council had released Rs.104.03 lakhs as non-recurring grants to the six Regional Centres: Rs.79.85 lakhs for construction of guest houses cum hostel buildings, conference halls, dining hall, extension of university library building etc., Rs.17.56 lakhs for equipments and Rs.6.62 lakhs for furniture and transport. Of this, Rs.25.50 lakhs paid to the Jawaharlal Nehru University during 1975-76 to 1984-85 had been refunded by it during March 1987 (Rs.10 lakhs) and January 1988 (Rs.15.50 lakhs) stating that it had no space to spare for Northern Regional Centre, Delhi.

7.13.3 Although the first such centre was set up in 1973, the legal status of the centre and the formalities in regard to the

relationship and position of the centres vis-a-vis the Council and the host institutions had not been settled so far. There was no uniformity with regard to form of the accounts of the centres. The accounts of the centres were audited by the Statutory Auditors/Chartered Accountants of the host institutions and not incorporated in the accounts of the Council. The correct consolidated financial position of the Council including its supporting service centres was therefore never exhibited in the annual accounts and thus grants totalling Rs.303.95 lakhs paid during 1972-73 to 1989-90 remained out of the purview of audit.

The Council was requested, in September 1990, to intimate whether it had done any evaluation of the work done by the centres vis-a-vis their stated objectives. No reply was furnished by the Council. The Ministry stated, in April 1991, that the Council had decided to constitute committees to evaluate the work done by regional centres.

7.14. Publication

7.14.1 The Council provided grants -in-aid for publication of (i) doctoral theses approved by universities/institutions of higher learning (ii) reports of research projects/ fellowships/ selected papers of seminars/symposia/ workshops etc. whether financed by the Council or not and (iii) bibliographical or documentation work. The amount of grants was restricted to Rs.30 per page for running matter and Rs.50 per page for tabular matter subject to a ceiling of Rs.10,000 in each case. The publications were required to be

published through publishers approved by the Council. The amount of grant-in aid was paid to the publisher directly on submission of the account of the actual expenditure and 25 copies of the printed publication free of charge alongwith a utilisation certificate.

The publisher was required to pay royalty at the rate of 10 per cent of the sale price to the author/projects director etc. The works were required to be published within two years from the date of sanction, failing which the offer for grant-in-aid would automatically lapse unless extended upon specific request.

Besides, the Council published its own quarterly publication "News Letter" and other priced publications.

During 1985-86 to 1989-90, the Council spent Rs.43.37 lakhs on publications which comprised Rs.16.31 lakhs as grants-in-aid for publication of research reports, Rs.20.47 lakhs on priced publications and Rs.6.59 lakhs on non-priced publications.

The receipts from sale of publications and the royalty received from publishers amounted to Rs.13.53 lakhs during the same period.

7.14.2. *Publication grants:* Out of 99 reports and 273 doctoral theses for which the Council awarded publication grants of Rs.16.31 lakhs during 1985-86 to 1989-90, only 45 reports (45.4 per cent) and 139 doctoral theses (50.9 per cent) were published as shown below:

Year	Number awarded		Number published		Number not published	
	Reports	Doctoral theses	Reports	Doctoral theses	Reports	Doctoral theses
1985-86	18	28	7	9	11	19
1986-87	17	34	6	14	11	20
1987-88	29	74	8	34	21	40
1988-89	17	63	16	38	1	25
1989-90	18	74	8	44	10	30
Total	99	273	45	139	54	134

The percentage of reports not published ranged from 56 to 72 of the number sanctioned except in 1988-89. The percentage of doctoral theses not published ranged from 30 to 68 of the total sanctioned during each of the years 1985-86 to 1989-90.

Forty three reports and 79 doctoral theses due for publication upto March 1990 had not been published.

As per rules, if a work was not published within two years of the award, the grant would automatically lapse. The Council had not taken necessary action in the matter.

The Ministry stated, in April 1991, that the cases of research reports/theses which had not been published had been reviewed by the Council and the authors/publishers had been requested to intimate the progress of publications, and that on receipt of replies the period of publication had been extended in certain cases on merits. Where no replies had been received either from the authors or the publishers, the relevant files had been closed after intimating them about the withdrawal of offer of publication grant. A list of such cases would be prepared and submitted to the appropriate committee of the Council.

7.14.3 Priced Publications: The Council brought out 17883 copies of 18 priced publications of its own at a cost of Rs.5.01 lakhs during 1985-86 to 1989-90. Out of these, 843 copies (5 per cent) were distributed free and 3213 copies (17 per cent) were sold leaving a balance of 13827 copies (cost of Rs.3.65 lakhs). The Council had accumulation of large stock of publications of 81247 copies of sales value Rs.66.48 lakhs at the end of March 1990; 55 per cent of unsold publications pertained to the years 1972-1980 and 23 per cent were lying in stock from 1981 to 1985. The Ministry admitted in April 1991, that a large number of unsold copies of books were lying with the Council or the publishers and stated that a Publication Committee appointed for the purpose in June 1988 had made certain recommendations in October 1988 and action would be taken as soon as the report of the Publication Committee is considered and concrete decisions are taken by the Council.

7.14.4 Royalty: The Council received royalty at the rate of 40 to 50 per cent of the printed price of the book. As on 31st March 1990, an amount of Rs.0.84 lakhs was outstanding towards royalty.

The publisher was required to pay the royalty due on the sale of at least 300 copies of the work at the end of the first year and cover

the cost of production incurred by the Council within two years after the work was published. In certain cases, the publication grants sanctioned for publication of reports/doctoral theses were adjusted against the amount of royalty due from the publishers and no procedure or system existed to watch whether the cost of production incurred in respect of a publication was recovered within two years of its publication, or not. The Ministry stated, in April, 1991, that the matter had been taken up with the publishers and some recoveries on account of royalty had been made from them.

7.15. Review of the Council

7.15.1 According to provisions of the Memorandum of Association of the Council, the Government may appoint one or more persons to review the work and progress of the Council. Till December 1978 no such committee had been constituted by the Government. This was also commented upon in paragraph 57.1.2 of the Report of the Comptroller and Auditor General of India, Union Government- (Civil) for the year 1977-78.

No external Review Committee had been appointed so far to review the working of the Council.

7.15.2 The working of the Council had, however, been reviewed by internal review committees appointed by it from time to time. The first Review Committee was appointed by the Council in January 1973 with the task of reviewing the status of social science research, and indicating the lines on which it should develop during the Fifth Five Year Plan. In August 1977, the Council constituted the second

Review Committee with a view to making proposals of development of work and programmes during the next 10 years, in particular the Sixth Five Year Plan.

The third and last Review Committee was constituted in 1985 to review the work of the Council during the last 16 years and especially during the Sixth Five Year Plan.

In its report submitted in July 1986, the Review Committee recommended that in the eyes of social science community, the Council should be seen as a purposeful agency, performing a leadership function, and making a distinctive contribution to the promotion of social science research in the country and providing social science inputs for informed public opinion as well as for the formulation of public policy.

The Review committee inter alia commented upon

- (i) delays on the part of the Council in responding to the proposals submitted by individual scholars for research grants;
- (ii) delays in completion of sanctioned projects and weaknesses in the mechanism for monitoring the grants;
- (iii) non-submission of reports by the scholars granted scholarships;
- (iv) long delays in the preparation and publication of research surveys;

- (v) poor utilisation of data archives;
- (vi) low volume of sale of Council's publications; and
- (vii) need for a more active role by the Council in respect of research institutes supported by it.

The Ministry stated, in April 1991, that the Council was doing its best to shorten the time period for approval of proposals, steps were being taken to obtain reports of the projects/fellowships sanctioned by it, the Chairman of the Survey Committee had been requested to monitor the progress of survey reports, publicity to Data Archives had been stepped up to promote better utilization and so on. However, as can be seen from what has been stated in preceding paragraphs, the deficiencies pointed out by the Review Committee in July 1986 still persisted.

7.16 Construction of building

The Council decided, in February 1986, to construct its own building on 10 acres of land (subsequently reduced to 4.3 acres) belonging to the Jawaharlal Nehru University at New Delhi. The Council did not enter into formal agreement with the University for construction of its building on the University land. The Council decided, in March 1986, to engage a private architect and M/s National Buildings Construction Corporation (NBCC- a Government of India undertaking) for the work. The Ministry to whom the matter was referred, in March 1986, communicated in June 1986, the views of the University, based on its

experience with the particular architect and the NBCC, that it was in their best interest to get the work executed through the CPWD. The Ministry also intimated that as per the advice of the Ministry of Urban Development (June 1986), the work should be got executed through CPWD. However, the Council went ahead with the agencies already decided; presented with fait accompli the Ministry conveyed its ex-post facto approval in the matter to the Council in May 1987 (NBCC) and April 1989 (architect).

The Council paid to the architect 4 per cent of the total cost of the work as his professional fees which was in excess of the rate of 3 per cent approved by the Ministry in April 1989. The Council justified this on the ground that the architect was entrusted with the additional responsibility of close supervision of the site works and the Council did not have its own engineering wing with qualified engineering staff capable of day-to-day supervision of the contractor's work at site. The Ministry to whom the matter was referred by Audit, in May 1990, did not offer any comments on the justification given by the Council.

The architect submitted, in April 1986, estimates for Phase I of the work for Rs.2.44 crores, for construction of office block (including central airconditioning), guest house (with 25 window type airconditioners), 10 type-I staff quarters, 20 type II staff quarters, 24 type III staff quarters, 5 type-IV staff quarters, 3 type V staff quarters and residence of Member Secretary. The architect again furnished estimates for Rs.2.42 crores in August 1987, these estimates included construction of

hostel block also (Rs.11.75 lakhs) but reduced the number of residential quarters from 10 to 2, 20 to 5, 24 to 3 and 5 to 2, in the case of Type I,II,III and IV respectively, and also did not provide for air-conditioning. Scrutiny of estimates also showed that these were stated to be based upon the CPWD Plinth Area Rates(PAR) as on 1st October 1976 suitably upgraded to the prevailing cost index. The estimates provided for consultancy charges at the rate of 4 per cent on the estimated cost based on the PAR as upgraded and were exclusive of the contractor's overheads and profit (12.5 per cent as mentioned subsequently) which was to be extra. Since the CPWD PAR already included the consultancy charges and the amount of contractor's overheads and profit, the estimates prepared by the architect were inflated. The estimates were approved by the Council in August 1988. The detailed estimates for the work were not prepared.

The Council entered into an agreement with the NBCC, in September 1986, for construction of the buildings even before the estimates were approved in August 1988. The agreement provided for payment of actual cost to the NBCC and 12.5 per cent thereon to cover the head office overheads and margin of profit. The award of work on cost plus basis was contrary to the provisions of Government financial rules and orders. The Council justified this on the ground of "similar pattern of the contracts" executed by other organisations with the NBCC and that because of the cost plus contract 'the contractor cannot subsequently claim any escalation in prices giving rise to disputes'. The Ministry to whom the

matter was referred by Audit, in May 1990, did not offer any comments on the justification given by the Council.

The Council paid Rs.50 lakhs to the NBCC as interest free mobilisation advance in March 1986. The advance was paid not only before the agreement was signed with the NBCC, in September 1986, but was also in violation of Government orders of July 1983 according to which mobilisation advance, limited to 10 per cent of the estimated cost of work could be sanctioned to a contractor for work of a specialised nature, subject to the condition that the amount would be recovered from the contractor with interest. The NBCC was thus provided excess assistance of Rs.25.80 lakhs without any interest liability. The Council had made a total payment of Rs.303.19 lakhs to the NBCC upto October 1990. Although the NBCC had submitted running account bills for Rs.136 lakhs upto March 1989, the Council made payment of Rs.222 lakhs upto that date including Rs.50 lakhs paid in March 1986 as mobilisation advance. This resulted in further unauthorised aid to NBCC. None of the bills submitted upto March 1989 were checked by the Council or the architect.

The work which was required to be completed by October 1988 was still in progress (January 1991). The Council attributed the delay to the rough nature of terrain, time taken in preparation of drawings and modifications therein based upon the actual site conditions. These factors could have been anticipated. The agreements with the architect and the NBCC did not provide for levy of penalty for delay on their part. On the other hand, delay in completion of work would also result

in cost escalation and additional payment to the architect and the NBCC in view of the nature of agreements with them. Due to delay in completion of work, the Council also continued to incur expenditure of Rs.3.96 lakhs per annum on hired buildings.

The NBCC was required to furnish quarterly statements of theoretical and actual consumption of material. However, neither the norms of consumption of material were laid down nor did the NBCC furnish the statements as prescribed. Consequently, no effective cost control was possible.

The Council committed irregularities in the construction of building. It did not have title to land on which the building was taken up for construction. The Council entrusted the construction to an architect and the NBCC, contrary to the advice of the Ministry. It allowed undue and extra-contractual financial benefits to the NBCC. The architect was paid fees at the rate of 4 per cent of the cost of work against the rate of 3 per cent approved by the Ministry. The estimates prepared by the architect were defective, norms of consumption of material were not prescribed and hence no effective cost control was possible. Delay in completion of work resulted in the Council continuing to incur expenditure on hired buildings, cost escalation and additional payments to the architect and the NBCC inherent in the terms of agreements

with them.

8. University of Hyderabad

8.1 Introduction

The University of Hyderabad came into existence on 2nd October 1974 under the provisions of the University of Hyderabad Act, 1974 (Act). The main aims and objects of the university as envisaged in the Act are : to disseminate and advance knowledge by providing instrumental and research facilities; to make special provisions for integrated courses in humanities and sciences; and to take appropriate measures for promoting inter-disciplinary studies and research in the university.

Out of eight schools and three centres planned to be established by the end of the Seventh Plan, the university established seven schools of higher studies in Physics, Chemistry, Life Sciences, Social Sciences, Humanities, Mathematics and Computer Information Sciences and Performing Arts, Fine Arts and Communication and three centres for regional studies, applied linguistics and translation studies and comparative studies. These schools provide Post-graduate courses like Master of Technology, Master of Science, Master of Arts, Master of Philosophy, Master of Performing Arts, Master of Fine Arts, Master of Computer Applications and Diploma in Computer Applications and guide scholars for Ph.D. The university had 1454 students and 194 teaching staff at

the end of 1989-90.

8.2 Scope of Audit

The annual accounts of the university are audited by the Comptroller and Auditor General of India under Section 19(2) of Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 and the audited accounts together with the report thereon are placed before Parliament. Functioning of the university was earlier reviewed for the Audit Report 1980-81. The present review covers the period from 1985-86 to 1989-90, and was conducted during April to July 1990.

8.3 Organisational setup

The Vice-chancellor is the principal executive and academic officer of the university. The Principal Executive Body of the University is the Executive Council, consisting of the Vice-chancellor, Pro Vice-chancellor, four Deans of schools of study, One Professor (other than Dean or Head), One Reader, One Lecturer, two members of the Government and four members of distinction in academic and public life. The Executive Council manages and administers the revenue and property of the university and conducts the affairs of the university. It has powers to create teaching and academic posts, to manage and regulate finances, accounts, investments, property, business and all other administrative affairs of the university. The other authorities of the university include the Court, the Planning Board, the Academic Council and the Boards of schools.

8.4 Highlights

- The numbers of student decreased in the M.Phil. courses by 23 per cent in 1989-90 compared to its intake capacity. The shortfall of 9 per cent in Ph.D. Courses in 1987-88 increased to 20 per cent in 1989-90.
- The teacher student ratio ranged from 1:7 to 1:8 during 1985-86 to 1989-90 as against the recommended ratio of 1:10.
- An expenditure of Rs.2.20 lakhs incurred on payment of scholarships and fellowships to students was rendered unfruitful due to the dropping out of the candidates before completion of their assignments.
- Liquid helium plant acquired at a cost of Rs.15.64 lakhs in July 1980, was commissioned in January 1989 after a delay of about a decade.
- Mass spectrometer with accessories imported at a cost of Rs.24.16 lakhs during 1976 to 1978 and installed in 1979-80 was not put to fruitful use.
- At the Computer Centre set up at a cost of Rs.65 lakhs, the average unutilised time was 76 per cent in 1989-90.
- The date of commencement of production of the Energy Plantation Programme for generation of electricity involving grants amounting to

Rs.33.98 lakhs was uncertain.

- Expenditure of Rs.10.32 lakhs on five schemes incurred from out of unspent balances of other grants remained uncovered for more than four years.

8.5 Finance and Accounts

The university is mainly financed by grants paid by the University Grants Commission (UGC) out of funds made available to it by the Central Government. It also receives some grants directly from the Central Government, the State Governments of Andhra Pradesh, Tamil

Nadu, Pondicherry, Rajasthan, Tripura and Andaman & Nicobar and organisations like the Indian Council of Agricultural Research, the Council of Scientific and Industrial Research, the Indian Council of Social Science Research, for undertaking certain specified activities. The university's own receipts come from tuition and examination fees, hostel rent and service charges, sale of publications and interest on investments etc. A summary of receipts and payments of the university from 1985-86 to 1989-90 is given below:-

		(In lakhs of rupees)				
Receipts		85-86	86-87	87-88	88-89	89-90
(i)	Opening Balance	38.85	91.56	157.58	143.09	89.85
(ii)	Grants from UGC					
	Maintenance (Non-plan)	271.15	387.25	396.00	471.76	612.20
	Revenue Account (Plan)	6.94	15.11	25.92	2.05	120.11
(iii)	Specific purpose grants from					
	i) UGC					
	a) Capital and Development	302.57	170.81	212.03	135.86	228.49
	b) Other specific purposes	27.34	19.70	88.85	63.79	94.34
	ii) Central Government	12.19	24.20	65.44	78.59	42.72
	iii) a) Government of Andhra Pradesh	3.34	9.08	4.38	11.92	6.08
	b) Other State Governments	0.09	0.19	0.13	0.14	0.15
	iv) Others	16.24	15.78	34.75	44.51	61.31
(iv)	Own income	13.64	14.43	22.67	27.83	32.80

Receipts	85-86	86-87	87-88	88-89	89-90
(v) Other debt - deposit and suspense transactions	88.77	112.40	138.96	177.19	206.33
Total:	781.12	860.51	1146.71	1156.73	1494.38
Payments					
(i) Expenditure on revenue account (Non-plan)	309.82	356.09	463.87	499.27	595.71
(Plan)	7.03	15.47	44.27	48.15	71.46
(ii) Expenditure on capital account	259.54	178.39	209.39	163.39	189.99
(iii) Expenditure out of specific purpose grant	37.69	52.51	141.95	180.43	194.96
(iv) Other debt, deposit and suspense transactions	75.48	100.47	144.14	175.64	212.62
(v) Closing Balance	91.56	157.58	143.09	89.85	229.64
Total:	781.12	860.51	1146.71	1156.73	1494.38

8.6 Utilisation of grants

maintenance grants received from the UGC and the total receipts of the university during the years 1985-86 to 1989-90 is given below :

8.6.1 Maintenance grant

A comparative statement of

(In lakhs of rupees)

Year	Internal receipts	% to total receipts	Grants received	% to total receipts	Total receipts
1985-86	13.64	4.79	271.15	95.21	284.79
1986-87	14.43	3.85	387.25	96.15	375.23
1987-88	22.67	5.09	(-) 26.45* 396.00	94.91	445.12
1988-89	27.83	5.57	(+) 26.45 471.76	94.43	499.59
1989-90	32.80	5.51	612.20	94.49	595.00
			(-) 50.00*		

* Advance grants for 1987-88 and 1990-91 received in 1986-87 and 1989-90 respectively.

The large increase in receipt of grants during 1989-90 compared to that in 1988-89 was due to :

(i) receipt of advance grant of Rs.50 lakhs for 1990-91.

(ii) provision of funds for payment of three instalments of dearness allowance with effect from July 1988, January 1989 and July 1989.

(iii) provision of funds for meeting the increased rates towards electricity charges, telephone rentals; and

(iv) provision of funds under salaries of the staff of the University of Hyderabad Campus School, created in 1989-90 by merger and upgradation of i) Red Cross National School and ii) the

University of Hyderabad Secondary School.

8.6.2 Specific purpose grants

Grants received from the UGC for specific purpose are to be utilised for such purposes only and no diversion thereof for other purposes is permissible. It was, however, noticed that in the five cases indicated below expenditure met from unspent balances of other grants amounted to Rs.10.32 lakhs at the end of March 1990, and remained uncovered by grants for more than four years.

(In lakhs of rupees)

S.No.	Project/Scheme	Balance at the end of 1985-86	Expenditure during 1986-87	Expenditure during 1987-88	Expenditure during 1988-89	Expenditure during 1989-90	Balance at the end of 1989-90
1.	Unassigned grant	0.09	0.37	1.11	0.46	2.37	4.40
2.	Construction of open air auditorium	0.12	0.57	0.63	(-) 0.03	-	1.29
3.	Construction of front entrance gate including security guard house etc.	1.69	-	-	-	-	1.69
4.	Construction of lecture hall complex.	1.18	0.04	-	0.01	0.07	1.30
5.	Roads in service area	1.22	-	0.42	-	-	1.64
Total		4.30	0.98	2.16	0.44	2.44	10.32

The university stated that as the schemes were sanctioned by UGC and the expenditure would be covered by receipt of further instalments of grants from UGC, prior permission of UGC was not required and that temporary ways and means adjustment by drawing upon funds available was resorted to avoid delay in implementation of programmes due to

the time lag between sanction of schemes and release of funds.

8.7 Seventh Plan programmes

The grants released by the UGC for the Seventh Plan programmes and the amounts spent by the university were as follows:

(In lakhs of rupees)

Programme	Buildings	Campus development	Library books and furniture	Equipment	Other items	Total
Grants released	609.21	44.91	121.50	135.50	73.95	985.07
Amount spent	581.97	50.00	127.55	90.62	70.17	920.31
Shortfall (+) Excess (-)	(+) 27.24	(-) 5.09	(-) 6.05	(+) 44.88	(+) 3.78	(+) 64.76
Percentage	4.5	11.3	5.0	33.1	5.1	6.6

The reasons for shortfall/excess in incurring the expenditure has been analysed in the following paragraphs :-

8.7.1 Grants for buildings

The university received a grant aggregating to Rs.210 lakhs during 1984-85 to 1988-89 for construction of "Science School Complex". The expenditure incurred up to the end of 1989-90 was Rs.183.10 lakhs only. The estimated cost of the work was Rs.238 lakhs. Work estimated to cost Rs.152 lakhs was entrusted to a contractor at 26.5% over estimated value (Rs.120 lakhs). Though the work commenced in April 1985, it was not completed by April 1987, as required under the agreement and for the slow progress, the contract was determined in January 1990. However, based on the decision of the buildings committee the determination order was revised in April 1990 for completion of the balance work by June 1990 by the same contractor at the old agreement rates. However, the work was not completed by June 1990. The contractor had to do some items of work even by September 1990. Though the buildings committee reserved the right of the university to recover compensation and damages from the contractor for the delay in completion of the work, and the

contract stood terminated by June 1990, no amount towards compensation and damages for the delay were levied and recovered from the contractor so far (February 1991).

8.7.2 Grants for equipment

An estimated requirement of Rs.156.20 lakhs was proposed by the university for equipment during Seventh Plan. The UGC sanctioned Rs.125 lakhs only, out of which Rs.45 lakhs representing the last instalment was released in January 1990. The expenditure incurred was Rs.83.12 lakhs. The university attributed the shortfall in expenditure of Rs.41.88 lakhs to late release of grant (September 1990).

8.7.3 Grants for other items

The university had diverted funds from unspent grants under "Plan" and incurred an expenditure of Rs.1.41 lakhs on "Construction of Sports Complex" during 1988-90 even though no grants for this work were received. Grants meant for specific purposes are to be utilised for such purposes only. Prior permission of the UGC was also not obtained. The university replied, in September 1990 that the work was approved by UGC in August 1988 and plans and estimates were cleared by CPWD and

sent to UGC for sanction. The university also stated that it is only a temporary way and means adjustment already approved by UGC, pending receipt of grant.

8.7.4 It was noticed that in respect of 43 completed works wherein the grants had not been utilised or

expenditure had been incurred in excess of allotment, completion reports were to be sent in the case of 20 works involving a net unutilised grant of Rs.5.85 lakhs. The details are given below :

(In lakhs of rupees)

Scheme	Amount of grant remaining unutilised (+)/expenditure incurred in excess of allotment (-).	Number of completed works	Number of works for which completion reports were sent	Number of works for which completion reports were to be sent.
			Number	Amount
Buildings	(+) 20.08	13	4	(+) 0.73
	(-) 22.79	22	17	(-) 11.14
Campus	(+) 1.48	3	-	--
Development	(-) 5.31	5	2	(-) 0.06
Total		43	20	(+) 5.85

The university stated that six works were under arbitration, final bill was to be paid in case of one work and completion reports were under preparation for the balance works (September 1990).

8.8 Grants for Energy Plantation Demonstration Programme

Based on the proposals of the university in February 1986 the Department of Non-conventional Energy Sources (DNES) of the Ministry of Energy, released Rs.9.98 lakhs to the university during March 1986 to February 1990 to develop 120 hectares of land at a cost of Rs.12 lakhs over a period of four years,

to implement the Energy Plantation Demonstration Programme Phase I. The main objectives of the project were:

- (i) to develop a centre to demonstrate non-conventional energy sources by raising plantation;
- (ii) to develop/educate and train interested persons through Shramik Vidyapeeth on the use of non-conventional energy sources; and
- (iii) to generate biomass from the plantation raised.

Based on another proposal of the university in August 1986 for demonstration of energy plantation

on 400 hectares of land (Phase II) for producing electricity in the university campus, the DNES released further grant of Rs.24 lakhs during 1986-87 for implementation of the programme, within a period of four years (March 1987 to March 1991).

Under Phase I, 140 hectares of land were planted by December 1988 against the targeted date of March 1987. The expenditure incurred on Phase I upto March 1990 was Rs.11.74 lakhs. However, under Phase II, against 400 hectares targetted for plantation, only 40 hectares were planted upto March 1990 incurring an expenditure of Rs.3.90 lakhs. The university informed the DNES, in November 1988, that it would take up the programme in a phased manner from January 1989 over a period of three years. Specific sanction of DNES for this proposal was, however, not obtained.

From the 140 hectares of land planted under Phase I by December 1988, no biomass (excepting the standing plants) was realised and the university was not reported to have conducted any programme for demonstration/education of interested persons on non-conventional energy sources (September 1990). No action was initiated for erection of gasifier to use the plant material for generating electricity. According to the university, its responsibility was limited to raising the plantation and maintaining it for ten years and the end use was to be determined by the DNES. Specific date for achieving the main purpose of generating electricity from the biomass and of starting the programme of demonstration/education was not therefore laid down. Due to this, the date by which the scheme involving investment of Rs.33.98

lakhs would start yielding result, was uncertain.

As regards the programme of demonstration the university stated in November 1990 that it has no record of enquiry from any local organisation or individuals for such demonstration. Specific reasons therefor and action taken by the university to generate interest in the programme were not indicated.

It was also noticed that the university had purchased capital equipment valued at Rs.1.55 lakhs under Phase I and Rs.2.37 lakhs under Phase II in contravention of the conditions attached to the grant. While DNES stated, in June 1988, with reference to the report on the scheme for the quarter ending 31st December 1987 that the grants should not be utilised for capital equipment, the university justified the purchase on the ground that the DNES did not object to the purchase subsequently. Specific orders of DNES authorising purchase of capital equipment were not obtained.

8.9 *Creation of depreciation reserve fund*

The university was charging depreciation on maintenance grants received and creating a reserve for depreciation. The provision for depreciation so charged for the years 1985-86 to 1989-90 was Rs.42 lakhs. The depreciation reserve fund at the end of 1989-90 was Rs.10.88 lakhs. The university stated, in June 1990, that the creation of depreciation reserve fund was in accordance with the instructions issued by the UGC in September 1984, based on the suggestions of the committee of Vice-chancellors of Central Universities (June 1984) to create a revolving fund through

annual provision for replacement of wornout equipment. However, in view of the fact that the university is mainly financed by grants received from the UGC and the grants approved by UGC for equipment during the Seventh Plan should be utilised with a view to replace obsolete equipment, creation of a reserve fund by diversion of maintenance grant, resulted in accumulation of Government grants with the university.

8.10 Academic programmes

8.10.1 Shortfall in student strength

The working group appointed by the Government of India for the establishment of the university envisaged a student strength of 6000 at the end of the Sixth Plan. The

working group, inter alia, recommended in 1974 construction of buildings with a total covered plinth area of 28 lakhs Sft. during the next 10 years. However, the plinth area sanctioned and constructed so far (September 1990) worked out to 7.65 lakhs Sft. only. Due to this the university had an intake capacity of 1884 students only (including 85 students for three certified courses in Japanese and Chinese which were cancelled subsequently as only 7 students were available for these courses). Against the intake capacity of 1884, actual strength in 1989-90 was only 1454 representing a shortfall by 23 per cent. The details of intake capacity and actual strength in M.Phil. and Ph.D. courses from 1987-88 to 1989-90 were as follows :-

Course	1987-88				1988-89				1989-90			
	Intake capacity	Actual	Shortfall	Percentage	Intake capacity	Actual	Shortfall	Percentage	Intake capacity	Actual	Shortfall	Percentage
1. M.Phil.	152	160	-	-	178	167	11	6	219	168	51	23
2. Ph.D.	304	277	27	9	375	344	31	8	490	392	98	20

In the case of M.Phil courses, the shortfall of 6% in 1988-89 increased to 23% in 1989-90 and in the case of Ph.D. courses, the shortfall of 8% in 1988-89 increased to 20% in 1989-90. The university attributed, in June 1990, the shortfall in 1989-90 to lack of qualified candidates at the entrance tests.

8.10.2 Teacher-student ratio

The working group appointed by the Government of India for the establishment of the university

recommended a teacher-student ratio of 1:10. The Visiting Committee of the UGC suggested that during the first few years, emphasis should be laid exclusively in developing Post-graduate studies like M.A., M.Sc., M.Phil., Ph.D. and after the Post-graduate programme had taken roots the university might introduce a well designed under graduate programme of teaching for +3 stage of the university level. According to the university the buildings sanctioned so far (September 1990) were for 7.65 lakhs sft. (Square feet) only against 28 lakhs sft.

recommended by the working group at the end of 10 years and so the intake capacity was only 1884 in 1989-90 and no under graduate courses were started. The university also stated, in February 1991, that the ratio of 1:10 would be applicable if under graduate courses were also started and that the visiting committee of the UGC

recommended the sanction of posts of teachers based on the needs of the university and no teacher student ratio was prescribed by the UGC.

However, the teacher student ratio ranged from 1:7 to 1:8 during 1985-86 to 1989-90 as indicated below :-

Year	Sanctioned strength of teachers	Actual strength of teachers	Students	Ratio
1985-86	190	138	928	1:7
1986-87	190	156	1084	1:7
1987-88	251	182	1425	1:8
1988-89	251	182	1425	1:8
1989-90	251	194	1454	1:8

8.10.3 Drop-outs

There are different kinds of scholarships for Post graduate students which are being paid to the eligible students. Fellowships are paid to research scholars. However, the university was not following any system for obtaining appropriate bonds from the students to ensure that they completed their courses or that the research scholars submitted their theses within the prescribed period of five years. It was noticed in audit, in June 1990, that 57 students of Post-graduate courses who received scholarships amounting to Rs.0.93 lakh during 1985-90 dropped out without completing the courses. Though the university stated, in June 1990, that the figure 57 included students re-admitted, details thereof were not furnished. Similarly, eight research scholars who received fellowships

amounting to Rs.1.27 lakhs during 1985 to 1990 discontinued research. In the absence of any enforcing provisions in the system, an expenditure of Rs.2.20 lakhs incurred during 1985-86 to 1989-90 on payment of scholarships/fellowships was rendered unfruitful owing to the candidates dropping out before completing their courses.

8.11 Stock verification

The Executive Council of the university resolved, in October 1985, to conduct physical verification of library books. According to the university, one cycle of physical verification was planned to be conducted in a span of five years. After the stock verification in 1985, the first phase of the verification covering about 70000 books was carried out in 1989 and the second phase covering

about 40000 books in 1990. In the first phase, out of 2000 missing books, 400 were traced and in the second phase 1400 books were found missing. According to the university (September 1990) the missing books would be traced in due course and actual loss could be assessed after completion of one cycle i.e., 1993. With reference to the number covered by the verification, the loss of 23 books per 1000 books verified in the first phase and 35 books per 1000 verified in the second phase should not be deemed to be reasonable and complete verification should have been ordered.

8.12 Idle machinery and equipment

8.12.1 Liquid helium plant

Non-installation of the liquid helium plant acquired at a cost of Rs.15.64 lakhs in July 1980, due to non-completion of the construction of the building to house the plant, was commented upon in the Audit report for 1980-81. The building to house the plant which started in 1981 and required to be completed by February 1982, was actually completed by May 1983. The U.K. based firm on whom the supply order was placed was required to supply blue prints, drawings and other requirements for civil works, well in advance to enable the buyer to finish such works before the units arrived at Hyderabad. Certain defects were noticed in sketch plans/blue prints, given initially by the local agents to U.K. firm. They required modifications. Finally in March 1982 the local agent handed over the drawings/blue prints and the construction was then completed. Though the plant was installed in September 1983, it could not be commissioned due to damages caused to it during transit and the damages

could not be assessed properly till 1984. The plant was finally commissioned only in January 1989. Thus due to the delay in the construction of building to house the plant and the damages caused to the plant in transit, there was a delay of about a decade in commissioning the plant procured at a cost of Rs.15.64 lakhs. Rs.1.70 lakhs due to the U.K. firm and Rs.1.42 lakhs due to Indian agents, were withheld by the university and the university replied (February 1991) that it was considering all the aspects relating to the installation and commissioning the plant and a decision on the payment of these amounts would be taken in due course. No experiments were conducted involving the use of liquid helium even after the plant was commissioned in January 1989.

Thus the investment of Rs.15.64 lakhs remained blocked till 1989 due to delay in commissioning and had been unfruitful so far (February 1991).

8.12.2 Mass spectrometer

A mass spectrometer (MS 50) including a data processing unit, DS-50 was purchased in 1976 at a cost of Rs.24.16 lakhs from a British firm. The spectrometer and its accessories were received during October 1976 to September 1978. Due to delay in preparation of site and construction of building required, the mass spectrometer was installed in October 1979 and DS-50 data system was installed in November 1979 only.

In the absence of maintenance of log books for the spectrometer, the activity of the instrument could not be verified. The university stated, in November 1987, that the

equipment was giving minor electronic and vacuum troubles from the beginning and these became frequent and acute since March 1981 from which time no samples were analysed. A technical officer for the spectrometer was appointed only in January 1987.

A committee constituted by the Vice-chancellor in December 1987 to examine the non-functioning of the mass spectrometer held, in November 1988, that the main reasons for non-functioning of the instrument were:

- i) want of adequately qualified and trained personnel and
- ii) want of uninterrupted and stabilised power supply.

The committee observed that during 1980-86 no effort was made by the university to recruit even a single technical person despite repeated requests by the concerned professor and that the attitude and expertise of the Indian agent of the firm was unsatisfactory and made it further difficult to keep the instrument operational. Due to purchase of the spectrometer without adequately ascertaining the competence of the Indian agents, delay in construction of the building and non-provision of requisite technical personnel, the instrument, procured at a cost of Rs.24.16 lakhs was not put to any fruitful use. As regards the delay in setting right the machine the university replied (February 1991) that the warranty period with the foreign supplier and Indian agent had expired and both of them did not have their service engineers trained on this particular model which they no longer manufactured. They had, however, agreed to provide the service manual of the machine. The university also

stated that some units were repaired with the available staff and the problem of poor vacuum was proposed to be tackled with the help of private concerns dealing with high vacuum aspects.

8.12.3 Computer centre

A computer centre was established in 1985 at a cost of Rs.65 lakhs in the university with grants from the UGC with the following systems :

- i) International Computers of India Magnetum (ICIM) 6060 with 12 terminals (cost Rs.39.80 lakhs installed in December 1985).
- ii) Omega 58000 with 5 terminals (cost Rs.17.70 lakhs installed in December 1985).
- iii) HCL Magnum I (cost Rs.7.50 lakhs installed in March 1990).

