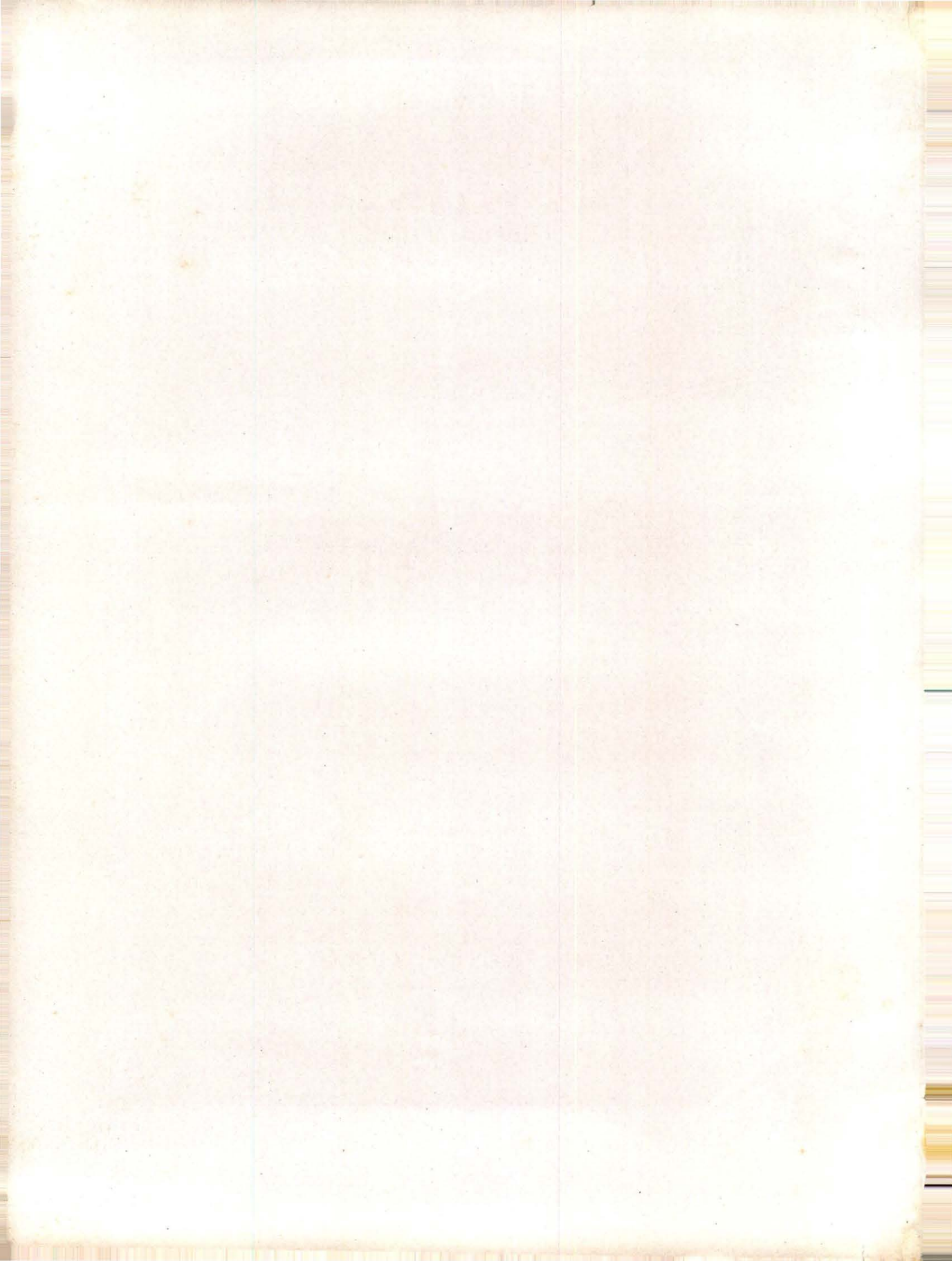


**Report of the
Comptroller and Auditor General
of India**

for the year ended March 1999

Union Government (Civil)
Autonomous Bodies
No.4 of 2000



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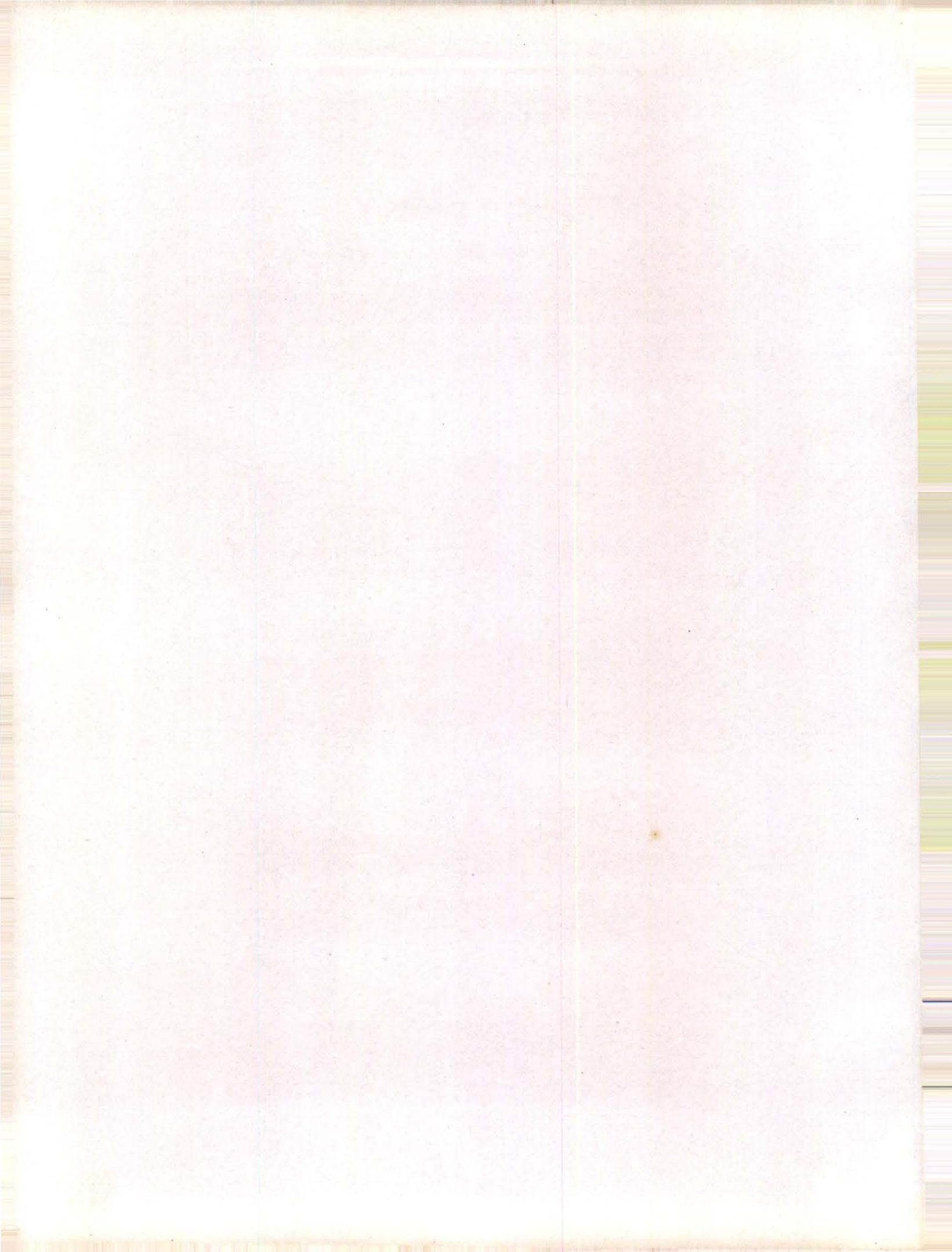
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PREFATORY REMARKS