Omega 58000 and ICIM 6060 Computer systems were mainly used by the staff and students in different courses. According to the norms laid down by the UGC for the computer centre, in April 1983, the university should have ensured optimum utilisation of the computer facility and any free time available should have been sold to outside users. Any balance after meeting the obligations towards recurring expenditure of operational cost over and above the grants available from the UGC, was to be built up as a reserve fund to be used for the needs of the computer and were not to be treated as general revenue of the university. However, it was observed that the estimated spare time available during 1989-90 in the case of ICIM 6060 was about 3375 hours out of a total available time

of 4320 hours per month (78 per cent) and that in the case of Omega 58000 it was about 1301 hours out of 1800 hours per month (72 per cent) based on 12 hours drawn out time per day. Thus, while the unutilised spare time of the computer centre was 76 per cent on an average during 1989-90, the computer centre was only used for one outside job "finalisation of recruitment process for Navodaya Vidyala Samithi" in 1989-90.

Separate accounts for the computer centre were not maintained and the rates of recovery from outside agencies, educational and research institutions and from users of research projects funded by agencies other than UGC were also not fixed. The university attributed the shifting of computer centre to new premises, shortage of power and absence of alternative source of uninterrupted power supply for low utilisation. However, as stated by the university (June 1990) the loss of computer time was about one month

(360 computer hours) only. The power cut was applicable only from November 1989 onwards and as power cut was an annual feature, arrangements for alternative uninterrupted power supply should have been made. Though the university estimated that such an arrangement would cost about Rs.20 lakhs, no provision for the same was made in the Seventh Plan. Though it was stated by the university that the systems were used fully, full details thereof prior to 1987 were not furnished on the ground that some of the log books were misplaced. It was also claimed that since the technology was being improved, the users were becoming fewer and fewer for these systems.

8.12.4 Other idle machinery and equipment

It was noticed that eight items of equipment and machinery procured at a cost of Rs.8.99 lakhs were lying idle as indicated below:-

Name of equipment	Year/month of purchase	Value (in lakhs of Rs.)	Year/month from which idle	Remarks by the university
1. Laser Roman Spectrometer with lasers	1978	5.35	1984	A new laser tube was purchased and was to be installed.
2. Metrologic laser	1982	1.10	January 1987	The laser had outlived its utility.
3. He-Ne laser with power supply.	1979	0.08	November 1984	Action would be taken to dispose it off.
4. Toshiba plain paper copier.	Oct.1982	0.95	December 1985	-do-
5. DCM Datamatic Spectrum (old computer)	1979-80	0.77	August 1987	-do-
6. Impala inter cum facility	1982-83	0.27	January 1986	Matter was under examination.
7. Korestat copier	April 1977	0.25	April 1985	Efforts were being made to put it into service.
8. Electronic Type-writer	March 1981	0.22	November 1987	Efforts would be made to make it workable.
		8.99		

8.13 Stores and Stock Accounts

The university had established its own engineering wing since its inception in 1974 for the execution of works in the university. The UGC released a grant of Rs.10 lakhs, in December 1984, for procuring the reserve stock material for various construction projects of the university. Though it was decided by the engineering wing of the university in September 1985 to maintain the reserve stocks account, the system was not implemented (June 1990) due to non-transfer of balances under the materials-at-site accounts. Only some surplus items of completed works were transferred to the reserve stock and the balance under this account at the end of March 1990 was Rs.5.69 lakhs against the grant of Rs.10 lakhs received by the university.

The reserve stocks held included 223 bitumen drums valued at Rs.0.53 lakh lying in stock since November 1978 apart from other stores like M.S. angles, plates, RCC pipes and AC sheets valued at Rs.0.85 lakh procured prior to April 1986 (the actual dates of procurement were not furnished by the university). The university did not also furnish the reasons for keeping the bitumen drums in stock for more than a decade and whether the material was still fit for use.

The university stated, in September 1990, that balances under "material-at-site" account of works were transferred to the reserve stocks in the accounts for 1990-91 and that action was being taken to utilise/dispose of materials acquired prior to 1986. The matter relating to bitumen drums was under examination.

8.14 Open air theatre

A platform was constructed, in March 1985, to meet the then immediate needs of a convocation, at a cost of Rs.1.29 lakhs as part of an open air theatre, for which approval of the UGC was obtained, in April 1986, at an estimated cost of Rs.5.78 lakhs. However, as the design of the theatre was not finalised till 1988, tenders called for this work in September 1986 and November 1986 were rejected and grant was not released by the UGC as the required tender information was not sent by the university by June 1990. Therefore the expenditure of Rs.1.29 lakhs was incurred by diversion of funds from other grants. The proposals for the construction of the theatre was also deferred, in November 1989, since the demand for the theatre might be larger than that envisaged earlier consequent upon starting of a school of performing arts in 1987-88. Thus, even though approval was accorded by the UGC in April 1986 the university was not equipped with an Open air theatre due to delay in finalisation of the design and the expenditure on constructing the platform at a cost of Rs.1.29 lakhs remained to be regularised by the UGC.

8.15 Loss due to non-recovery of electricity charges

The university purchased electricity in bulk from Andhra Pradesh State Electricity Board (APSEB) for its own use and for the use of individuals and private parties residing on its campus. Electricity is supplied from its sub-stations through inner distribution lines to the staff quarters and building occupied by commercial concerns. While the rates

paid by the university to the APSEB towards electrical consumption charges as High Tension consumer ranged from Rs.0.80 to Rs.1.17 per Unit, during July 1987 to March 1990, the rates fixed for recovery by the university for domestic consumption ranged between Rs.0.48 to Rs.0.53 per Unit during the same period. It was stated by the university in June 1990 that if high tension rates were recovered from domestic consumers, the staff would demand for Low Tension (LT) connections for staff quarters and going in for separate LT connection for staff quarters would not be economical to the university. However, the rates fixed by the university were less than the tariff of APSEB for similar type of (LT) consumers, which ranged from Rs.0.55 to Rs.0.65 per unit during this period. It was further noticed that electricity charges for domestic supply were not being levied by the university with reference to the actual consumption as per the meter reading, even though meters were installed in the quarters but recoveries were made at a slab rate of Rs.25 per month upto December 1988 and Rs.30 for C, D and E quarters and Rs.60 for A and B quarters from January 1989 onwards. The university replied that the appointment of meter readers was under consideration and recoveries would be made based on actual consumption.

The estimated consumption per month in respect of all the staff quarters was 23,400 units per month. While the university paid Rs.7.38 lakhs (excluding adjustment charges, penal charges etc.) to APSEB during July 1987 to March 1990, the amount recoverable from employees at the rates fixed by the university would

be only Rs.3.88 lakhs. Had the recovery rates been fixed at LT tariff of APSEB, the amount recoverable would be Rs.4.48 lakhs and the loss could have been reduced.

8.16 Bus Service

The university maintained a fleet of six buses involving an investment of Rs.18.11 lakhs in addition to hiring RTC buses to facilitate to and fro movement of its students and staff of about 2,665 on the ground that the few trips by RTC on the university campus were not sufficient to meet the full needs of the university. During 1985-86 to 1989-90, Rs.23.64 lakhs were incurred on maintenance of its own buses, and Rs.23.12 lakhs on hire charges to the RTC. Against Rs.46.76 lakhs incurred on the provision of bus services, the revenue realised from bus services was only Rs.10.30 lakhs during this period. The balance expenditure of Rs.36.46 lakhs was subsidised by the university but it was not covered by any specific approval of UGC. The university also reimbursed a portion of RTC bus charges incurred by its employees (who were not availing the university transport facility) at rates ranging from Rs.39 to Rs.56 p.m. upto November 1988 and from Rs.66 to 88 p.m. from December 1988. During 1985-86 to 1989-90 an amount of Rs.9.74 lakhs was reimbursed to its employees on this account. This reimbursement was also not covered by any specific sanction of the UGC. The university maintained that the Executive Council extended this facility as a temporary concession. However this decision of the Executive Committee require specific approval of UGC as per the guidelines contained in UGC's

circular issued in August 1988.

8.17 Development of land

A.P. State Government allotted 2300 acres of land to the university free cost in February 1975 subject of the condition that the land should be used for the purpose of development of science and technology. Even after 15 years, an area of 600 acres (26 per cent) only had been developed by the university. According to the university, development of 2300 acres required huge funds and due to paucity of funds, the UGC could sanction construction of buildings covering a plinth area of about 7.65 lakhs Sft only as against 28.00 lakh Sft. recommended by the end of the Fourth Plan by the working group appointed by the Government of India for the establishment of the university, and so development of 2300 acres could be done only in phases. The university also stated (September 1990) that about 120 acres were allotted to A.P. State Government for establishment of District Headquarters complex, Electricity Sub-station, RTC bus depot etc., and that 1382 acres were being developed in a phased manner for social forestry. The university also proposed to establish Post-graduate Institute of Medical Research and Training School of Business Management. According to the university, it had made a perspective plan for the next 10-15 years in which the university proposed to start a School of Engineering and Technology and a School of Education among other programmes.

The matter was referred to the Ministry, in August 1990, reply has not been received (February 1991).

Indira Gandhi National Open University

9. Construction of warehouse and office blocks

Indira Gandhi National Open University (University) was allotted land measuring 720 bighas by the Delhi Development Authority in Village Maidan Garhi in September 1985 and December 1987 for setting up its campus. According to the decision of the Expenditure Finance Committee (EFC) in December 1985, all the construction works of the campus were to be executed through the Central Public Works Department (CPWD). In April 1986, the University decided that the work should be got executed through the Public Works Department (PWD) of Delhi Administration on the plea that the latter being a local agency will be able to get early clearance of the project from local authorities. The PWD submitted, in June 1986, preliminary estimates for Rs.180.33 lakhs for construction of semi-permanent building-12 blocks. Following the issue of Government notification in July 1987 permitting change of land use from "agricultural green belt" to institutional, the University deposited Rs.72 lakhs with the PWD towards 40 per cent of the estimated cost as demanded by the latter in September 1987. The work was to be completed within 16 months from the date of award.

In January 1988, the University approached the Ministry of Human Resource Development (Ministry) for being given a free hand for getting the construction work done by any agency, including CPWD, as may be considered suitable. In this reference the University did

not mention its earlier decision of April 1986 of entrusting the work to and preparation of estimates by the PWD nor about the deposit of Rs.72 lakhs with the latter for the work. In March 1988 the Ministry conveyed approval of Government for assigning the construction work to Hindustan Prefab Limited (HPL) in relaxation of the condition prescribed by the EFC. The University entered into an agreement with HPL, in May 1988, for the construction of temporary structure (six office blocks) and ware-house (three blocks) on 'cost plus basis'. According to the estimates furnished by HPL in May 1988, the work was estimated to cost Rs.189.23 lakhs. The work commenced in June 1988 and was scheduled to be completed within nine months i.e. by February 1989.

The University approached the PWD, in March 1988, for refund of the advance deposit of Rs.72 lakhs paid in September 1987. The PWD refunded Rs.66.11 lakhs in May 1988 after deducting Rs.5.89 lakhs towards departmental charges including Rs.1.45 lakhs relating to the construction of the compound wall to be constructed by the PWD. Thus funds amounting to Rs.66.11 lakhs remained blocked with the PWD for more than six months. The expenditure of Rs.4.44 lakhs retained by the PWD towards departmental charges without execution of any work was also rendered infructuous. The University stated, in March 1990, that the expenditure of Rs.4.44 lakhs could not be termed as infructuous as the estimates prepared by the PWD were made use of by the University in keeping a check on the cost of works subsequently executed by HPL. The reply of the University was not tenable as, according to the agreement with the HPL, the latter

agency had prepared fresh estimates based on its own design (Prefabricated structures).

The University made an initial deposit of Rs.28.38 lakhs with HPL on 20th May 1988 and two further deposits of Rs.18.92 lakhs each on 20th July and 16th August 1988 reckoned at 15 and 10 per cent (two instalments) of the anticipated cost of construction of Rs.189.23 lakhs. The University had made total payment of Rs.66.23 lakhs to HPL upto the scheduled date of completion viz. February 1989 and Rs.178.69 lakhs upto June 1990. The work had also not been completed so far (June 1990). The University stated, in June 1990, that six structures had been occupied between August 1989 and January 1990. Due to delay in completion, the University incurred expenditure of Rs.39.21 lakhs on rental for its offices upto March 1990, and was still continuing to incur further expenditure of Rs.0.86 lakh per month on this account. The University stated, in March 1990, that the reasons for delay were to be examined to determine whether the delay was due to lapses on the part of contractor or due to modifications/alterations, if any, in the initial plans by the University. The Ministry stated, in December 1990, that in terms of the agreement, the HPL was entitled to recover compensation from its contractors for the delay which was to be passed on the University and that the University had provisionally withheld 5 per cent of the total cost from the final bill of the HPL pending a final decision in the matter.

The University did not carry out any check of accounts vouchers, invoices etc. of HPL before making payments as provided in the

contract. The Ministry stated, in December 1990, that the requisite check on the execution of works by HPL had duly been exercised by the University from time to time but no records of checking were made available to Audit for verification. The Ministry also stated that the final bill of the HPL had been received and inspection of accounts was in progress.

The case, thus, revealed that the University changed the executing agency which resulted in delay and cost escalation. Expenditure of Rs.4.44 lakhs towards departmental charges retained by PWD proved infructuous. Withdrawing the work from the PWD and giving it to HPL did not result in quicker execution of work. The completion of work was delayed which necessitated extra expenditure of Rs.39.21 lakhs on account of rent of private buildings occupied by the University. The University had not examined the reasons for delay.

Rashtriya Sanskrit Sansthan

10. Acquisition of land and construction of buildings

The Rashtriya Sanskrit Sansthan (Sansthan) was established in 1970 as an autonomous organization registered under the Societies Registration Act, 1860 for the development and promotion of Sanskrit learning in the country. Its major objects are to propagate, develop and encourage Sanskrit learning and research and it serves as a central administrative and coordinating machinery for the management of all Kendriya Sanskrit

Vidyapeethas.

(i) Acquisition of land at Jaipur

The Sansthan was allotted 7.27 acres of land in Jaipur on lease in June 1986 by the Jaipur Development Authority (Authority) at a cost of Rs.15.48 lakhs for construction of office building, residential accommodation and hostels for the Kendriya Sanskrit Vidyapeetha, Jaipur. The site was approved by the Ministry and the Sansthan to be suitable for establishment of the Vidyapeetha and the Sansthan paid Rs.15.48 lakhs towards the cost of land to the Authority in March 1986.

However, the Sansthan did not take possession of land in June 1986 since (i) the area of 7.27 acres of land allotted was insufficient, compared to its requirement of 15 acres and (ii) the land was situated adjacent to a deep canal and was not suitable for construction. The Sansthan had requested the Government of Rajasthan in February 1987, February 1988, March 1988 and December 1989 for change of site and for granting exemption from payment of lease charges. The Government of Rajasthan did not agree for remission of lease charges and the Sansthan finally took possession of the plot of land in February 1990.

This delayed the undertaking of construction of buildings and the amount of Rs.15.48 lakhs paid towards cost of land in March 1986 remained blocked. The Sansthan was also incurring expenditure of Rs.1.82 lakhs per annum on rent for its present office premises alone at Jaipur.

(ii) Acquisition of land at Calcutta

In July 1986, the Ministry of Human Resource Development (Ministry) approved acquisition of 1.79 acres of land at Calcutta by the Sansthan for setting up a Kendriya Sanskrit Vidyapeetha. No detailed scheme for establishment of the Vidyapeetha indicating the recurring and non-recurring cost was, however, prepared and got approved by the competent authority. The Sansthan paid Rs.27.08 lakhs to the Calcutta Metropolitan Development Authority, Calcutta (CMDA) in instalments between October 1986 and March 1988 for allotment of land. The CMDA allotted 1.79 acres of land to the Sansthan in January 1988. The Sansthan had not taken possession of the land so far (June 1990).

The proposal for establishing a Vidyapeetha at Calcutta processed by the Sansthan in December 1987 was turned down by the Ministry of Finance in July 1988 on the ground that it was necessary to first utilise the full potential of eight such institutions already existing.

The Sansthan stated, in June 1990, that possession of land had not been taken as the proposal for opening the Vidyapeetha, had not been agreed to by the Ministry and that the matter was being pursued. Thus acquisition of land at Calcutta, without first obtaining approval of the Government to the opening of Vidyapeetha, resulted in avoidable blocking of funds of Rs.27.08 lakhs and loss of interest on the amount calculated at the rate of ten per cent per annum amounting to Rs.6.99 lakhs upto June 1990.

Thus a total amount of Rs.42.56 lakhs remained blocked and the land

purchased at Jaipur and Calcutta remained unutilised. Besides, the Sansthan continued to incur expenditure of Rs.1.82 lakhs per annum towards rent on hired premises at Jaipur.

The matter was referred to the Ministry in July 1990. The Ministry confirmed the facts in November 1990 and March 1991.

University of Delhi

11. Irregular payment

The University Grants Commission (UGC) conveyed its approval, in April 1985, to the revision of the pay scale of Senior Laboratory Assistants (SLAs) of the University of Delhi (University) from Rs.380-560 to Rs.425-640 with effect from January 1973 on the condition that no arrears would be paid on this account and that it would be treated as notional revision. Accordingly, the Executive Council (Council) of the University passed a resolution in October 1985, to revise the pay scale of SLAs to Rs.425-640 on the terms and conditions agreed to by the UGC. The Council also resolved that the UGC be requested not to treat the revision as notional but to pay arrears to incumbents concerned from January 1973 onwards.

The UGC did not, however, agree (February 1989) to the proposals of the University made in December 1985 and again in November 1988, for payment of arrears to the incumbent SLAs from January 1973 onwards. Nevertheless, the University issued a circular, in June 1989, to all the Principals/Heads of Departments to make payment of arrears to the SLAs placed in the revised scale of

Rs.425-640 upto April 1985. Simultaneously, in June 1989, the University requested the UGC to give necessary directions for release of funds to the University and its Colleges for payment of arrears for the period from January 1973 to April 1985. The UGC expressed, in September 1989, its inability to accept the request of the University as this would create problems for other Central Universities. Thus, the payment of arrears on account of revision of pay scale of SLAs in violation of UGC directive, resulted in irregular expenditure of Rs.26.17 lakhs.

The University stated, during December 1989 to October 1990, that it had neither included the requirement of funds for payment of arrears in its budget nor received any grant for the purpose from the UGC. The University also stated that the Council had been vested with powers to create administrative, ministerial and other necessary posts and to determine the emoluments of such posts and the reference to the UGC was only in the context of getting additional funds for meeting the expenditure.

The reply of the University was not tenable, as though the University had been vested with powers to create administrative, ministerial and other necessary posts, prior approval of the UGC was necessary for revision of existing scales of pay (as per the UGC guidelines for payment of maintenance grants to the Central Universities) and the UGC had agreed to revision of the scale of SLAs subject to the condition that no arrears would be paid on account of revision. Further, the University was fully funded by the UGC and the UGC determined the quantum of

assistance on the basis of approved scales of pay.

The matter was referred to the Ministry in August 1990; no reply has been received so far (May 1991).

Navodaya Vidyalaya Samiti

12. Advance payment to contractor

The Navodaya Vidyalaya, Galibeedu, Kodagu District, Karnataka, a school of the Navodaya Vidyalaya Samiti (Samiti) was functioning since January 1987 in a building spared by the State Government Junior College, Medikeri pending construction of its own building since January 1987. The State Government initially earmarked, in September 1987, 20 acres of land at Kalikeri Nidugane for construction of the school building. The Samiti received an alternate offer to construct the building at Galibeedu in March 1988. The Samiti received yet another offer of allotment of land at Biligere in July 1988. It was finally decided, in November 1988, to locate the vidyalaya at Galibeedu where 35.5 acres of land was handed over to the Samiti in October 1989. The layout plans/ estimates etc. were prepared by the Central Building Research Institute (CBRI), which was the nodal agency for construction work of all Navodaya schools, in March 1990, against the scheduled date of October 1989, and revised in June 1990. The Samiti accorded administrative approval and expenditure sanction for Rs.64.90 lakhs for construction of some of the buildings of the schools in July 1990.

In the meantime, in November 1987, the Samiti entered into an

agreement with the National Projects Construction Corporation (NPCC), New Delhi for construction of the school building in District Coorg on cost plus basis. The Samiti also paid mobilisation advance of Rs.10 lakhs to the NPCC, in March 1988, in terms of the agreement. While according administrative approval and expenditure sanction in July 1990, the Samiti asked the NPCC to complete the construction by December 1990. According to the Samiti (October 1990) the work had not commenced so far.

The Samiti had made advance payment of Rs.10 lakhs to the NPCC even before finalisation of the site and also before the work was administratively approved. The payment of advance was therefore premature and resulted in avoidable blocking of funds from March 1988. Further in accordance with the Government of India orders of July 1983, mobilisation advance at 10 per cent could be paid only in respect of certain specialised and capital works costing not less than Rs.one crore. The payment of advance was therefore not only premature but also irregular. This resulted in unauthorised financial aid to the contractor amounting to Rs.2.70 lakhs on account of interest on advance upto June 1990 calculated at a modest rate of 12 per cent per annum.

The matter was referred to the Ministry in July 1990. The Ministry did not furnish its own reply in the matter but merely forwarded the reply of the Samiti in September 1990. According to the Samiti, advance payment of Rs.10 lakhs was made to the NPCC against the total likely construction cost of Rs.34.09 lakhs as the construction agencies, including the Central Public Works

Department, carried out construction works on deposit basis, which implied that the entire cost of construction should be deposited in advance. The reply was not tenable as the NPCC was not entitled to treatment different from other private contractors, except for price preference presented by the Government. Thus the payment of advance of Rs.10 lakhs by the Samiti to the NPCC in March 1988 resulted in unauthorised aid to the contractor.

Indian Institute of Technology, Kharagpur

13. Poor cash management

The Indian Institute of Technology, Kharagpur (IIT) invested its surplus funds not required for immediate disbursement in term deposits with three nationalised banks, one private bank and one post office for periods ranging from fifteen days to seven years during January 1982 to March 1989. On maturity, the principal amounts together with interest accrued thereon became available for withdrawal/encashment on various dates from March 1987 to March 1989.

The investments were encashed either for reinvestment or for credit into respective accounts after delays ranging from six to one hundred and twelve days from the respective dates of maturity. Owing to these delays, IIT sustained loss of interest amounting to Rs.3.01 lakhs during a period of two years upto March 1989.

The Ministry stated, in June 1990, that IIT approached postal authorities 15 days before the date of maturity. But postal authorities were sending cheques for the

Principal and Interest amounts after 10-12 days from the date of maturity. The Ministry further stated that the matter had been brought to the notice of the postal authorities from time to time and it was expected that postal authorities would take suitable action to expedite the payment on maturity.

The Ministry's comments related to delays in respect of only 4 investments made with post office and did not cover delays in encashment of 32 investments with banks. The delays on the post office investments ranged from 27 to 55 days. The fact thus remained that IIT could have earned more interest to the tune of Rs.3.01 lakhs had these delays not taken place.

**Regional Engineering College,
Silchar**

14. Idle outlay

The Regional Engineering College (College), Silchar, procured, in November 1984, a boiler at a cost of Rs.2.07 lakhs from a Bombay firm. The firm also offered their services for installation and commissioning of the boiler provided the College agreed to bear the cost of tools and appliances etc. in addition to service charges of the firm's engineers detained for the purpose. Since the rates offered by the firm were not found satisfactory, the work of installation and commissioning was not entrusted to it. Reasons for not finding the rates satisfactory were not made available to Audit (October 1990).

Construction of the boiler house was completed departmentally, in April 1986, at a cost of Rs.0.57 lakh, 17 months after receipt of the

boiler. The Principal of the College stated, in March 1991, that delay in construction of boiler house was due to time taken for selection of proper place for it. The work of installation and commissioning of the boiler was entrusted after a delay of more than two years and six months after completion of the boiler house, in December 1988, to a Guwahati firm at their offered rate of Rs.1.48 lakhs. The firm completed the installation, in April 1990, after a delay of one year and two months from the stipulated date of completion (February 1989). The boiler was, however, commissioned, in August 1990, and a total amount of Rs.1.03 lakhs was paid to the firm till March 1991.

Thus, the boiler purchased, in November 1984, remained unutilised till July 1990 resulting in locking up of Rs.2.07 lakhs for over five years; besides depriving the College, of the benefit of the use of the boiler during the period.

The matter was reported to the Ministry in December 1989 and July 1990; reply has not been received (May 1991).

**School of Planning and Architecture,
New Delhi**

**15. Loss due to non-procurement of
levy cement**

The School of Planning and Architecture (School) awarded the work 'Compact Bored under Ream Pile foundations' to a contractor in May 1987. According to the terms of the agreement with the contractor, in case the School was in a position to obtain cement either from the open market or through permits at a rate less than Rs.65 per bag, the difference in rate of levy and non-levy cement plus 15 per cent (being

contractor's profits and overheads) was to be deducted from the contractor's bills.

The School was allotted 400 metric tonnes of levy cement by the Development Commissioner of Cement Industry in September 1987. The allotment was valid for four months upto 6th January 1988. The School deposited Rs.3.88 lakhs in October 1987, with a cement manufacturer towards the total cost of 400 metric tonnes of levy cement allotted to it, without entering into an agreement with the latter. The entire quantity of cement was to be utilised for the above mentioned work. The School had requested the manufacturer to supply cement in four instalments of 100 MT each between October and December 1987. However, the manufacturer did not supply any quantity of levy cement. The work of pile foundation was completed, in December 1988, with the supply of cement arranged by the contractor. The School thus incurred extra expenditure of Rs.0.73 lakh at the rate of Rs.9.18 per bag for 8000 cement bags (400 MT) due to non-procurement of levy cement.

Cement became a decontrolled commodity, in January 1989, and the School procured 285.95 MT of cement from the same manufacturer at the rate of Rs.1330 per MT during February to May 1989 at a total cost of Rs.3.86 lakhs which was supplied to another contractor for the super structure work which was in progress. The balance amount of Rs.0.02 lakh was refunded by the manufacturer in July 1989.

The School had not placed a proper purchase order for supply of levy cement with the manufacturer

committing the latter to a defined delivery schedule with provision for penalty/compensation for failure to make supply as per the defined schedule. Consequently, no legal remedy was available to the School to enforce supply by the manufacturer despite advance payment of Rs.3.88 lakhs. In terms of the Cement Control Order 1967, as amended, the Central Government was empowered to prohibit movement of non-levy cement with a view to ensuring that the supply of levy cement was made good. However, the School reported the failure of the manufacturer to effect supply of levy cement to the allotting authority viz. the Development Commissioner for Cement Industry as late as in July 1990. The School incurred extra expenditure of Rs.0.73 lakh due to failure to procure levy cement. The School suffered loss of interest of Rs.0.91 lakh at the bank overdraft rate of 16.5 per cent on the amount of Rs.3.88 lakhs which remained with the manufacturer from October 1987 to May 1989. The School did not take any action to recover interest from the manufacturer.

The matter was referred to the Ministry in July 1990. The Ministry stated, in October 1990, that the matter to recover interest on the advance payment made to the manufacturer had been taken up with the Regional Development Commissioner for Cement Industry in July 1990. The Ministry also stated that there was no loss to School as the cost of cement had been recovered at the rate of Rs.1400 per MT against Rs.1330 per MT paid to the manufacturer. The reply of the Ministry was not tenable, as the work for which recovery at the rate

of Rs.1400 per MT was made for supply of cement was a different work.

(Department of Culture)

16. Asiatic Society

16.1 Introduction

The Asiatic Society, (Society) was founded in the year 1784 and registered under the Societies Registration Act XXI of 1860. With the enactment of the West Bengal Societies Registration Act (Act XXVI) of 1961 and repeal of the former Act, the Society was deemed to have been registered under the new Act. It was declared as an "Institution of National Importance" in January 1984 through an Act of Parliament (Asiatic Society Act, 1984) effective from June 1984.

The main objectives of the Society were (i) to organise, initiate and promote research in humanities and sciences in Asia (ii) to establish, maintain and run Research Institution, Reading Rooms, Museums, Art Galleries, Auditoriums and Lecture Halls (iii) to organise lectures, seminars, symposiums, discussion meetings and award of medals, prizes and scholarships in furtherance of the objects of the Society. (iv) to acquire, finance or publish any periodicals, books or other literatures which the Society may think fit for promotion of its objects (v) to accept moneys, securities and properties whether movable or immovable which may from time to time be made over to the Society by any person or persons, firm, Corporation or Company or Government for the purpose of the Society and (vi) to create endowments of trust funds for the

promotion of the objects of the Society.

16.2 Scope of Audit

The accounts of the Society are audited by the Comptroller and Auditor General of India under Section 5(2) of the Asiatic Society Act 1984, read with Section 19(2) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. This review was conducted in May-June 1990 and covers the period from 1985-86 to 1989-90.

16.3 Organisational set up

The direction, administration and management of the affairs of the Society vest in a Council consisting of not less than 18 members and not more than 26 members. Out of 26 members, 20 are elected at the Annual General Meeting, four are nominated by the Government of India, one by the Government of West Bengal and one by the Employees' Union. The tenure of office of an elected body of the Council is for one year.

Election of members for the Council for the year 1987-88 was set aside by the Chairman of the Election body in a case of alleged anomaly in the number of ballot papers cast in the election of the Council. As a sequel, a case was filed in the Calcutta High court and in May, 1988 the High Court appointed an Administrator to perform all the functions of the Council and the Office Bearers of the Society and to exercise all their powers and duties solely and exclusively. An Advisory Committee was also set up under orders of the High Court of Calcutta to enable the Administrator to take necessary

advice on matters of administration and other activities.

A Planning Board was set up as per provisions under Section 8(I) of the Asiatic Society Act, 1984 for the purpose of advising the Society with respect of planning and implementation of the developmental programmes and other matters concerning the Society.

16.4 Highlights

Out of eight Institutes/Centres and four research projects started during the first year of the Seventh Plan period, seven Institutes and four Research projects ceased working midway in 1988 after incurring an expenditure of Rs.20.18 lakhs (Rs.15.18 lakhs for seven institutes and Rs.5.00 lakhs for four Research projects).

12 Scholars out of 33 appointed for the Teaching Centres and Research projects during 1985-86 to 1987-88 left the Society before completion of their terms. A sum of Rs.2.70 lakhs paid to them could not be recovered as no bonds for guarding against premature discontinuance were obtained.

Funds to the extent of Rs.3.95 lakhs were diverted irregularly for the Institute

of Higher Sanskrit Studies and Research between August 1985 and April 1987 and the Institute had to be wound up.

The renovation and repair works of the old building undertaken by the Society in March 1986 could not be completed although a sum of Rs.26.10 lakhs was paid to the firm upto 1988-89 including a sum of Rs.2.13 lakhs on account of idle labour.

There were violations of Government of India/University Grants Commission guidelines and the Society's own rules leading to irregular appointments to the posts of Professors, Registrar and Assistant Librarians.

16.5 Finance and Accounts

16.5.1 Under Section 4 of the Asiatic Society Act 1984, the Government of India, undertakes the responsibility of funding the Society by way of grants. The Society also generates income from its own sources by way of membership subscriptions, rents, licence fees, boarding charges, sale of publication and service charges for micro filming and xeroxing.

16.5.2 The receipt and expenditures of the Society for the period from 1985-86 to 1989-90 were as follows:-

(Rupees in lakhs)

Year	Receipt				
	Opening balance	Government of India		Other grants and income from own source	Total
		Plan grants	Non-plan grants		
1985-86	18.39	40.65	33.57	6.00	98.61
1986-87	14.26	65.00	43.07	4.92	127.25
1987-88	25.45	28.43	35.55	3.57	93.00
1988-89	23.78	46.43	41.78	5.87	117.86
1989-90	29.60	50.25	39.16	9.47	128.48

Year	Expenditure			
	Plan	Non-plan	Total	Balance
1985-86	44.39	39.96	84.35	14.26
1986-87	56.71	45.09	101.80	25.45
1987-88	36.37	32.85	69.22	23.78
1988-89	40.56	47.70	88.26	29.60
1989-90	46.73	49.59	96.32	32.16

The opening balance at the beginning of 1985-86 consisted of Rs.17.89 lakhs of unspent Plan grant at the end of Sixth Plan, Rs.0.11 lakh of unspent Non-plan grant and Rs.0.29 lakh of unspent balance of grant received from the Government of West Bengal. In addition, the

Society received non-recurring grants for specific purposes from the Government of West Bengal, Government of India and other Institutions during the Seventh Plan period. The position is given below:-

(Rupees in lakhs)

Years	1985-86	1986-87	1987-88	1988-89	1989-90	Total
Government of India	-	0.50	1.63	-	-	2.13
Government of West Bengal	0.36	0.89	-	-	-	1.25
Other Institutions	-	0.36	0.87	0.24	0.90	2.37
Endowment Fund	-	-	0.20	-	-	0.20
						5.95

Out of total of Rs.5.95 lakhs Rs.2.13 lakhs received from the Government of India for All India Oriental Conference were spent in full for the purpose for which it was sanctioned. Of the remaining amount of Rs.3.82 lakhs a total amount of Rs.0.65 lakh (i.e. 0.25 lakh out of Government of West Bengal grant, Rs.0.20 lakh out of grants received from other Institutions and Rs.0.20 lakh for creation of the Endowment Fund) could not be utilised till March 1990, for the purposes for which they were sanctioned.

and the amounts outstanding as on 31st March 1990 is given below:-

(Rupees in lakhs)		
Year	Advance paid during the year	Outstanding amount
1985-86	1.56	0.25
1986-87	0.55	0.04
1987-88	-	-
1988-89	1.20	0.09
1989-90	2.38	1.29
Total	5.69	1.67

16.5.3 For preparing a 35mm documentary film on the Society of 20 minutes duration, an advance of Rs.0.47 lakh being 50 per cent of the estimated cost of Rs.0.94 lakh was paid to a firm in March 1986. According to the agreement entered into with the firm, the work on the film should have been completed by 30th June 1986. The Society had not got the completed film from the firm (January 1991). No action was, however, taken by the Society to obtain refund of the advance with interest accrued thereon (Rs.0.12 lakh at 5 per cent upto 1989-90) as per terms of the agreement. No indemnity bond or bank guarantee was obtained from the firm to safeguard the financial interest of the Society. The Ministry stated that the matter was being pursued (January 1991).

Of the amount of advance outstanding, Rs.0.22 lakh was outstanding against a supplier since 1985-86, and Rs.0.28 lakh from another supplier (0.09 lakh since 1988-89 and 0.19 lakh since 1989-90). Recovery from the defaulting suppliers had not yet been made (January 1991).

The Ministry stated, in January 1991, that there had since been a clearance of Rs.0.66 lakh. But these related to the years 1988-89 and 1989-90 and the old outstandings persisted.

16.5.4 The Society makes advances towards the subscription for journals and periodicals. Year-wise break up of the advances made

16.5.5 Regulation 31 of the Society, inter alia enjoined that the name of a member would be struck off after giving him a notice, if he failed to pay the subscription for eight successive quarters. It was, however, observed that a sum of Rs.2,50,707 was due from the members as on 31st March 1990. The position during the last five years ending on 31st March, 1990 was as under:-

Year	Total no. of members	No. of defaulters	Period for which subscription falls due	Amount due at the end of the year
1985-86	1549	457	2nd to 41st Quarter	Rs. 82,639.20
1986-87	1546	490	2nd to 44th Quarter	Rs. 86,714.20
1987-88	1543	552	2nd to 48th Quarter	Rs.177,434.95
1988-89	1540	548	2nd to 52nd Quarter	Rs.199,974.00
1989-90	1536	604	1st to 56th Quarter	Rs.250,707.00

As regards realisation of the arrear subscription from the members, the Society stated, in June 1990, that bills and registered letters were usually sent to the members regarding payment of their outstanding dues. The names of none of the defaulting members could be struck off as no final decision in this regard could be taken by the Society as monthly general meeting of the Society could not be held. There was, however, no reason for not taking action against defaulters in the first two years, as the general meetings were taking place. Moreover, the Administrator had been vested with all the powers of the Council since his appointment in May 1988.

16.6 Lease rent outstanding - Rs.4.09 lakhs

The Society let/leased out a total area of 12,000 sft. of its accommodation (at the ground floor of the new building as well as at one of its old building) to several parties on long term lease without any provision in the lease agreements for periodical enhancement of rent.

As on 31st March, 1990, a total amount of Rs.4.09 lakhs fell

due from five tenants by way of rent, the oldest one outstanding from March 1983. Of the outstanding amount a sum of Rs.3.05 lakhs was outstanding from a nationalised bank from January 1986 and Rs.0.85 lakh from another tenant from March 1983, the lease deed with the nationalised bank having expired in January 1986.

The Council of the Society decided, in December 1985, to evict all the tenants. The Society, however, stated, in September 1989, that eviction suits had been filed against the two tenants after the expiry of lease agreements with them. The suits were pending. No action to evict the other tenants had yet been taken (January 1991).

16.7 Plan programmes

The development plan for the Seventh Plan period prepared by the Society in 1985-86 included such areas as academic programme, augmentation of research activities, improvement of library services, preservation of museum objects, publications and strengthening of infrastructural facilities such as furniture, repairs and renovations of vehicle, etc. During the Plan period a sum of Rs.224.76 lakhs was spent on these projects out of the

Plan grants of Rs.230.76 lakhs released during 1985-90.

16.7.1 The Society started in 1985-86, eight Research Centres/ Institutes in the fields of South East Asian studies, Sanskrit studies, Islamic culture, Study of folk lore and culture, Study of history of Science, Study of history of Indian Medicine, Study of universal and spiritual values and Study of language, literature and linguistics. However, approval from the Government of India was not obtained. The Council of the Society decided to appoint scholars of outstanding merit even above the age of 65 years in exceptional cases for the posts of professors and Visiting fellows in the Institutes. With the exception of one Institute shut down in June 1987 pursuant to Government decision, all the seven Institutes ceased working in August 1988 with the termination of the services of the superannuated professors following the directives of the High Court of Calcutta in August, 1988. Of the seven professors and four Visiting fellows associated with these Institutes, the services of three professors were terminated and only three professors were continuing with the Society on other assignments (June 1990), the other five having left or resigned. Of the 14 scholars engaged in the research work of the Institutes, four had completed their terms, four had left midway and six were continuing. None of the scholars had been awarded any degree or diploma or certificates of successful completion of the research projects. Thus the expenditure of Rs.15.18 lakhs, incurred in the running of these seven Institutes till the date of their closure, proved unfruitful. The Ministry stated, in January 1991 that these were matters of fact and

care would be taken that such irregularities do not recur in future.

16.7.2 Four research projects undertaken in 1985 and 1986 on the history of Society, encyclopaedia on Indology, Oriental Studies and Rabindranath Tagore and classical Indian tradition were discontinued in 1988, as the two professors and the two Visiting professors in charge of the projects and eight out of total ten scholars left the Institute. An expenditure of Rs.5 lakhs was incurred on these incomplete projects.

16.7.3 Of the 33 research scholars/ research fellows/ scholar cataloguers appointed by the Society during 1985-86 to 1987-88, on monthly stipend of Rs.1,000/- (with a contingent grant of Rs.5000/- for research scholars) 12 scholars left the Society before the completion of their terms. A sum of Rs.2.70 lakhs paid to them by way of stipends/ contingency grants could not be recovered from them as no security bonds for repayment of sums received in cases of discontinuance were obtained. The Ministry stated that steps had since been taken to obtain such bonds (January 1991).

16.8 Institute of Higher Sanskrit Studies and Research

Sanskrit study is a part of Society's diversification programme. The Institute of Higher Sanskrit Studies and research, one of the eight research institutes set up by the Society during 1985-86, started functioning in August 1985. It provided for two courses- Shastri and Acharya- of three years and two years duration respectively. Each student was paid a monthly stipend of Rs.100/- for Shastri Course and

Rs.150/- for Acharya Course. These courses were granted affiliation by the Rashtriya Sanskrit Sansthan, New Delhi on purely temporary and adhoc basis from the academic session 1985-86 as per their normal procedure.

The proposal for establishment of this Institute was neither recommended by the Planning Board of the Society, nor was it included in the revised draft Seventh Five Year Plan submitted to the Department of Culture for consideration of Government. The Standing Finance Committee of the Society, however, accorded approval (July 1985) for incurring of expenses for this Institute subject to the condition that funds should be obtained from either the Department of Education or the Rashtriya Sanskrit Sansthan. While the Department of Education, paid during 1985-86 an adhoc grant of Rs.0.65 lakh towards purchase of books, furniture and equipment for the Institute, they advised the Society to approach the Rashtriya Sanskrit Sansthan for funds for running the Institute. Neither the Sansthan nor the Department of Culture agreed to provide funds for running the Institute.

As a result, the courses were discontinued from May, 1987. To the end of April 1987, a sum of Rs.4.60 lakhs was spent for the running of the Institute, of which Rs.0.65 lakh was received as an adhoc grant from the Department of Education, as stated earlier and the balance was met out of general plan grants of the Society, financed by the Department of Culture during the periods 1985-86 to 1987-88, in violation of the clear decision of the Department of Culture (August 1986) that they would not allow incurring of the expenditure for

funding the Institute. The expenditure incurred without the approval of the Department of Culture and met by diversion of funds from other heads was not only irregular but also unauthorised.

The matter was placed before the Advisory Committee in its first meeting held in July 1988 when it was decided to abolish the Studies but to complete the teaching for the students already enrolled. Accordingly, the Department of Culture, Government of India was approached for sanction of an ad-hoc grant of Rs.1.62 lakhs to complete the courses of Shastri and Acharya in respect of students already admitted. The Government accorded sanction in November 1988, as a special case. The courses were then resumed in December 1988 and scheduled to be completed in May 1990 with the passing of the last batch of students.

Out of 33 students admitted to Shastri Course and 61 students to Acharya Course during the period 1985-86 to 1987-88, 25 students from Shastri Course and 37 students from Acharya Course left before completing the courses. Only one student in Shastri Course and 10 students in Acharya Course successfully completed the courses upto the year 1987-88. Of the remaining 21 students (Seven in Shastri and 14 in Acharya), three students in Shastri Course and six students in Acharya Course successfully completed the courses upto the year 1988-89. The remaining 12 students (four in Shastri and eight in Acharya) were continuing the courses due to end in May 1990. A further sum of Rs.1.56 lakhs was spent on the courses against the adhoc grant of Rs.1.62 lakhs during 1988-89 and 1989-90. An additional

amount of Rs.0.20 lakh was sanctioned in April 1990 by the Government of India to complete the courses in May 1990. Starting of the Institute without proper planning and without ensuring availability of funds to run it led to irregular diversion of funds and ultimate winding up of the Institute with only four students in Shastri Course and 16 students in Acharya Course upto the year 1988-89, successfully completing the courses so far (June 1990).

16.9 Renovation of the old building

The Society entrusted the work of renovation and repairing of the old building of the Society (constructed in 1805) to a Government of India Enterprise in March 1986 (in consideration of their expertise) on an emergent footing without invitation of tender as it was considered that for such a specialised job, open tender would be unnecessary. The work was entrusted on 'cost plus' basis (i.e. the cost of labour and material, cost of transport, cost of labour enabling works, hire charges of plants and equipments plus a percentage to cover overheads and profit) with item rate for plastering work only, without any stipulated time for completion of the work which could not be provided in the agreement because the extent of damage of the old building was not known.

After undertaking the work and removing the plaster the said firm located the damages and assessed its repairing cost roughly in the region of Rs.30.00 lakhs. Considering the cost estimate tentative, the Standing Finance Committee approved, in August 1986, the expenditure not exceeding Rs.25.00 lakhs. Government

of India also agreed, in August 1986, to the incurring of an expenditure not exceeding Rs.25.00 lakhs for this purpose. The contractor started the work in April 1986 and had been paid a sum of Rs.26.10 lakhs upto the end of 1988-89.

No work was, however, done by the contractor during the period from September 1987 to March 1988 as the affairs of the Society were in disarray during this period. A sum of Rs.2.13 lakhs was paid to the contractor by way of establishment and overhead charges during the period. This payment for idle labour and machinery could have been avoided had the contractor been instructed to withdraw his establishment in September 1987 itself. The Contractor finally closed down its site office, in March 1988, leaving the work incomplete and without proper handing over of the materials at site to the Society. A further sum of Rs.0.60 lakh representing payment for such idle wages was pending with the Society (June 1990).

A fact finding committee was set up by the Government of India, in June 1988, to probe into the work of renovation of the old building in exercise of the powers conferred by Section 10(i) of the Asiatic Society Act, 1984. The Committee in its report submitted, in July 1988, observed, inter alia, that the contract entered into with the contractor was not drawn up properly as there were no provisions for security deposit, time limit for completion of the work and penal clause for imposing penalty for non-compliance of stipulation. The committee also stated that no rates were quoted for labour and transportation charges (where

possible) and many of the rates quoted like monthly rental charges for equipment, site overhead charges and site establishment charges were on the high side. Notwithstanding the high costs and keeping in view the quality of work carried out by the contractor, the Committee recommended that the remaining work of re-plastering may be entrusted to the same contractor. In August 1989, Government of India sanctioned a sum of Rs.2.44 lakhs for the residual re-plastering work. The Society stated, in January 1991, that this work had since been completed.

The Ministry and the Society confirmed the facts and stated that the remaining work had since been entrusted with the Central Public Works Department (January 1991

16.10 Irregular appointments

16.10.1 Directives of the Ministry of Finance issued in October 1984, inter alia, enjoined that a clause be incorporated in the relevant Rules/Bye-laws/Regulations of autonomous bodies that proposals relating to emoluments, structure and creation of posts above a specified pay-level (Rs.1100-1600 unrevised) would need the prior approval of the Government of India in consultation with the Ministry of Finance, Department of Expenditure. It was, however, observed that during 1985-86 the Society appointed nine professors (Rs.1500-2500 unrevised) and five Visiting fellows (Rs.1200-1900 unrevised) against creation of eight posts of professors on a consolidated honorarium of Rs.3000/- per month for three newly set up institutes/centres as approved by the Standing Finance Committee in April 1985. The Standing Finance Committee further recommended in

October 1985 for creation of three more posts of professors on a consolidated pay of Rs.4000/- per month or in the scale of pay Rs.1500-2500 with usual allowance at Central Government rates and three posts of Visiting fellows on a consolidated pay of Rs.2000/- per month or in the scale of pay of Rs.1200 - 1900 with usual allowances at Central Government rates. The recommendations of the Standing Finance Committee were, however, not approved by the Ministry concerned. Of the total of 14 professors and Visiting fellows appointed by the Society without the approval of the Government of India, the age of nine varied between 61 years and 81 years on the dates of their appointment (two more than 60 but less than 65 years, five more than 65 but less than 70 years, one of 79 years and one of 81 years). The pay of all the Visiting fellows was fixed at the maximum of Rs.1900/- per month and the pay of one professor was fixed at the maximum of Rs.2500/- per month. The terms and conditions of appointment of professors and Visiting fellows could not, however, be made available to Audit.

16.10.2 The normal date of retirement of employees of the Society being 60 years, the Council decided, in August 1986, that the services of the superannuated employees should be discontinued. The Council also decided, in September 1987, that no extension would be granted to any staff who had crossed the retirement age. It was, however, observed that prior to September 1987, extension of service to the faculty members was granted under orders of the then General Secretary in violation of the decision taken by the Council of the Society in August 1986. In all the cases mentioned above, the

incumbents concerned either resigned or retired or their services were terminated under orders of the High Court of Calcutta between August 1987 and August 1988. The Ministry confirmed the facts and stated that such irregularities would not recur (January 1991).

16.10.3 The Standing Finance Committee, approved in April 1984 the creation of a post of Administrative Officer in the scale of Rs.700-1300 which was also approved by the Council in May, 1984. A retired Inspector General of Police was given appointment as Administrative Officer in the Society in the scale of pay of Rs.1200-1600 in September, 1984 and his pay was fixed at Rs.1074/- per month. The Society could not clarify why the scale of pay of Rs.1200-1600 was allowed to the person appointed to the post when the Council had approved the scale of pay of Rs.700-1300 only.

In December 1984 the Council accepted the proposal of converting the post of Senior Administrative Officer into that of Registrar carrying the scale of pay of Rs.1500-2500 subject to the approval of the Standing Finance Committee. The Standing Finance Committee decided in February 1985, that the pay scale of the Registrar should be at par with that of the scale prescribed by the University Grants Commission. The Society could not produce any record to show as to when the post of Administrative Officer was converted to that of the Senior Administrative Officer. The Society could not also attribute any reason behind the creation of the post of the Registrar when it had not acquired the status of a "Deemed University" and also could not state whether the Administrative Officer

had fulfilled the norms/requisite qualifications required for the post of Registrar. The Administrative Officer actually drew his pay as Registrar from December 1984 with allowances at Central Government rates on Rs.2500, the maximum of the scale of the post. His service was extended for a further period of one year from 10th September 1985 and he continued to draw his pay in the post of Registrar upto the date of his resignation on 31st October, 1987. No document in support of extension of service of the Officer for the period from 10th September 1986 to 31st October 1987 could, however, be shown to Audit.

The Department of Culture, Government of India instructed the Society in April 1987 to place the following items before the Standing Finance Committee for consideration:-

(i) The need for the post of Registrar;

(ii) The scale of pay to be regarded as appropriate; and

(iii) qualification and recruitment procedure.

These were, however, not placed before the Standing Finance Committee as instructed by the Department of Culture. Creation of the post of the Registrar by the Society and appointment of an Administrative Officer (converting the post of Administrative Officer to the post of Senior Administrative Officer from Rs.1200-1600 to Rs.1500-2500), involving an expenditure to the tune of Rs.1.23 lakhs by way of pay and allowances was irregular in as much as the post of the Registrar was neither created as per regulations of the Society

nor was it approved by the Government of India. The Ministry confirmed these facts in January 1991.

16.11 Museum

16.11.1 There were about 41,219 manuscripts stored in the museum of the Society (upto September 1989) written in Sanskrit, Persian, Arabic, Tibetan, Burmese and other Asian languages. Further addition of 51 manuscripts and two micro film copies of two partial manuscripts were made during 1989-90. The number of manuscripts actually in stock could not be ascertained till all manuscripts holdings were physically verified. The work of cataloguing and classification of all the manuscript holdings of the Society started in 1984-85. Of the manuscripts held 13,589 numbers had been verified and accessioned and 4397 numbers catalogued up to the year 1989-90.

16.11.2 The Society had also in its Museum the following articles:

(a) 42 inscriptions (Copper plate) written in Khausti, Nagri and Bengali scripts;

(b) 29 statues, Busts etc. including the Bairat Rock Edict in Brahmi of Emperor Ashoka (dated 250 B.C.)

(c) 76 oil paintings and coins (23983 number of Gold, Silver and Copper), and

(d) Prints : Photographs (4Nos), Engravings Prints (40 nos), Photographs : letters (60) & Video Cassettes (13 nos.)

The Society, however, stated, in June 1990, that the actual number

of Coins and inscriptions could not be counted as the same were kept in a sealed cabinet.

16.12 Missing Art Objects

Of the 42 inscriptions in possession of the Society, one inscription, viz. Saha Gaura Copper Plate was found missing from the Society's collection and seven gold coins were missing from the Society's collection coins. The dates on which the fact of such missing came to the notice of the Society for the first time could not, however, be indicated by the Society.

Besides taking up the matter with the Calcutta Police and Central Bureau of Investigation (CBI), the Society also constituted a high power enquiry Committee under the Chairmanship of a retired Chief Justice of the Calcutta High Court in March 1986, to examine the cases of loss of seven gold coins and also to probe into the case of loss of Saha-Gaura Copper Plate inscription.

The Society stated, in November 1987, that as per suggestion of the Enquiry Committee, the Government of India was approached for setting up an enquiry committee under the Commission of Enquiry Act, 1952 but the proposal was rejected by the Government of India in December 1988 stating that no useful purpose would be served by appointing an enquiry Committee at that late stage particularly when thorough investigation had been done by the Police and the CBI without any tangible result. The matter was referred to the Advisory Committee of the Society and in the meeting held in January 1989 it was decided to close the matter. The Society, however, had not yet introduced a

system of periodical verification of the precious art objects/coin collections, as these were reported to be kept in a sealed almirah/cabinet.

16.13 Publications

During the Seventh Plan period the Society incurred an expenditure of Rs.15.24 lakhs on publications against the provision of Rs.31.88 lakhs. The expenditure included remuneration to contributors, cost of printing, contingencies etc. Fund utilisation was 47 per cent.

The Society effected sale of 14,525 publications during 1985-90 and realised Rs.4.27 lakhs. The value of 1,21,941 unsold books valued at Rs.33.06 lakhs and 57,343 copies of unsold publications of Journals, Memoirs and Proceedings valued at Rs.6.69 lakhs were lying in stock. Besides, 8956 copies of year books were also with the Society as on 31st March, 1990, the value of which was not recorded in the Stock Register. Physical verification of stock also was not done upto 1989-90. The work had been taken up in May 1990.

The Society did not take effective steps to augment sale of the publications or assess the demand realistically before printing copies thereof. Moreover, hundreds of copies of the Society's valuable publications (price ranging between Rs.50 and Rs.250) worth a few lakhs of rupees were on the verge of destruction because of their being stored in a damp room of the Society's old building. The Ministry stated (January 1991) that dearth of accommodation was the major constraint and with the provision of additional accommodation for which action had been taken, complete

accounting of titles would be taken up and the whole exercise would be completed in a year's time.

16.14 Annual Physical Verification

The General Financial Rules enjoin that the entire collection of books and manuscripts in possession of the library should be verified once in every five years, i.e 20 per cent of the books needed physical verification in each year. But the verification work was undertaken from 1986-87 onwards and out of the total number of 101731 books as per accession register as on 31st March 1990, only 6680 books could be verified during the period of four years, the yearwise compliance ranging between five and 11 per cent against the requirement of 20 per cent. The Ministry stated that with the implementation of the recommendation of the Work Study Team the staff position had stabilised and that in a couple of years' time, the verification work would improve (January 1991).

National School of Drama

17. Construction of temporary theatre workshop

The NSD submitted, in March 1979, to the department of Culture a proposal for construction of a temporary theatre at an estimated cost of Rs.4 lakhs and also requested the Central Public Works Department (CPWD), in November 1979, to prepare the necessary drawings and estimates for the proposed theatre. The CPWD submitted preliminary estimates for work in October 1982 and NSD deposited an amount of Rs.8.09 lakhs with the CPWD, in January 1983, as advance payment. When the work was in progress, the NSD decided, in July

1984, that certain changes including air conditioning/air cooling and acoustic treatment of the auditorium would be necessary and asked CPWD to submit revised estimates for the theatre after including these. As the additional items would substantially alter the building design and delay the project considerably, the CPWD submitted revised estimates for Rs.22.01 lakhs, in December 1984, without providing for the additional items proposed by NSD, which were approved by the NSD, in May 1985. The increase in the revised cost was due to increase in cost index (Rs.4.25 lakhs), higher plinth/deeper foundation (Rs.1 lakh) and increase in area (Rs.0.57 lakh). The work, as per revised estimate, was to be completed within ten months from the date of approval (May 1985). The NSD deposited further amounts of Rs.5.83 lakhs and Rs.8.10 lakhs with the CPWD in March 1985 and March 1986 respectively. The civil works were actually stated to be completed in May 1989.

In July 1984, NSD had asked for some further additional works, like glazed tiles in toilet and marble works, auditorium chairs etc., for which CPWD submitted estimates for Rs.6.61 lakhs in June 1985, which was approved in September 1985 by NSD. The NSD deposited further amount of Rs.6.61 lakhs with the CPWD, in March 1986, for these items. The work which was required to be completed in two months had not been completed so far (December 1990).

Against the total amount of Rs.28.63 lakhs deposited by the NSD between January 1983 and March 1986 the CPWD had incurred expenditure of Rs.17 lakhs upto May 1990.

The request of the NSD for air-conditioning of the temporary theatre referred by the CPWD to the Ministry in May 1985 was rejected by it in June 1985, as it was a temporary theatre. After nearly a year's correspondence on the need for air-conditioning/cooling the temporary theatre, the Ministry conveyed its approval in principle, in March 1986, for central air cooling and additional items like acoustic treatment, wooden flooring.

The NSD decided, however, in March 1987, in consultation with CPWD to call for tenders for the air conditioning work (and not air cooling as approved by the Ministry) from leading firms. As CPWD was not willing to process the offers received from three firms, expert advice on the offers was taken from M/S MECON, a public sector undertaking, at a cost of Rs.0.14 lakh. However, no decision could be arrived at in the matter, and estimates for Rs.34.15 lakhs for air-conditioning work, submitted by the CPWD, in November 1987, were approved by the NSD, in February 1988. The NSD deposited Rs.34 lakhs with the CPWD upto March 1989, (Rs.12 lakhs in March 1988, Rs.6 lakhs in September 1988, Rs.6 lakhs in January 1989 and Rs.10 lakhs in March 1989). The work which was to be completed in one year's time from March 1988 had not been completed so far (December 1990).

In March 1986, the Ministry had agreed to the provision of additional items of work but no proper planning had been done by the NSD for completion of these works expeditiously. A Lighting Expert (stage lights) was retained only in April 1988 and an expert for acoustic treatment was engaged in

October 1989. The scheme for acoustic treatment submitted by the Acoustic Expert, in December 1989, had not been cleared by the NSD so far (August 1990). The plans and drawings for air-conditioning were submitted to NDMC, in January 1989, which were approved by NDMC, in May 1989. Clearance from Delhi Fire Service was obtained, in April 1990. In the meantime, the NSD released a further sum of Rs.10 lakhs to CPWD in March 1990. The NSD stated, in June 1990, that the work of air-conditioning was being awarded by the CPWD and that the exact date of completion as per agreement of the CPWD would be intimated later. The NSD further stated that the theatre would be completed by the end of the financial year 1990-91.

The case thus revealed as follows:-

(i) The requirement of theatre was planned piece-meal; the concept which started as a temporary theatre estimated to cost Rs.4 lakhs developed into a full-fledged air-conditioned theatre for which Rs.72.63 lakhs had already been paid to the CPWD.

(ii) The progress of work was slow; the scheme for acoustic treatment had not been approved so far.

(iii) The NSD did not exercise proper scrutiny and control over funds released by it to the CPWD. Against the amount of Rs.22.01 lakhs paid for construction of theatre building, expenditure of Rs.17 lakhs only was incurred. No expenditure had been incurred against Rs.6.61 lakhs paid, in March 1986, for provision of glazed tiles etc. The NSD had paid Rs.44 lakhs for air-conditioning the building against

the approved estimates of Rs.34.19 lakhs.

(iv) The piece-meal planning resorted to by the NSD not only resulted in blocking up of funds and escalation in costs but also delay in completion of the scheme causing denial of the intended benefits to the students.

The Ministry stated, in November 1990, that the plans for construction of temporary theatre work-shops as initially visualised were revised considering the acute shortage of training and performance space in the NSD, the funds were released to CPWD on as and when required basis, and that the delay in completion was mainly due to delay in the approval of the scheme and air-conditioning by the Ministry, delay in approval of revised plans by local authorities and slow progress of work by the CPWD. The fact, however, remains that requirement of the theatre was planned piece-meal, the NSD did not exercise proper scrutiny and control over funds released by it to the CPWD and completion of the scheme was inordinately delayed resulting in blocking of funds and denial of the intended benefit to the students.

Lalit Kala Akademi

18. Avoidable blocking of funds

Lalit Kala Akademi (Akademi) is housed in Rabindra Bhavan, a building owned by the Ministry of Urban Development. In June 1985, the Ministry of Human Resource Development, Department of Culture (Ministry) agreed to a proposal of the Akademi for air-conditioning of the art gallery during the Seventh

Five Year Plan in order to maintain temperature and humidity control for works of art and to meet international standards for such galleries. The Central Public Works Department (CPWD) furnished preliminary estimates for air-conditioning and related electrical/mechanical works (but excluding the civil works) for Rs.36.04 lakhs in October 1985 and detailed estimates for Rs.60.20 lakhs for the entire work, much later, in May 1987, after repeated reminders by the Akademi. In the meantime, the Akademi deposited Rs.8 lakhs with the CPWD in March 1987, as suggested by the latter. The work was to be completed within 14 months from the date the building was handed over to the CPWD. According to the CPWD (October 1987), the Akademi was required to make available funds to the extent of Rs.40 lakhs in 1988-89 and Rs.12 lakhs in 1989-90.

The Akademi forwarded detailed estimates to the Ministry in June 1987, for obtaining administrative approval and expenditure sanction and in the meantime paid a further amount of Rs.12 lakhs to CPWD in March 1988. The Ministry informed the Akademi, in July 1988, that since the Akademi had already paid Rs.20 lakhs to the CPWD, there might not be any objection from the expenditure angle, provided the balance amount was met from the approved budget of the Akademi. The Akademi deposited further amounts of Rs.20 lakhs and Rs.8 lakhs in January and March 1989 and Rs.12 lakhs in January 1990 with the CPWD.

The CPWD intimated, in December 1989 and January 1990, revised cost of Rs.75.00 lakhs due to inclusion of part portion of the basement in air-conditioning scheme,

civil works relating thereto and price escalation.

It was observed in Audit that the Akademi did not have ownership right over the Rabindra Bhavan; consequently its capital expenditure of Rs.60.2 lakhs without a clear title to the building was injudicious. The Akademi had paid Rs.8 lakhs to the CPWD, in March 1987, even before the receipt of detailed estimates, and a further amount of Rs.12 lakhs in March 1988, even though as per the phased programme intimated by the CPWD in October 1987, no payment was required during 1987-88. A scrutiny of records of the Akademi showed that these payments were made in order to utilise the available budget provisions.

The Akademi handed over the premises to the CPWD only in May 1990.

Thus, the payment of Rs.60 lakhs by March 1990, even before the building was handed over to the CPWD, resulted in an avoidable blocking of funds (Rs.8 lakhs from March 1987, Rs.12 lakhs from March 1988, Rs.20 lakhs from January 1989, Rs.8 lakhs from March 1989 and Rs.12 lakhs from January 1990). The Project which was mooted at the beginning of the Seventh Five Year Plan could not even be started during the Plan period and the objective of ensuring temperature and humidity control for works of art remained unachieved. The delay is also likely to result in cost escalation.

The Akademi stated, in May 1990, that the galleries could not be handed over to the CPWD in a phased manner owing to a number of exhibitions/programmes organised

from 1986 onwards. This reply only corroborated that the funds were released to the CPWD much ahead of requirements and the blocking of funds was avoidable. The Akademi also stated that adequate funds were not available in any year for being deposited with the CPWD at a time so that the CPWD could have been approached to start the work earlier. This plea was also not tenable since the CPWD had already indicated that the expenditure was to be phased and the galleries were any how not stated to be available due to exhibitions.

The matter was referred to the Ministry in May 1990; reply has not been received (May 1991).

Sahitya Akademi

19. Blocking of funds

The Sahitya Akademi (Akademi) is housed in Rabindra Bhawan building owned by the Ministry of Urban Development on a monthly rent of Rs.10,404. The proposal to get the Library Wing of the Akademi air-conditioned by installing a central air-conditioning unit at an estimated cost of Rs.10 lakhs was approved in principle by the Finance Committee and the Executive Board of the Akademi in their meetings held, in August 1987. The expenditure was proposed to be met out of the savings of the Akademi from other budget heads provided it did not adversely affect any other important project. The Akademi approached the Central Public Works Department (CPWD) to take up the work, in January 1989. The CPWD furnished preliminary estimates of the proposed work (excluding the civil works) for Rs.25.48 lakhs, in March 1989, which were approved by the Finance Committee/ Executive Board

of the Akademi in July/August 1989. The work was to be completed in 8 to 10 months after sanction. The estimates for the civil work were stated to be still awaited (October 1990). The Akademi deposited Rs.14.50 lakhs with the CPWD in March 1989 (Rs.9 lakhs) and March 1990 (Rs.5.50 lakhs). The work had not yet been commenced by the CPWD (October 1990).

It was observed that the Akademi did not have ownership right over the Rabindra Bhawan; consequently, its capital expenditure on air-conditioning without a clear title to the building was irregular. The Akademi took one and a half years to call for preliminary estimates (excluding civil works) from the CPWD. The Akademi had neither obtained the estimates relating to ancillary civil works, nor approval of the competent authority for air-conditioning the building occupied by it. It released payment of Rs.14.50 lakhs to the CPWD even though there was no demand from the latter. The second instalment of Rs.5.50 lakhs was released to the CPWD, in March 1990, even though the CPWD had not incurred any expenditure out of the amount of Rs.9 lakhs already paid to it, in March 1989.

The Akademi stated, in June 1990, that sufficient funds were not available in any year for being deposited with the CPWD and the CPWD could have been approached to start the work only if the entire amount had been deposited in one lump-sum. However, there was nothing on record to show that the CPWD demanded the entire amount of the estimated cost in advance. The amounts of Rs.9 lakhs and Rs.5.50 lakhs were deposited with the CPWD because of

availability of savings under other heads of accounts.

Thus, Rs.14.50 lakhs remained blocked (Rs.9 lakhs from March 1989 and Rs.5.50 lakhs from March 1990) and the purpose for which the air-conditioning was intended also could not be achieved so far (October 1990).

The matter was referred to the Ministry in July 1990; reply has not been received (May 1991).

Bal Bhavan Society, New Delhi

20. Deposit of funds in advance

For meeting its drinking water requirements, the Bal Bhavan Society, New Delhi (Society) entrusted the work of construction of a 50,000 litre capacity overhead water tank estimated to cost Rs.2.56 lakhs to the Central Public Works Department (CPWD) in March 1983. The Society also deposited the entire estimated cost of Rs.2.56 lakhs with the CPWD in March 1983. The work included distribution lines, architectural features like model lighthouse over the tank and children stepway, etc.

Even after a period of over five years the CPWD failed to get the relevant documents/model prepared for being cleared by the Delhi Urban Arts Commission. In the meantime the estimates were revised by the CPWD to Rs.8.16 lakhs in March 1988. The Society withdrew the work from the CPWD in March 1988 and asked the latter to refund the amount of Rs.2.56 lakhs deposited in March 1983. The CPWD refunded the amount in December 1988.

Thus an amount of Rs.2.56 lakhs remained blocked with the CPWD

for more than five years and the intended benefits could not be provided to the beneficiaries. The Society stated, in June 1990, that the CPWD had lingered on the work for one reason or the other and the delay was on the part of the CPWD. The Society also stated that two underground sumps had been constructed in the newly constructed museum building in October 1989 and the requirement of water was being met from out of the sumps meant for drinking water.

The matter was referred to the Ministry in July 1990. The Ministry stated, in January 1991, that the blocking of funds was primarily attributable to the inability of the CPWD to execute the work, that preparation of architectural designs and finalisation of the designs took considerable time and that it was necessary for the CPWD to obtain clearance of the Delhi Urban Arts Commission.

The increase in cost was attributed to general increase in cost index and additional provision for underground sumps and pump house.

The Ministry did not furnish any reasons for depositing the money with the CPWD without ensuring compliance of basic formalities to be observed before commencement of the work which resulted in blocking of funds.

21. Unintended benefit to contractor

The Bal Bhavan Society (Society) entered into an agreement with National Buildings Construction Corporation Limited (NBCC) in March 1985, for the construction of its building at New Delhi on cost plus

basis. The NBCC was to be paid the actual cost (as defined therein) plus 12.5 per cent and payment was to be made for work done every month. In the case of purchase of steel and cement, the NBCC was required to be paid on the production of proforma invoice from the supplier.

The Society entrusted the work of construction of National Resource Centre and Library Block, estimated to cost Rs.59.10 lakhs, to the NBCC, in February 1989, to be completed by September 1989.

The Society paid the first instalment of Rs.30 lakhs in advance to the NBCC, in March 1989, out of which Rs.6 lakhs were to be considered as interest free mobilisation advance recoverable from running bills on prorata basis. The balance amount of Rs.24 lakhs and any amount added further was to carry interest of 10 per cent per annum on reducing balance method after deducting the value of the work done. The Society paid further amounts aggregating Rs.27 lakhs to the NBCC during August 1989 to March 1990, as demanded by the NBCC which were adjusted against work done in March 1990.

According to Government of India orders of July 1983, mobilisation advance of 10 per cent limited to Rs.1 crore could be granted only in respect of certain specialised and capital intensive works costing not less than rupees one crore. The payment of interest free mobilisation advance of Rs.6 lakhs to the NBCC was therefore irregular and resulted in an undue

aid to the contractor. The advance payments aggregating Rs.57 lakhs were also outside the terms and conditions of agreement of March 1985. The interest on these amounts, computed even at the concessional rate of 10 per cent worked out to Rs.1.09 lakhs. Against this the society had adjusted ad hoc interest/rebate of Rs.0.60 lakh only in July 1990.

The Society stated, in September 1989, that the NBCC had insisted on advance payment as the work was time bound and the material was to be purchased in bulk. The work which was to be completed by September 1989 had not yet been completed (December 1990). The delay in completion of the work which was entrusted to the NBCC on cost plus basis resulted inter alia in escalation and revision of cost estimates from Rs.59.10 lakhs to Rs.84.47 lakhs in October 1990. The agreement entered into by the Society with the NBCC, in March 1985, did not provide for levy of penalty/compensation for delay in completion.

Thus, payments of Rs.57 lakhs (including Rs.6 lakhs as interest free mobilisation advance) made to the NBCC during March 1989 to March 1990, which were eventually adjusted in March 1990 against the value of work done, resulted in unintended benefit to the contractor. The delay in completion of work also resulted in cost escalation by Rs.25.37 lakhs.

The matter was referred to the Ministry in August 1990; reply has not been received so far (May 1991).

(Department of Women and Child
Development)

National Institute of Public
Cooperation and Child Development

22. Extra expenditure on
electricity charges

The Delhi Electric Supply Undertaking (DESU) provided a sub-station of 188.76 KW capacity (148 KW power plus 40.76 KW light) with a composite meter to record the consumption of electricity at bulk supply rates applicable to commercial category to the office complex (including 40 staff quarters) of the National Institute of Public Cooperation and Child Development (Institute) which became functional in September 1980.

As per tariff of the DESU, the Institute was required to pay to the DESU the demand charges at the rate of Rs.40 per month (Rs.20 per month upto March 1985) per KVA or part thereof of billing demand plus energy charges at the rates prescribed from time to time.

A test check of the records showed that the actual consumption of electricity by the Institute was much less than the billing demand on the basis of which payment was being made by the Institute. This resulted in extra expenditure of Rs.1.36 lakhs during the period from May 1983 to February 1984 and January 1985 to March 1990. Records for the period from March 1984 to December 1984 (except May 1984) were not made available to Audit. The Institute had not reviewed its requirement of bulk supply of electricity at any time.

The Ministry stated, in June 1991, that Central Public Works

Department had assessed and recommended the H.T. electricity load of 188.76 KW based on provision of light and power points in the campus. It further stated, that the extra expenditure of Rs.1.36 lakhs was unavoidable in view of terms of agreement signed with DESU.

Ministry of Surface Transport

(Ports Wing)

23. Visakhapatnam Port Trust

23.1 Introduction

Visakhapatnam Port Was opened for traffic in 1933. The administrative control of the Port, which was initially with the Railway Board, came under the Ministry of Shipping and Transport in 1956 and Visakhapatnam Port Trust (VPT) was constituted by the Government of India on 29th February 1964 under the Major Port Trusts Act, 1963. Since then several development projects were implemented creating additional facilities like an Outer Harbour commissioned in 1976 at a cost of Rs.110.00 crores primarily to handle iron ore export to Japan, an Oil Berth at a cost of Rs.2595.15 lakhs in December 1985 as a part of crude oil discharge and transportation system jointly executed with Hindustan Petroleum Corporation Limited at an estimated cost of Rs.4311 lakhs and a Fishing Harbour at a cost of Rs.1811.53 lakhs in March 1990. The facilities at the Outer Harbour were expanded by provision of a Mooring Berth and the third wagon tippler to handle increased iron ore traffic in 1983 at a cost of Rs.213.38 lakhs and Rs.952.60 lakhs respectively and a general cargo cum bulk cargo berth in March 1985 at a cost of Rs.1013.29 lakhs.