This Report for the year ended 31 March, 1999 has been prepared for submission to the President under Article 151 of the Constitution. The results of test audit of the financial transactions of the Central Autonomous Bodies (other than those under Scientific Departments included in Report No.5 of 2000) under the various provisions of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 are set out in this Report. The Report includes 63 paras and 4 reviews on:

- (a) Employees' Provident Fund Organisation
- (b) Land Management by Port Trusts
- (c) Civil Engineering Department of Chennai Port Trust
- (d) Human Resources Management by Cochin Port Trust

2. The audited organisations are autonomous bodies of varying character and discipline. The cases mentioned in this Report came to notice in the course of test audit during the year 1998-99.



OVERVIEW

General

Annual accounts of autonomous bodies

Audited accounts for 1997-98 of 214 central bodies were to be placed before Parliament by 31st December 1998. Of these, audited accounts of 62 bodies were submitted for audit within the stipulated time. The accounts of 11 bodies were not submitted for audit by the concerned organisations.

In 1998-99 there were 216 autonomous bodies whose accounts were to be certified under sections 19(2) and 20(1) of the CAG's (DPC) Act, 1971. Accounts of only 195 of these were received for certification. Government of India released Rs 4341.08 crore towards grants and Rs 659.97 crore towards loan to these bodies during 1998-99. The annual accounts for the year 1998-99 of the balance 21 bodies were not finalised and therefore the amount of Government grants received by them was not available.

The annual accounts of 188 out of 221 central autonomous bodies (other than those under Scientific Departments) whose accounts were to be certified by chartered accountants but required transactions audit under section 14(1) and 14(2) of the CAG's (DPC) Act, 1971 were also not finalised by the concerned bodies. The remaining 33 bodies had received grants amounting to Rs 136.88 crore from the Union Government.

(Paragraph 1.1)

Results of certification audit

Separate audit reports for each of the autonomous bodies audited under Sections 19(2) and 20(1) of the CAG's (DPC) Act, 1971 are appended to the certified final accounts required to be tabled by Ministries in Parliament. Some of the glaring cases in which major comments were issued to the Organisations/Ministries concerned are mentioned below :

Unspent Grants

National Cooperative Development Corporation (NCDC)

Out of Rs 11.88 crore received as recurring grant during the year 1998-99, only Rs 0.11 crore was utilised, leaving unutilised balance of Rs 11.77 crore not shown as 'Returnable'.

Defaults in Repayment of Loans by Port Trusts

The following three port trusts continued to default in repayment of loans to World Bank/Government of India.

- (a) During 1998-99 the Jawaharlal Nehru Port Trust defaulted in payment of Rs 306.38 crore to the World Bank which was not disclosed in the accounts.
- (b) Similarly, during 1998-99, Cochin Port Trust defaulted in repayment of loans from Government of India to the extent of Rs 5.16 crore. The total cumulative amount of repayment defaulted up to the end of March 1999 was Rs 54.34 crore and interest Rs 153.77 crore and penal interest for defaulted principal was Rs 149.67 crore.
- (c) Paradip Port Trust defaulted in repayment of loan to Government of India to the extent of Rs 23.46 crore attracting levy of penal interest.

(Paragraph 1.2)

Utilisation certificates

As many as 30517 utilisation certificates for sanctions to Rs 7535.49 crore during 1976-77 to September 1997 were outstanding at the end of March 1999 in respect of grants released to statutory bodies and non government institutions. This indicated that the system by which Government satisfies itself that grants are used for the purposes for which they are given was not functioning effectively.

(Paragraph 1.3)

Ministry of Commerce

Tea Board

India Tea Logo awareness media campaign in Poland launched by Tea Board at a cost of Rs 33.95 lakh proved counter-productive as the campaign was launched in the summer season instead of prewinter season without ensuring adequate availability of pure Indian tea with Indian logo in the Polish market. The campaign resulted in Polish consumers growing suspicious of the genuineness of Indian tea available in the market as Indian logo was hardly used on any tea packets.

(Paragraph 3.1)

Ministry of Finance

Securities and Exchange Board of India

Securities and Exchange Board of India defaulted in repayment of loans of Rs 105 crore out of Rs 115 crore granted by Government of India during 1992-97 and did not make timely efforts to realise fees due from merchant bankers.

(Paragraph 4.1)

Ministry of Food and Consumer Affairs

Department of Consumer Affairs

Bureau of Indian Standards revised application and annual licence fee from September 1994, but actually implemented in September 1997. Thus it sustained a loss of Rs 2.49 crore due to delay in implementation of revised rates of license fees.

(Paragraph 5.1)

Ministry of Industry

Khadi and Village Industries Commission, Mumbai

Due to careless purchase management, the Commission piled up huge quantity of cotton stocks worth Rs 18.63 crore for which it had availed of a credit facility from banks and had paid interest of Rs 2.15 crore.

(Paragraph 8.1)

Violating Government instructions, Commission created and filled 88 posts in various cadres; the unauthorised expenditure on salary and allowances for 37 of these posts was Rs 85 lakh during 1991-98.

(Paragraph 8.2)

The Commission also released Rs 44.96 lakh to one of its directly aided institutions without insisting on a prescribed mortgage deed.

(Paragraph 8.3)

Ministry of Labour

Employees Provident Fund Organisation

In a performance review for the period 1993 to 1999, it was noted that while rates of contribution to provident fund and administrative charges increased in 1997, coverage of establishments remained poor. Notifications were not issued even for 14345 establishments that applied voluntarily for coverage. Cases of 30820 provisionally covered establishments were not finalised. Shortfall in inspections conducted doubled during the period.

Dues of establishments were not determined promptly and powers to realise outstanding dues were not vigorously exercised. Arrears of damages recoverable increased from Rs 31.01 crore to Rs 71.12 crore. The number of revenue recovery certificates pending recovery of revenues increased by 93.36 per cent to 17941 RRCs, valued at Rs 368.10 crore as on 31st March, 1999. Funds not invested with Board of Trustees of establishments, though required for such establishments increased by 322 per cent during the period.