23.2 Scope of Audit

The Port Trust (VPT) maintain its accounts and prepares the annual statement of account including balance sheet in the form prescribed by the Government in consultation with the Comptroller and Auditor General of India. The accounts are audited by the Comptroller and Auditor General of India under Section 19(2) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. The present review covers the period from 1984-85 to 1989-90 and is based on a test check conducted during January 1990 to July 1990.

23.3 Organisational set up

The management of the Port is vested in a Board of Trustees consisting of a Chairman, Deputy Chairman and not more than seventeen persons appointed by the Central Government.

23.4 Highlights

- Though the Port Trust had revenue surplus during the last five years, it defaulted on its debt obligations to the Government of India in respect of the Outer Harbour amounting to Rs.11,325.27 lakhs to the end of 1989-90.
- The under utilisation of cargo handling equipment ranged from 65 to 100 per cent during 1986-87 to 1988-89.
- The additional iron ore traffic handled per annum during 1984-85 to 1989-90 was only 0 to 1.5 million tonnes as against a target of 5 million tonnes and thus the additional capital investment of Rs.110.00 crores on the ore handling complex and outer harbour remained largely unproductive.
- The charges for iron ore handling were fixed on an assumed throughput of 6.3 million tonnes. According to the Port Trust, the loss on account of the difference in throughput of 0.5 million tonnes was Rs.two crores per annum.
- The Port Trust had to incur demurrage charges of Rs.220.00 lakhs for the years 1984-85 and 1985-86 on account of mechanical failures in the Ore Handling Complex. Additional amount of Rs.71.38 lakhs had to be paid to the Railways during the years 1988-89 and 1989-90 owing to delay in tipping of the rakes carrying iron ore.
- Non collection of revised rates of vessel based charges and pilotage charges for the ships carrying iron ore resulted in a loss of revenue of 463.05 lakhs during the years 1988-89 and 1989-90.
- Unused stores valued at Rs.11.50 lakhs were being disposed of by auction.
- Stores procured from suppliers for Rs.22.73 lakhs were found defective and cost thereof could not be recovered.
- Conveyor belt of Ore Handling Complex damaged owing to

mechanical and human failure was replaced at a cost of Rs.143.16 lakhs.

- Dust Control System installed at a cost of Rs.81.02 lakhs to prevent pollution had not functioned since inception.
- Rs.100.19 lakhs were paid to the Andhra Pradesh State Electricity Board towards penal charges due to delay in compliance with the requirements of APSEB.
- Manufacturing defects in two

cranes procured at a cost of Rs.223.79 lakhs resulted in recurring loss of annual revenue.

- Delay in execution of work by eight years by a contracting agency led to additional expenditure of Rs.8.91 lakhs to the Port Trust.

23.5 Finance and Accounts

A summary of the capital and revenue account of the Port Trust for the years 1984-85 to 1989-90 is given below:

(In lakhs of rupees)

	1984-85	1985-86	1986-87	1987-88	1988-89	1989-90
A. Assets as at the end of the year						
1. Capital assets at cost	18,238.93	19,912.68	23,106.55	24,529.08	26,387.35	28,281.26
Less : Depreciation	4,398.26	4,921.59	5,499.78	6,127.26	6,689.90	7,287.52
Assets at depreciated value	13,840.67	14,991.09	17,606.77	18,401.82	19,697.45	20,993.74
2. Works-in-progress	3,617.55	3,303.68	1,373.37	400.74	648.35	978.88
3. Investments	1,629.61	1,702.98	1,701.75	2,179.33	2,294.45	2,754.47
4. Current Assets	6,990.25	8,308.81	10,645.43	11,446.56	15,593.65	18,112.73
5. Deficit in working	2,604.51	1,746.47	933.95	236.43	-	-
Total Assets:	28,682.59	30,053.03	32,261.27	32,664.88	38,233.90	42,839.82
B. Liabilities as at the end of the year						
1. Capital debts						
(i) from Government	16,671.64	16,789.88	16,976.61	16,884.51	17,078.72	16,387.88
(ii) from other sources	495.00	495.00	519.41	516.97	514.53	512.09
	17,166.64	17,284.88	17,496.02	17,401.48	17,593.25	16,899.97
2. Current liabilities	6,568.34	7,604.32	9,413.10	9,482.11	10,864.91	11,501.39
3. Reserve, Surplus, Pensions, Provident Fund etc.	4,930.63	5,130.64	5,329.70	5,727.35	9,706.44	14,423.74
4. Grants from Government	16.98	33.19	22.45	53.94	69.30	14.72
Total Liabilities:	28,682.59	30,053.03	32,261.27	32,664.88	38,233.90	42,839.82

C. Revenue and expenditure for the year

1. Revenue Income	6,262.18	7,172.84	8,270.64	9,278.66	13,545.90	13,020.63
2. Revenue expenditure						
(i) Cost of rendering services	3,298.60	3,810.11	4,450.87	5,050.12	5,454.15	5,560.86
(ii) Management and general administration	758.16	793.78	987.10	1,172.51	1,827.87	1,418.99
(iii) Finance and miscellaneous expenditure	1,413.32	1,704.67	2,010.92	2,271.40	2,474.97	2,074.34
Total (Item No. 2)	5,470.08	6,308.56	7,448.89	8,494.03	9,756.99	9,054.19
3. Surplus(+)/deficit(-)	792.10	864.28	821.75	784.63	3,788.91	3,966.44
4. Surplus on pilotage account (accounted for separately)	19.32	78.45	213.49	220.79	519.62	791.25

23.6 Cash, Accounting and financial Management and connected Irregular Transactions and Payments.

23.6.1 Bank reconciliation and non clearance of old unreconciled items

Reconciliation of closing cash balance with that of Banks was done in June 1990 only upto January 1990. No action was taken to settle 543 unreconciled items pending for more than a year involving an amount of Rs.97.95 lakhs, 148 items amounting to Rs.8.78 lakhs more than 5 years old and 219 items amounting to

Rs.28.89 lakhs more than 2 years old.

Bank reconciliation is essential to minimise the risks of fraud/defalcation and prepare accurate account.

23.6.2 Amounts not realised from Sundry Debtors

An amount of Rs.3157.64 lakhs was pending realisation from sundry debtors to the end of March 1990 out of which Rs.183.78 lakhs relate to private parties and Rs.2973.86 lakhs to Government agencies. Yearwise outstanding amounts for debtors is tabulated below:-

Year wise position of outstanding sundry debtors as on 31-3-90

Year	(Rupees in lakhs)		
	Government Parties	Private parties	Total
1969-70 to			
1979-80	4.36	3.04	7.40
1080-81	12.95	0.19	13.14
1981-82	1.13	1.57	2.70
1982-83	13.26	1.26	14.52
1983-84	8.72	2.63	11.35
1984.85	28.76	13.22	41.98
1985-86	167.55	14.76	182.31
1986-87	117.79	2.11	119.90
1987-88	480.22	12.13	492.35
1988-89	922.62	34.05	956.67
1989-90	1216.50	98.82	1315.32
Total	2973.86	183.78	3157.64

Amount pending realisation for over 5 years (since 1969-70 onwards) was Rs.91.09 lakhs. Terminal charges recoverable from the railways (Rs.2150.26 lakhs), estate rentals recoverable from private parties (Rs.165.96 lakhs) and Government parties (Rs.199.00 lakhs) constitute bulk of pending arrears. Inadequate efforts on the part of the Port Trust in realising the debts led to not only blocking of funds but also loss of interest on the funds so blocked. At 10 per cent per annum, the notional loss of interest for one year amounts to Rs.315.76 lakhs.

23.6.3 Advance payments made to firms and contractors etc.

An amount of Rs.2904.49 lakhs towards advance payments made to firms, contractors and employees of the Port Trust is outstanding in the accounts of the Port Trust to the end of March 1990. Out of this Rs.1175.50 lakhs relate to advance payments made for procurement of stores, Rs.528.42 lakhs for procurement of cement and steel, Rs.16.60 lakhs to contractors, Rs.37.50 lakhs towards miscellaneous public work advances and the balance of Rs.1146.47 lakhs towards advances to members of staff. In respect of advance payments made for procurement of stores an amount of Rs.144.44 lakhs was pending for more than 10 years (since 1975-76 onwards). In spite of being pointed out by audit from time to time in the annual audit reports the Port Trust has not achieved tangible progress in clearing outstanding advance payments. The Port Trust has not reconciled the general ledger balances with those of subsidiary registers since 1987.

Non-clearance of advance payments outstanding for more than a

decade would leave cases of non-receipt of materials if any, undetected.

23.7 Debt Servicing

23.7.1 Initial capital Debt

Although the Port Trust was constituted in February 1964, the initial capital debt and the terms and conditions of its repayment including rate of interest chargeable thereon was finally determined only in May 1988. The Government fixed the initial capital debt at Rs.1190.69 lakhs and treated 50 per cent of the initial capital debt (Rs.595.345 lakhs) as debenture capital carrying an annual interest of 5.25 per cent from 1964-65 onwards and also directed that it be repaid in 10 equal instalments commencing from the year 1988-89. The balance 50 per cent of the initial capital debt (Rs.595.345 lakhs) was treated as deferred redeemable capital bearing no interest. The terms of repayment of this portion of deferred redeemable capital are still to be determined. The Ministry stated, in February 1991, that the matter regarding determination of initial capital debt and terms and conditions of its repayment was under consideration and that the final decision would be taken soon.

Under the decision taken, in May 1988, interest obligation of the Port Trust from 1964-65 to 1987-88 on the portion treated as debenture capital as per the Port Trust worked out to Rs.750.13 lakhs. After adjusting Rs.308.82 lakhs paid in excess as interest to the end of 1987-88, the balance of 50 percent initial capital debt treated as debenture capital, yet to be repaid, worked out to Rs.286.52 lakhs as on

31 March 1988. Pending confirmation of the debt payment schedule by the Government, the Port Trust paid to the Government an amount of Rs.44.06 lakhs as interest on the total initial capital of Rs.1190.69 lakhs for the year 1988-89 and 1989-90.

23.7.2 Non discharge of debt obligations in respect of Iron Ore Handling facilities:

The Port Trust (Outer Harbour) received a total loan of Rs.11,041.23 lakhs from the Government to the end of 1988-89 for creating iron ore handling facilities for export of iron ore mined by the National Mineral Development Corporation (NMDC) at the Bailadila Mines and exported by the Minerals and Metals Trading Corporation (MMTC) to Japan.

Till the end of 1988-89 the Port Trust had defaulted in discharging its debt obligations to the Government to the extent of Rs.11,325.27 lakhs comprising Rs.6855.65 lakhs of interest at normal rates and Rs.4469.62 lakhs of principal in respect of loans received for creating iron ore handling facilities. The Port Trust, however, paid loan plus interest instalments due for the year 1989-90. The plea of the Port Trust for waiver of the debt obligations was turned down by the Government, in August 1989, on the ground that a proposal for treating all the outstanding loans of Major Ports as loans in perpetuity was under consideration. Pending a final

decision on this issue the Port Trust was directed, in August 1989, to continue to discharge their debt obligation. The Port Trust reported (July 1990) that the matter is still under correspondence with the Ministry. However, the Ministry stated, in February 1991, that the Port Trust proposal for waiver of debt obligations is still under consideration.

23.8. Working Results

23.8.1 During the year 1988-89 there was upward revision of (i) iron ore handling charges retrospectively with effect from 1-4-1984 and from 1-4-1986, (ii) charges for handling cargo and charges on vessels with effect from 23-6-1988, (iii) pilotage charges from 15-7-88 and (iv) Railway charges by 26 percent with effect from 28-7-88. Traffic handled increased from 128.73 lakh tonnes in 1984-85 to 211.17 lakh tonnes in 1989-90. On the expenses side there was a general increase in wages with effect from 1-1-1988.

23.8.2 Return on Capital:

According to the recommendations of the Commission on Major Ports, the Ports should achieve a rate of return of not less than 12 per cent on the capital employed. The rate of return achieved by the Port Trust during the period 1984-85 to 1988-89 as reported in the Annual Administrative Reports was as under:

Year	Capital employed (Rupees in lakhs)	Operating surplus	Rate of return (in per cent)
1984-85	12,331	1,908	15.47
1985-86	14,523	2,305	15.87
1986-87	17,851	2,365	13.25
1987-88	19,359	1,872	9.67
1988-89	20,912	3,447	16.48
1989-90	22,244	5,265	23.67

The decrease in the rate of return in 1987-88 as compared to the previous years was attributed by the Port Trust to increase in the Capital employed and due to fall in operating surplus on account of payment of interim relief amounting to Rs.329.25 lakhs to the employees in October 1987.

23.8.3 Funding of Capital Expenditure:

Out of the total capital expenditure of Rs.6908.23 lakhs incurred during the years 1984-85 to

1988-89 an amount of Rs.4554.23 lakhs was reported to have been met from internal sources. However, during the year 1989-90 the Port Trust met the entire capital expenditure of Rs.1961.24 lakhs from internal sources.

23.8.4 Traffic handled during 1984-85 to 1989-90:

Forecast of anticipated traffic by the Port and the actual traffic handled during the years 1984-85 to 1989-90 was as under:

Year	1984-85	1985-86	1986-87	1987-88	1988-89	1989-90
(In lakhs of tonnes)						
<u>Exports</u>						
Forecast	68.70	73.05	79.67	79.10	84.50	87.50
Actual	63.30	69.71	78.41	78.10	100.31	107.07
<u>Imports</u>						
Forecast	46.20	64.10	76.52	69.00	71.00	76.00
Actual	47.52	64.43	70.16	69.65	86.00	93.38
<u>TRANSHIPMENT TRAFFIC</u>						
Forecast	16.00	19.05	1.87	2.00	12.00	12.00
Actual	17.91	24.98	1.79	5.96	17.40	10.72
<u>TOTAL TRAFFIC</u>						
Forecast	130.90	156.20	158.06	150.10	167.50	175.50
Actual	128.73	159.12	150.36	153.71	203.71	211.17

The export of iron ore constituted two third of the export traffic and accounted for 70 to 90 per cent of the revenue realised by the Port Trust on export operations during the years 1984-85 to 1989-90 and 25 to 33 per cent of the total revenue. The import traffic was not dominated by any single item of cargo unlike in the case of export traffic. Fertilisers, raw materials for fertilisers and coking coal constituted important items of imported cargo.

23.8.5 Turn around time of ships:

The average turn around time of ships calling at the Visakhapatnam Port decreased from 7.50 days in 1984-85 to 5.09 days in 1988-89 but increased to 5.61 days in 1989-90. During 1984-85 to 1989-90 pre-berth stay at anchorage decreased from 2.49 days to 1.13 days and the stay at berth decreased from 5.51 days to 4.04 days. During 1989-90 average pre-berth stay at anchorage was one day and average stay at berth was 4.54 days. However analysis of pre-berth stay during the years 1986-87 to 1989-90 indicated that while pre-berth stay on account of delay by ships had decreased the stay on account of the Port increased inspite of the fact that the average berth occupancy ranged only between 50 and 60 per cent. As regards the stay at berth the idle time spent at berth was 1.88 days in 1986-87, 1.84 days in 1987-88, 1.47 days in 1988-89 and 1.26 days in 1989-90. Of this, idle time on account of delay by ships was only 30 per cent during the years 1987-88, 1988-89 and 1989-90.

23.8.6 Under utilisation of cargo handling equipment:

The important cargo handling equipment available with the Port Trust include Electric Wharf Cranes, Gantry cranes, Mobile cranes, Fork lift Trucks, Tractors and Front End Loaders etc. Most of the old equipment had been replaced by latest equipment with higher capacity during 1984-85 to 1989-90 at a cost of Rs.5.58 crores. The percentage of utilisation of cargo handling equipment remained low during 1984-85 to 1989-90 inspite of increase of traffic. The percentage of under utilisation of available time on account of lack of demand ranged between 65 per cent and 100 per cent during 1986-87 to 1988-89. This would indicate that the Port had procured equipment in excess of the reasonable requirements for handling traffic.

A detailed analysis of the actual working of the cranes during the year 1988-89 indicated that only three out of 21 cranes were actually utilised for the minimum of 3000 working hours prescribed for the Electric Wharf Cranes (in 1989-90 four cranes reached the norm). Similar was the position with the mobile cranes. None of the mobile cranes worked during the year 1988-89 for the minimum of 2500 hours fixed. In 1989-90, two cranes reached the maximum. Gantry cranes and the Poclaim Excavators, in particular, remained practically unutilised. In the case of Fork Lift Trucks also, the minimum norm of 3000 hours per annum was attained only in respect of one truck during 1988-89 and two trucks in 1989-90.

Table below gives the extent of Trucks during the year 1986-87 to under-utilisation of Fork lift 1989-90:

Year	No. of Fork Lift Trucks	Total available working hours	Lack of demand in hours
1986-87	39	1,75,374	1,16,749
1987-88	30	1,58,959	1,08,967
1988-89	34	1,95,005	1,91,498
1989-90	37	1,65,874	1,14,382

23.9 Ore Handling Complex

23.9.2 Uneconomical fixation of iron ore handling charges:

23.9.1 Iron Ore facilities:

A throughput of iron Ore of about five million tonnes was being handled at the inner harbour with a capital investment of only Rs.9.00 crores upto 1976. The construction of the outer harbour was conceived in the context of a projected throughput of not less than 10 million tonnes by 1988 and also for handling 1,00,000 D.W.T. vessels. The total investment for the outer harbour which was commissioned in 1976 was Rs.104.00 crores. Further facilities such as installation of one more bucket wheel reclaimer, a third tippler and additional locomotives costing about Rs.19.00 crores were also added. Replacement of twin wagon tippler at a cost of Rs.3.20 crores is under progress. According to the Port Trust, even after allocating of common facilities to the Off-shore Tanker Terminal and General Cargo Berth, the exclusive investment made for the iron facilities would be around Rs.110.00 crores. However, the actual average throughput from 1977-78 to 1987-88 has been only 5.8 million tonnes and the revenue earned was much less than anticipated. The huge investments have not been justified and a substantial debt burden has been thrown upon the Port.

Under Sections 49 and 52 of the Major Port Trusts Act, 1963, the Port Trust Board shall fix, on the basis of the costs involved, the rates to be charged for the services rendered by the Port subject to approval of the Government. The cost based rates worked out by the Port Trust for handling Iron Ore from time to time were however not approved by Government. The Committee of Secretaries which went into the question of apportionment of the realisation from the importers between the four participant public agencies involved in the export of iron ore through the Port (viz. the NMDC, the MMTC, the Railways and the VPT) recommended (April 1988) revised rates to be charged from April, 1984. While recommending the rates, the Committee of Secretaries observed that the realisations from the importers were independent of the cost of mining, transporting and Port handling and were dictated by international market conditions and could not be the basis to meet the cost based rates of the four participant public agencies. The following table gives the rates worked out by the Port Trust and rates recommended by the Committee of Secretaries for the years 1984-85 to 1987-88.

Year	Rates worked out by VPT in 12/86 in its submission to the COS	Rates recommended by the COS in 4/88 (Per tonne)
1984-85	47.00	40.31
1985-86	51.00	40.70
1986-87	51.00	40.94
1987-88	51.00	40.94

In working out the rates the Port Trust assumed a throughput of 5.7 to 5.8 million tonnes being the actuals whereas the Committee of Secretaries assumed a throughput of 6.3 million tonnes based on the anticipated production at the Bailadila Mines and according to the Port Trust this resulted in fixation of a lower rate.

As computed by the Port Trust, the effect of the difference of 0.5 million tonnes (6.3 - 5.8) of throughput was Rs.3.50 per tonne or Rs.two crores per annum. The Ministry stated, in February 1991, that Port Trust proposals for revising of iron ore handling rates were sanctioned for the years 1989-90, 1990-91, 1991-92 and 1992-93 and that charges leviable would be increased by 7.5 per cent each year on a cumulative basis.

23.9.3 *Demurrage charges borne by Ore Handling Complex:* The Committee of Secretaries in its report on the costs payable from out of the export realisation to the

four public agencies viz., NMDC, MMTC, Railways and VPT involved in the export of iron ore held that the incidence of demurrage relating to 1984-85 and 1985-86 was mainly traceable to the mechanical failures of the Ore handling complex at the Visakhapatnam Port. On this ground, the Committee of Secretaries recommended that 50 per cent of the demurrages amounting to Rs.220.00 lakhs in the years 1984-85 and 1985-86 should be borne by the Port Trust. The Committee further directed that the MMTC and the Port Trust should work out the arrangements for sharing demurrage for subsequent years. Accordingly the MMTC is bearing the demurrages from 1987-88 onwards.

The Port introduced an incentive scheme in the year 1986-87 to achieve targets of productivity in the mechanical iron ore handling operation. The following table indicates broadly the operational results after the introduction of the scheme.

Year	Total No. of vessels loaded	Ore loaded (in lakhs of tonnes)	No. of vessels under demurrage	Average turn about time (days)
1986-87	57	58.81	43	5.71
1987-88	53	55.68	33	4.71
1988-89	66	69.47	26	3.33
1989-90	69	67.66	21	3.39

Although there was progressive reduction in the number of iron ore vessels that sailed under demurrage, a detailed analysis of the time taken at berth by the iron ore vessels during the years indicated that mechanical failures continued to account for 30 to 80 per cent of idle time at the berth. It is seen that out of 66 ships loaded in the year 1988-89, the norm of 50,000 tonnes per berth per day was achieved, only in 19 cases. In 1989-90 (till December 1989), out of 45 ships loaded the norm was achieved only in 14 cases. An analysis of the performance reports in respect of the ore handling complex for the year 1988-89 indicated that at the Ore receiving end, the Ore handling Yard idled for a total of 1462.40 hours owing to non arrival of rakes bringing the ore. The performance reports indicated that mechanical failures were the reason for non achieving the norm. On account of the excess time taken over and above the free time allowed for tipping of the rakes the Port had to pay additionally Rs.26.37 lakhs towards hire charges to the Railways in 1988-89. However, the staff were paid incentive of Rs.33.89 lakhs during the year. During the year 1989-90 also the norm set for

tipping was not achieved in any month During the year and the Port paid Rs.45.01 lakhs as additional hire charges to the Railways and Rs.46.47 lakhs as incentive to the staff.

Despite payment of incentives to the staff during the years 1988-89 and 1989-90, the targets of productivity fixed for the mechanical iron ore handling operations were not achieved.

The Ministry stated, in February 1991, that the incentive to the staff was being paid only when they exceeded the hour of tipping and loading of iron ore charge. Similar incentives were also being paid by other Ports like Madras Port Trust and Mormugao Port Trust. The Ministry also stated that demurrage on vessels had also substantially come down in 1989-90 compared to 1986-87 although there was an increase in traffic by about one million tonnes and that the introduction of incentive scheme was one of the major factors for the achievement of reduction in demurrage. The Ministry was of the view that demurrage charges can not be eliminated altogether because of bunching of rakes, weather

conditions, power failure, etc. which are beyond the control of Port Trust.

23.9.4 Non-adoption of revised vessel charges and pilotage charges:

(i) Though Port charges on vessels were increased from June 1988, old rates as fixed in 1980 continued to be charged on vessels carrying iron ore till March 1989, in view of the general decision of the Government on iron ore handling charges upto 1988-89.

The non-implementation of the revised tariffs resulted in loss of revenue of Rs.150.15 lakhs in the year 1988-89 and Rs.169.30 lakhs in 1989-90.

(ii) There was an upward revision of pilotage charges with effect from 6th July 1988. However, the rates fixed earlier for the outer harbour were continued to be applied to the vessels carrying iron ore throughout 1988-89 and 1989-90 (upto June 1989) resulting in a loss of Rs.124.27 lakhs and Rs. 19.33 lakhs for the respective periods.

23.10 Working of the Port Railways

23.10.1 Proforma account of the Port Railways for the years 1984-85 to 1988-89 indicated a decrease in the net deficit from Rs.460.18 lakhs in the year 1985-86 to Rs.140.48 lakhs in the year 1988-89. The operating results before charging fixed costs on account of interest on capital and return on capital which indicated deficits of Rs.155.14 lakhs in 1984-85 and Rs.261.31 lakhs in 1985-86, showed improvement in the next three years ending in the year 1988-89 with a

surplus of Rs.224.06 lakhs. This was due to an increase in the traffic handled from 84.6 lakh tonnes in 1984-85 to 143.6 lakh tonnes in 1989-90. The upward revision of rates charged by the Port Railways during this period also helped in improving its financial position, the income increasing from Rs.943.49 lakhs in 1986-87 to Rs.1530.76 lakhs in 1988-89.

However, during the year 1989-90 the net deficit increased to Rs.328.75 lakhs recording a fall of Rs.163.35 lakhs in the operating surplus inspite of increase in traffic to 162.2 lakh tonnes from 143.6 lakh tonnes in the previous year.

23.10.2 Avoidable expenditure on servicing of locos

The Port Trust enters into an annual agreement with South Eastern Railways every year for getting annual servicing of their ten locomotives at the Diesel Loco Shed of S.E. Railways, Visakhapatnam. According to the conditions of the agreement, the Port Trust had to pay service charges comprising cost of personnel required for servicing of ten locomotives and actual cost of spares used. Though the Port Trust could not send all the ten locomotives for servicing in a year for operational reasons, yet, it had to bear the cost on the total personnel required for servicing ten locomotives. During the years 1985-86, 1986-87 and 1987-88 the Port Trust could send only 5,3, and 6 locomotives respectively; but on a proportionate basis, the staff costs paid for, were in excess of actual services availed of, which worked out to Rs.7.62 lakhs, 13.67 lakhs

and Rs.9.40 lakhs during the respective years. It was suggested in audit (January 1990) that it would be judicious to conclude a contract only for such number of locomotives that could be actually sent for servicing. The Port Trust stated, in May 1990, that it had since increased its fleet of locomotives to 12 and it would be able to send eight locomotives for servicing and an agreement to that effect was concluded with South Eastern Railways in August 1990 for the year 1990-91.

Final payments were not stipulated to be made on the basis of actual number of locomotives sent to the Railways for servicing. Avoidable extra expenditure of Rs.30.69 lakhs was incurred during 1985-86 to 1987-88 towards payment of cost of personnel to S.E. Railway on notional basis.

23.11 Dredging

To tackle the siltation problem at the Port, maintenance dredging is undertaken by the Port. During the period 1984-85 to 1988-89, the dredgers available with the Port Trust did not achieve the targeted performance because of frequent break-down on account of ageing forcing the Port Trust to requisition the services of the Dredging Corporation of India to meet the annual maintenance dredging. While there was no back log of maintenance dredging at the beginning of the year 1984-85 there was a backlog of 393.58 TM³ at the end of 1989-90.

23.12 Stores

23.12.1 Stores and Material Management:

The Stores Department of the Port Trust under the general supervision of the Controller of Stores maintains two stores depots viz., General Stores Depot for all the departments of the Port Trust and OHC Stores depot exclusively for the purpose of maintenance of Ore Handling Complex. The materials dealt with are divided into 19 groups and the average number of stores items handled during the last three years was 27,800. The value of stores and materials held in stock to the end of March 1990 was Rs.1129.00 lakhs. The rates of average stores inventory to working capital during the years 1987-88 to 1989-90 was 0.26:1 and the average stores inventory turn over ratio was 1:0.67.

Accounting, internal audit of stores transactions and physical verification of stores are vested in the Financial Advisor and Chief Accounts Officer of the Port Trust. Regulations relating to activities of the Stores Department are laid down in the Stores Manual issued by the Port Trust in the year 1970 which has, however, not been updated since its introduction keeping in view modern techniques and methods of material management.

23.12.2 Stores drawn by indenting officers not utilised:

7004 items of stores valued at

Rs.11.50 lakhs drawn by indenting departments and debited to the works concerned were returned subsequently to the General Stores Depot reportedly for want of proper security arrangements. Out of these, 4369 items were stated to have been disposed of in auction and 2635 items are pending disposal since 12-16 years. The value realised by auction and value of such stores still lying idle in general stores depot is awaited from the Port Trust authorities.

Excess procurement of stores valuing Rs.11.50 lakhs resulted in blocking of funds to that extent.

23.12.3 Procurement of defective or damaged machines and stores:

Goods costing Rs.22.73 lakhs had been lying idle since 1971-72 in the General Stores Depot of the Port Trust after these had been rejected by the Indenting Officers as they were defective or in damaged condition. The Port Trust could neither get the defective materials replaced nor recover the advance payments made to the supplier firms.

The Ministry while admitting the deficiencies in the system and lapses in stores and materials management, has advised the Port Trust to update its manual, inspect and return damaged machinery and properly scrutinise indents received to avoid excess procurement of stores.

23.12.4 Pending claims against the Suppliers/Transport Agencies/ Insurance Agents:

The Port Trust was to realise an amount of Rs.3.72 lakhs in

respect of 40 cases from suppliers/transport agencies and insurance companies on account of damages and short receipt of goods. In another 13 cases of damaged goods, the amounts to be realised are yet to be assessed by the Port Trust.

23.12.5 Excess procurement of idlers:

Tenders were invited for the supply of 200 idlers (October 1979). The first eight tenders were rejected on grounds among other things that drawings were not as per specifications. The ninth lowest tender at a price of Rs.3.97 lakhs was accepted, though the drawings of the tendering firm were not at all in conformity with the specifications and the firm categorically expressed its inability to supply the idlers required by the Port. Purchase orders were, however, placed on the firm (July 1980) according to the drawings submitted by the firm and without obtaining a sample for testing as was done in the case of the first lowest tenderer. The consignment of idlers was accepted but the idlers were not put to use as they did not suit the requirements of the ore handling complex. During the year 1984, stock verifier reported the unnecessary procurement of the idlers and non-utilisation thereof. The Central Vigilance Commission indicted the delinquent officers and advised the Port Trust to initiate major penalty proceedings. Though penal proceedings were initiated against the delinquent officers, they were ultimately exonerated (March 1990) and their pensionary benefits were settled. The purchase of the idlers at a cost

of Rs.3.97 lakhs proved infructuous and resulted in blocking of funds for more than 10 years.

23.12.6 Excess procurement of machinery:

The Port procured a 40 tonne electric weigh bridge at a cost of Rs.7.24 lakhs in April 1987 for installation in the General cum Bulk Cargo Berth. As connected civil and electrical works had not been completed on the berth, the weigh bridge remained unutilised for a period of one year and seven months. After the machinery had finally been installed in November 1988 there was no occasion to put it to use and the Port shifted it in September 1989 to another berth incurring an additional expenditure of Rs.1.55 lakhs towards shifting. The machinery, however, still remained idle (July 1990)

23.12.7 Avoidable expenditure:

Tenders for the procurement of 38 MS pipes were invited in November 1988 and on opening of tenders in January 1989, the lowest offer of a firm at Rs.11.53 lakhs with scheduled completion of delivery of pipes within 12 weeks from the date of placing the orders was accepted in March 1989. On the ground that there had been a change in the management of the firm which was not evidenced in the record, the Port Trust asked the lowest tenderer to supply half the quantity (19 pipes) within 6 weeks. The lowest tenderer stated in January 1989 that he could supply 19 pipes within 12 weeks from the date of work order. In June 1989 the Port Trust, however, placed work order on the second lowest tenderer at Rs.14.82 lakhs for the supply of 19 pipes within 6 weeks and the balance in the next 6 weeks. The

firm, however, supplied 13 pipes in July 1989, 12 pipes in September 1989 and the balance 13 pipes in October 1989 only. Since pipes were required for replacement on an annual basis, the procurement could have been planned in advance and the additional expenditure of Rs.3.29 lakhs incurred could have been saved.

23.12.8 Avoidable payment of Rs.3.37 lakhs to supplier firms due to delay in placing purchase order:

For the procurement of annual requirement of Idlers for the year 1987-88, the Port Trust invited tenders in July 1987. The tender Committee in October 1987 recommended procurement of 6 Idlers at a price of Rs.19.03 lakhs from firm "A" (validity of the offer of the firm was upto 31 December 1987) and 4 Idlers at a price of Rs.16.11 lakhs from firm "B" (validity of the offer of the firm was upto 10th January 1988). Sanction of the Board was obtained on 20th December 1987 and the purchase orders were placed on 28th January 1988 after the expiry of the validity in both the cases. Owing to the delay the two supplier firms demanded enhancement of price by Rs.1.93 lakhs and Rs.1.44 lakhs respectively and the Port incurred an additional expenditure of Rs.3.37 lakhs. According to the Port Trust, there was delay in placing purchase orders pending decision on the amount of security deposit to be collected. It was however noticed that no security deposit was actually collected from the two suppliers.

23.12.9 Avoidable expenditure on purchase of equipment: In response to a tender enquiry two firms of repute found technically competent to supply a 12 tonne capacity fork lift truck (estimated cost Rs.23.20

lakhs) quoted their prices at Rs.27.94 lakhs and Rs.25.24 lakhs. The tender of the firm with the higher bid of Rs.27.94 lakhs was proposed to be accepted by the Port Trust on the ground that the lowest bidder would not be able to provide spare parts and after sales service. The lower bidder firm contested (June 1989) this and furnished documentary evidence of satisfactory performance of similar equipment supplied to various other Ports in the country. There were also dissenting views among the members of the tender Committee in placing the supply order with the higher tenderers. Having reviewed the case the Chairman of the Port Trust ordered in October 1989, placing of purchase order on the lowest tenderer, provided it reduced the price further by a lumpsum amount of Rs.0.25 lakh. The lowest tenderer agreed for the desired reduction in price. The higher tenderer firm which was also contacted in November 1989 offered in turn a matching reduction and secured the order. The lowest bidder lodged a protest stating that they would have reduced the price further had not the Port Trust asked for reduction by a fixed amount. To avoid the stalemate, the Chairman of the Port Trust ordered in December 1989 that both the firms ought to be given an equal opportunity to offer their lowest prices once again. In response, the higher bidder offered a price of Rs.24.97 lakhs and the lower bidder a price of Rs.22.94 lakhs. The Port Trust, however, finally purchased in February 1990, the equipment from the higher bidder at a price of Rs.24.97 lakhs on the ground that the supplier was able to provide better after sales service and

supply of spare parts thus incurring an avoidable extra expenditure of Rs2.03 lakhs. When the Port Trust duly considered the offer of the lowest bidder initially and even provided two opportunities to it to reduce prices, the award of the supply order to the higher bidder lacked adequate justification. Moreover it was noticed that the truck supplied by the higher bidder developed several mechanical troubles and breakdowns which effected its performance.

23.12.10 Stores accounting:

The priced stores ledger containing information of stores received, issued and closing balances with the quantities and values thereof is prepared following the Electronic Data Processing (EDP) system based on the data fed by the Stores Department. The balances shown in the Priced Stores Ledger were not reconciled with those in the subsidiary registers and numerical ledgers. A test check of the entries in the Priced Stores Ledger for the year 1988-89 revealed that there are minus balances both in numerical and value account of the closing balances in respect of 73 stores items, and the opening balances had not been correctly adopted in 12 cases resulting in excess valuation of stores by Rs.27.55 lakhs. In the monthly account of PSL for March 1990, one store item valuing Rs.70,735 was shown at a value of Rs.69,23,750 thereby showing excess valuation of stores by Rs.68,53,015. The PSL prepared through Electronic Data Processing thus did not reflect the true picture of the accounting of stores.

23.13 Other points of interest

23.13.1 Loss due to inadequate safety measures:

In a heavy gale that occurred in March 1987, three electrical Wharf Cranes, earning an annual handling traffic revenue of around Rs.150 lakhs (estimated cost of new cranes of this type Rs.220 lakhs) were swept away into the sea as they were not adequately anchored to the rails and track stoppers were not provided. When salvaged, one of the cranes was found beyond economical repairs and was condemned. The other two cranes were repaired at cost of Rs.31.09 lakhs and recommissioned in December 1988. The cranes were subsequently provided with additional rail anchoring device at a cost of Rs.0.17 lakh and could safely withstand the severest cyclone that occurred in May 1990. Thus failure to adopt adequate precautionary measures on the part of the Port Trust resulted in substantial capital and revenue losses.