The amounts kept in Interest Suspense Account doubled from Rs 4158.30 crore in March 1993 to Rs 8176.17 crore in March 1999. There were short recoveries of interest amounting to Rs 73.90 crore in 230 cases relating to 1997-98 and 1998-99. Poor progress of computerisation was noted in West Bengal, Tamil Nadu, Delhi and Madhya Pradesh.

(Paragraph 9.1)

Employees State Insurance Corporation, New Delhi

Deficient cash management by ESIC led to loss of interest of Rs 30.93 crore.

(Paragraph 9.2)

Ministry of Rural Areas and Employment

Department of Rural Employment and Poverty Alleviation

District Rural Development Agencies (DRDA)

DRDAs were registered in 1980 jointly by Union and State Governments in each district for implementation of poverty alleviation programmes. These programs are designed to provide either wage employment on labour intensive work, like the Jawahar Rozgar Yojana (JRY) or subsidised

loan assistance to acquire individual assets for self employment, like the Integrated Rural Development Programme (IRDP)/Ganga Kalyan Yojana.

Some of the important irregularities noticed in the course of audit of DRDAs were:

- (i) Funds released under Ganga Kalyan Yojana remained un-utilised by DRDAs in Kerala and Birbhum district in West Bengal due to a decision pending with Government of India. In Kerala, the DRDAs also diverted funds amounting to Rs 1.29 crore received under Ganga Kalyan Yojana to other schemes.

(Paragraph 10.1)

- (ii) IRDP funds were diverted for a State sponsored scheme resulting in dilution of IRDP norms, despite clear cut directives of Central Government. The DRDAs of Adilabad, Ranga Reddy and Vizianagaram released subsidy amounting to Rs 1.71 crore out of IRDP funds to CMEY beneficiaries without following guidelines.

(Paragraph 10.2)

- (iii) Commencement of works of Baleshwar Wasteland Development Project (BWDP) without obtaining approval of Government of India and subsequent closure of works led to unauthorised expenditure of Rs 1.25 crore.

(Paragraph 10.4)

Ministry of Surface Transport

Department of Ports

Land Management by Port Trusts

Prime lands owned by Port Trusts are not well managed. In a performance review of four Port Trusts (JNPT, Mumbai, Calcutta and Cochin), it was found that outstanding lease rental as on 31st March, 1999 stood at Rs 573.49 crore.

Ministry guidelines of 1995 required the Port Trusts to plan their land use. None of the four Port Trusts were able to furnish data with regard to land use in categories required by the Ministry guidelines.

Failure to comply with prescribed provisions related to lease deeds resulted in revenue loss of Rs 6.39 crore in three Port Trusts.

Minimum guaranteed throughput was not insisted on while monitoring leases to private parties, resulting in a loss of Rs 39.43 crore. Failure to adhere

to tendering/bidding process in allotment of land led to forfeiture of revenue of Rs 11.38 crore in two Port Trusts involving 18 cases. Failure to comply with Ministry's guidelines to stipulate utilisation of land by lessee led to loss of revenue of Rs 41.29 crore. Failure to revise lease rental based on prevalent market rate in 65 cases in three Port Trusts led to loss of Rs 28.39 crore.

(Paragraph 11.1)

Chennai Port Trust

In a review of Civil Works Department of Chennai Port Trust it was found that awarding of contract for construction of eastern side wall of Boat Basin without specifying the basic parameter of the design resulted in payment of compensation of Rs 35.43 lakh to a contractor who failed to complete works. While the contractor remained unresponsive for this work to progress, another work valued at Rs 1.71 crore was awarded to the same firm which was completed after a delay of 21 months. Despite immense delays by the contractor, penalty and liquidated damages clauses provided in the agreement were not invoked. In another case of civil works, contractors selected for the work of modification of iron ore berth to serve as general bulk cargo berth executed only 50 per cent of works and even after 3 years of delay, no penalty or liquidated damages clauses of the agreement were invoked. There was also a loss of Rs 45.12 lakh due to unauthorised excess purchase of PCC blocks for parking area of containers. Inordinate delay in replacement of dredger "Coleroon" resulted in avoidable repair charges of Rs 10 crore.

(Paragraph 11.2)

Injudicious decision of Chennai Port Trust to take 4 cranes on lease caused an avoidable expenditure of Rs 5.54 crore towards lease charges paid up to July 1999. Besides, it created a liability of Rs 27.73 crore for the remaining period of lease up to December 2004 though they could have purchased 4 cranes at a cost of Rs 12.56 crore.

(Paragraph 11.7)

Chennai Port Trust suffered a loss of Rs 1.47 crore due to their inefficient management of electricity distribution system.

(Paragraph 11.8)

Calcutta Port Trust

In spite of Ministry's directives to treat daughter vessels carrying crude oil brought by mother tankers from foreign countries as foreign vessels, Haldia Dock Complex treated the same as coastal vessels. This resulted in loss of revenue of Rs 1.30 crore during January 1992 to October 1995 and short realisation of revenues of Rs 11.40 crore during June 1995 to March 1999.

(Paragraph 11.4)

Due to absence of proper monitoring Calcutta Port Trust suffered a loss of Rs 2.87 crore for non recovery of wharfage charges on loading operations.

(Paragraph 11.5)

Cochin Port Trust

Cochin Port Trust suffered a loss of Rs 6.57 crore due to delay in framing cost based rates. CoPT also bestowed undue benefits aggregating Rs 2.49 crore on a firm.

(Paragraph 11.11 and 11.12)

Jawaharlal Nehru Port Trust

JNPT sustained a loss of Rs 11.61 crore on purchase of bulk and bagged cargo wagon loading system. The system could not be put to use due to design deficiency. The size and shape of the wagons were not compatible with the nature of cargo handled by the port.

(Paragraph 11.14)

Kandla Port Trust

Expenditure of Rs 1.5 crore incurred by KPT on purchase of wharf cranes remained infructuous as Port Authorities failed to take expeditious action to get the defects in wharf cranes rectified by the manufacturers / other agencies during the guarantee period.

(Paragraph 11.15)

Mumbai Port Trust

Purchase of 4 heavy duty forklifts without any feasibility study of trends of the nature of imports led to infructuous expenditure of Rs 2.20 crore.

(Paragraph 11.17)

Paradip Port Trust

Paradip Port Trust suffered a loss of Rs 2.62 crore due to misclassification of items, thereby charging lower rate of wharfage.

(Paragraph 11.21 and 11.22)

Tuticorin Port Trust

Tuticorin Port Trust suffered a loss of Rs 1.84 crore due to fixing siding charges at a lower ad hoc rate for a particular private company.

(Paragraph 11.23)

Visakhapatnam Port Trust

Ignoring the advice of the financial wing, VPT authorities paid an advance of Rs 2.57 crore to a sick company for supply of crane. The company failed to supply the crane. The advance remained idle without any value addition to the Port facilities.

(Paragraph 11.24)

Ministry of Urban Affairs and Employment

Department of Urban Affairs

Delhi Development Authority

Large scale acquisition and disposal of land in Delhi is vested with DDA by Delhi Administration under provisions of Section 22(1) of the Delhi Development Act, 1957. Some instances of avoidable losses of DDA in implementation of schemes to develop such lands as noticed in audit are given below:

- (i) Delay by DDA in approval of layout plans, handing over hindrance free site to contractor and award of balance of work after further delay of three years caused an extra expenditure of Rs 7.29 crore on a housing scheme at Rohini.

(Paragraph 12.1)

- (ii) DDA suffered a loss of Rs 2.62 crore due to its failure to invest its surplus funds in a timely fashion and to encash the fixed deposits on due dates.

(Paragraph 12.2 and 12.6)

- (iii) DDA failed to take legal action against a contractor to recover Rs 1.40 crore.

(Paragraph 12.3)

- (iv) DDA incurred an avoidable expenditure of Rs 80.52 lakh on construction of SFS houses in Jasola due to adoption of wrong design of piles and inordinate delay in finalisation of revised drawings.

(Paragraph 12.4)

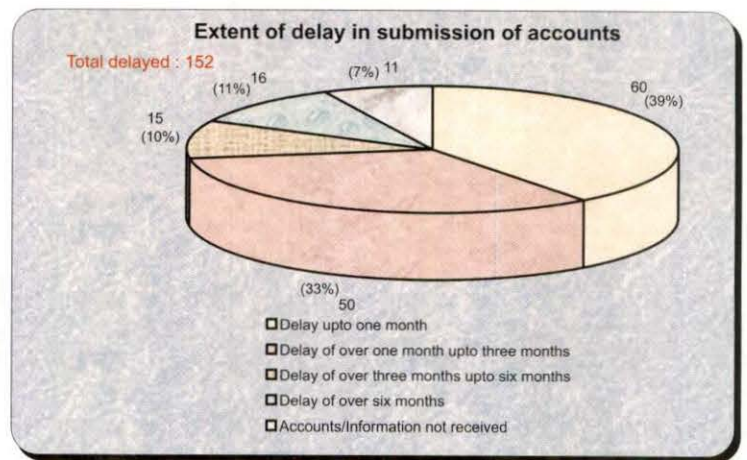
CHAPTER I : GENERAL

1.1 Annual accounts of autonomous bodies

This report deals with central autonomous bodies other than those under Scientific departments. The Committee on Papers laid on the Table of the House recommended in its First Report (5th Lok Sabha) 1975-76 that after the close of the accounting year, every autonomous body should complete its accounts within a period of three months and make them available for audit and that the reports and the audited accounts should be laid before the Parliament within nine months of the close of the accounting year.

(i) For the year 1997-98, audit of accounts of 214 central autonomous bodies was to be conducted under Sections 19(2) and 20(1) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act 1971 and these audited accounts were to be placed before the

Parliament by 31 December 1998. Out of these, the accounts of 62 autonomous bodies only were made available for audit within the prescribed time limit of three months after the close of the accounting year. Submission of accounts of the balance 152 autonomous bodies was delayed as indicated in the chart.



In Appendix I, the position of autonomous bodies whose accounts were delayed between three to six months and for over six months is given. The list of bodies whose accounts were not received is given in Appendix II.

(ii) Grants/loans received by central autonomous bodies during 1998-99 are given in the following table:

Table 1.1 : Abstract of grants/loans received by Central autonomous bodies during 1998-99

CAG's (DPC) Act, 1971, Section under which audited	Total no. of Central Autonomous Bodies	Grants (Rupees in lakh)	Loans	Remarks
19(2) and 20(1)	216	434107.82	65997.06	The amounts relate to 195 bodies only. Annual accounts/information of remaining 21 bodies had not been furnished.
14(1) and 14(2)	221	13687.88	Nil	The amount relate to 33 bodies only. Annual accounts/information of remaining 188 bodies had not been furnished.

As on 31 March 1999 there were 216 central autonomous bodies (other than those under Scientific departments) including 17 universities, whose annual accounts were to be audited by the Comptroller and Auditor General of India as the sole auditor under Section 19(2) and 20(1) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act 1971. During 1998-99 grants and loans amounting to Rs 4341.08 crore and Rs 659.97 crore respectively were paid by the Union Government to 195 autonomous bodies (Appendix III). Of these, grants to the extent of Rs 556.97 crore were received by 14 universities from University Grants Commission/Central Government as detailed in (Appendix IV). The annual accounts/information for 1998-99 in respect of the balance 21 bodies were not furnished by the concerned bodies and thus, the amount of Government grants received by them was not available as of February 2000 (Appendix V).

(iii) As on 31 March 1999, there were 221 central autonomous bodies (other than those under Scientific departments) whose annual accounts were initially audited by Chartered Accountants and supplementary audit was to be conducted by the Comptroller and Auditor General of India under Section 14(1) and 14(2) of the Act. As per information available up to February 2000, 33 of these bodies received grants amounting to Rs 136.88 crore from the Union Government during 1998-99 (Appendix VI). The annual accounts/information in respect of 188 bodies were not furnished by the concerned bodies (Appendix VII).

1.2 Results of certification audit

Separate audit reports for each of the autonomous bodies audited under sections 19(2) and 20(1) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 are appended to the certified final accounts required to be tabled by Ministries in Parliament. Some of the important cases in which major comments were issued to the Organisations/Ministries concerned are mentioned below:

1.2.1 Form of Annual Accounts adopted by Central autonomous organisations:

1.2.2 Format of accounts

The Rajya Sabha-Committee on Papers laid on the Table, in its 60th Report (presented on 27th March 1998) observed that there was an urgent need for reviewing the methods of presentation of accounts of the central autonomous organisations, which usually take pretext of not having a standard set of accounts, as prescribed by the Companies Act in respect of the companies incorporated under that Act. The Committee also observed that an important requirement is to present the accounts in a manner that even a layman, not having specialised knowledge of accounting matters could understand them easily. The Committee recommended that Government should set up a Committee of Experts to work out a format prescribing standard forms of accounts for all central autonomous organisations/institutions to bring similarity and transparency in the presentation of their accounts.

The Committee set up by Ministry of Finance, Department of Expenditure on 26th May 1999 was to submit its report within one year. The Report of the Committee was awaited as of February 2000.

1.2.3 Non-approval of form of accounts by competent authority

During the course of audit, it was noticed that in the case of 51 central autonomous organisations as detailed in Appendix VIII, the format in which the annual accounts were to be maintained by the institutions was not approved by the Ministry/Governing Body/competent authority.

1.2.4 Non-preparation of accounts in approved format by University Grants Commission(UGC)

The UGC maintains only receipts and payments account supported by various schedules of balances and details of certain transactions/accounts. The UGC could not provide a copy of format of accounts approved by competent authority and in its absence it was not possible to verify whether the UGC was preparing its annual accounts in the approved format.

As subsidiary records were not being maintained, it was not possible to link up expenditure item-wise and verify the deployment and utilisation of resources and it was difficult to be satisfied about the correctness of accounts in its totality. The Public Accounts Committee (1977-78) in para 10.21 of its 73rd Report recommended revision of form of annual accounts of the UGC to provide scheme/programme-wise break-up of the Plan expenditure. Despite comments in the separate Audit Reports from 1982-83 onwards, the form of accounts had not been revised and got approved from the competent authority in accordance with the recommendations of the Public Accounts Committee. The UGC had agreed (June 1996) for preparation of income and expenditure account and balance sheet on cash basis but no action in this regard has been initiated by the UGC.