23.13.2 Loss due to damage to conveyor steel cord belt in Ore Handling Complex:

In August 1988 the conveyor steel cord belt of the Ore Handling Complex of the Port Trust measuring 1686 meters and costing Rs.133.06 lakhs was longitudinally cut and damaged due to premature failure of a pulley and non stopping of the moving conveyor belt immediately by the operating staff on duty. When the matter of premature failure of pulley was taken up with the supplier firm, it repaired the pulley free of cost. Administrative action was taken by the Port Trust on the operators for negligence in their duty. The damaged belt of a

length of 1418 meters was replaced by a new belt of a length of 1445 meters at a cost of Rs.141.54 lakhs and remaining part of the belt measuring 268 meters was repaired at a cost of Rs.1.62 lakhs. Besides shiploading operations were also effected for 6 days. The depreciated value of the belt damaged as on the date of accident was Rs.102.97 lakhs. An additional expenditure of Rs.2.64 lakhs was also misused on account of extra procurement of belt (27 meters) required for replacement.

23.13.3 Unfruitful expenditure:

To prevent environmental pollution and protect the health of the workers from the dust emanating at the Ore Handling Complex during the operation of the Plant, the Port Trust obtained the sanction of Government of India to the installation of a dust control system at the complex at an estimated cost of Rs.97.00 lakhs in November 1978 and entrusted the work to a firm at a cost of Rs.79.76 lakhs in December 1978. The dust control equipment was to be installed at 10 selected aspiration points. Though the work was to be completed by November 1979 installation was completed at only three aspiration points in 1983, one point in 1984 and five points in 1985. The installation of the equipment at the tenth aspiration point had not been completed (June 1990). The Port Trust spent Rs.81.02 lakhs upto March 1990 and the balance work was estimated to cost Rs.17.05 lakhs. The delay of nearly 10 years in the completion of the work was attributed by the Port Trust to (i) realignment of Railway lines consequent on erection of 3rd Wagon Tipper, (ii) contractor's failure to station an engineer for

erection and commissioning of the equipment and (iii) his failure to start the work in respect of the 10th aspiration point.

The equipment at the nine points was got tested only in December 1986 to determine the operational readiness. Instructions for operation and maintenance of the equipment were issued only in April 1988 directing that the equipment at all the 9 aspiration points of the system " should be made functional and operated regularly" during ship loading and receiving operations of the plant. A scrutiny of the relevant operational records in audit revealed that the utilisation was nil during the years 1984-85 and 1985-86 and was less than 3 per cent in the years 1982-83, 1983-84, 1986-87 and 1988-89 with reference to the number of hours the ore handling plant had worked.

Thus the Dust control System had not served the purpose of preventing environmental pollution and safe guarding the health of workers and the expenditure of Rs.81.02 lakhs incurred on the project remained unfruitful.

23.13.4 Payment of penal charges amounting to Rs.100.19 lakhs to Andhra Pradesh State Electricity Board:

Andhra Pradesh State Electricity Board (APSEB) notified (July 1981) the consumers availing power supply at 11 KVA to switch over to 132 KVA before February 1982, failing which penal charges would be levied at 10 percent on "demand plus energy charges" billed during the months commencing from March 1982. The Port Trust decided (June 1982) to execute the work

departmentally at an estimated cost of Rs.73.00 lakhs. On a reconsideration that it lacked the necessary expertise the Port Trust entrusted (November 1983) the work to APSEB to be completed before December 1986 as a deposit work at an estimated cost of Rs.194.13 lakhs, including overhead charges.

Though the Port Trust sanctioned in June 1985 allotment of Port's land for the work, the site was not handed over to the APSEB till January 1986. The execution of the work by the APSEB was further delayed because of non-availability of steel, cement and switch gears etc. and it was finally completed in December 1987 at an enhanced cost of Rs.251.51 lakhs.

In accordance with the notification issued in July 1981 the APSEB claimed penal charges of 100.19 lakhs for the period March 1982 to December 1986 from the Port Trust. The Port Trust paid the entire penal charges, including the period January 1987 to December 1987 during which the work was delayed by APSEB due to its own reasons. The request of the Port Trust, through the Ministry of Surface Transport, Government of India to waive the penal charges was turned down by the APSEB.

The Port Trust, however, stated that it did not proceed with the taking up of the work during the period from July 1981 to October 1983 as it was awaiting a favourable decision of the High Court on the suits filed by the other industrial establishments against the arbitrary decision of APSEB notifying the switch over to 132 KVA and the High Court decision went in favour of APSEB.

23.13.5 *Loss owing to abandonment of work by contractor:*

The work of construction of quarters was entrusted to a contractor at a contracted amount of Rs.5.99 lakhs in May 1986 with a schedule for completing the work before February 1987. The progress of work was very slow and there was no response from the contractor to the notices issued by the Port Trust to complete the work. Only 58 percent of the work was completed when the contract was finally rescinded in November 1987 at the cost and risk of the contractor. The incomplete work was got executed by another agency at an additional expenditure of Rs.1.55 lakhs. After forfeiture of its security deposits, the first contracting agency had to pay Rs.1.15 lakhs as per the conditions of the contract. However, the amount could not be recovered. The Port stated that legal action against the contractor was under consideration.

23.13.6 *Unfruitful expenditure on procurement of electrical wharf cranes:*

The Government of India sanctioned (June 1982) procurement of two electric wharf cranes of 10 ton capacity for use in the Port at an estimated cost of Rs 192.99 lakhs. The Port Trust entrusted (August 1982) the work of manufacture and erection of the cranes to a firm at a contract value of Rs.164.26 lakhs with a time schedule for completing the work before December 1983. The firm could not execute the work satisfactorily and because of several design and manufacturing defects, the cranes did not give consistent performance and even the minimum working hours of 3000 per annum could not be

achieved during the years 1988-89 and during 1989-90, it just crossed the norm in one case. The firm could not also subsequently rectify the manufacturing defects. Besides the unsatisfactory work, the firm delayed the work upto September 1986 and the Port attributed the delay to various reasons such as industrial unrest in the supplier firm, change in the site of erection of cranes and modifications to the designs etc. The delay in execution of the work also resulted in upward revision of the estimates by Rs.30.80 lakhs from Rs.192.99 lakhs to Rs.223.79. An amount of Rs.8.19 lakhs was realised from the firm towards liquidated damages on account of delay in execution of the work, but the Port suffered loss of recurring annual earnings on the capital invested.

23.13.7 *Unintended financial benefit to a contractor:*

The Port Trust entrusted the work of construction of two fibre glass launches to a firm at a contract value of Rs.13.86 lakhs in the year 1980. The Port Trust supplied the engines for the launches free of cost. The contract provided for the delivery of first launch by July 1980 and the second one by July 1981. Having executed 80 per cent of the work till March 1983, the firm requested (April 1983) for extra payment of Rs.9.55 lakhs over the original contract value to complete the work on the plea that it was in financial crisis and prices of materials had escalated. Though not required in the terms of the contract, the Port decided in August 1984 to meet directly the cost of materials yet to be procured and pay wages to labourers, with the stipulation that the firm should deliver the launches

by March 1985. In spite of the extra aid provided to it, the firm completed the work on one launch only by January 1987. By way of meeting expenses on materials and labour directly, the Port Trust incurred an excess expenditure of Rs.4.65 lakhs. The Port Trust rescinded the contract (August 1987) at the risk, and cost of the firm and completed the second launch departmentally in September 1988 after a further expenditure of Rs.4.26 lakhs.

It was observed in audit that (i) the Port Trust could have rescinded the contract in August 1984 itself, having known the financial constraints of the firm instead of meeting the costs of materials and labour directly and incurring an additional expenditure of Rs.8.91 lakhs. (ii) the firm having no assets it was not possible for the Port Trust to recover the extra expenditure, as contemplated, while rescinding the contract. (iii) the Port was not even able to recover the dues relating to ground rent of Rs.1.65 lakhs for the period July 1984 to December 1989 and penal interest thereon and electricity and water charges.

(iv) the launches were not available for use for over a period of seven to eight years resulting in blocking of funds to extent of Rs.31.89 lakhs.

23.13.8 Loss of revenue:

The Port Trust decommissioned the tug "Nagarjuna" as early as July 1986 and proposals were initiated (May 1988) for its disposal in view of its bad condition. Further deterioration in the condition of the tug by way of leakage in boiler and engine rooms of the tug was

reported by the Marine foreman in July 1988. However, the Port Trust belatedly declared the vessel as unserviceable and decided to dispose it off only in March 1989. A reserve price of Rs.31.00 lakhs was fixed (May 1989). On inviting tenders (June 1989) the highest offer of Rs.16.27 lakhs was found to be less than the reserve price and hence rejected. The reserve price was then scaled down to Rs.18.00 lakhs (September 1989) treating the tug as scrap in view of the likelihood of its sinking. Fresh tenders were invited and the highest offer of a firm at Rs.17.79 lakhs was accepted (October 1989). While the sale proceedings were in progress the tug began sinking and the firm backed out on their offer. Fresh tenders were again invited in February 1990 for disposing off the tug in "as is where" basis in auction and the highest offer fetched only Rs.10.86 lakhs. Thus the undue delay in the disposal of the tug, resulted in a loss of revenue of Rs.6.93 lakhs to the Port Trust.

Bombay Port Trust

24. Non-commissioning of two dock-tugs

The Board of Trustees of the Bombay Port Trust (BPT) approved, in July 1982, construction, supply and delivery afloat in Bombay harbour of two highly manoeuvrable 10 tonne Bollard Pull diesel dock tugs at an estimated cost of Rs. 395.00 lakhs in replacement of the tugs "Uran" and "Navah" which had outlived their useful life till 1982. Tenders were invited, in May 1983. The lowest tender from Firm 'A' of Bombay for Rs.205.76 lakhs less 1 1/2 % rebate, plus taxes and duties was accepted, in January 1984. The completion and delivery period was 15 months for

the first tug and 18 months for the second tug from the date of issue of acceptance letter (February 1984) subject to receipt of the voith propulsion units (to be imported by the firm) in their yard five months prior to the scheduled date of delivery.

The voith units which arrived in Bombay, in January 1985 and April 1985, from West Germany, were not cleared by the Customs Authorities under Open General Licence. However, one unit was cleared in November 1985, without payment of any fine/penalty and was installed in the first tug D.T.Rajiv. The tug was brought to Bombay Harbour for trials, in July 1986. The tug did not achieve the designed bollard pull. Rectification of the defects was carried out and finally after adjustments in the engine voith unit coupling was done, the tug was found to perform to acceptable standards and the possession of D.T.Rajiv was taken over in March 1987 and the Port discharged the builders of the tug from all further liabilities regarding only the safety and handling of the tug. Though the tug was taken over, in March 1987, complaints were received from the BPT Flotilla Workers Associations, in December 1986, regarding accommodation on board and other allied matters and the crew refused to operate it till alterations were carried out. Even after the desired modifications were carried out during August 1987 to January 1988 and a new set of crew posted on the tug, it was noticed in January 1988 that the same could not be operated due to failure of starboard engine which was damaged due to sea water having entered in all the cylinders. All the damaged parts including the inter cooler required replacement. Though the defects were noticed

within the guarantee period, the ship builders refused to repair the damages on the ground that the engine had not been checked even routinely by the BPT operating staff and the damage was solely attributable to the ingress of sea water into the cylinders and keeping the engine idle for a considerable period in that condition. A task force appointed by the Chairman, BPT also, in September 1988, absolved the ship builders of responsibility towards the damaged star-board engine.

It was also reported in November 1990 by the committee of officers appointed by BPT to examine the whole issue, that from 5 August 1987 onwards the tug was operated at the lay up berth intermittently for checking the noise level in order to carry out modification work with the help of crew from laid up/working vessels but no muster book could be traced from the lay up section indicating by name which of the crew was posted on 'Rajiv' when she was laid up. It also could not come to light as to when the leakage past the cooler took place causing damage to engine and hence it was not possible to fix individual responsibility and accountability. The Bombay Port Trust had to incur an expenditure of Rs.12.57 lakhs for recommissioning the tug after repairs to the engine.

Since Commissioning in March 1987, the tug 'Rajiv' was in operation for one month from 7 July 1987 to 4 August 1987 and remained idle for the rest of the period till April 1990.

The second set of voith units and accessories was released, in April 1987, and were installed in the other tug 'Raghu' which was to

be commissioned in January 1988. However, the same was taken over, in June 1989. The delay of 18 months was for the reason that the shipbuilders faced financial difficulties owing to strike in their shipyard and also demurrage paid by them towards clearance of voith units. The BPT had also incurred an expenditure of Rs.1.55 lakhs on modification of tug 'Raghu' required by them. An amount of Rs.8.38 lakhs towards liquidated damage was, however, recovered from the shipbuilders for the delay.

The matter was brought to the notice of BPT in June 1989 and the facts were confirmed by BPT. The Ministry of Surface Transport stated in May 1990 that while technical and manning problems regarding the two tugs were being sorted out, the work was being carried out by obtaining extension of survey of the existing tug from the Mercantile Marine Department and hence the work of the BPT did not suffer on this account.

Reply given by the Ministry was not tenable, because the expenditure of Rs.308.58 lakhs on the procurement of the tugs in August 1984 had not served the purpose for which these were incurred. Moreover, an additional expenditure of Rs.12.57 lakhs had to be incurred on the repair of one of the tugs, for want of routine check during the period when it was laidup.

25. Idle investment

The Mogul lines Ltd. (MIL) proposed in September 1980, starting of a "Roll on Roll off" (Ro-Ro) passenger cum-cargo service between Jaffarabad, Bombay, Mormugao and Mangalore on the West Coast of India. In March 1981, the Technical

Committee constituted by the Ministry of Surface Transport (Ministry) recommended certain infrastructural facilities at these ports for the operation of the Ro-Ro service.

The Bombay Port Trust (BPT) prepared estimates in September 1981 of Rs.202.44 lakhs for construction of a link span at Ferry Wharf, Bombay for the Ro-Ro service. The estimate was revised to Rs.168.92 lakhs in February 1983. In 1982, the Oil and Natural Gas Commission (ONGC) expressed their interest in having a ferry service using the Ro-Ro facilities for transporting their drilling equipment, materials etc. from Bombay to Nhava. While seeking sanction to the revised estimates the BPT informed the Ministry in March 1985 that the ONGC was the only definite user of the scheme and that they were pressing for the early commencement of the service.

Sanction was accorded by the Government in September 1985 for an amount of Rs.162.42 lakhs for the provision of infrastructural facilities for the Ro-Ro services at Ferry Wharf. The work of construction of the link span was awarded to a Swedish firm and it was completed in March 1987 at a cost of Rs.152 lakhs.

The link span at Ferry Wharf, however could not be utilised by the ONGC till they completed construction of similar link span at Nhava end. After a series of discussions between the representatives of ONGC and the Bombay Port Trust from August 1987 to September 1987 it was agreed in September 1987 that ONGC should pay provisionally a minimum amount of Rs.35 lakhs per annum for using the infrastructure created by the Bombay

Port Trust. Accordingly, an amount of Rs.8.70 lakhs was paid in October 1987, and ONGC started using the link span for their operations. However, in January 1988 the ONGC discontinued using the service stating that it was not economically viable. Even though ONGC was pressing for the early commencement of the Ro-Ro service, there was no agreement between Bombay Port Trust and ONGC either for the continued use of the facility or regarding the terms of payment. Though BPT insisted that ONGC should bear their share of liability in respect of the link span till an alternate user was found, the ONGC refused to do so contending that the facility was created as a public facility and that they would avail of the facility, only as and when required like any other common user of the facility. The Ministry had taken up the matter with the Ministry of Petroleum in February 1988. The Ministry, in August 1988, suggested to the Shipping Corporation of India (SCI) also to examine the possibility of using the Ro-Ro facility. No final decision in this matter has been taken so far (October 1990) and the facility created by the BPT at a cost of Rs.152 lakhs continued to remain idle since April 1987 for want of users. The facility was used by ONGC only and that too for a short period of three months from October 1987 to January 1988 for which ONGC paid Rs.8.70 lakhs. The BPT continued to loose for which ONGC paid Rs.8.70 lakhs. The BPT continued to lose Rs.29.39 lakhs per annum by way of depreciation, repairs and maintenance, return of capital at 12 per cent. In addition, two unskilled labourers were employed as watchman from April 1987 onwards. Pay and allowances paid to them upto June 1990 amounted to Rs.8.57 lakhs.

BPT confirmed the above stated facts in August 1989. The Ministry stated in October 1990 that the Shipping Corporation of India proposes to acquire four Ro-Ro vessels during the eighth five year plan. Further, an Ahmedabad based firm has also shown interest in introducing a truck ferry service using Ro-Ro facility and thus the Ro-Ro facility created by BPT could eventually be put to gainful use. However, the facility constructed by BPT at a cost of Rs.152 lakhs continues to remain idle from April 1987, leading to blocking up of Rs.152 lakhs and there was liability of Rs.29.39 lakhs per annum on account of repairs, maintenance, depreciation etc. and a further liability of Rs.8.57 lakhs (upto June 1990) towards pay and allowances to the watch staff. There is also a loss of notional interest of Rs.86 lakhs, worked out at 15 per cent per annum from the date of commissioning till October 1990 on account of the amount (Rs.152 lakhs) involved in the Ro-Ro service.

Calcutta Port Trust

26. Unfruitful expenditure on dredging

Mention was made in the sub para 9 of paragraph 15 of the Report of the Comptroller and Auditor General of India (No.9 of 1989)-Union Government (Other Autonomous Bodies) for the year ended 31 March 1988, regarding the deployment by the Calcutta Port Trust (CPT) of a dredger hired from Dredging Corporation of India (DCI), in February 1988, for dredging at Jiggerkhali flat (flat) under the maintenance recession scheme. The dredging was discontinued, in April 1988, owing to bad weather conditions after a quantity of only

0.8 million cubic metre (mcm) of spoil had been dredged at a total cost of Rs.212.51 lakhs.

In January 1989, the CPT decided to redeploy the DCI dredger for dredging in the area during the fair weather period from January to March 1989 with a view to opening a flood path over the flat, which could reduce the chances of siltation in the vicinity of Haldia Oil Jetty (HOJ), at an estimated cost of Rs.380.50 lakhs. The work involved lifting of 0.80 mcm of spoil by cutting a channel of about 4.5 kilometres in length over the flat with a depth of 3.5 metres below datum and a bottom width of about 80 metres from south to the north within pre-determined time frame i.e., during January 1989 to March 1989. As the dredging efforts were to be done in quite close proximity of the HOJ, it was provided that the dredged materials would be disposed of at a distance of about 300/400 metres away through floating pipe line after diffusion so that there was no adverse effect in the depths of the HOJ and Haldia Lock entrance due to the dumping.

The CPT placed a letter of intent in January 1989 stipulating that the length of pipe line would be 400 metres and concluded an agreement with DCI in January 1988. DCI started the work of dredging in January 1989, with only 160 metre pipe line which was already at site. In February 1989, DCI mobilised an additional 200 metres pipe line but they failed to connect the same to the existing 160 metres pipe line owing to strong tides in the river. The CPT discontinued the work from February 1989, as DCI could not actually deploy the additional floating pipeline as stipulated.

From January to February 1989, the DCI dredger worked for only 72 hours and lifted 0.08 mcm of spoil. The cost on this account worked out to Rs.38.68 lakhs reckoned at hourly rates as stipulated in the agreement. Out of this, Rs.18.68 lakhs had already been paid in March 1989, and payment of the balance amount of Rs.20.00 lakhs continued to remain under dispute (November 1990). The dredging carried out did not contribute towards achievement of the objective of opening of a flood path over the flat and the expenditure of Rs.18.68 lakhs in dredging thus proved infructuous, besides the liability of possibly having to pay the balance amount of Rs.20 lakhs which is presently under dispute with the DCI.

The CPT stated, in August 1990, that the weather and hydrology change from instant to instant on the river and the expectation that the situation might improve within a reasonable period did not materialise and therefore, the expenditure incurred on the dredging operation was unavoidable. In September 1990 the Ministry also endorsed the views of the CPT.

The reply of the Ministry is however, not tenable as the CPT officials had emphasised in a meeting in January 1989, that the very objective of the dredging would be obviated if installation and maintenance of atleast 350 metres pipe line to have a horizontal distance of at least 300 metres was not ensured. Therefore, resumption of dredging work from a date only one day thereafter, without any positive indication as to improvement of the tidal condition was not justified.

27. Avoidable expenditure on overhauling

For railway operations within the Port area, Calcutta Port Trust (CPT) procured from overseas firms, 33 steam locomotives during 1952 to 1954. These locomotives were designed to suit specific requirements of the port in keeping with the yard lay-out and traffic requirements. Being of foreign make, the steam cylinder including valve chest, the boiler and main frame of the locomotives were not replaceable, as they were not readily available either indigenously or from the manufacturers abroad. In view of this position, the CPT decided in September 1978, to replace 18 steam locomotives which had already rendered service for over 24 years and were beyond economic repairs. Subsequently, in November 1979, the CPT held that all the 33 steam locomotives being in the same age group and condition required replacement in phases. The CPT did not, however, draw up any phased programme for replacement of the steam locomotives.

From September 1980 to December 1985 the CPT overhauled one steam locomotive and four spare boilers at a total cost of Rs.13.67 lakhs. These could not be put to use after overhauling as the steam locomotives were completely withdrawn from the CPT railway from April 1986 onward. The CPT also procured in February 1985, 56 main bearing springs, for use in the steam locomotives, at a cost of Rs.1.66 lakhs. Out of this, 51 springs costings Rs.1.51 lakhs could not be used till withdrawal of the steam locomotives. While the four overhauled spare boilers, which could not be put to use, were

disposed of through auction in September 1988, the overhauled steam locomotive remained idle till date (December 1990). The remaining 32 steam locomotives were disposed of through auction during August 1980 to November 1989. The unused 51 main bearing springs were still awaiting condemnation and disposal (December 1990).

The CPT stated, in August 1990, that during the process of reduction of number of steam locomotives some of the locomotives with their boilers had to be repaired/overhauled for using them for traffic operation. The steam locomotives and boilers therefore had to be overhauled and expenditure on account of the same had to be incurred. But the fact remained that the CPT failed to link the overhauling programme in respect of the locomotives and boilers with the date of complete withdrawal of steam locomotives from the CPT railway, which resulted in an avoidable expenditure of Rs.15.18 lakhs.

The Ministry stated, in January 1991, that there was lack of coordination relating to withdrawal/utilisation of locomotives as also in procurement of main bearing spring and disposal of excess quantities thereof. The Ministry also stated, that the Chairman of the CPT was requested to conduct an investigation and also fix responsibility.

28. Non-recovery of dues from defaulting contractor

Calcutta Port Trust (CPT) placed order on firm 'A', in June 1970, for supply, fabrication and erection of one 10 tonne Electric Overhead Travelling Crane (EOTC) and also for construction of a Mobile

Equipment Repair Shed (MERS) at Netaji Subhas Dock of the Calcutta Dock System, at a total cost of Rs.3.43 lakhs (EOTC Rs.0.78 lakh, MERS Rs.2.60 lakhs and provisional sum of Rs.0.05 lakh) plus taxes and duties. According to the terms of the contract, steel materials required for the work were to be supplied by the CPT subject to recovery of their cost from firm 'A'. The work was to be started immediately on receipt of the work order and completed within 10 to 12 months.

At the time of placing the work order in June 1970 the CPT did not have any stock of steel. It supplied the required quantity of steel materials of 154.613 metric tonnes (MT) in batches during March 1973 to January 1976, as and when procured. Firm 'A' started the structural work of MERS in July 1974, only on receipt of the required steel. Due to increase in prices the firm claimed in July 1974 escalation of cost for both labour and materials. CPT accepted the escalation claim of the firm, in April 1977, for the period ending January 1976, by which date the CPT had completed the supply of steel materials to the firm.

In April 1978, firm 'A' suspended the work on MERS, while the work in respect of the EOTC had not even started. The firm did not resume the work. The value of the work completed by the firm up to that date worked out to Rs.1.89 lakhs including escalation, out of which Rs.1.84 lakhs were paid to the firm during January-April 1978 after deducting Rs.1.13 lakhs representing the cost of 110.709 MT of steel materials used by the firm.

In July 1981, CPT terminated the contract with firm 'A' under clause 23 of the General Conditions of the Contract at the risk, cost and expense of the firm. The delay in terminating the contract was attributed to the time taken for consideration of administrative and legal aspects of the case. No action was, however, taken to recover the balance 43.904 MT of steel materials worth Rs.1.10 lakhs from the firm for reasons not on record.

The CPT awarded the unfinished work of MERS to firm 'B' in July 1983, at a total cost of Rs.4.72 lakhs, to be completed by March 1984. Extension was, however, granted up to November 1984 and the work was completed by that date. A sum of Rs.5.25 lakhs including the cost of remaining work and extras amounting to Rs.0.53 lakh was paid to the firm in full settlement during November 1983 to November 1987. The CPT did not get the work in respect of EOTC executed by any other contractor, till December 1990, for reasons not on record.

Based on the difference between the escalated rates for the items of work in respect of MERS, as left over by the defaulting firm 'A' and those paid to firm 'B' for final execution of the work, there was an excess expenditure of Rs.3.97 lakhs (after adjusting the amount of Rs.0.05 lakh which remained unpaid to firm 'A') Together with cost of 43.904 MT of steel, (Rs.1.10 lakhs) a sum of Rs.5.07 lakhs was thus recoverable from firm 'A' for abandonment of work. CPT, however, did not initiate any action for recovery of the amount till October 1990, for reasons not on record. The Bank Guarantee for Rs.0.08 lakh

furnished by firm 'A', in November 1974, towards security deposit valid upto June 1979, could also not be invoked due to delayed action of CPT.

Thus, lack of timely action on the part of CPT resulted in an amount of Rs.1.10 lakhs remaining unrecovered for more than nine years and Rs.3.97 lakhs for about three years, from firm 'A'.

CPT stated, in October 1990, that action had since been initiated to effect recovery. The Ministry also confirmed in January 1991, the delay in preferring the claim from the contractor and stated that a suit had since been filed by CPT for recovery of the dues from the defaulting contractor.

Cochin Port Trust

29. Avoidable extra expenditure

The work of providing 200 mm diameter HDPE pipeline from Mattancherry Halt pump house to underground water tank at wharf (estimate: Rs.17.50 lakhs) was tendered in January 1987 and the lowest offer received for Rs.20.36 lakhs was valid upto 11th April 1987, but the validity was further extended by the firm upto 10th June, 1987. However, owing to processing delays on the part of the port, the approval of the Port Trust Board could be obtained only on 30th May 1987 and the acceptance communicated to the firm only on 11th June 1987, i.e., after the expiry of the validity period. Consequently, the tenderer withdrew his offer. The work was retendered in October 1987 and the lowest offer of Rs.23.56 lakhs was accepted in March 1988. The work was completed satisfactorily in March 1989. Thus

the delay in communicating the acceptance of the lowest offer inspite of the extension of the validity period resulted in an avoidable extra expenditure of Rs.3.20 lakhs to the Port Trust compared with the earlier lowest offer. The Port Trust stated in February 1989 that the case was dealt as if the contractor had backed out during the validity period and action taken accordingly. The Port Trust, thus, failed to justify the delay in processing the offers received against the first tender. It also did not indicate if any responsibility had been fixed for the delay which had resulted in an avoidable extra expenditure of Rs.3.20 lakhs.

The Ministry replied in January 1991, that the authorised representative of the firm in his letter dated 12 May 1987 had extended the validity of their offer till 30 June 1987. However, the firm in their telegrams dated 11 and 23 June 1987, had reported that the validity of their offer expired on 10 June 1987 and that the extension given by their resident representative was without their approval. The Ministry also reported that the Port Trust had forfeited the earnest money deposit of the firm.

Jawaharlal Nehru Port Trust

30. Non recovery of Port dues

A contract for main civil works of the Jawaharlal Nehru Port Project was awarded to a foreign contractor in July 1985 at a total cost of Rs.110 crores. As per contract conditions free jetty landing facilities for unloading the imported equipment for construction purposes were allowed to the

contractor. On substantial completion of work in March 1989, the contractor had requisitioned for container berth facilities in March 1989 to re-export the construction equipment such as cargo truck, crawler crane etc., which was imported by the contractor for construction purposes. The port authorities allowed the contractor to avail of the facilities in April 1990, without recovering port charges amounting to Rs.41.86 lakhs for the period from 15.4.1989 to 20.4.1989, for loading the equipment for re-export on the following grounds:- (i) As per clause 1.6.4 of special application of contract Vol.III, the landing jetty was constructed to facilitate global contractors for unloading plants, equipment and material free of charge and the same facility was deemed to be extended for re-exporting the equipment and materials. (ii) Clause 30(4) of general conditions of the contract-part -I, was relevant to the case, according to which, use of waterways and berths is comparable to the access to site by road at no extra cost and (iii) The port was not formally declared open to receive ships and the berthing was done as a trial to test the efficiency of the berths and pilotage was undertaken on trial basis for the first time.

The explanation given by the Port Trust is not tenable because (i) clause 1.6.4. of special application of contract Vol.III is for the use of landing jetty only for the facility of unloading the equipment and plants during the construction period, whereas the contractor had also availed the facility of berth and wharf for

loading equipment and plants for re-export;

(ii) according to clause 30(4) of the general conditions of the contract read with clause 30(2) and (3) of conditions of particular application, the contractor was responsible for the damages to roads, highways, bridges, waterways etc. caused by transportal of special loads brought to the work site and there was no mention made about free transportation. and (iii) though it was stated that the berthing was on trial basis in the interest of the port no documentary evidence allowing the contractor to avail the berthing facility free of cost was made available.

According to Government notification dated February 9, 1989, port charges were leviable with effect from April 12, 1988, and berthing was availed of by the contractor after this date. It was noticed that port charges were levied from the first trial ship carrying containers which berthed at the port on April 29, 1989. In the instant case, as berthing was availed of after the date of notification, there was no valid ground for making an exception in the case of the contractor.

The JNPT further stated in September 1990, that the amount of charges, if collected, was to be reimbursed to the contractor, as per clause 70 (5) of the contract, as the port dues were leviable in accordance with the notification issued after 30 days prior to the last date for submission of tenders for the work. This argument, however, is not tenable as the

removal of plant and equipment from the site was the responsibility of the contractor and he was not entitled to transportation of plants and equipments as free of tolls/charges.

Thus, incorrect interpretation of the contract clauses by the Jawaharlal Nehru Port Trust had resulted in non-recovery of port charges amounting to Rs.41.86 lakhs from the contractor.

The matter was referred to the Ministry in August 1990, reply has not been received (May 1991).

31. Inadmissible benefit to a contractor

The contract for the main civil works of Jawaharlal Nehru Port Trust (JNPT) was awarded to a foreign company, in July 1985, at a contract price of Rs.110 crores. According to the terms and conditions of the agreement with the company, the responsibility for the payment of customs and other import duties payable on the materials imported for the works was of the company. The materials and equipments to be imported and utilised in the permanent works were specified by the company in schedule - 'G' of the tender, showing the requirement of foreign exchange for the imports. The nature of customs classification of these schedule G items was made clear to the company in March 1984 during a pre-bid clarification in the presence of tenderers and various authorities including an Assistant Collector of Customs. Accordingly, Schedule 'G' items on their import, were liable for normal customs duties under different headings of Customs Tariff and only those of the Schedule 'G' items which were also referred to at

item 84.66 (98.01 as revised) of the Customs Tariff and also registered in the manner prescribed vide regulations set out under Section 157 of the Customs Act, 1962, were eligible for classification under customs heading 84.66. However, based on the company's erroneous complaint that according to the pre-bid clarification, the company was entitled for the concessional clearance for the entire schedule 'G' items and that despite this, the customs authorities had refused such project registration and classification under customs heading 84.66 for the schedule 'G' items, the JNPT represented to the Government of India in July 1986 to issue necessary customs exemptions for the entire schedule G items. The Government of India, issued an order in public interest, in October 1986, granting partial exemption from customs duty to the above schedule-'G' materials and equipments. Accordingly, the material and equipments included in Schedule - 'G' were assessed at a uniform rate of customs duty of 55% advalorem regardless of their classification.

Under clause 70(5) of the agreement in terms of which additional or reduced costs arising out of subsequent legislations promulgated after the date thirty days prior to the latest date for submission of tenders for the works, shall be certified by the engineer (consultant) and shall be paid by or credited to the employer and the contract price adjusted accordingly.

As the adhoc exemption was granted in October 1986, after the acceptance of the tender, in July 1985, any benefit arising out of the exemption should have accrued to the JNPT. JNPT was, therefore, required to adjust the contract price to the

extent of the difference between customs duty at normal rates and that actually paid by the company at concessional rates. It was, however, noticed that for eleven items test checked during audit, the amount so adjustable worked out to Rs.8.74 crores, for which the Jawaharlal Nehru Port Trust made no adjustment in the contract price.

The Ministry stated in February 1991 that the company had initially assumed the payments of concessional rate of customs duty at 65% advalorem under Customs Tariff heading 84.66, for all the materials to be incorporated in the permanent project works and that clause 53(11) of the agreement read with consultant's letter of November 1984 would make it amply clear that company's liability on customs duty was restricted to the rate provided under heading 84.66 of Custom Tariff. Referring to an item 'Fenders' it was stated that the customs duty assumed by the company for quoting their rate for the item was 65%. The reply of the Ministry is however, not tenable as clause 53(11) of the agreement stipulated that the payment of customs duty was the responsibility of the company and it was also made clear during pre-bid conference in March 1984, that the customs duty was to be paid according to the rules. The materials to be imported under the contract therefore, did not attract any extra customs concession than admissible under customs rules according to which only equipments i.e. items covered under heading 84.66 (re-numbered as 98.01 from February 1986) of Customs Tariff and registered under section 157 of the Customs Act 1962 were eligible for concessional clearance as project imports. Relevant bill of entry relating to 'Fenders' revealed that

the company had not followed the proper procedure under project regulations even for eligible items and therefore, they would have attracted normal duty under respective item of Customs Tariff, but for the adhoc exemption of October 1986. The company while seeking pre-bid clarifications, in March 1984, had itself assessed the custom duty payable to the extent of 200% of the cost of the materials imported. The letter of the consultant addressed to the company, in November 1984, also did not contain any commitment regarding concessional customs duty payable and only reproduced the clauses of the agreement and clarification given to the company during pre-bid conference. Non adjustment of the amount as per the terms of the agreement had thus resulted in a substantial increase in the cost of the project as well as an unintended benefit to the company. For the eleven items test checked, this worked out to Rs.8.74 crores; the total amount for all the items could be much more which needs to be quantified by the Jawaharlal Nehru Port Trust.

New Mangalore Port Trust

32. Short levy of wharfage rates

In paragraph 3.10 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 1987 (No.11 of 1988)-Union Government (Other Autonomous Bodies), mention was made about non-application of the higher wharfage rates prescribed under 'heavy lifts' in respect of granite stones, heavy steel structures and machinery, steel coil, etc., by the New Mangalore Port Trust (Port Trust) resulting in short collection of wharfage to the extent of

Rs.41.60 lakhs during February 1983 to December 1984. The Ministry accepted the view of Audit in May 1986 and directed the Port Trust to implement the orders of the Government. However, the Port Trust had not implemented the orders of the Government and no recoveries had been effected.

During 1986-87 to 1989-90 (up to January 1990) 2.51 lakhs tonnes of timber were cleared by the Port Trust collecting wharfage at Rs.21 per tonne for teakwood and at Rs.18 per tonne for others prescribed for "Timber and timber products including plywood". As these timber logs weighed on an average more than 5/10 tonnes each as per the import applications filed, wharfage charges at the rate of Rs.60/70 per tonne prescribed for 'heavy lifts' should have been collected.