1.2.5 Unspent Grants

National Cooperative Development Corporation (NCDC)

Out of Rs 1187.55 lakh received as recurring grant during the year 1998-99, only Rs 11.19 lakh was utilised, leaving unutilised balance of Rs 1176.36 lakh not shown as 'Returnable'.

The Corporation in their reply (October 1999) stated that it may not be appropriate to show the unutilised subsidies as 'Returnable' particularly when these are utilised in the next financial year for the purpose for which provided. This is not tenable, since it violates the conditions under GFRs subject to which the grants were given.

1.2.6 Defaults in repayment of loans by Port Trusts

The following three Port Trusts continued to default in repayment of loans to Government of India.

(a) Jawaharlal Nehru Port Trust (JNPT)

During 1998-99 Port defaulted on payment of Rs 30638.23 lakh (principal Rs 4752.66 lakh + interest Rs 25885.57 lakh) to the World Bank which was not disclosed in the accounts. The increase in transfer to reserves was Rs 3374.06 lakh (Rs 23424.06-Rs 20050 lakh) which included Rs 14800 lakh transferred to "reserves for development, repayment of loans and contingencies". No amount from the surplus/reserves was utilized for repayment of any part of World Bank loan (principal and interest).

(b) Cochin Port Trust (CoPT)

During 1998-99, Cochin Port Trust had defaulted repayment of loans from Government of India to the extent of Rs 516.49 lakh. The total amount of repayment defaulted up to March 1999 was Rs 5433.74 lakh and interest Rs 15376.95 lakh and penal interest for defaulted principal, Rs 14967.35 lakh. During the year there was a surplus of Rs 3125.40 lakh, of which an amount of

Rs 2149.50 lakh was transferred to various reserves leaving a balance surplus of Rs 975.90 lakh, which was transferred to Revenue Reserve. The reserve for development, repayment of loans and contingencies stood at Rs 983.86 lakh. No amount of reserve/surplus was utilised for repayment of loan.

(c) **Paradip Port Trust (PPT)**

During the year 1998-99, the Paradip Port Trust had defaulted repayment of loan from Government of India to the extent of Rs 2345.77 lakh (Principal-Rs 750.67 lakh and interest-Rs 1595.10 lakh) and thereby attracting levy of penal interest (for this year -Rs 2019.98 lakh). In the year 1998-99 there was a surplus of Rs 4800.80 lakh of which an amount of Rs 800.00 lakh had been transferred to capital reserves. As per balance sheet a sum of Rs 3588.54 lakh had been shown against the development and repayment of loans and contingencies reserve. No amount of surplus/reserve had been utilised for repayment of the above loan.

1.3 Utilisation certificates

Consequent on the departmentalisation of accounts in 1976, certificates of utilisation of grants were required to be furnished by the Ministries/Departments concerned to the Controllers of Accounts in respect of grants released to statutory bodies, non-government organisations etc to ensure that grants had been properly utilised for the purpose for which they were sanctioned. The Ministry/Department-wise details indicating the position of outstanding utilisation certificates at the end of March 1999 are given in Appendix IX. The Ministries/Departments of Social Justice and Empowerment and Environment Forest and Ocean Development did not furnish the required information.

Out of a total number of 30517 utilisation certificates amounting to Rs 7535.49 crore awaited from ten major Ministries/Departments at the end of March 1999, 22658 certificates amounting to Rs 2701.79 crore related to grants released upto 1995-96 are as shown below:

Table:- 1.3 (i) : Utilisation certificates outstanding as on 31 March 1999

Sl No	Ministry/Department	(Rupees in crore)			
		Grants released upto September 1997		Grants released upto 1995-96	
		Number	Amount	Number	Amount
1.	Agriculture and Cooperation	355	116.68	171	58.81
2.	Commerce and Textiles				
	(i) Commerce	3	0.13	-	-
	(ii) Development Commissioner of handicrafts, Delhi	645	19.64	491	13.53
3.	Food processing industries	300	29.48	213	16.33
4.	Health and Family Welfare				
	(i) Health	1783	960.63	987	301.45

Sl No	Ministry/Department	Grants released upto September 1997		Grants released upto 1995-96	
		Number	Amount	Number	Amount
	Family Welfare	1576	412.57	863	134.96
5.	Human Resource Development				
	(i) Women and Child Development	8564	1589.53	7012	801.80
	(ii) Youth Affairs and Sports	3188	217.47	2494	118.17
	(iii) Education	7677	3458.22	6100	806.08
	(iv) Culture	4644	360.69	3231	220.76
6.	Labour	937	46.67	419	19.47
7.	Planning and Statistics				
	(i) Planning Commission and National Informatics Centre	142	11.25	113	9.86
8.	Power	58	12.94	30	8.72
9.	Urban Affairs and Employment	528	294.63	453	188.02
10.	Water Resources	117	4.96	81	3.83
	Total	30517	7535.49	22658	2701.79

Thus, authorities in Government of India before releasing grants to statutory bodies and non-government organisations did not satisfy themselves about utilisation of grants in 74.24 per cent of cases involving 35.85 per cent of the total grants released.

Pending receipt of huge number of utilisation certificates, the following Ministries/Departments released fresh grants to the defaulting statutory bodies/non-government organisations etc. during 1998-99 without insisting for the utilisation certificates in respect of grants released in the previous years:

Table 1.3 (ii) : Fresh grants released during 1998-99

Sl. No.	Ministry/Department	No. of utilisation certificates outstanding at the end of March 1999	Amount	(Rupees in crore)
				Amount of fresh grants released without obtaining utilisation certificates of previous year
1.	Agriculture & Cooperation	355	116.68	64.21
2.	Fertilizers	23	15.25	10.00
3.	Planning	143	11.35	1.25
4.	Surface Transport	02	0.17	0.40
5.	Commerce & Textiles	648	19.77	5.89
6.	Andaman & Nicobar Islands	02	3.56	11.49
7.	Urban Affairs and Employment	528	294.63	153.23
8.	Small Scale Industries and Agro & Rural Industries	29	0.87	0.03
	Total	1730	462.28	246.50

This indicated that the authorities releasing grants to statutory bodies, non-government organizations etc. released the fresh grants without ensuring that the previous grants were utilized for the purpose for which they were sanctioned.

The Ministries/Departments of Health and Family Welfare, Human Resource Development, Law, Justice, Supreme Court of India, Steel and Mines, Civil Supplies and Consumer Affairs and Rural Development did not furnish the information about fresh grants released during 1998-99 without obtaining utilisation certificates for the previous years.

CHAPTER II :MINISTRY OF AGRICULTURE

Department of Animal Husbandry and Dairying

2.1 Loss in acquiring office space

Unorganised attempt by Veterinary Council of India to acquire office space resulted in avoidable loss (penalty) of Rs 10.50 lakh besides, loss of interest of Rs 12.60 lakh on the amount deposited as advance with Housing and Urban Development Corporation.

Veterinary Council of India (VCI) an autonomous body under the Ministry of Agriculture, Department of Animal Husbandry and Dairying approached Housing and Urban Development Corporation (HUDCO) in March 1997 for allotment of about 300 sq. metre building space in Bhikaji Cama Palace New Delhi. Before receiving any response from HUDCO, VCI on its own deposited in March 1997 Rs 70 lakh as an advance payment. HUDCO allotted in May 1997 VCI office space of 237.91 sq. metre at a cost of Rs 402.55 lakh. As per terms and conditions of allotment 40 per cent of the total cost was to be paid as first instalment on or before 2 June 1997 and second instalment of 40 per cent on or before 5 August 1997. The remaining 20 per cent of the cost was to be paid at the time of taking over possession. The terms of allotment also stipulated a penal interest of 18 per cent per annum for a maximum period of three months of delayed payments. In case of non payment of instalments even beyond three months, the allotment would be cancelled automatically without notice and in the event of such cancellation, an amount equivalent to 15 per cent of the total cost or the amount already deposited, whichever is less, would be forfeited and balance money if any would be refunded without any interest.

VCI approached HUDCO for office space and paid advance of Rs 70 lakh

VCI failed to pay balance amount despite extensions

Scrutiny of records in July 1999 revealed that VCI failed to make the payment of VCI balance amount of instalment and subsequent instalments even after six months extension granted by HUDCO. Consequent upon failure of VCI to pay the first instalment even after this extended period HUDCO cancelled the allotment in March 1998 and refunded Rs 59.50 lakh after deducting Rs 10.50 lakh to VCI.

Detailed scrutiny of the entire transaction revealed the following shortcomings on the part of the VCI.

Rs 70 lakh paid without fund backing for the purchase

- (i) VCI deposited advance of Rs 70 lakh even before receiving the allotment letter from HUDCO quite unaware of the financial implication and other terms and conditions.

- (ii) VCI did not obtain the approval of its Executive Committee before making the advance payment and before accepting the allotment. Ex-post-facto ratification for advance payment of Rs 70 lakh by the Executive Committee was obtained in December 1997.
- (iii) VCI accepted a liability of Rs 402.55 lakh when it had only Rs 70 lakh with it and without taking prior consent of the department and assurance from them that the required funds would be released before due dates of payment. The fact that Rs 70 lakh had been deposited with HUDCO as advance payment was informed to the department after six months.
- (iv) The department refused to release grants to the VCI in September 1997.

Thus, disconcerted and unorganised attempt to acquire office space by VCI without taking into confidence the Executive Committee and the department resulted in an avoidable loss of Rs 10.50 lakh and loss of interest to the tune of Rs 12.60 lakh on amount deposited as advance.

The Secretary, VCI replied that the Council was in correspondence with HUDCO for refund of Rs 10.50 lakh.

The Ministry stated in October 1999 that the matter was still under correspondence with HUDCO for refund of amount deducted by HUDCO failing which legal action would be taken by the Ministry. Reply of the Ministry is not acceptable as according to the provisions contained in clause IV of allotment letter forfeited amount was not refundable.

National Horticulture Board

2.2 Loss due to release of loan and subsidy without bank guarantee

Loss of Rs 90.60 lakh suffered by National Horticulture Board due to release of loan and subsidy to private limited company without obtaining bank guarantee.

Under the Post Harvest Management Scheme of National Horticulture Board (Board), a loan of Rs 54.29 lakh was sanctioned in February 1994 to a private limited company for setting up cold storage with allied components at Varanasi. Besides, subsidy of Rs 5 lakh was paid in February/March 1994 for the purchase of 10000 crates. One of the terms and conditions of the loans was that the company would procure irrevocable and unconditional bank guarantee from any of the scheduled banks in favour of the Board for due

repayment of the rupee loan and payment of all service charges etc in a form prescribed by the Board. The project was to be completed by August 1994.

While examining the documents it was found that the original bank guarantee stated to have been issued by Nagariya Sahkari Bank Ltd., Varanasi was missing from records. The first instalment of Rs 24.68 lakh was released on 31 March 1994 after receipt of undertaking from the company for providing another bank guarantee. No such bank guarantee was provided by the company later. On enquiry Nagariya Sahkari Bank intimated in May 1994 that neither any bank guarantee was issued nor there was any such proposal.

Based on the progress made and verified by the Board in November 1994 and security of loan created through mortgage, Board released second instalment of Rs 15 lakh in January 1995 and third instalment of Rs 10 lakh of loan to the company in March 1995.

It was seen in audit that the company had not paid the service charges after March 1996 and also did not repay the loan. The Board observed in January 1997 that in connivance with the officers of the Board, a fraud had been committed long back and lodged an FIR with the Gurgaon City Police in January 1997 for investigating the case of fake bank guarantee. The Court granted bail in favour of Managing Director of the Company.

Subsequently in May 1998 a team sent for investigation did not find any signs of construction nor of plant and machinery, expenditure incurred and payment made in support there of with regard to the project. Therefore, the Board served a legal notice on the company in July 1998.

Accepting the facts, the Board stated in January 1999 that the irregularity occurred due to lack of financial and legal infrastructure and amounted to system failure in the absence of expertise. However, Civil suit for recovery of loan/subsidy alongwith interest had been filed (September 1999) by the Board in Civil Court, Gurgaon.

Thus by taking an irregular decision for disbursing the loan in the absence of bank guarantee and failure to file civil suit in early 1997, the Board sustained a loss of Rs 90.60 lakh including interest upto April 1999.

The matter was referred to the Ministry in January 1999; their reply was awaited as of February 2000.

Fraud committed in
connivance with the
officers of Board

Civil suit after delay
of 2 years

CHAPTER III : MINISTRY OF COMMERCE

Tea Board

3.1 Wasteful expenditure on India Tea Logo awareness campaign in Poland

Tea Board's media campaign in Poland launched without adequate planning rendered the expenditure of Rs 33.95 lakh infructuous besides proving counter productive.

An India Logo campaign was proposed to be launched during the pre-winter season in Poland

Export Promotion Committee of Tea Board of India approved in June 1997 an Indian Tea campaign in Poland to be launched in two phases with an estimated expenditure of Rs 15 lakh for the first phase and Rs 20 lakh for the second phase. Tea Board Hamburg recommended that a logo specific campaign should be launched to communicate that only pure Indian tea could carry the India Tea Logo and therefore represented the best tea the consumer could buy. Further to have a positive impact, it was also recommended that instead of splitting the campaign in two phases the programme should have a composite budget covering the first and second phases. The campaign was to be launched in September/October 1997 as tea consumption declined in summer. The consultant engaged for the campaign submitted an action plan in July 1997 which included insertion of advertisements in women's magazines during September/October 1997.

The Tea Board approved the logo specific campaign proposals in November 1997 for launching the campaign in two phases in 1997-98 and 1998-99, with the estimated budget of Rs 15 lakh and Rs 20 lakh respectively. Due to delay in granting approval the media plan could not be carried out during September/October 1997 as the Consultant expressed his inability in November 1997, to book the media space as presented in their plan on account of insufficient time.