Thus, incorrect application of wharfage rates by the Port Trust on 2.51 lakh tonnes of timber cleared during 1986-87 to 1989-90 (up to January 1990) has led to short levy of Rs.105.25 lakhs.

The Port Trust had collected wharfage charges on wooden logs correctly from February 1990 till 24th May 1990 when a general revision of wharfage rates was made and the item 'heavy lifts' was deleted from the 'Schedule of Wharfage Dues'.

The Ministry informed, in August 1990 that in pursuance of the directives issued by them in October 1989, the Port Trust had started assessment of wharfage charges on wooden logs weighing 5 tonnes and above treating them as heavy lifts and that action was being taken to raise necessary bills to recover the amount short levied.

Necessary bills for recovering the short levied amount of Rs.105.25 lakhs have been raised by the Port Trust in January, February, March, April, June 1991. No amount has been recovered so far (June 1991).

Ministry of Commerce

33. Indian Institute of Foreign Trade

33.1 Introduction

The Indian Institute of Foreign Trade (IIFT), a registered Society, was set up, in May 1963 in New Delhi under the administrative control of the Ministry of Commerce (MOC) to serve the cause of International Trade in the fields of training and research. The main objectives of IIFT include:-

- (i) training of personnel in techniques of international trade,
- (ii) undertaking research in problems of foreign trade,
- (iii) conducting market research, area and market surveys, commodity surveys and providing consultancy services and
- (iv) disseminating information arising from its activities relating to research and market studies.

33.2 Scope of Audit

The accounts of IIFT are audited annually in terms of its Rules and Regulations by a qualified Auditor or Auditors appointed for the purpose by the Institute.

A review of the activities of IIFT for the period 1982-83 to 1989-90 was conducted under section 14(1) of the Comptroller & Auditor

General's (Duties, Powers and Conditions of service) Act, 1971 during April 1988 to July 1988 and updated in November 1990.

33.3 Organisational set up

Management of the affairs of IIFT is entrusted to a Governing Body with Secretary, MOC as the Chairman and consists of not more than 20 members. The Director General of the Institute, appointed by the Government, is also a member of the Governing Body and is the principal executive officer. The other members of the Governing Body consists of five persons nominated by the Central Government, nine persons elected by the Institute at an Annual General Meeting and not more than five persons co-opted from among persons of outstanding achievement/ distinction. The Institute has four categories of members viz., permanent, ordinary, associate and fellow members. The activities of the Institute are carried out in the Training, Marketing and Functional Research, Publication and Administration Divisions.

33.4 Highlights

- IIFT could not generate internal resources for contributing its share of expenditure upto 1986-87 according to the approved pattern of assistance. This resulted in accumulated deficit of Rs.58.28 lakhs.
- The number of programmes for developing countries declined from five in 1982-83 to one in 1989-90. Twelve regular programmes developed could not

be implemented. Of the 37 regular programmes developed, eight programmes were finally dropped and six programmes were deferred due to inadequate response. Only ten case studies were developed during 1985-86 to 1989-90.

- The ratio of faculty to non-faculty members of staff improved marginally from 1:3 in 1983-84 to 1:2.7 in 1989-90 against the recommended ratio of 1:1.
- Training programmes continued to be concentrated in Delhi (64 per cent in 1982-83 and 85 per cent in 1989-90 of the total programmes held in these respective years). Dispersal of such programmes in other important cities to give scope for participation of small scale units etc. was not adequate.
- Long term action plan in respect of studies and research programmes was not drawn up during 1982-83 to 1989-90. Institute mainly catered to the requirements of MOC from 1986-87 onwards and its own studies in functional areas ranged from one to three each year.
- Records of 50 studies out of 135 studies completed during 1982-83 to 1989-90 relating to research and survey revealed that (i) quality of report in four cases was not found satisfactory (ii) four studies took 24 to 35 months for completion and in 9 cases period of delay in completion

ranged from 6 to 14 months.

- No task force had been constituted to oversee the implementation of the accepted recommendations contained in the studies/surveys.

- Out of 6866 copies of the published reports brought out as priced publications during 1982-83 to 1989-90, 2551 copies were available as balance in hand at the end of March 1990, of which 1686 copies were more than three years old.

- Observations of Chief Technical Examiner on the inspection of the building complex of the Institute pointing out substandard works, overpayment to contractors and other irregularities remained unsettled.

- Utilisation certificates in respect of building grants of Rs.9.24 lakhs received from Government during 1979-80 and 1980-81 for land and Rs.515.75 lakhs for construction of building during 1979-80 to 1988-89 were not furnished by the Institute even though the building had been in use since May 1985.

- The system of reimbursement of cost of medicines to the employees did not ensure that the reimbursement was made only in respect of medicines essentially required as certified by a Registered

Medical Practitioner.

33.5 Financial position

The activities of IIFT are financed by:-

(a) grants made by or through the Central Government or State Governments.

(b) donations and contributions from other sources.

(c) other income and receipts of the IIFT including membership fee, participating charges for training programmes, receipts from sale of publications etc.

Prior to 1976-77, the Central Government covered the gap between total expenditure and total income of the Institute. From 1976-77 to 1986-87, the Institute received grants-in-aid from the Central Government under the Marketing Development Assistance (MDA) Fund, administered by the MOC ranging from 50 to 100 per cent, of the expenditure incurred on identified heads according to the approved pattern of assistance. Effective from 1987-88, the pattern of assistance was revised and 80 to 100 per cent of the expenditure incurred on identified heads viz., training, research, publications, administration, library, maintenance of campus and assignments by MOC etc., is provided as grants-in-aid.

The expenditure incurred on the activities of the Institute, income generated and grants from Government received for the years 1982-83 to 1989-90 were as follows:-

(Rupees in lakhs)

Year	Expenditure incurred (excluding depreciation and provision for gratuity)	Income (other than Govt. grants)	Govt. grant	Deficit (-) Surplus (+)
1982-83	84.71	25.78	59.01	+ 0.08
1983-84	83.13	21.94	56.53	- 4.66
1984-85	90.10	20.90	63.63	- 5.57
1985-86	119.74	29.35	79.59	- 10.80
1986-87	146.83	31.58	95.07	- 20.18
1987-88	164.04	52.09	132.52	+ 20.57
1988-89	172.46	43.17	145.70	+ 16.41
1989-90	Account's awaited finalisation (November 1990)			

Income from internal resources increased significantly from the year 1986-87 and onwards primarily due to introduction of Masters Programme in International Business as regular Training Programme and upward revision of fees for the training programmes. The decline in overall internal resource generated, in 1988-89 as compared to preceding year was on account of less receipt from Research activities.

'On account' grant of Rs.145.70 lakhs released during 1988-89 awaited (November 1990) finalisation by the Government.

Accummulated deficit of IIFT upto the year 1986-87 as intimated to the Government by the Institute amounted to Rs.61.15 lakhs. Government released ad-hoc grant of Rs.61.15 lakhs in March 1988 to wipe out the deficit upto 1986-87. The actual deficit, however, amounted to Rs.58.28 lakhs as against Rs.61.15 lakhs. Out of the excess release of grant of Rs.2.87 lakhs, the balance amount of Rs.1.22 lakhs was adjusted by the Ministry, in December 1990 while releasing further grant to the

Institute. The deficit upto the year 1986-87 was due to the inability of the Institute to generate income according to approved pattern of financing to meet 40 per cent of the administrative expenditure and 25 per cent of expenditure on Marketing and Functional Research Activities.

As regards less generation of internal resources, leading to deficit, Ministry stated (March 1990) that the Institute undertook studies of projects on Ministry's behalf in respect of which the Government grant was sanctioned on the basis of only direct cost excluding faculty cost and overheads. The Ministry also stated that had the time spent on MOC's projects been utilised on sponsored projects there would have been more earnings. However, there was no record to indicate the specific sponsored projects which were left out that could have generated the requisite revenue to avoid the deficit.

With liberalisation of the pattern of financial assistance the accounts of the Institute showed a

surplus of Rs.20.57 lakhs in 1987-88. The surplus during the year 1988-89, amounted to Rs.16.41 lakhs. The Institute stated (November 1990), that during 1988-89 and 1989-90 the MOC assigned the Institute certain time bound studies/projects in which most of the faculty was involved.

33.6 Membership

Any person, firm or company, interested in the objectives of the Institute can be admitted as permanent member on payment of life time charges in lump sum or ordinary member on payment of charges annually. Permanent and ordinary membership of IIFT actually consisted of firms, companies or organisations. Associate membership is open only to universities and other educational/ research institutions. Fellow membership is open to post graduate students of

the Institute, participants of the training courses, research scholars and researchers.

Permanent and ordinary members only have voting rights. Facilities extended to permanent/ ordinary/ associate members include preference for research, market or commodity survey projects sponsored by them, rebate in fee for training courses attended by their nominees, free supply of journals etc. and 50 per cent discount on publications of the Institute.

Fellow members are entitled only to free supply of journals etc., and 50 per cent discount on sale of publications of the Institute.

Membership under the various categories at the end of March each year was as follows:-

Category	1983	1984	1985	1986	1987	1988	1989	1990
Permanent	105	108	110	111	112	115	118	120
Ordinary	147	141	138	125	110	110	114	127
Associate	11	13	11	12	11	11	13	14
Fellow	177	231	240	216	261	327	332	342
Total	440	493	499	464	494	563	577	603

Total membership under permanent and ordinary categories, having voting rights, declined from 252 in 1983 to 222 in 1987; the membership improved marginally thereafter to 247 at the end of March 1990. The Ministry stated (March 1990) that steps had been taken for improving the membership. The Institute further intimated (December 1990) that after April 1990, permanent and ordinary membership increased by 13.

33.7 Training activities

One of the prime objectives of the Institute is to provide training, both short term and long term, for specialised personnel employed in industry and commerce for international trade and for persons in Government and private employment engaged in fostering international trade. The Institute organised training programmes

broadly under five heads viz. regular, sponsored, special, programme for developing countries and seminars. The categories of training programmes included :-

(a) **Regular programmes:-** foundational programmes targetted for those who pass out of the universities or have limited work experience.

(b) **Regular/Sponsored programme:-**
 (i) executive training programme targetted for executives who are sponsored by their respective organisations and have reached middle/senior level of management;
 (ii) programmes sponsored by various Ministries of the Government or to cater to the specific requirement of public or private trade and industry.

(c) International programmes and

(d) Seminars, special programmes & workshops.

Foundational programmes intended to equip the participants for professional careers in international marketing management included the Post Graduate Diploma Programme (PGDP) in International trade,

Certificate course in export marketing and a two years Masters Programme in international business (MPIB) introduced in 1986-87.

A Committee set up, in 1983, under the Chairmanship of the Additional Secretary, MOC to review the performance of the Institute, inter - alia, observed that:-

(i) the Institute could develop more new programmes,

(ii) the case study approach should be given greater importance,

(iii) the ratio of 1:3 for faculty to non-faculty members of the staff was on the high side and should be reduced to 1:1,

(iv) more programmes need to be conducted in commercial centres like Bombay, Calcutta and Madras instead of confining most of them to Delhi.

The training activities of the Institute from 1982-83 to 1989-90, number of courses conducted under each programme and the number of participants in each of the programmes are given in the table below :-

Year	Regular programmes	Sponsored programmes	Special programmes	Programmes for Developing Countries	National Seminars	Total No. of programmes
1	2	3	4	5	6	7
1982-83	15 (425)	17 (413)	5 (200)	5 (53)	5 (663)	47 (1754)
1983-84	14 (403)	12 (332)	3 (94)	2 (4)	10 (768)	41 (1601)
1984-85	16 (421)	16 (478)	5 (580)	4 (38)	2 (300)	43 (1817)
1985-86	15 (523)	13 (314)	1 (25)	2 (34)	4 (290)	35 (1186)

1	2	3	4	5	6	7
1986-87	16 (441)	14 (368)	11 (440)	3 (97)	3 (87)	47 (1433)
1987-88	16 (445)	19 (507)	1 (100)	2 (7)	1 (85)	39 (1144)
1988-89	15 (553)	24 (603)	1 (150)	1 (80)	-	41 (1386)
1989-90	11 (391)	17 (489)	-	1 (32)	10 (535)	40 (1447)

Note : (a) The number of participants has been indicated within brackets.

(b) Special programmes consisted of one day lectures only while national seminars consisted of one-day seminars generally.

Following points were noticed:-

(i) Total number of regular and sponsored programmes, increased to 39 in 1988-89. Only 28 programmes were organised during 1989-90. The Institute stated (November 1990) that three regular programmes could not be organised in 1989-90 due to retirement of a faculty member. However, there was no reduction in the total strength of faculty. Dropping of regular programmes indicated inadequate planning in development of the faculty even to meet the situation which was clearly foreseeable.

(ii) The programmes for developing countries declined from 5 in 1982-83 to 1 in 1989-90.

The Ministry stated (March 1990) that the programmes for developing countries were organised at the request of and funded by, either international agencies or other Governments. Such request declined during this period.

(iii) During 1982-83 to 1989-90, 26 new regular programmes were

developed in addition to the 11 programmes already developed. However, out of total 37 programmes developed; on an average 11 programmes were held every year, eight programmes were finally dropped as these no longer served the training needs while six programmes were deferred due to inadequate response for participation. 12 developed programmes were not implemented at all.

The Ministry stated (March 1990) that certain programmes had to be dropped due to inadequate response from the trade and industry otherwise the programmes would have resulted in deficit. The number of persons who actually responded for participation as against the expected number, in each programme dropped, was not furnished by the Institute. The fact, however, remains that a number of developed regular programmes could not be implemented.

(iv) As case research was recognized as an important means of developing indigenous training material in the form of live case studies, the Governing Body of the Institute

decided in May 1985; to systematise this activity by fixing a target that each member of the faculty should endeavour to write at least one case study each year in the area of his/her specialisation. Only ten case studies were developed during 1985-86 to 1989-90, even though the faculty strength of the training division which was 17 in 1983-84 increased to 25 in 1987-88 besides faculty strength of Marketing and Functional Research division also increased from 29 in 1982-83 to 31 in 1987-88.

Ministry stated (March 1990) that as the faculty were already over-burdened with various training and research activities the momentum of case preparation work was adversely affected though it was recognized as an important activity. Thus, the decision of the Governing Body, having a vital bearing on the Training needs, remained unimplemented even after five years.

(v) The overall staff position as per details furnished by the Institute was as under:-

	1982-83	1983-84	1984-85	1985-86	1986-87	1987-88	1988-89	1989-90
*Faculty	48	49	51	52	54	58	54	55
Non - Faculty	153	152	150	151	146	156	152	150

Note :- *Includes staff in library (one number) in 1988-89 and 1989-90 and in Editorial section (one to four numbers) considered as Faculty by the Institute.

The ratio of faculty to non-faculty members of the Institute improved only marginally from 1:3 in 1983-84 to 1:2.7 in 1989-90. The Ministry stated (March 1990) that as the faculty cannot work in isolation from and independently of library, publication section, computer centre and other management/administrative support, an intrinsic interface between so called faculty and non-faculty becomes necessary and if this indivisibility of mutually supportive function is to be taken as criterion, then the faculty to non-faculty ratio worked out to 2.69:1.

The Committee appointed by the Ministry 1983 had recommended that the then existing ratio of faculty to non-faculty member viz. 1:3 was on the high side and should be brought to 1:1 in due course. The recommendation of the committee in

this regard remained to be implemented.

(vi) During 1982-83 to 1989-90, the number of programmes conducted at Delhi increased from 64 per cent to 85 per cent (30 and 34 out of total programmes of 47 and 40 respectively). The number of total programmes held at Bombay declined from six in 1982-83 to one in 1989-90. There was one sponsored programme at Bombay in each of the years 1982-83, 1986-87 and 1988-89. No programme for developing countries had been organised at Bombay since 1983-84 while no national seminars/workshops had been held at Bombay or Calcutta since 1984-85 and no seminar/workshop was held in 1988-89.

The Ministry attributed (March 1990) the concentration of training programmes in Delhi to non-

availability of infrastructural facilities outside Delhi, economic non-viability and to its inability to expand faculty base due to less attractive pay scales. Thus, dispersal of training facilities in different parts of the country, suggested by the committee with a view to giving scope for active participation of small scale units, etc. was not achieved.

(vii) The Institute has a placement cell, operating from October 1986, to facilitate placement of successful participants of its two programmes viz. Master Programme in International Business and Post graduate Diploma programme in International Trade. Records revealed that all the successful participants secured suitable placements.

33.8 Studies/Research Programmes

The Marketing and Functional research Division (MFR) of the Institute carried out research covering functional and policy areas of foreign trade, surveys in respect of select products/ product groups of export interest to India in select overseas countries, desk research and in country field investigations and survey of export potential of the different states. The studies and surveys included not only those sponsored by MOC and other agencies but also projects initiated by the Institute.

The number of studies/surveys undertaken including those which were brought forward from previous years (U) and completed (C) during 1982-83 to 1989-90 was as follows:-

Agency	1982-83		1983-84		1984-85		1985-86		1986-87		1987-88		1988-89		1989-90	
	U	C	U	C	U	C	U	C	U	C	U	C	U	C	U	C
Ministry of Commerce	7	5	4	-	9	7	8	4	25	18	13	11	8	5	10	6
IIFT Project	2	1	2	2	2	1	1	1	1	1	3	3	3	3	3	3
Sponsored projects	4	3	10	5	13	9	6	5	7	6	12	11	3	3	3	2
Others	12	7	9	5	6	3	5	2	3	3	-	-	-	-	-	-
Total	25	16	25	12	30	20	20	12	36	28	28	25	14	11	16	11

The committee appointed by the Ministry in 1983 to review the working of IIFT had, inter-alia, observed that:-

(a) the number of sponsored research projects was negligible, greater emphasis be laid on these for obviating budgetary problems.

(b) evaluation of major findings of research studies be done and a task force set up to oversee the implementation by the concerned agencies of the recommendations accepted.

Records of the Institute revealed that :-

(i) The Institute did not have a system for framing pre-set annual plan or long term plan in respect of market surveys and research activities (projects). As regards annual plan, the Institute stated (May 1988) that in order to generate revenue, it chose to undertake sponsored research and studies entrusted by the Ministry even though, it might not have fitted into their perspective plan and did not strictly relate to the tentative thinking of the faculty. The Ministry attributed (March 1990) non-preparation of long term action plan to unforeseen financial constraints, non-availability of requisite man power at the right time and changes in priorities due to external factors. It was held by the Ministry that planning beyond a certain length of time was not feasible and perhaps not very desirable too and hence only indicative annual research plans were being made every year. The Ministry further stated that in order to have beneficial impact on planning process in IIFT, the institute started a programme in 1989 to continuously monitor developments in selected countries and critical policy areas and that a Research Committee was also constituted in the Institute for prioritisation, evaluation and upgradation of research proposals.

Thus, the fact remains that the Institute has not yet (December 1990) devised a system of advance planning.

(ii) The Institute did not undertake any market surveys and commodity studies on its own initiative during 1982-83 to 1989-90. Studies initiated by the Institute in functional areas were also very few i.e. only one to three

each year. As regards market surveys, the Ministry stated (March 1990) that these studies required extensive travel for field investigations in India and abroad which was beyond the scope of its budgetary resources and that these materialised only when sponsored by MOC specifically or when contracted by other organisations. With regard to studies in functional areas the Ministry attributed (March 1990) this to heavy involvement of faculty members in training programme research/survey studies on behalf of MOC or sponsoring agencies besides budgetary constraints. The fact, however, remains that the system of planning and budgeting followed by the Institute had not been conducive to taking up the market surveys and studies in functional areas at its own initiative.

(iii) No task force had been set up in order to oversee the implementation of the accepted recommendations contained in the study/survey Reports, as envisaged in the recommendations of the committee, set up in 1983. The Ministry stated (March 1990) that matter was being looked into.

(iv) A test check of records of 50 studies made available to audit out of 135 studies completed during 1982-83 to 1989-90 relating to research and surveys revealed that:

(a) completion and submission of studies were delayed in 22 cases. Out of these, in four cases the time taken ranged from 24 to 35 months, though they were stipulated to be completed at the earliest or in four to five months time. The delay in 9 cases ranged from 6 to 14 months.

The Ministry attributed (March 1990) the delay to chronic shortage

of qualified researchers, poor scales of IIFT staff vis-a-vis UGC scales failing to attract new talent, priorities of MOC projects, time taken by sponsors in offering their comments, acceptance of studies without adequate time assessment, time taken in identification of consultants as also arranging requisite overseas travel.

(b) Meeting of the Programme Committee of the Institute which, inter-alia, reviewed the progress of studies was not held after April 1988. It was stated by the Institute (November 1990) that the annual work plan was reviewed, updated and discussed in MOC as well as in MFR division. The records of the discussions etc. of the meetings held in the Institute were called for by Audit. The Institute stated (December 1990) that records of the deliberations of the meetings held in the Institute were not maintained.

(v) Records revealed that in four cases, the authorities which entrusted the study/research projects were not satisfied with the quality of the IIFT's Report.

An expert group constituted by the Ministry in February 1986 for an in-depth study of the working of IIFT, Trade Fair Authority of India (TFAI) and Trade Development Authority (TDA), inter-alia, observed in its report of September 1986 that quite a few representatives of the export community were critical of the market surveys undertaken by the Institute and felt that these were largely based on secondary data (often out of date), gathered in desk research and were not very relevant and useful for live problems of export marketing. In order to improve the quality of

market surveys, the group recommended that the Institute should associate product/marketing experts from Trade Development Authority, Export Promotion Councils or private consultancy firms. As regards the quality of research; the group further recommended that IIFT may hold seminars/discussions with experts and exporters. With regard to the implementation of recommendation relating to market survey, the Ministry stated (March 1990) that the studies undertaken in IIFT now concentrated more on issues pertaining to policies. As regards the recommendation for upgrading quality of research, the Ministry stated (September 1990) that the proposal for organising a workshop on 'Evaluation of Market Research facilities available in India' mooted by IIFT was dropped in March 1990. The proposal was dropped because the Institute, after discussions with various export promotion organisations, found that nothing much would come out of such workshop. The Institute intimated (December 1990) that in certain cases, the draft reports were discussed with the experts and exporters and their suggestion were taken into account while finalising the Reports.

Measures recommended by the Committee for upgrading the quality of Market surveys and researches remained to be implemented (November 1990).

(vi) From 1986-87 onwards the Institute mainly catered to the requirements of the MOC. The Ministry stated (March 1990) that even if it were so, IIFT could not be faulted because MOC's requirements had primacy over all others in the present set up and the Institute has been making every

effort to undertake studies sponsored by non-MOC agencies. The fact, however, remains that from 1986-87 onwards the recommendations made by the committee setup in 1983 with regard to taking up more sponsored projects could not be implemented consistently.

(vii) On enquiry whether IIFT had considered the need for evolving a marketing and functional research policy on a long term basis, the Institute stated (December 1990) that a paper entitled 'Role of IIFT in 1990' was attempted in 1989 and was circulated to General Body members. Further developments were not made known to Audit.

33.9 Trade Publications

The Institute brought out publications namely (i) Foreign Trade Bulletin (monthly) (ii) Foreign Trade Review (quarterly) and (iii) other study reports and publications. The average yearly expenditure on Publications during the three years ending 31st March 1989 was Rs.8.27 lakhs. In case of published market surveys/research studies (upto January 1990) complimentary distribution (35 per cent) exceeded the number of copies sold (28 per cent). The Institute brought out 6866 copies (cost Rs.1.19 lakhs) during 1983-84 to 1989-90 of 35 studies as priced publications. 2551 copies (37 per cent) were available as balance in hand as on 31st March 1990 of which 1686 copies (i.e. 65 per cent) were more than three years old.

The Ministry stated (March 1990) that IIFT is essentially a service organisation and the purpose of bringing out research reports is mainly to equip the Indian Trade and

Industry with information required to exploit foreign markets for Indian products. This encourages distribution of a large number of reports on complementary basis to important personalities and leaders of the trade and industry as well as policy making bodies. Ministry, further, stated that every effort was now being made to restrict the number of copies printed in order to reduce the number of unsold copies of the reports.

33.10 Other Topics of interest

(i) Construction of IIFT building complex

The Institute constructed its building complex in 1985. Funds for acquiring the land (Rs.9.24 lakhs during 1979-80 to 1980-81) and for construction of building (Rs.515.75 lakhs during 1979-80 to 1987-88) were provided as capital grant by the MOC. Following points were noticed:-

(a) Though the building was occupied in June 1985, completion certificate for the building was yet (November 1990) to be obtained from Delhi Development Authority (DDA) as the Institute had not obtained the requisite fire completion certificate from Delhi Fire Service. The Institute stated that in order to comply with the recommendations of Fire Advisory committee the work of providing fire fighting equipment was awarded to a contractor in March 1988 at a cost of Rs.8.62 lakhs. The work was completed in March 1989. The Institute took up the matter, in June 1989, with Delhi Fire Service for the requisite certificate. The Institute stated (November 1990) that its premises were yet to be inspected by the fire officer.

The land allotted to the Institute by the DDA at a cost of Rs.9.24 lakhs in December 1980 had not been registered in the name of the Institute. The Institute stated (November 1990) that the matter was in correspondence with DDA.

(b) A firm of architects was engaged by the Institute under an agreement signed in January 1982, inter-alia, for preparation of plan, drawings, designs, specifications, estimates, etc., and also to undertake periodical supervision and inspection. The fees payable to the architect was fixed at the rate of four per cent of the cost of works awarded on contract. Some works of the building complex viz. Civil Works (Rs.280.30 lakhs), Electrical Works (Rs.43.70 lakhs), Furniture (Rs.6.46 lakhs) and Horticulture (Rs.1.76 lakhs) were inspected by the Chief Technical Examiner's Organisation of Central Vigilance Commission (CTE). It was observed by the CTE, inter alia, that:-

(i) Only 40 per cent of civil work was completed when it was inspected by CTE in April 1984. Information required by CTE for completing the examination had not been furnished till November 1990. This included data on theoretical consumption of material, design calculations, detailed drawings, details of recovery alongwith analysis of reduced rates in respect of substituted items of work, cost adjustments in respect of defective items of work.

Further, inadmissible payment made to the contractor on account of misinterpretation of the terms of contract in respect of floor level was not determined. Security deposit amounting to Rs.1.12 lakhs had been refunded to the contractor, in

August 1986. The Institute stated (June 1988) that out of the contractor's final bill for civil work amounting to Rs.8.84 lakhs, only a sum of Rs.7.50 lakhs had been paid and further stated (November 1990) that final decision regarding floor level would be taken only after obtaining the opinion of Director General (Works), CPWD through MOC.

(ii) With regard to Horticulture work, the circumstances for calling tenders without an approved landscape and estimation of quantities of earth and reasons for accepting rate 25 per cent higher than the justified rates involving a difference of 0.95 lakhs were inter-alia called for by the CTE in September 1986. These were not yet (November 1990) furnished.

(iii) In respect of electrical works, the agreement included supply of costly fittings and fans amounting to Rs.11.41 lakhs by the contractor, instead of purchase of such items by the Institute from authorised dealers/manufacturers. The Institute, thus suffered a loss of Rs.one lakh approximately due to the difference in rates as assessed by CTE in October 1987.

(iv) Overpayments made to the contractors for supply of substandard chairs as pointed out by CTE, had not been determined for recovery. As regards push back chairs for auditorium building, the payment of the contractor had already been settled and the security already refunded before the CTE's inspection.

The Ministry stated (March 1990) that the observations of CTE mentioned under sub-para (i) to (iv) had been referred to the architect.

It was further stated that the architect of the Institute had already confirmed that the works completed were in accordance with provisions of various contracts.

However, the observations of CTE regarding deficiencies in construction remain to be settled.

(c) As intimated by the Institute (November 1990) expenditure of Rs.525.06 lakhs was incurred on acquisition of assets against the capital grant from 1981-82 to 1988-89. Although the Institute moved into the building complex in May 1985, the utilisation certificate in respect of the grants received had not been furnished to Government. The Institute stated (November 1990) that the certificate was being finalised in consultation with the statutory auditors.

(ii) Medical Reimbursement

Medical reimbursement was allowed to the employees of the IIFT with effect from April 1981 subject to the ceiling of Rs.1200/- per annum provided that the expenses were duly certified by a Registered Medical Practitioner. In June 1982, IIFT medical rules were amended under an agreement with the staff union to the effect that all medical expenses including cost of medicines etc., duly certified by Registered Medical Practitioner would be reimbursed and the reimbursement claims in respect of cost of medicines would be settled on the basis of the chemist's cash memos without insisting on the doctor's prescription. However, the cost of medicines was reimbursed on the basis of chemist's cash memos without certification by the Registered Medical Practitioner. Further, the limit of Rs.1200/- was

raised to Rs.2000/- per annum with effect from December 1986, also under the agreement with the staff union. Expenditure on medical reimbursement increased from Rs.0.64 lakh in 1980-81 to Rs.3.98 lakhs in 1988-89.

The Ministry stated (March 1990) that the agreement had the due approval of the Governing body of IIFT and MOC. However, the system of reimbursement of cost of medicines followed by the Institute did not ensure that the reimbursement was made in respect of medicines essentially required as certified by a Registered Medical Practitioner.

(iii) Physical Verification of Library Books

The library books of the Institute were shown at the original value of Rs.7.62 lakhs in the accounts for the year 1988-89 and the depreciation upto this year amounted to Rs.5.66 lakhs. This did not include the books acquired after 1983-84 as the expenditure on this account was thereafter treated as revenue expenditure.

Physical verification of library books was partially carried out, in March 1983, and thereafter physical verification after due reconciliation with the financial books was not done.

The Ministry stated (March 1990) that a complete verification of the library acquisition would be initiated.

33.11 Evaluation of IIFT

The Government of India, MOC constituted, in February 1986, a Group with a professor of Madras Institute of Development Studies as

Chairman, and Additional Secretary (MOC), Additional Secretary and F.A. (MOC) and Joint Director (MOC) as members for undertaking an in-depth study of the role, activities and performance of TDA, IIFT and TFAI, and to give suggestions for improvement. The Group submitted its

report to the Government in September 1986.

Some of the important recommendations relating to IIFT which awaited implementation (November 1990) are as under :-

Recommendations

Remarks

(i) Setting up of Data Analysis Unit at IIFT (Para 40 of the report)

The proposal of IIFT in this regard was examined in the Ministry which decided that it may pend till such time the National Centre for Trade Information is established (October 1989).

(ii) IIFT to explore possibilities for extending their training courses in other cities (Para 52 of the report)

The proposal was accepted by the Government (July 1988). As mentioned in Para 7 (v) dispersal of training facilities in different parts of the country was not achieved.

(iii) IIFT to hold seminars/discussions while finalising its draft reports on research studies with experts and exporters to upgrade the quality of research (Para 59 (iii) of the report)

Implementation of the recommendations was awaited (November 1990). Comments under Para 8(vi) also refer.

(iv) Upgradation of the IIFT publication Foreign Trade Review (FTR) to a high quality document along the lines of the monthly bulletins of the Reserve Bank of India Para 60 of the report)

While considering the question of unification of the publications brought out by the IIFT, TDA and TFAI it was decided that IIFT/TDA/TFAI might continue to bring out their publications with slight modifications. IIFT was asked by the Ministry to place the matter before its Governing Body. Decision of the Governing Body was awaited.

(v) Restructuring of the Governing Body of IIFT to provide cross representation and include more representations from trade bodies

In pursuance of the recommendations of the committee the Economic Advisor of the Ministry had (July 1988) been nominated as a member of the Governing body. The advice of Ministry of Law in regard to

further restructuring was under consideration of the Ministry of Commerce.

(vi) Quality of market surveys be improved, (by associating product and/or marketing experts drawn from TDA, EPC or private consultancy firms) collaborative surveys between IIFT and TDA be encouraged (Para 56 of the report).

In regard to the recommendation for improvement in quality of market surveys the Ministry stated (March 1990) that the studies under taken in IIFT now pertain to policies. It was also stated that discussions were held with TDA for developing certain joint projects.

Rubber Board, Kottayam

34. Unfruitful expenditure

The Rubber Board, Kottayam acquired in September 1983, 40 acres of land at Kottayam for construction of its head office building. The total cost of acquisition was Rs.32.02 lakhs. Sanction for construction of the building costing Rs.286 lakhs was accorded by Government of India in April 1988. Even after six years of acquisition of land, the Board had not commenced the construction and the head office building continued to be housed in a rented building, the rent paid during 1984-85 to 1989-90 was Rs.22.53 lakhs. The Board attributed (October 1989) the delay to scarcity of funds. The Board also stated (August 1990) that Government of India had since sanctioned Rs.one crore for the construction of the building and the Housing Development Finance Corporation which was approached for finance for the purpose, was also to sanction a loan of Rs.one crore subject to production of approved plan by the Central Public Works Department.

The land was acquired as per recommendations of the Committee constituted by the Board in 1981 for the purpose. One side of the land is bounded by the properties of the

Southern Railway. After acquisition the Board came to know after six years, in January 1989, that no permanent construction was permissible in the area falling within 30 metres of the railway boundary in view of the railway's plan for doubling the railway lines. In November 1989 the Superintending Engineer, Central Public Works Department, brought to the notice of the Board the basic economics of a high-rise building. According to him, for construction beyond four floors, provision for lifts, fire fighting equipments and stand-by generators had to be made, which would require an additional investment, of about Rs.30 lakhs. The Board, however, decided in November 1989 to construct a building of six floors with the required arrangements for fire fighting and lifts. According to the Board, a part of the building would be within 30 metres from the railway boundary. The Board had executed in June 1990 an agreement with the Railways agreeing to pull down the structures in the site proposed for construction, when so required by the Railways. The Board stated, in November 1990, that the actual prohibited area came to only 12.8 acres (32 per cent of the total area) and that the construction was expected to be commenced in January 1991.

Thus acquisition of 40 acres of land, in September 1983, out of which construction was not freely permissible on more than 30 per cent of the area and execution of an agreement with Southern Railway to the effect that any structure constructed on the land would be pulled down, if and when, so required by the Railways, and the decision to construct a six storeyed building on the land inspite of such conditions, indicate absence of proper planning. Delay in construction of the office building had resulted in blocking up of a capital of Rs.32.02 lakhs for over seven years and payment of a rent of Rs.22.53 lakhs upto March 1990. Besides, the Board continued to incur a monthly expenditure of Rs.0.50 lakh towards rent from April 1990 onwards.

The matter was reported to the Ministry in July 1990. Reply has not been received (May 1991).

Spices Board, Kochi

35. Construction of Indian Cardamom Research Institute Complex

The work "construction of Indian Cardamom Research Institute Complex at Myladumpara - Phase II" (cost : Rs.36.15 lakhs) was awarded to a firm of contractors in March 1983. M/s FACT Engineering and Design Organisation (FEDO) were the consultants for providing consultancy-cum-site management services required for the above work. In terms of the contract, the work was to be completed within 12 months of the issue of work order - viz. by March 1984. As per clause 5 of the agreement for the work, if the contractor failed to complete the work within the time prescribed,

the Board was entitled to recover from the contractor a sum equivalent to one per cent of the contract value of the work for every such week or part of the week by which the completion was delayed, subject to a maximum of 10 per cent of the total value of the work. The building was completed by the contractor in April 1985, after a delay of 12 months and 21 days. The Board had granted extension of eight months for completion of the work; for the remaining period of delay (19 weeks) beyond the period of extension, the Board recovered liquidated damages of Rs.3.77 lakhs (Rs.2 lakhs for payment to FEDO for extended consultancy and Rs.1.77 lakhs towards labour escalation cost). The contractor challenged the recovery before a sole Arbitrator appointed by the Board in November 1986. The Arbitrator rejected the claim of the Board for liquidated damages in July 1987. The Arbitrator held that the delay for the completion of the construction could not be attributed solely to the contractor. He also held that as no valid notice under clause 5 (v) of the agreement was issued by the Board during construction, the time of completion of the work ceased to be essence of contract as deemed originally in the agreement and hence levy of liquidated damages was not justifiable. The Court of Additional Subordinate Judge, Ernakulam, to which the case was referred, in October 1987, upheld the award in November 1988. The Board remitted in the court the amount of Rs.3.77 lakhs recovered from the contractor with interest of Rs.0.14 lakh in April 1989. Failure of the Board to issue a notice to the contractor under clause 5(v) of the agreement during construction resulted in non-realisation of the levy of liquidated damages of

Rs.3.77 lakhs, besides payment of interest of Rs.0.14 lakh.

The services to be rendered by FEDO, inter alia, included day-to-day supervision of civil works and ensuring quality control at site. FEDO was also to be held responsible for any faulty design and ineffective supervision for a period of one year from the date of handing over of the building. Service fee at the rate of 10.55 per cent of the total actual cost of civil works undertaken was payable to FEDO.

Even before settling the final bill of the contractor, some defects in construction were noticed in January 1986. The Board withheld from the contractor an amount of Rs.0.62 lakh towards cost of rectification work. The defects in construction were got inspected by the engineers of Central Public Works Department in December 1988 and by FEDO in January 1989. The inspections revealed defects in construction on account of faulty design, low quality materials and ineffective super-vision. The contractor challenged the recovery before the Arbitrator appointed in terms of the agreement. The Arbitrator held that the Board had been availing the facilities alleged to be defective without getting them rectified and that the basis of working out the cost of rectification was arbitrary and not based on any analysis/estimate. The Board remitted the amount in court in April 1989. By the time the award was issued, the guarantee period of one year with FEDO was over and hence the Board could not prefer any claim with FEDO.

Failure to carry out the rectification works in time and to produce before the Arbitrator

supporting details for the recovery effected as also the failure to prefer the claim from the consultants within the period of guarantee resulted in the Board carrying out the rectification works at its own cost. Further information regarding rectification works and cost incurred thereon had not been received (December 1990).

The matter was referred to the Ministry in July 1990 but no reply has been received (May 1991).

Ministry of Water Resources

36. Brahmaputra Board, Guwahati

36.1 Introduction

The Brahmaputra Board (Board) is a statutory body and was constituted, on 31 December 1981, by the Government of India under the Brahmaputra Board Act, 1980 (Act) with the object of preparing a master plan for control of floods and bank erosion and improvement of drainage in the Brahmaputra valley of Assam keeping in view the development and utilisation of the water resources of the valley for irrigation, hydropower, navigation and other beneficial purposes. In 1983-84 the jurisdiction of the Board was extended to the Barak valley of Assam and all the States of the North-Eastern Region either in full or in part.

36.2 Scope of Audit

The accounts of the Board are audited under Section 19(2) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 and Audit Report is presented to Parliament each year. The review of the working of the Board for the period 1981-82 to

1987-88 was conducted by Audit (April - June 1989) with reference to the records in the offices of Board's Headquarters, Chief Engineer and six Divisions at Guwahati, North Guwahati, Silchar, Dibrugarh, Tezu and North Lakhimpur. The information contained in the review has been updated up to 31 March 1990.

36.3 Organisational set up

The Board consists of four full time members and 17 part time members representing seven States of the North Eastern Region, North Eastern Council and concerned Ministries and Central agencies of the Central Government. The Headquarters of the Board started functioning at Guwahati with effect from 11th January 1982. The Board has a liaison office at New Delhi.

For carrying out survey and investigation in the valley and also to prepare a master plan, the Board took over three circles and nine divisions on 'as is where is basis' from the Brahmaputra Flood Control Commission (BFCC), Government of Assam in 1982-83.

The Board established two more circles and eight divisions in 1982-83 and 1983-84 to carry out investigation and data collection programme and re-transferred one circle and four divisions between September and December 1987 to the State Government due to lessening of the activities of the Board.

36.4 Highlights

- From April 1982 to March 1990, the Board spent Rs.691 lakhs and Rs.865.48 lakhs for investigation of Dihang and Subansiri Dam Projects respectively in spite of opposition

from the Government of Arunachal Pradesh and non-clearance of project reports by the Government of India (since July 1983).

- Expenditure of Rs.23.99 lakhs incurred by the Board on construction of experimental drift tunnel for proposed Subansiri Power House site without obtaining clearance of the project report from the Central Government was unjustified.

- Expenditure of Rs.10.96 lakhs incurred by the Board for construction and maintenance of a vented causeway without proper design and adequate checking proved wasteful as the causeway was seriously damaged by flood after three years of construction.

- Bailey Bridge components worth Rs.7.37 lakhs were lying idle under Subansiri Dam Project since December 1984.

- The work on "Preparation of feasibility project report" of the proposed Debang Dam Project was discontinued, in February 1986, owing to communication problems after incurring an expenditure of Rs.43.11 lakhs.

- Although the Contributory Provident Fund of the Board was to be administered by a Board of Trustees, no such Board had been formed till February 1991.

36.5 Targets and achievements

According to the provisions contained in the Brahmaputra Board

Act, 1980, the main activities of the Board comprise of (i) survey and investigation in the Brahmaputra valley and preparation of master plan for the control of floods and bank erosion, (ii) improvement of drainage in the Brahmaputra valley and (iii) preparation of detailed reports and estimates in respect of the dams and other projects proposed in the master plan as approved by the Central Government. The activities of the Board were also extended to Barak valley in 1983-84. The master plan was to be prepared in three parts viz. Part I - pertaining to main stem of the river Brahmaputra, Part II - pertaining to the river Barak and Part III - pertaining to the tributaries of Brahmaputra and Barak rivers. Part I and Part II were completed 22 months and 3 months after the expiry of the targeted dates respectively (Part I : targeted date - March 1985, date of completion - December 1986; Part II : targeted date - March 1988, date of completion - June 1988). But, Part III of the master plan, targeted to be completed by March 1990, has not been completed so far (January 1991). The Board stated, in July 1990, that master plan Part III was to be prepared in two stages consisting of (i) field survey and collection of data of the tributaries and (ii) processing the data and preparation of report of the master plan and that 47 to 50 per cent of the first stage and 15 per cent of the second stage were completed up to March 1989 and March 1990 respectively. The Board again stated, in January 1991, that master plan Part III was to be completed during the Eighth Five Year Plan.

36.6 Investigation of multipurpose dam projects

36.6.1 Dihang Dam Project

Unfruitful expenditure: The project was under investigation by the erstwhile Brahmaputra Flood Control Commission (BFCC) from 1974 to March 1982. Against an estimated amount of Rs.494.32 lakhs the BFCC had incurred a total expenditure of Rs.433.19 lakhs upto March 1982 on various items of survey works related to preparation of feasibility report (Rs.201.48 lakhs) and construction of roads and buildings, establishment, etc. (Rs.231.71 lakhs). After completion of the major portion of the investigation for preparation of feasibility project report by the BFCC, the project was taken over in April 1982 by the Board. In its Annual Report for 1982-83 the Board stated that major part of the project and collection of data had been done by the BFCC. A few items like land classification, river route survey, land route survey, reservoir and property survey remained incomplete. The Board submitted the feasibility project report to the Government of India in July 1983, but its clearance had not been received so far (January 1991).

The Government of Arunachal Pradesh, where the project site was located, opposed the proposed project in April 1980 and reiterated (March 1982 and October 1987) that the high dam would displace a large number of people and destroy their cultural heritage, besides causing ecological disturbances. The Central

Water Commission (CWC) and the Ministry of Irrigation observed, in February 1984, that new works with liabilities extending beyond March 1985 should not be started further for this project. The Ministry of Energy (Department of Power) observed, in October 1984, that though the project as formulated would give major power benefits, the Ministry was not in favour of basing the power planning on a project which was facing opposition at the very start from the local inhabitants. The Ministry of Energy further stated in October 1984, that the Ministries of Agriculture, Defence, Home and the Department of Environment had highlighted various adverse aspects and that considerable portion of strategic roads built in the area would also get submerged.

In spite of adverse opinion

from different quarters and without getting clearance of the feasibility project report from various Departments/Ministries, the Board incurred an expenditure of Rs.691 lakhs on the project from April 1982 to March 1990. Out of Rs.691 lakhs item-wise details of Rs.501.04 lakhs only could be furnished (February 1991) to Audit by the Board and the details of the balance Rs.189.96 lakhs could not be furnished. The Board stated, in (February 1991), that these were being traced out from the records of two defunct divisions. However, from the details available it proved that 81 per cent (Rs.403.75 lakhs) of Rs.501.04 lakhs was spent on items identical to those done by the BFCC. The item-wise details of expenditure incurred by the BFCC and the Board on this project, so far furnished by the Board, are as under :-

Item of works	Expenditure incurred by the BFCC up to March 1982	Expenditure incurred by the Board from April 1982 to March 1990
	(Rupees in lakhs)	
Preliminary	0.85	0.09
Land	0.01	2.50
Works -		
Topographical survey	34.95	20.69
Hydrometeorological observations	74.05	48.50
Geological observations	85.56	33.67
Investigation of construction materials	6.06	0.06
Soil survey	...	0.96
Miscellaneous	4.59	49.65
Buildings	98.75	57.60
Communication	26.51	4.92
Establishment	39.74	75.15
Tools and plant	62.12	156.72
Maintenance	...	15.21
Special tools and plant	...	0.32
Liabilities	...	5.81
Suspense	...	29.19
	----- 433.19	----- 501.04

The work on the project has virtually been stopped since April 1988. The Board stated, in January 1990 that, due to non-clearance of the project by the Government of India, further detailed investigation programme had been stopped, restricting the activity only to the routine job of collection of hydrological data. The Board again stated, in January 1991, that the investigation work undertaken by it was mainly for updating data for the project report. While the project was facing opposition from the Government of Arunachal Pradesh since April 1980, incurring of expenditure on this project on the ground of updating data, after submission of feasibility project report (July 1983) and without obtaining clearance of the same from the Government of India proved unfruitful. In the absence of detailed and complete accounts, actual expenditure incurred by the Board on investigation since submission of report in 1983 could not be ascertained in audit.

36.6.2 Subansiri Dam Project

(a) Unfruitful expenditure

The project had been under investigation by the BFCC from 1973-74 to March 1982. Against an estimate of Rs.419 lakhs, the BFCC incurred a total expenditure of Rs.390.37 lakhs up to March 1982 when it was taken over by the Board on its creation. But the Board could not quantify the work executed by BFCC. Thereafter, the Board sanctioned two estimates for a total sum of Rs.742.80 lakhs to be incurred up to March 1990 and spent thereagainst Rs.865.48 lakhs up to March 1990. But the target date of completion of the investigation work could not be stated by the Board. The feasibility project report was submitted to the Government of India in July 1983, but its clearance had not been received so far (January 1991). Out of the total expenditure incurred by the Board up to March 1990 (Rs.865.48 lakhs), the details of Rs.586.64 lakhs only could be furnished to Audit (February 1991). The details of expenditure incurred by the BFCC and the Board on this project are as under :-

Item of works	Expenditure incurred by the BFCC up to March 1982	Expenditure incurred by the Board from April 1982 to March 1990
(Rupees in lakhs)		
1	2	3
Preliminary Works -	0.55	...
Topographical survey	10.88	11.76
Hydromet observations	...	45.52
Meteorological investigation	15.27	...

1	2	3
Geological investigation	80.74	51.76
Investigation of construction materials	3.49	31.15
Soil survey studies	0.46	...
Catchment area survey	...	2.51
Miscellaneous	4.87	98.13
Maintenance	...	43.08
Building	91.50	23.90
Communication	54.60	101.89
Establishment	60.67	143.55
Plantation	...	0.40
Tools and Plant	67.34	14.74
Special Tools and Plant	...	4.94
Liabilities	...	11.61
Suspense	...	1.70
	390.37	586.64

In spite of adverse opinion from different quarters and without getting clearance of the project report from various Departments/ Ministries, the Board continued to incur expenditure on this project.

In the Annual Report for 1983-84, the Board stated that most of the surveys of this project had been completed. However, the land survey for resettlement could not be taken up because of opposition from the Government of Arunachal Pradesh. The Board stated, in January 1991, that though the project report was submitted in July 1983, it was not either sanctioned or rejected by the Government of India and in order to update the project report further investigation on the project was taken up. Since the project was facing adverse opinion from different quarters, incurring of expenditure on this project after submission of feasibility project report in July 1983 and without obtaining clearance of the same from

the Government of India was not justified. In the absence of detailed and complete accounts, actual expenditure incurred by the Board on investigation since submission of report in 1983 could not be ascertained in audit.

(b) Construction of experimental drift tunnel

A technical committee consisting of Chief Engineer, Central Water Commission (CWC), Director, National Hydroelectric Power Corporation (NHPC), Joint Director, Central Water and Power Research Station (CWPRS) and others in its meeting (May 1982) proposed extension of an existing drift No. 7 by 150 metres. But the Chief Engineer, CWC, instead, suggested (June 1982) construction of a 220 metres long drift to terminate near the proposed power house site of Subansiri Dam Project to collect data and other information that would be useful to finalise the

specification, drawings etc. and in accelerating the period of commissioning of the work to be taken up later. The Chairman of the Board, while forwarding the above suggestion to the General Manager of the Board stated, in August 1982, that the NHPC had been requested to undertake the work on behalf of the Board. However, the Chief Engineer of the Board invited tenders in December 1982, even though the work, had not been technically sanctioned till February 1985. The work, estimated to cost Rs.17.10 lakhs as per work order, was awarded in October 1983 to a Shillong firm and a total amount of Rs.23.99 lakhs was paid to the firm in January and March 1986. At the time of execution, construction of the tunnel was continued beyond 300 metres (up to 311 metres); reason thereof had not been stated by the Board (January 1991). The work of the drift tunnel was stopped only after the collapse of the roof between 306 and 311 metres on 25th May 1985. The Board stated, in January 1991, that the collapse of the roof was due to heavy seepage of water and weak zone inside the rock strata. It further stated (August 1990 and January 1991) that the main purpose of the construction of the drift tunnel was to know the behaviour of rock mass, stress parameters and blasting response for different diameter of excavation etc. and that this would accelerate the period for commissioning of the unit when the project would be taken up for construction. Due to collapse of the roof the work was stopped and thus the experiment in construction of tunnel failed to serve the desired purpose. Since the project was facing adverse opinion from different quarters and also the feasibility project report submitted (July 1983) to the Government of India had not yet (January 1991)

been cleared, the expenditure of Rs.23.99 lakhs on construction of drift tunnel was not justified.

(c) Wasteful expenditure

An estimate for construction of a 60 metres long vented causeway over river Dirpai was technically sanctioned, in November 1984, for Rs.9.05 lakhs but was subsequently revised in May 1985 to Rs.10.64 lakhs and completed in May 1985. A total amount of Rs.10.96 lakhs was spent on construction (Rs.10.65 lakhs) and maintenance (Rs.0.31 lakh) of the causeway till March 1988 and another amount of Rs.0.99 lakh was spent for construction and maintenance of a sub-way till March 1990.

The vented causeway was partially damaged in July 1988 due to an overnight flood which caused huge accumulation of logs and debris. It was further seriously damaged, in September 1988, when 55 metres length of the causeway along with 67 metres toe wall collapsed. The Chief Engineer observed, in September 1988, that the vented causeway was not properly designed and adequately checked for hydrological conditions likely to be encountered during the flash floods in the river. Further, the Executive Engineer stated, in June 1990 that the causeway was unserviceable. As a result of inadequate planning the whole expenditure on the vented causeway (Rs.10.96 lakhs) was rendered wasteful. The Board stated, in February 1991, that the vented cause way was constructed for approaching the colony sites for investigation of Subansiri Dam Project during flood season and for carrying heavy machinery to Dam sites. Besides, it had served its purpose and that its maintenance was

taken up as it presented a communication link with the project site. The reply of the Board is not tenable because a sub-way had to be constructed after the collapse of the causeway for communication facilities.

(d) Idle outlay

The Board procured four units of Bailey Bridge span worth Rs.22.14 lakhs for the Subansiri Dam Project in December 1984. Of these, three units were utilised and the remaining one along with components worth Rs.7.37 lakhs remained unutilised (January 1991). The Board stated, in January 1991, that the construction of the remaining Bailey Bridge was not taken up as the project was not cleared by the Government of India. While the feasibility project report of the Subansiri Dam Project was submitted to the Government of India in July 1983 for clearance, procurement of Bailey Bridge span in December 1984 without obtaining clearance of the project report was not justified. This resulted in blocking up of fund of Rs.7.37 lakhs for over six years.

36.6.3 Debang Dam Project/Kameng Dam Project

Infructuous expenditure

The work, "Preparation of feasibility project report of the proposed Debang Dam Project in Arunachal Pradesh", was sanctioned in December 1985 for Rs.431.97 lakhs. But, the Debang Investigation Division, created in January 1983 for preliminary and other allied works of this project, started functioning at Pasighat in March 1983 in anticipation of administrative approval of the project. The divisional headquarters was shifted

to Dibrugarh in August 1983. The work was stopped in February 1986 after incurring a total expenditure of Rs.43.11 lakhs as the site of the work was unapproachable by any means. As a result, the whole expenditure was rendered unfruitful. The Board, however, maintained one sub-division, at Roing up to October 1987 and incurred a total expenditure of Rs.11.03 lakhs on pay and allowances of regular and work-charged staff (Rs.8.39 lakhs) and hydrological observations, buildings/camps, etc. (Rs.2.64 lakhs). The Board stated, in January 1991, that the unapproachable site condition was not encountered at the time of reconnaissance survey, this condition was found during actual investigation and that the sub-division was maintained for the time being to look after the assets of the Board and for collection of data. The reply is not tenable because the site condition was required to be ascertained before commencement of any work.

In accordance with the Board's notification of September 1985 the Debang Investigation Division was shifted to Tezpur for the work "Preliminary investigation of the Kameng Dam Project" and started functioning in February 1986 as 'Kameng Investigation Division'. The estimate for the investigation of the Kameng Dam Project was, however, administratively approved for Rs.84.74 lakhs much later in January 1987.

Between February 1986 and April 1988 the Division incurred an expenditure of Rs.12.10 lakhs. Of this, only Rs.0.34 lakh (2.81 per cent of total expenditure) was incurred for preliminary work and collection of hydrological data and the balance amount was incurred on

- (i) establishment (Rs.9.90 lakhs),
- (ii) maintenance and repair of roads/vehicles (Rs.1.64 lakhs) and
- (iii) contingency (Rs.0.22 lakh).

The division was again shifted to Guwahati in May 1988 for taking up construction of the North Eastern Hydraulic and Allied Research Institute. The Chairman of the Board, in his letter addressed to Government of India, Ministry of Water Resources, stated, in September 1986, that the Government of Arunachal Pradesh did not allow the commencement of the investigation work on Kameng Dam Project, as there were some border disputes with the Assam Government.

Since the Government of Arunachal Pradesh did not allow commencement of investigation work, the expenditure of Rs.12.10 lakhs on keeping the division at Tezpur during the period from February 1986 to April 1988 was not justified.

36.6.4 Noa Dehing Dam Project

(a) *Infructuous expenditure*

As per the approved (February 1985) estimate (Rs.389 lakhs) of the investigation of Noa Dehing Dam Project, the divisional headquarters was to be located at Miao, Arunachal Pradesh but the divisional headquarters started (January 1983) functioning at Margherita (Assam). The Board stated, in January 1991, that the division was not functioning at Miao due to absence of infrastructural facilities. From 1985-86 to 1987-88 the Board spent Rs.13.22 lakhs for construction of prefabricated steel structure buildings (Rs.2.78 lakhs) and semi-permanent buildings (Rs.10.44 lakhs) at Miao. The Board issued, in January 1984, orders for shifting

the divisional headquarters from Margherita to Miao in the interest of work. Even after a lapse of over four years, the division continued to function from Margherita (May 1988) and thereafter, in accordance with Board's notification of February 1988 it was shifted to Dibrugarh (June 1988) to a rented house. Besides, the investigation work of Noa Dehing Dam Project virtually remained suspended from April 1987 as the Chief Wild Life Warden, Government of Arunachal Pradesh did not allow the work to continue beyond April 1987 and the Government of India also refused (April 1987) to give environmental clearance. Thus, construction of any building under this project, particularly at Miao, was not justified. The Board stated, in June 1990, that the prefabricated steel structure buildings were allotted to work-charged staff with headquarter at Debang and the semi-permanent buildings were lying vacant due to non-availability of staff due to suspension of survey work. Thus, expenditure amounting to Rs.10.44 lakhs incurred for construction of semi-permanent buildings at Miao was rendered infructuous.

(b) *Procurement and utilisation of material in excess of actual requirement*

The estimate for the investigation work of the project provided for drilling materials and spares worth Rs.2.51 lakhs for 2000 metres of drilling work at the rate of Rs.37,665 per 300 metres. But the Board, during 1985-86 to 1987-88, procured drilling materials worth Rs.5.36 lakhs in anticipation of future requirement. As mentioned in paragraph 6.4(a) above, the investigation work of the Noa Dehing Dam Project virtually remained

suspended from April 1987. Drilling works of only 51 metres estimated to cost Rs.0.06 lakh were completed till suspension of the investigation work in April 1987. But the Executive Engineer stated, in June 1990, that drilling materials worth Rs.1.19 lakhs were utilised. Thus, the Board utilised drilling materials worth Rs.1.13 lakhs in excess of estimated requirement. Of the remaining materials worth Rs.4.17 lakhs, materials worth Rs.1.55 lakhs were transferred to other divisions in 1987-88 (Rs.0.25 lakh) and 1989-90 (Rs.1.30 lakhs) and the balance materials worth Rs.2.62 lakhs remained unutilised (December 1990). The Board stated, in December 1990, that the surplus

accessories would be utilised in Tipaimukh Dam Project.

36.7 Financial outlay

36.7.1 The Board is financed mainly by grants-in-aid from the Central Government. The Board received grants totalling Rs.51.20 crores up to 1989-90.

36.7.2 The Brahmaputra Board Rules, 1981 provide that the Board shall prepare annually 'Receipts and Payments Account', 'Income and Expenditure Account' and 'Balance Sheet'. The financial position of the Board as revealed in the Balance Sheet as on 31st March 1990 is summarised below :-

Liabilities
As on 31st March 1990
(Rupees in lakhs)

5120.00	Grants from the Government of India
50.17	Current liabilities and provisions
	Fixed assets
	Capital works in progress
	Stores and stock
	Deposits, loans and advances, suspense amounts pending and adjustments, etc.
	Cash and bank balances and remittances in transit
	Excess of expenditure over income
----- 5170.17 -----	

Assets
As on 31st March 1990
(Rupees in lakhs)

821.76
35.03
73.26
186.68
318.51
3734.93
----- 5170.17 -----

36.7.3 The Board had kept apart Rs.96.17 lakhs as on 31st March 1990 in a separate bank account, outside the general cash balance of the Board, on account of 'leave salary and pension contribution' of the employees of the Government of Assam who came over to the Board with transfer of the divisions. This amount increased to Rs.118.32 lakhs (face value) inclusive of interest of Rs.22.15 lakhs up to March 1990. Although the terms and conditions of the deputation of persons who came over to the Board from the Government of Assam in 1981 and 1982 had been finalised in 1987, the actual liability of the Board on this account remained undetermined. The Board stated, in January 1991, that the liability could not be determined due to non-receipt of rates of pension contribution from the concerned departments of the Government of Assam.

36.7.4 A sum of Rs.4.72 lakhs shown as 'Deposit with Government bodies for telephone installation' under 'Loans and Advances' in the assets side of the Balance Sheet as on 31st March 1988 remained unadjusted since 1984-85 owing to non-installation of telephones. Another amount of Rs.0.12 lakh was added to this during 1988-89 (Rs.0.03 lakh) and 1989-90 (Rs.0.09 lakh) for installation of telephones at Nalbari Investigation Division of the Board bringing the unadjusted balance to Rs.4.84 lakhs as on 31st March 1990. The Board stated, in January 1991, that telephones were installed at Nalbari Investigation Division and partially installed in its headquarters.

36.7.5 Of Rs.8.86 lakhs shown as unadjusted advances to contractors in the Balance Sheet as on 31st March 1990, Rs.2.35 lakhs

paid during 1983-85 pertained to Dihang Investigation Division No. 2 which was abolished in March 1986. The works of this division were merged in April 1987 with Subansiri Investigation Division, North Lakhimpur, but the advances remained unadjusted (January 1991). The Board stated, in January 1991, that necessary action for adjustment of long outstanding advances of Rs.2.35 lakhs was being taken.

36.7.6 Though eight years have passed (June 1990), the Board has not incorporated in its accounts assets and liabilities taken over by it from the Government of Assam. The matter was mentioned in the Audit Reports for 1984-85 to 1989-90. The Board stated, in November 1988, that against assets of Rs.2.85 crores estimated by the Government of Assam, the verified assets as per Board's estimate stood at Rs.2.74 crores. The Board again stated, in October 1990, that the settlement of assets and liabilities was expected to be finalised during the next one or two meetings of the joint committee comprising the Chief Engineer of the Board and the Chief Engineer of the Government of Assam (Flood Control) formed for the purpose. The final position has not been determined so far (January 1991).

36.8 *Contributory Provident Fund*

Contributory Provident Fund (CP Fund) of the Board's employees, which is continued to be managed by the Board from November 1982, is not covered under the Employees Provident Fund Act, 1925. nor has it received exemption under Section 17 of the Employees Provident Fund (And Miscellaneous Provisions) Act, 1952. From 1983-84 to 1989-90, the Board paid Rs.20.07 lakhs as Board's

contribution to the CP Fund. Although as per the Brahmaputra Board CP Fund Rules, 1982 the fund was to be administered by a Board of Trustees, no such Trust had been formed. The Board stated, in September 1989, that the Board of Trustees could not be constituted due to non-receipt of required notification from the Government of India. The Board again stated, in February 1991, that the notification was issued by the Government of India in November 1990 and that steps were being taken for formation of Board of Trustees.

36.9 Other points of interest

Avoidable extra expenditure:- On its creation the Board took over in

1982-83 all the 603 hydrometeorological stations from the Government of Assam for collection of hydrological and meteorological data. Thereafter the Board opened 89 new sites. Out of these 692 sites the Guwahati Investigation Division of the Board maintained 58 sites up to August 1987.

The division made a review in May 1987, and assessed the requirement of sites to be maintained as per the prescribed norm of the World Meteorological Organisation (WMO) and found that some of these sites were in excess. The number of sites maintained, their requirement as per norm of WMO, and excess number of sites maintained were as under :-

Sites	Number of sites maintained	Number of sites as per WMO norms	Excess number of sites
(i) Gauge sites	25	14	11
(ii) Gauge discharge sites	4	3	1
(iii) Gauge discharge silt sites	12	9	3
(iv) Rain gauge sites	17	12	5

The actual cost incurred for maintenance of these sites was not kept on record. However, the

estimated provision for maintenance of the sites as seen from the sanction accorded in January 1987 by the Board for 1985-90 was as under:-

	for each year
(i) Gauge sites	Rs. 4.70 lakhs
(ii) Gauge discharge sites	Rs. 5.93 lakhs
(iii) Gauge discharge silt sites	Rs.14.65 lakhs
(iv) Rain gauge sites	Rs. 2.41 lakhs

Calculated with reference to this estimated cost, expenditure on maintenance of these excess sites from April 1986 to August 1987 amounted to Rs.11.22 lakhs. This expenditure could have been avoided had the review with reference to WMO norm been made earlier. The Board stated, in August 1990, that the norm prescribed by the WMO was not viable in carrying out detailed studies for preparation of master plan and survey and investigation of feasibility studies of high dam sites. The reply is not tenable because the WMO norm was considered by the Board while assessing the requirement of sites in May 1987. The sites were, however, handed over to the Government of Assam with effect from September 1987 due to lessening of the activities of the Board.

36.10 Monitoring and evaluation

The Board had no cell to monitor the progress of work and as such no evaluation to assess the impact of the scheme had been done so far (June 1990). However, review of progress on different activities was being reflected through Annual Reports.

The matter was referred to the Ministry in September 1989, July 1990 and March 1991; reply has not been received (May 1991).

Ministry of Social Welfare

37. National Institute for the Orthopaedically Handicapped, Calcutta

37.1. Introduction

37.1.1 National Institute for the Orthopaedically Handicapped hereinafter referred to as the "Institute"

was established in Calcutta in 1978, and was registered as a Society, in April 1982, under the Societies Registration Act, 1950.

37.1.2 Objectives of the Institute included the following :-

(a) To develop manpower for providing services to the orthopaedically handicapped population by training of physiotherapists, occupational therapists, orthotics and prosthetics technicians, employment and placement officers, vocational counsellors, etc.

(b) To conduct and sponsor research into all aspects relating to the total rehabilitation of the orthopaedically handicapped.

(c) To standardise aids and appliances for the orthopaedically handicapped and to promote their manufacture and distribution.

(d) To develop model services for the orthopaedically handicapped population in the areas of restorative surgery, aids and appliances, vocational training etc.

(e) To serve as the apex Documentation and Information Centre in the area of orthopaedic handicaps.

(f) To provide consultancy services to the State Government and voluntary sector.

(g) To provide services and special services to the orthopaedically handicapped persons.

37.2 Scope of Audit

The audit of the accounts of the Institute is conducted under

section 20(1) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. This review, covering the period 1985-86 to 1989-90, was conducted in April 1990.

37.3 Organisational set up

37.3.1 The affairs of the Institute are managed by a Governing Council and an Executive Council.

37.3.2 The Governing Council comprises the Secretary, Ministry of Social Welfare who acts as president, two officials of the same Ministry, one official from the Ministry of Labour, one nominee each from the Ministry of Education and Health, six specialists or representatives of voluntary organisations or social workers, two nominees from Government of West Bengal, Chairman, 'Artificial Limb Manufacturing Corporation of India' and the Director of the Institute, as members.

37.3.3 The Executive Council is composed of a Chairman and four members. The Joint Secretary, Ministry of Welfare is the Chairman of the Council and one official of the same Ministry, two specialists or representatives of voluntary organisations or social workers in the orthopaedic and the Director of the Institute are the other members.

37.3.4 Subject to general control and directions of the Governing Council, the Executive Council was responsible for the management and administration of the Institute. The duties and responsibilities of the Executive Council inter-alia include the following :-

(i) Laying down broad policy for realisation of the objectives of the Institute,

(ii) reviewing and sanctioning budget estimates,

(iii) sanctioning expenditure as per financial bye-laws,

(iv) investment of funds,

(v) borrowings and

(vi) creation of posts and recruitment and appointment of staff. The day to day administration is looked after by the Director.

37.3.5 Governing Council is required to meet every year according to the rules, to consider annual reports, audited accounts and balance sheet, Budget proposals for the following year etc. Such meetings were held regularly as prescribed. The Executive Council is required to meet once every three months, but it actually met only seventeen times since 1982-83.

The post of the Director was vacant from May 1985 to September 1987. The Director, Ministry of Social Welfare held additional charge of the Institute between November 1986 and September 1987.

37.4 Highlights

- The valuation of land and building taken over from the Government of West Bengal in 1978 had not been finalised resulting in under statement of accounts.

- The value of stock of movable assets, both consumable and

non-consumable, was not reflected in the balance sheet.

- No internal audit has been introduced in the Institute even though the bye-laws provide for it.
- Against the capacity of 360 students for the long term courses on physiotherapy, occupational therapy, orthotics and prosthetics during 1984-85 to 1989-90, the Institute had enrolled only 180 students. Only 20 physiotherapists, 20 occupational therapists, 14 orthotic and prosthetic technicians have successfully passed out so far (March 1990).
- Out of 22 research programme/projects taken up by the Institute upto March 1990, research papers for only 10 programmes/projects were submitted of which 8 were published in journals. Four out of 9 research programmes/projects taken up during the Seventh Five Year Plan were abandoned.

- The number of organisations, including Government departments, seeking consultancy from the Institute had declined from seven in 1986-87 to one in 1989-90.

- Hydrotherapy pool acquired from the Government of West Bengal and the services of one assistant were never utilised.

37.5 Finance and Accounts

37.5.1 The Institute is financed mainly by the Government of India through grants. Income from services rendered and donations and contributions constituted the other sources of revenue. The budget of the Institute is required to be approved by the Executive Council before sending it to the Ministry for approval. But approval of the Executive Council was taken during last three years long after the budget was sent to the Ministry as the Executive Council's meetings had not been held.

37.5.2 A summary of the receipts and expenditure compared with the budget estimates during five years ended 31 March 1990 is as follows :-

Year	Receipts			(In lakhs of Rupees)	
	Opening balance	Plan	non-plan	other sources	Total
1985-86	30.68	-	(c) 9.36	2.04	42.08
1986-87	1.52	-	(c) 38.45	8.90	48.87
1987-88	6.63	15	48.31	0.51	70.45
1988-89	2.67	38	63	(a) 5.68	109.35
1989-90	15.97	34.04	55.76	(a) 12.55	118.32

Budget				Actual			
Year	Plan	non-plan	Total	Plan	non-plan	Total	Closing balance
1985-86	15	40	55	7.70	32.86	40.56	1.52
1986-87	52.60	51.19	103.99	-	42.24	42.24	6.63
1987-88	53.35	58.60	111.95	20	47.78	67.78	2.67
1988-89	45.25	67.97	113.22	28.54	(b) 64.84	93.38	15.97
1989-90	73.00	77.63	150.63	31.76	(b) 82.46	114.22	4.10

(a) Includes UN grants Rs.3.36 and Rs.5.04 lakhs for the year 1988-89 and 1989-90 respectively.

(b) Includes expenditure out of UN grants of Rs.1.39 lakhs and 2.10 lakhs for 1988-89 and 1989-90 respectively.

(c) Break up between plan and non-plan is not available.

37.5.3 The assets (excluding cost of land and buildings) and liabilities of the Institute at the end of March 1990 were as follows :-

Liabilities		(In lakhs of Rupees) Assets	
1. Capital Fund	124.00	1. Civil construction in progress	16.00
2. Provident Fund	10.00	2. Electric Installations	8.00
3. Outstanding liabilities	1.00	3. Furniture & Fixtures	15.00
		4. Vehicles	4.00
		5. Other assets	56.00
		6. Advances	21.00
		7. Investments	11.00
		8. Closing Balance	4.00
Total	135.00		135.00

37.5.4 The balance sheet at the end of March 1990 did not reflect the correct value of the assets because the value of land and

building held were excluded. The land and buildings in possession of the Institute were transferred from the Government of West Bengal in the

year 1978. Central Public Works Department was requested to make the valuation in March 1987. The valuation of land and building had not been finalised and the transfer deed was yet to be executed (March 1990). The Institute stated, in November 1990, that the CPWD had since furnished the valuation report and the same would be reflected in the next year's accounts. Owing to delay in valuation of the land and building, the assets as shown in the accounts of the Institute were understated.

37.5.5 Moveable assets, both consumable and non-consumable, like limbs purchased from the Artificial Limbs Manufacturing Corporation of India and medicines and X-ray films etc., remaining in stock at the end of each financial year had been kept outside the accounts. The value of these stocks had not been brought to account on the asset side of the balance sheet. During the year 1989-90 the closing stock so excluded amounted to Rs.21.93 lakhs. The Institute stated, in September 1990, that as there was no helping hand to the store keeper the valuation could not be done and that the work had however, since been started.

37.5.6 Certain Registers including important ones like asset register and expenditure control register were not maintained by the Institute since its inception as required to be maintained under the bye-laws. Maintenance of 'Journal' for

adjusting entries in the accounts was yet to be started though the omission has been pointed out in audit since 1983-84. The Institute stated (September 1990) that steps have been taken to open the registers subject to availability of staff.

37.5.7 The Internal audit by a chartered accountant as required under rules, regulations and bye-laws of the Institute, was yet to be introduced (March 1990).

37.6 Academic Courses

37.6.1 In order to serve the objective of developing man power for providing services to orthopaedically handicapped, the Institute was to undertake training of teachers, vocational counsellors and such other personnel. While the Institute commenced functioning as an autonomous entity from April 1982, the academic activities commenced only from 1984-85. The Institute stated that the period 1982-84 constituted the formative stage and due to inadequate infrastructure the activities during this period were mainly limited to treatment of patients in the hospital of the Institute.