Scrutiny of records in the office of the Director of Tea Promotion, Hamburg indicated that the selection of the consultant was not done after inviting offers from different agencies to ensure that Tea Board got the best value for their money.

Campaign launched without adequate availability of pure Indian tea with Indian Logo

The advantage envisaged in launching the campaign during pre-winter season was lost as the campaign was actually launched in the summer season when the tea consumption was low as compared to winter. It was also noticed from the report of the Tea Board, Hamburg (February 1999), almost a year after the Logo campaign was launched, that Indian Logo was hardly used on

any tea packets and with the heightened awareness generated by the media campaign the Polish consumer was disappointed to find no packets with these logos on the shelves. Further having been informed by the campaign that only packets carrying Indian Logo was genuine Indian tea, the Polish consumer was suspicious of even genuine Indian tea with major portion in a blend, but with no logo, as it was not a 100 *per cent* Indian blend. It is therefore, evident that the campaign to promote India Tea Logo without first ensuring adequate availability of pure Indian tea with Indian Logo was ill conceived, rendering the entire campaign counter-productive and the total expenditure of Rs 33.95 lakh infructuous.

Payments released to the consultant without any proof of payment

Though the payments made to the consultant represented charges payable to the media the entire payment was released to the consultant on the basis of his invoice without verifying the actual charges paid by the consultant to the media. Verification of the media invoices was necessary because the consultant was charging 15 *per cent* agency commission on the invoice value.

On this being pointed out by Audit in June 1999 Tea Board stated that the Consultant had been hired by them for earlier campaigns in 1993-94 on the basis of selection made in 1992 and had considerable experience in handling India tea products and the rates charged would have been the same with all advertisement agencies. It was also stated that due to procedural problems beyond the control of the office the campaign could not be carried out as planned during the pre-winter season. The agency could keep the commission from publications only if the agency paid the publication their dues and since no publication reported any default by the agency, Tea Board did not see any valid reason for insisting on proof of payment (August 1999).

The reply is not tenable as their earlier experience with the consultant way back in 1994 was not sufficient grounds for assessing the competitiveness of the rates quoted by the agency in a contract worth Rs 41 lakh in the year 1997-98. Further, it is not clear as to how the consultant was allowed to retain the commission allowed by the publications when they were charging 15 *per cent* agency commission on the invoices raised by them resulting in undue favour to the consultant. Further, proof of payment was required to monitor the actual amount paid by the agency to the publications for the media space hired by them. Notwithstanding the above, the fact remained that by launching the campaign in summer and without initially ensuring the availability of Indian tea with Indian Logo in the Polish market, the entire expenditure of Rs 33.95 lakh was rendered infructuous besides the campaign itself proving counter-productive.

The matter was referred to the Ministry in August 1999; their reply was awaited as of February 2000.

3.2 Deficient cash management and loss of interest

Loss of interest of Rs 25.95 lakh due to retention of cash in current account much in excess of requirement.

According to the provisions of the Financial and Accounting Procedure of the Tea Board of India, the headquarters office was to remit funds bi-monthly to the overseas accounts of the Director of Tea Production (DTP) according to their requirement and the balances in these accounts were to be kept as low as possible. Further, in terms of the Standing Instructions issued in December 1995 by Ministry of External Affairs (MEA), the closing balance of cash held by a Mission/Post abroad during any month should not exceed its six weeks' requirements. On the same analogy the reasonable balance of cash to be retained by DTP would be their six-week's requirements.

Scrutiny of records of the DTP London, Tea Board of India revealed that between December 1993 and May 1998 the cash balances in the current account varied between £ 53511 and £ 249726 as against six week's requirements ranging from £ 9339 to £ 87753. The above balances had accumulated even after investing £ 25000 in short term roll over deposit in February 1994. Although the cash balances substantially exceeded the requirement of fund, the DTP invested only £ 25000 in short-term roll over fixed deposit of one/three month(s) maturity. No further action was initiated to invest the surplus fund in fixed deposits.

Retention of excess cash in current account between December 1993 and May 1998 resulted in loss of interest of £ 36892 equivalent to Rs. 25.95 lakh.

The matter was referred to Ministry of Commerce (MOC) in April 1999 who stated in August 1999 that they had decided to release funds to Tea Board on a quarterly basis from April 1999 as against the bi-annual remittances hitherto being made. It also stated that since Tea Board was an autonomous body under its administrative control, the rules regarding six weeks holding of cash was not applicable to them and the duties and responsibilities of DTP in carrying out media campaigns participation in fairs etc were such that any shortage of funds would greatly hamper the activities.

The reply of MOC is not acceptable because in the absence of clear instructions on cash management the instructions applicable to all Missions abroad were applicable. Further, keeping the excess cash in short term deposits would, besides ensuring interest on cash otherwise lying idle, also ensure its liquidity. Therefore, the contention of MOC that shortage of funds would hamper the activities of DTP was not justified.

Director, Tea
Production, London
retained cash in
current account
much in excess of
requirement

Retention of excess
cash led to loss of
interest of Rs 25.95
lakh

CHAPTER IV : MINISTRY OF FINANCE

Securities and Exchange Board of India

4.1 Non-repayment of loan to Government of India

Securities and Exchange Board of India defaulted in repayment of Government of India loan of Rs 105 crore obtained for capital expenditure and utilised the same for investment contrary to the purpose of loan.

Securities and Exchange Board of India (SEBI) was constituted under a resolution passed by the Government of India in April 1992 and came into existence under the SEBI Act 1992. The basic objective of SEBI was to protect the interest of investors in securities by promoting the development and regulation of securities market. SEBI met its revenue expenditure from resources generated internally. However, Government's budgetary support in the form of interest free loan was sought for meeting its capital expenditure.

Government granted interest free loans to SEBI amounting to Rs 115 crore between 1992-97 to meet their capital expenditure requirements without first ascertaining the ability of SEBI to repay the loans. SEBI failed to give any concrete proposals for the repayment of the loan despite requirement by Ministry of Finance (MoF) in January 1997. SEBI repaid only Rs 10 crore between March 1995 and March 1998 and requested MoF in March 1998 to convert the outstanding loan of Rs 105 crore into non-refundable grant. MoF had not acceded to the request till September 1999.

One of the sources of SEBI's income was registration fee payable by all stock-brokers including merchant bankers. It was noticed in audit that due to lacunae in the rules on payment of first year's registration fee SEBI granted registration to merchant bankers for three years. Merchant bankers with registration for three years continued business without payment of registration fee for subsequent two years. Consequent loss due to non-payment worked out to Rs 267.07 lakh which was not enforceable due to lack of any provision in the rules. At the instance of audit SEBI decided in August 1999 to amend the rules paving the way for payment of registration/renewal fee as a single payment at the time of grant of registration /renewal. The implementation of the same was awaited (November 1999).

Thus, while income from SEBI's regulatory activities had declined, income from investments being financed from Government interest free loan of Rs 115 crore had considerably increased during the period 1995-99 as given in the table 4.1.