37.6.2 The courses offered, the duration, the number of students trained and the number finally passed during the five years ending 31 March 1990 were as follows :-

Long term courses						Short term courses	
3 year B.Sc Physiother- apy	3 year B.Sc occupational therapy	2 year Diploma in Orth- otics and Prosthet- ics	2 year Diploma course in Phys- iotherapy	2 year Diploma in Occu- pational therapy	9 months certificate course in Multipurpose Rehabilitation Assistants.	others	
No. of stud- ents admitted	No. of stud- ents admitted	No. of students admitted			No. of students admitted & passed		No. of students admitted and trained.
No. of stud- ents passed	No. of stud- ents passed	No. of stud- ents passed	No. of students admitted		No. of students admitted & passed		No. of students admitted and trained.
1984-85	20	20	20	--	--	20	--
	20	20	14				
1985-86	--	--	--	--	--	--	--
1986-87	--	--	--	--	--	--	--
1987-88	--	--	--	--	--	14	18
1988-89	--	--	20	20	20	--	--
1989-90	--	--	20	20	20	--	--

There was no admission to courses during 1985-86 to 1987-88 because the University of Jadavpur which had given recognition for the courses for one year had not renewed its recognition and it was only for the academic session 1990-91 that the Institute had been able to get recognition for a three and a half year degree course and 2 year diploma course from the University of Calcutta for a period of 3 years. The Institute started two year diploma course in the same subjects for the degree courses in 1988-89 in addition to resuming the 2 year diploma courses in Orthotics and Prosthetics, first started in 1984-85 but dropped later on. It was stated that the students who joined

these diploma courses would be awarded Institute's own certificates recognized by the Department of Welfare, Government of India and the Department of Health, Government of West Bengal. Had this course been resorted to in 1985-86 itself, 120 more trained personnel would have been available by now (March 1990). Thus out of 360 persons for which the Institute had the training capacity for long term courses, only 180 trainees were actually enrolled. No short term courses other than those stated above were held.

37.6.3 A stipend of Rs.100/- p.m. per student was borne by the Institute and no other fees was being collected from the students.

In addition, the selected candidates were required to furnish a bond to serve the Government for at least three years, if necessary. Out of 54 students who had successfully passed out of the Institute only six have been employed by the Institute.

37.7 Research

37.7.1 One of the objectives of the Institute is to conduct/sponsor, coordinate or subsidise research in all aspects of the education and rehabilitation of the Orthopaedically handicapped. Upto the end of March 1990, 22 research programmes and projects were taken up by the

Institute- 13 prior to 1985 and 9 after 31 March 1985. These included, inter-alia, the study of socio-economic conditions of the disabled in India. The subjects for research projects are chosen by the Director and approved by the Research Advisory Committees comprising of the Director, Deputy Director (Technical) and Heads of the respective departments of the Institute.

37.7.2 Number of research projects undertaken during the period of review from 1985-90 were as follows :-

Year	No. of research projects taken up	No. of research papers submitted	No. of research papers not submitted	No. of research projects abandoned	No. of papers scrutinised by Evaluation Committee	Research papers published in Journals.
Prior to 31.3.85	13	8	5	nil	nil	8
1985-86 to 1989-90	9	2	3	4	nil	nil

Out of 13 programmes taken up prior to 31st March 1985 and reported as completed, research papers for only eight were submitted. However, during the Seventh Five-year plan starting from 1985-86, out of nine projects taken up, four were abandoned and only two were completed. The reasons for discontinuance of the four programmes between 1985-86 and 1989-90 were attributed to shortage of

staff. The Institute could not furnish the expenditure incurred on the abandoned projects as accounts were not kept project-wise.

37.8 Consultancy

37.8.1 The following table gives the number of organisations/government departments which sought consultancy services from the Institute.

Year	Voluntary Organisation	Government Departments	Universities/Educational Institutions
1985-86	2	-	1
1986-87	4	2	1
1987-88	3	1	1
1988-89	2	1	-
1989-90	1	-	-

The number of organisations seeking consultancy services declined over the years. The Institute stated in September, 1990 that the infrastructure is well equipped and the reasons for fall in consultancy services were being looked into.

37.9 Hydrotherapy Pool

37.9.1 Hydrotherapy pool acquired from the Government of West Bengal in 1978 for special type of treatment remained unutilised and had become unserviceable. A hydrotherapy attendant was also recruited and a sum of Rs.0.68 lakh was spent to meet his salaries etc. during the five years ending on 31 March 1990.

The Institute stated in September 1990 that steps had already been taken to commission the pool.

The review was referred to the Ministry in August 1990; reply has not been received (May 1991).

Ministry of Labour

Employees Corporation	State	Insurance
38.	Construction of	hospital building

The Government of West Bengal took possession of land measuring 23.99 acres, in February 1965, in Thakurpukur for establishment of a 116 bedded Employees' State Insurance Corporation (Corporation) Hospital and informed the Corporation accordingly in April 1965. The Corporation made payment of Rs.5.62 lakhs to the State Government towards the cost of land in February 1972.

(a) *Hospital building*:— A proposal of the State Government for the establishment of 116 bedded general hospital at an estimated cost of Rs.1.08 crores received in December 1969 was not approved by the Corporation (January 1970) due to financial constraints. In July 1970, the State Government submitted

another proposal for construction of a 250 bedded (TB) hospital with staff quarters at an estimated cost of Rs.1.47 crores which was approved by the Corporation in May 1973. No specific time schedule for execution of the work was drawn; however, the Corporation released an amount of Rs.10 lakhs in September 1974 as the first instalment towards the cost of construction. The work did not commence and an amount of Rs.9.67 lakhs was diverted for Manicktolla hospital in September 1976. The details of expenditure of Rs.0.33 lakh were not made available to audit.

In March 1976, the Corporation made a comprehensive review of the capacity and utility of different ESI hospitals in 24 Parganas District and decided inter alia, that the proposed 250 bedded (TB) hospital at Thakurpukur be converted into a general hospital, and accordingly the State Government furnished, in February 1978, estimates of Rs.2.95 crores for construction of 250 bed general hospital and staff quarters. These estimates were not found to be in accordance with the norms laid down by the Corporation and were not approved by the Corporation. The estimates were revised to Rs.5.98 crores, in May 1981, for a 300 bedded general hospital, staff quarters and nurses' hostel which were approved by the Corporation in March 1982. The work was to be executed by the Public Works (Construction Board) Directorate, Calcutta. The work commenced in April 1983 and was scheduled to be completed by April 1987. However, till March 1990, only 58 per cent of physical progress of the work had been achieved. Meanwhile, the estimates were revised to Rs.12.74 crores in December 1989 and were

approved for Rs.12.63 crores by the Corporation. The increase in cost was attributed to provision of additional/substituted works (Rs.316 lakhs) and cost escalation (Rs.349.67 lakhs). The work was now expected to be completed within 18 months of sanction of revised estimates i.e. by June 1992.

(b) *Land filling:* The land acquired in February 1965 was neither surveyed/seen by the Corporation nor did the State Government inform the Corporation about its physical condition. The estimates for construction of 250 bedded general hospital approved by the Corporation in May 1973 included an amount of Rs.2.83 lakhs towards the cost of filling 1.2 metres of the land which had escalated to Rs.8.76 lakhs in the estimates for construction of 250 bedded hospital submitted by the State Government in February 1978. In June 1982, the State Government stated that the land level being low (approximately 1.6 metres) below the road level, it required raising and submitted separate estimates for Rs.37.78 lakhs for the work which were approved in September 1982. The estimates were revised to Rs.41.72 lakhs in June 1983 which were sanctioned by the Corporation in August 1983. The Corporation attributed the increase in cost of filling to increase in depth of average filling to Rs.1.6 metres from the original 1.2 metres and change in specification of filling materials from ordinary earth to combination of cinder, sand and stone. An amount of Rs.40 lakhs had been released by the Corporation till November 1989 against which expenditure of Rs.39.71 lakhs had been incurred upto June 1990. In addition, expenditure of Rs.1.92 lakhs was incurred on earth filling in connection with the construction

of compound wall. The Corporation stated, in December 1990, that land was being filled simultaneously with the progress of construction.

(c) *Construction of compound wall:* The original estimates of April 1973 for the proposed 250 bedded TB hospital which was approved by the Corporation, included a provision of Rs.2.44 lakhs for construction of compound wall around the site. Though Rs.10 lakhs was released by the Corporation, in September 1974, no work was started on the compound wall. The estimates for compound wall were revised to Rs.2.86 lakhs in February 1978. In March 1979, the State Government submitted separate estimates for Rs.4.58 lakhs for construction of the compound wall with a provision for an earthen embankment all along the outer periphery of the compound wall to protect the land against encroachment by unauthorised persons. The estimates were approved by the Corporation, in March 1979, and the work commenced in March 1979. The estimates were revised to Rs.7.44 lakhs, in September 1980, which included provision for a retaining wall as an additional support to the compound wall. The estimates were again revised to Rs.9.48 lakhs in August 1981; even after omitting the retaining wall which was considered necessary earlier but was not considered necessary now. The construction of the compound wall was completed at a total cost of Rs.9.50 lakhs which included Rs.1.92 lakhs towards land filling.

Thus, the delay in initiating work on the construction of compound wall, which was a priority item resulted in an avoidable extra expenditure of Rs.5.14 lakhs compared to the cost of construction

of Rs.2.44 lakhs estimated in May 1973.

The following main points emerge:

(i) The hospital for which land was acquired in February 1965 had not been completed even after 25 years. The State Government/ Corporation took more than 12 years to decide the type of hospital to be established on land acquired in February 1965. The progress of work was also slow. The inordinate delay in taking decision resulted in all round cost escalation. The estimates approved in March 1982 for hospital were deficient and defective and did not provide for several essential items; due to abnormal delay in completion of work these estimates had also escalated by Rs.349.67 lakhs. The work was yet to be completed after a time lag of over 17 years since first sanction. This resulted in depriving the beneficiaries of the intended medical benefits.

(ii) The Corporation did not survey the land/ascertain the soil condition; estimates of land filling were finally approved for Rs.43.64 lakhs (including Rs.1.92 lakhs incurred on construction of compound wall) against Rs.2.83 lakhs originally envisaged.

(iii) The Corporation incurred avoidable extra expenditure of Rs.5.14 lakhs on construction of compound wall due to delay in taking timely action.

The Ministry stated, in October 1990, that the State Government continued to revise its stand on the type of hospital and its bed capacity which caused delay and as the State Government was the statutory authority for implemen-

tation of the provisions of the Employees' State Insurance Scheme in the State, it was obligatory on the part of the Corporation to honour the requests/proposals of the State Government as far as possible. The Ministry admitted that an increase of Rs.349.67 lakhs in the cost of construction of the hospital was attributable to cost escalation during the period of construction between 1983-90. According to the Ministry the provision of Rs.2.83 lakhs for land filling included in the estimates for the total project approved by the Corporation in May 1973 was grossly inadequate and not based on the actual requirement of site conditions and the estimates approved, in August 1983, for Rs.41.72 lakhs were based on real site conditions. The increase in cost of construction of compound wall was attributed to the high percentage of tenders received/accepted, escalation of rates of basic materials issued by the department and under estimation of value of work in the original estimates.

39. Delay in commissioning of hospital

The Employees' State Insurance Corporation (Corporation) acquired a plot of land measuring 5 acres and 31 guntas, in February 1982, at Vadodara at a cost of Rs.7.80 lakhs for the construction of a 100 bedded T.B. hospital and staff quarters. Estimates for construction of hospital building and compound wall for Rs.32.72 lakhs and Rs.4.20 lakhs were approved by the Corporation in March and May 1983 respectively. The works were to be executed by the State Public Works Department (PWD). The Corporation released Rs.34.20 lakhs to the State PWD during May 1984 to June 1986 and the works,

which commenced in February and July 1984, were completed in November 1986.

A deep tubewell in the hospital compound was sanctioned and Rs.1.47 lakhs were released to the State PWD in June 1987 as it was observed in March 1987 that water supply from Baroda Municipal Corporation was not sufficient.

Estimates for certain essential items of stores, kitchen, toilet and bath etc. for Rs.0.65 lakh not originally provided for, were proposed by the Regional Director of the Corporation in April 1987, but was not agreed to by the Corporation. The proposal was revived in July 1988 and sanctioned in December 1988 and Rs.0.62 lakh were paid to the PWD in February 1989 as the State Government insisted on provision of these items before taking over the hospital.

It was observed in Audit that although the construction of the hospital building had been completed in November 1986, the Corporation took its possession, in October 1988 only. The hospital was commissioned and made functional only in August 1989. This resulted not merely in idle investment but also in denial of intended facilities to the industrial workers for three years.

The Corporation stated, in November 1989, that after the building was completed in November 1986 the State Government was requested, in January 1987, to take over the building for commissioning the hospital, but the State Government took time. The reply is not tenable because although the building was completed in November 1986, the tubewell for water supply was sanctioned, in March 1987, and

certain essential items were sanctioned only in December 1988. The Ministry stated in October 1990 that 1987 was a drought year in the State of Gujarat and the State Government was not in a position to spare funds for commissioning new hospitals. The State Government had intimated the ESIC in May 1988, that in order to commission the hospital as quickly as possible it had made budget provision for the hospital in the State budget for 1987-88 and also issued necessary instructions in September 1987 that part of equipment had been purchased and for the remaining action was in full swing. The State Government had also observed that the hospital building was still incomplete.

Estimates for construction of staff quarters at a cost of Rs.64.49 lakhs were approved by the Corporation, in April 1986 and Rs.15 lakhs were paid to the PWD in October 1986 (Rs.5 lakhs) and in March 1989 (Rs.10 lakhs). The work could not commence in view of rethinking by the Corporation in January 1990, regarding the number of quarters to be constructed in view of the diminishing demand. The Corporation stated, in August 1990, that the proposal for construction of staff quarters had since been dropped in view of the surplus quarters in the State of Gujarat and the PWD was being requested to refund Rs.15 lakhs.

Funds to the extent of Rs.15 lakhs remained blocked (Rs.5 lakhs from October 1986 and Rs.10 lakhs from March 1989) and also resulted in loss of interest amounting to Rs.4.60 lakhs during the period from October 1986 to December 1990. Ministry stated in October 1990 that action to recover Rs.15 lakhs from the PWD has since been initiated.

Ministry of Health and Family Welfare

Central Council for Research in Unani Medicine

40. Construction of building

The Central Research Institute for Unani Medicine (Institute), Hyderabad, a unit of the Central Council for Research in Unani Medicine, New Delhi (Council) was housed in three hired buildings since 1971 at a total rent of Rs.3652 per month. Five acres of land was allotted to the Council in January 1981/July 1982 by the Government of Andhra Pradesh for construction of the Institute's building at Hyderabad.

The Council entrusted the construction of Phase-I of the building at Hyderabad consisting of main building and 13 staff quarters to the Central Public Works Department (CPWD) in September 1982. The CPWD furnished the preliminary estimates amounting to Rs.100.11 lakhs in October 1983, which were approved in February 1984 by the Governing Body of the Council headed by the Minister for Health and Family Welfare.

(i) Staff quarters: The construction of seven staff quarters commenced in August 1984 and of the remaining six staff quarters in September 1984. These quarters were stated to have been completed by December 1985, but there was delay in taking over these quarters owing to non-availability of water and electric supply connections. The electricity connection was provided in February 1987, and three quarters were taken over, one each in August 1987, October 1988 and July 1989. The remaining 10 quarters were taken

over only in January 1990 and allotted to the employees of the Council in April-June 1990. Regular water supply was not provided to the Institute till April 1990 despite payment of Rs.2.22 lakhs to the Water Supply Division, Hyderabad in May 1987.

(ii) Main buildings: The construction work of the main building commenced in September 1985 and was to be completed by March 1987. The building was completed in September 1987 but was actually handed over to the Council only in March 1990. The delay was attributed by the Ministry (January 1991) to non-availability of ancillary facilities like approach road, water supply, electric connection, sewage disposal etc. which were to be provided by the CPWD.

The main building and 13 staff quarters were completed at a final cost of Rs.143.96 lakhs resulting in over all additional cost of Rs.43.85 lakhs over the sanctioned amount. Out of this, the increase of Rs.31.83 lakhs was due to changes in scope of work, viz., increase in plinth area from 4201 square metres to 4580 square metres, execution of additional and superior items like marble veneering for the front wall, false ceiling, glazed tile, sintex water tank etc. Formal approval of the competent authority had not been obtained to the changes in scope of work and additional expenditure which was irregular. The remaining increase in cost was due to enhanced cost index and payment to the contractors for escalation in the prices of materials and labour. This was attributable to delay in award of work of 19 months.

The three buildings taken on rent by the Council were vacated in September 1989 (one building) and March 1990 (two buildings). The funds of the Council remained blocked for 19 to 48 months in the case of staff quarters (total approximate expenditure Rs.12.66 lakhs) and for 30 months in the case of office building (total approximate expenditure Rs.131.30 lakhs).

All India Institute of Medical Sciences

41. Purchase of lithotripter machine

Lithotripter is an extra-corporeal shock wave equipment which can be used to blast stones in the urinary tract so that stones can pass out via the normal urinary passage. In case of treatment with this equipment, no hospital admission is required in the case of majority of patients, i.e. 90 per cent and only 10 per cent may require admission.

In order to provide the facility of lithotripter treatment, the All India Institute of Medical Sciences, New Delhi (AIIMS), approved, in March 1988, the purchase of lithotripter machine at an estimated cost of Rs.2.03 crores. In response to global tenders invited, in August 1987, the AIIMS received quotations from six firms, of which offers of two foreign firms 'A' and 'B' were considered technically suitable. The AIIMS entered into an agreement, in August 1988, with foreign supplier 'A' whose offer was evaluated as the lower of the two for the supply of

the machine and the machine was received, in September 1988, at a total cost of Rs.192.76 lakhs (Rs.172.25 lakhs in free foreign exchange and Rs.18.97 lakhs towards Indian agent's commission).

The Indian agent's commission worked out to 11 per cent of the FOB price of the equipment. The agency commission quoted by the other technically acceptable tenderer 'B' worked out to only 5.2 per cent (Rs.9.92 lakhs) of the FOB price of the equipment. The agency commission paid by the AIIMS to the supplier was thus prima facie excessive. The AIIMS had not negotiated the agency commission with a view to obtaining reduction. The Ministry stated, in December 1990, that the agency commission paid was at par with the commission paid by the Director General of Supplies and Disposals to the same firm for purchase of equipment for G.B. Pant Hospital, New Delhi (A/T issued in March 1989) and was less than the commission paid by the Sanjay Gandhi Post Graduate Institute of Medical Sciences, Lucknow, for similar equipment procured in May 1988. It was, however, observed that the agency commission paid by Director General of Supplies and Disposals for purchase of similar equipment from the same firm for the Lok Nayak Jai Prakash Narayan Hospital, New Delhi, (A/T issued in June 1989) worked out to only 7.5 per cent of the FOB price of the equipment.

The work order for civil works for the installation of the machine was issued, in September 1988, to the Indian agent of the foreign supplier, and the works which commenced in October 1988 were

completed in March 1989, against the scheduled date of completion in December 1988, at a cost of Rs.3.04 lakhs. The Ministry stated, in December 1990, that the final bill of the contractor had not yet been paid, and the contractor's case for extension of time for delay in completion would be examined and decided on merits before finalisation of the bill.

The additional airconditioning work required for the operation of the machine was undertaken during April to July 1989 at a cost of Rs.2.70 lakhs. The machine was finally commissioned only in July 1989. Thus, failure to ensure advance preparatory action resulted in the machine remaining idle for seven months. From August 1989 to March 1990, the average number of patients treated was 12 per month against 42 patients expected to be treated every month. The AIIMS attributed the shortfall in the number of patients provided treatment to non-availability of staff. It was observed in audit that detailed proposals for additional staff had been initiated in September 1987 but the additional staff had not been sanctioned so far (December 1990). The Ministry stated, in December 1990, that the proposal to provide necessary additional staff was under examination.

The AIIMS approved, in October 1989, levy of charge of lithotripsy at the rate of Rs.7000 per case which comprised Rs.3500 each towards cost of shock waves and its maintenance. The AIIMS continues to lose revenue of Rs.1.05 lakhs per month due to under utilization of

the machine (December 1990).

Thus failure on the part of AIIMS to take advance preparatory action for installation of machine, air-conditioning of the accommodation and positioning of staff resulted in patients being denied benefits of the much needed facility, avoidable blocking of funds for seven months and continued loss of revenue of Rs.1.05 lakhs per month.

**Ministry of Human Resource
Development/**

**Ministry of Health and Family
Welfare**

**University College of Medical
Sciences**

42. Non-utilization of mobile vans

A mention was made in the Report of the Comptroller and Auditor General of India for the year 1982-83 Union Government (Civil) regarding poor utilisation of mobile vans allotted by the Ministry of Health, Government of India, to various Medical Colleges under the scheme of Re-orientation of Medical Education (ROME) for intensification of rural health care under the guidance and expertise of medical faculty. The Ministry had stated, in June 1985, that action was under way to improve the utilization of vans to the extent possible.

A further examination in Audit showed that three vans received by the University College of Medical Sciences, New Delhi (College) during

July to November 1980 (cost Rs.38.85 lakhs) had not so far been used by the College (September 1990). Expenditure of Rs.1.03 lakhs had also been incurred on the insurance and maintenance of these vans upto September 1990.

The College stated, in July 1989 and again in September 1990, that each van was to serve two Primary Health Centres and Five Health Centres with a target of one visit daily but no visit could be made owing to non-availability of funds and other requirements from the Government for the implementation of the scheme.

As the vehicles, which were specially equipped for the scheme remained unutilized since their receipt, the object of the scheme had remained unfulfilled.

The matter was referred to the Ministries in September 1990; reply has not been received (May 1991).

Ministry of Home Affairs

North Eastern Council

43. Delay in commissioning solar hot water system

The North Eastern Council, Shillong (NEC) accorded, in January 1985, administrative approval to the installation of a Solar Hot Water System of 1000 litre capacity in the Hostel of the Regional Engineering College, Silchar (REC) by a Calcutta firm at an estimated cost of Rs.1.46 lakhs under NEC's Renewable Resources of Energy Programme. The decision to award the installation work of the

system to the firm was taken in a meeting held in August 1984 between the Secretary, NEC and the representatives of the firm. The estimates for the system were framed by the NEC on the basis of rates offered (November 1984) by the firm. The order for supply and installation of the system was issued by the NEC to the firm, in December 1984, but no formal agreement was executed with the firm. The date of installation and commissioning of the system was not stipulated in the NEC's supply order.

Against the estimated cost of Rs.1.46 lakhs, the NEC released (March 1985) Rs.1.31 lakhs to the REC as first instalment of payment for the system. The College paid in April 1985, Rs.0.36 lakh as mobilisation advance to the firm. Another payment of Rs.0.60 lakh was made to the firm in June 1986, after receipt in March 1986, of certain components of the system.

After protracted correspondence between the college and the firm from June 1986 to March 1988, the firm agreed, in April 1988, to complete the installation by June 1988. Though the installation of the system was completed by the firm, in April 1990, the firm informed the NEC in May 1990, that the testing could not be done due to non-availability of power supply and cold water connection.

The NEC stated, in January 1991, that, the system was yet to be commissioned even though the infrastructure like water tank,

power supply etc. were made available and the firm was asked to arrange immediate commissioning of the system. The Principal of the College stated, in March 1991, that, the system still remained inoperative in spite of their request to the firm. No penal action also could be taken against the firm due to non-execution of any agreement.

Thus the College was deprived of the benefits of the hot water system for more than four years even after incurring an expenditure of Rs.0.96 lakh (April 1985: Rs.0.36 lakh: June 1986: Rs.0.60 lakh).

The matter was referred to the Ministry in December 1989 and July 1990; reply has not been received (May 1991).

Ministry of Textiles

Jute Manufacturers Development Council, Calcutta

44. Unintended benefit given to cement factories

The Jute Manufacturers Development Council (JMDC), Calcutta, decided, in May 1986, to undertake a time bound study of jute as well as synthetic bags for packaging cement with a view to developing a viable bag combining the technical parameters and advantages of both these fibres. JMDC entrusted the study to the National Council of Building Materials (NCBM), in December 1986 and paid a fee of Rs.1 lakh in April 1987.

The terms and conditions agreed upon between JMDC and NCBM, in April 1988, provided that the NCBM will carry out laboratory evaluation of selected varieties of jute and synthetic cement bags and finally carry out large scale factory level trials on bags found promising in laboratory evaluation. Although laboratory evaluation of selected varieties of bags was done by NCBM, no report on laboratory evaluation of bags was received by JMDC (January 1991) even though it was specifically requested for. In the absence of laboratory test report JMDC could not know the norms or basis for selection of bags for field trial.

The second stage of the study consisted of subjecting the newly developed varieties of bags to bulk trial at factory level. For this purpose, two types of newly developed poly-bags alongwith three types of existing bags, 10,000 pieces each, were to be put on trial in three cement factories at three different places. JMDC agreed in April 1988 to supply a total number of 60,000 new types of poly bags to the cement factories out of its own funds and the requirement of 90,000 of existing types of bags was to be met by the factories themselves.

A jute mill in Calcutta on whom JMDC placed a supply order in September 1988, despatched 60,000 poly bags directly to the cement factories in July 1989, against

payment of Rs.4.03 lakhs made by JMDC from November 1988 to August 1989. Trials carried out by NCBM in the concerned cement factories during September-October 1989 consisted of subjecting 30 bags selected at random from each of the two types of poly bags to seepage and drop lets. The number of poly bags thus subjected to trial was only 180 in the three cement factories. The remaining 59,820 poly bags were to be used by the cement factories for transporting cement to dealers by road/rail for collecting feed-back on performance of the new bags during handling and transportation.

The final report submitted by NCBM, in November 1989, contained only the performance of the poly bags in regard to seepage and bursting taking into account the results of trials conducted on only 180 poly bags selected at random. There was no report on the performance of remaining 59,820 poly bags during handling and transportation. The objective of bulk trial at factory level, for which 59,820 poly bags were used was defeated. The cost of 59,820 poly bags amounting to Rs.4.03 lakhs used by the cement factories, was not recovered with the result that the three cement factories derived a benefit of Rs.4.03 lakhs from JMDC.

The JMDC stated, in February 1990, that the study was conducted as part of its research and

development effort which should be regarded as partially successful and that no new research and development venture could pre-suppose ultimate success. The explanation is not tenable as the scheme envisaged bulk trial at factory level without which

the utility of the poly bags for use by the cement industry could not be verified.

The matter was reported to the Ministry in April 1990, reply has not been received (May 1991).

New Delhi
The

12 8 AUG 1991

Countersigned

New Delhi
The

12 8 AUG 1991

Dharam Vir
(Dharam Vir)
Director General of Audit
Central Revenues-I

C.G. Somiah
(C.G. Somiah)
Comptroller and Auditor General of India

APPENDIX
Vide Sub-paragraph 1.3

Outstanding Utilisation Certificates

Ministry/Department	Period to which grants relate (upto September 1988)	Number of utilisation certificates outstanding at the end of March 1990	Amount (in lakhs of rupees)
1.	2.	3.	4.
Ministry of Agriculture and Co-operation	1976-77	20	12.45
	1977-78	23	35.07
	1978-79	69	396.07
	1979-80	20	210.97
	1980-81	22	208.47
	1981-82	32	455.97
	1982-83	46	390.92
	1983-84	60	949.26
	1984-85	81	574.39
	1985-86	70	268.58
	1986-87	60	536.96
	1987-88	147	1541.09
	1988-89	54	10666.76
	Total	704	16246.96
Andaman and Nicobar Administration		Not received	
Civil Aviation and Tourism		Not received	
Central Board of Direct Taxes	1986-87	3	.007
	1987-88	19	1.78
	1988-89	7	0.54
	Total	29	2.327
Chandigarh Administration		Not received	
Commerce	1976-77	3	5.00
	1977-78	3	2.90
	1983-84	8	942.68
	1984-85	30	631.71
	1985-86	6	864.00
	1986-87	21	2412.90
	1987-88	44	1928.98
	1988-89	49	3199.07
	Total	164	9987.24

1.	2.	3.	4.
Delhi Administration		Not received	
External Affairs		Not received	
Ministry of Energy (Department of Power)			
	1979-80	2.	3.27
	1980-81	4	9.45
	1981-82	10	60.56
	1982-83	6	16.22
	1983-84	3	4.00
	1984-85	8	296.31
	1985-86	26	538.22
	1986-87	23	235.98
	1987-88	4	18.52
	1988-89	8	262.50
	Total	94	1445.03
Ministry of Finance (Revenue)		Not received	
Food and Civil Supplies			
	1977-78	1	0.02
	1980-81	2	1.60
i) Food	1984-85	1	0.96
	1987-88	2	0.09
		6	2.67
Civil Supplies		Not received	
Home Affairs			
	1983-84	1	0.02
	1985-86	2	0.01
	1986-87	9	1.53
	1987-88	7	1.14
	1988-89	17	1.32
		36	4.02

1.	2.	3.	4.
----	----	----	----

Health and Family Welfare

(i) Family Welfare

	1976-77	22	8.95
	1977-78	15	26.66
	1978-79	12	25.47
	1979-80	18	64.15
	1980-81	32	102.36
	1981-82	42	197.67
	1982-83	42	84.74
	1983-84	78	350.89
	1984-85	123	623.16
	1985-86	85	714.45
	1986-87	47	1204.70
	1987-88	99	266.50
	1988-89	37	663.72
		652	4333.42

(ii) Health

	1976-77	96	104.36
	1977-78	87	186.55
	1978-79	81	900.47
	1979-80	133	234.47
	1980-81	74	285.17
	1981-82	125	154.04
	1982-83	145	828.27
	1983-84	276	3567.64
	1984-85	311	5347.33
	1985-86	242	7911.14
	1986-87	256	5383.91
	1987-88	237	3590.25
	1988-89	93	5848.05
		2156	34341.65

1.	2.	3.	4.
Human Resource Development			
(i) Culture	Not received		
(ii) Education			
	1976-77	253	266.56
	1977-78	241	491.48
	1978-79	505	534.57
	1979-80	398	590.68
	1980-81	257	419.93
	1981-82	257	1227.49
	1982-83	601	1531.43
	1983-84	574	6204.71
	1984-85	2532	20800.23
	1985-86	2774	19030.56
	1986-87	2628	19555.50
	1987-88	2395	17241.53
	1988-89	399	4561.82
		13814	92456.49
(iii) Youth Affairs and Sports	Not received		
(iv) Women and Child Development	Not received		
Information and Broadcasting			
	1976-77	2	40.00
	1977-78	2	50.00
	1978-79	1	22.18
	1982-83	1	4.22
	1983-84	2	3.37
	1984-85	2	65.00
	1985-86	1	32.95
	1986-87	4	54.49
	1987-88	9	167.87
	1988-89	2	15.60
	Total	26	455.68
Industry			
(i) Small Scale Industries			
	1987-88	8	46.00
	1988-89	13	154.75
	Total	21	200.75

1.	2.	3.	4.
(ii) Industrial development	1987-88	4	22.00
	1988-89	2	6.00
	Total	6	28.00
(iii) Public Enterprises	1988-89	2	111.00
	Total	2	111.00
Law and Justice	1982-83	7	2.41
	1983-84	14	5.61
	1984-85	11	5.69
	1985-86	18	10.54
	1986-87	11	4.52
	1987-88	3	0.20
	1988-89	3	4.65
	Total	67	33.62
Labour		Not received	
Personnel Public Grievances and Pension	1986-87	7	4.88
Personnel and Training	1987-88	14	7.18
	1988-89	11	24.37
	Total	32	36.43
Planning			
(i) Planning Commission		Not received	
(ii) Statistics		Not received	
Surface Transport		Not received	
Steel and Mines		Not received	

1.	2.	3.	4.
Textiles	1977-78	3	11.55
	1978-79	36	133.59
	1979-80	35	83.87
	1980-81	18	29.47
	1981-82	4	0.51
	1982-83	26	23.60
	1983-84	28	29.09
	1984-85	25	22.99
	1985-86	34	35.30
	1986-87	25	25.40
	1987-88	42	91.07
	1988-89	6	15.56
			282
Urban Development	1981-82	23	16.23
	1982-83	36	21.12
	1983-84	34	30.94
	1984-85	29	39.29
	1985-86	33	27.91
	1986-87	16	39.15
	1987-88	16	19.02
	1988-89	20	41.64
		207	235.30
Water Resources	Not received		
Welfare	1977-78	52	164.28
	1978-79	41	74.24
	1979-80	88	98.84
	1980-81	83	59.53
	1981-82	206	239.75
	1982-83	8	17.50
	1983-84	128	158.08
	1984-85	132	339.87
	1985-86	1051	1725.49
	1986-87	753	1262.29
1987-88	779	612.87	
1988-89	753	1453.10	
	Grand Total	4074	6205.84

1971-72	1	1000-01
1972-73	2	1000-02
1973-74	3	1000-03
1974-75	4	1000-04
1975-76	5	1000-05
1976-77	6	1000-06
1977-78	7	1000-07
1978-79	8	1000-08
1979-80	9	1000-09
1980-81	10	1000-10
1981-82	11	1000-11
1982-83	12	1000-12
1983-84	13	1000-13
1984-85	14	1000-14
1985-86	15	1000-15
1986-87	16	1000-16
1987-88	17	1000-17
1988-89	18	1000-18
1989-90	19	1000-19
1990-91	20	1000-20

1971-72	21	1000-21
1972-73	22	1000-22
1973-74	23	1000-23
1974-75	24	1000-24
1975-76	25	1000-25
1976-77	26	1000-26
1977-78	27	1000-27
1978-79	28	1000-28
1979-80	29	1000-29
1980-81	30	1000-30
1981-82	31	1000-31
1982-83	32	1000-32
1983-84	33	1000-33
1984-85	34	1000-34
1985-86	35	1000-35
1986-87	36	1000-36
1987-88	37	1000-37
1988-89	38	1000-38
1989-90	39	1000-39
1990-91	40	1000-40

1971-72	41	1000-41
1972-73	42	1000-42
1973-74	43	1000-43
1974-75	44	1000-44
1975-76	45	1000-45
1976-77	46	1000-46
1977-78	47	1000-47
1978-79	48	1000-48
1979-80	49	1000-49
1980-81	50	1000-50
1981-82	51	1000-51
1982-83	52	1000-52
1983-84	53	1000-53
1984-85	54	1000-54
1985-86	55	1000-55
1986-87	56	1000-56
1987-88	57	1000-57
1988-89	58	1000-58
1989-90	59	1000-59
1990-91	60	1000-60

E R R A T A

<u>Page</u>	<u>Column</u>	<u>Line</u>	<u>For</u>	<u>Read</u>
(x)	2	14th from bottom	liaision	liaison
(xviii)	1	6th & 8th from bottom	custom	customs
- do -	2	5th	Manglore	Mangalore
10	1	24th	draft	drafts
24	2	5th from bottom	univesity	university
57	2	23rd	for	far
58	1	8th	liason	liaison
65	2	7th	Pradsh	Pradesh
74	1	7th	Charirman	Chairman
78	2	24th	fellowhips	fellowships
78	2	10th from bottom	fellowhsips	fellowships
80	1	1st from bottom	fellowhips	fellowships
80	2	12th	felloships	fellowships
81	2	10th from bottom	reserches	researches
90	1	20th	Archieves	Archives
107	1	6th	of	to
143	2	12th	During the year	may be deleted
144	1	15th	tarriffs	tariffs
146	2	5th & 8th from bottom	deliquent	delinquent
149	1	9th	Rs.Rs.220 lakhs	Rs.220 lakhs
149	2	5th	measureing	measuring
149	2	13th	procurment	procurement

<u>Page</u>	<u>Column</u>	<u>Line</u>	<u>For</u>	<u>Read</u>
150	2	16th from bottom	Transpot	Transport
150	2	9th from bottom	fron	from
172	1	18th from bottom	continuosly	continuously
174	2	8th from bottom	the	The
175	2	8th from bottom	ot	to
184	2	17th	invesigation	investigation
187	2	19th	reconnaisance	reconnaissance
206	2	3rd from bottom	Resourcs	Resources
207	2	3rd	commissiioning	commissioning

217