After repayment of Rs 10 crore SEBI stopped repayment of balance amount of loan

Registration to merchant bankers was allowed for three years at a time but fee was collected annually. Prompt action not taken when merchant bankers started defaulting in payment of fees

Table 4.1 : Income from investments and regulatory functions

(Rs. in lakh)					
Year	Income from investments	Income earned from regulatory function (Total income excluding income from investments)	Total income (Col 2 + Col 3)	Percentage of income from regulatory function to total income (Col 3/Col 4)* 100	Percentage of investment income to income earned from regulatory function (Col2/Col3)*100
1	2	3	4	5	6
1995-96	13.41	33.24	46.65	71.25	40.34
1996-97	17.17	28.60	45.77	62.48	60.03
1997-98	17.15	20.81	37.96	54.82	82.41
1998-99	17.53	22.46	39.99	56.16	78.05

SEBI, by investing substantial funds instead of generating revenue from its regulatory activities, failed not only to properly utilise interest free loan of Rs 115 crore granted for its capital expenditure but also identify ways of repayment.

The matter was referred to the Ministry in October 1999; their reply was awaited as of February 2000.

CHAPTER V: MINISTRY OF FOOD AND CONSUMER AFFAIRS

Department of Consumer Affairs

Bureau of Indian Standards

5.1 Loss due to under-realisation of licence fee

Delay in implementation by Bureau of Indian Standards of the revised rates of licence fee as notified in the official gazette in September 1994 led to loss of revenue of Rs 2.49 crore.

The Bureau of Indian Standards (BIS) is under the administrative control of the Ministry of Food and Consumer Affairs. The functions of BIS include establishment, publication and promotion of Indian Standards and inspection of articles or process under certification scheme governed by the Bureau of Indian Standards Act 1986. The activities of BIS can broadly be grouped under the heads: standards formulation, certification and quality assurance and laboratory testing etc. Under the Certification Scheme, BIS has the power to grant licences to producers to use the standard mark on their product which conforms to the requirements of the corresponding Indian Standard. The licence is granted for a period of two years and renewed on request if the performance is found satisfactory. For this purpose BIS charges licence fee as per the rates fixed from time to time.

Scrutiny of the records of BIS during December 1998 revealed that BIS in its executive meeting held on 12 July 1994 approved the revision of application fee and annual licence fee from Rs 500 to Rs 1000 and the renewal application fee from Rs 300 to Rs 500. As per the decision taken in the meeting the revised rates were to be effective from the date of their publication in the official gazette which was issued in September 1994.

The revised rates were, however, actually implemented by BIS in September 1997 i.e after a lapse of about three years from the date of their publication in the official gazette.

Thus the delay in the implementation of the revised rates as notified in the official gazette resulted in under-realisation of licence fee leading to loss of revenue of Rs 2.49 crore to BIS during September 1994 to September 1997.

BIS failed to implement the revised rates till September 1997

**Ministry accepted
audit observation**

While accepting the facts, the Ministry stated in June 1999 that the Chief Vigilance Officer of BIS was asked to enquire into the circumstances in which the revised rates of fees were kept in abeyance for three years and to fix responsibility.

BIS in their reply to an audit query clarified in October 1999 that action for recovery had been initiated.

CHAPTER VI : MINISTRY OF HEALTH AND FAMILY WELFARE

National Institute of Homoeopathy, Calcutta

6.1 Blocking of funds due to injudicious deposit of fund

Failure of National Institute of Homoeopathy to obtain essential land documents resulted in blocking of Rs 1.04 crore for eight years with consequent loss of interest of Rs 58.98 lakh.

National Institute of Homoeopathy deposited Rs 1.04 crore with the Central Public Works Department (CPWD) during March 1991-March 1994 for construction of staff quarters on a plot of land offered by the Government of West Bengal. The deposits were made without fixing any time-frame for completion of the project including physical targets and without ascertaining clear title to the land. CPWD could not take up the construction as the Institute did not have either the formal allotment order or the registered lease deed for the land. The Government of West Bengal formally allotted 9.137 acres of land only in September 1997 and the Institute paid Rs 91.64 lakh to the Government of West Bengal towards cost of the land, interest for late payment and cost of boundary pillars between June 1998 and September 1998. The Government of West Bengal issued in February 1999 no objection for starting construction on the plot of land provided it was allowed by the concerned municipality. The lease deed was yet to be executed and clearance of municipality had also not been obtained. The work could not be started as of April 1999.

Failure of the Institute to obtain essential land documents resulted in blocking of Rs 1.04 crore for eight years with consequent loss of interest of Rs 58.98 lakh. Had the construction of quarters been completed the Institute could have avoided payment of house rent allowance of Rs 8.78 lakh and recovered licence fee of Rs 1.38 lakh from the occupants during the period April 1994 to March 1999.

The Ministry in July 1999 attributed the delay to the Department of Urban Development, Government of West Bengal. But the fact remained that the amount of Rs 1.04 crore was deposited with the CPWD without ascertaining clear title of the land.

Land documents not obtained before depositing funds with CPWD

National Institute of Mental Health and Neuro Sciences, Bangalore

6.2 Irregular payment

National Institute of Mental Health and Neuro Sciences, Bangalore paid patient care allowance of Rs 58.54 lakh to Group C and D (including ministerial staff) which was contrary to the Government of India orders.

Irregular payment of patient care allowance to Group C and D (including ministerial staff)

The Ministry sanctioned in January 1988 hospital patient care allowance to Group C and D (non-ministerial) hospital employees including drivers of ambulance cars excluding staff nurses. Despite the specific orders of Government of India, National Institute of Mental Health and Neuro Sciences (NIMHANS) Bangalore paid patient care allowance to all Group C and D employees including ministerial staff, irrespective of their direct involvement in patient care services from December 1987 and incurred unjustified expenditure of Rs 58.54 lakh upto March 1999.

NIMHANS stated that there was no distinction between ministerial and non-ministerial staff and the staff working in the offices would be posted to Hospital/Departments directly involved in patient care and vice-versa. The payment of HPCA at the rates prescribed by the Government of India was extended to the entire Group C and D employees by the governing body /Finance Committee which were the supreme decision making authorities. The reply is not tenable as the Government order specified payment of patient care allowance to Group C and D (non-ministerial) employees only. As a central government autonomous body NIMHANS has adopted Central Government pay scales and generally follows the rules and regulations made by the Government of India. Besides, the issue involved was not presented properly before the governing body for specific approval to deviation from orders of Government of India. There is no justification for payment of patient care allowance to ministerial staff.

The Ministry had directed in September 1999 the NIMHANS to discontinue the payment of patient care allowance to ministerial staff with immediate effect till a Government order is made in this regard.

**CHAPTER VII : MINISTRY OF HUMAN RESOURCE
DEVELOPMENT**

Department of Education

Aligarh Muslim University

7.1 Extra payment of tariff charges

Aligarh Muslim University made an extra payment of Rs 15.38 lakh for illegal extension of electric connection.

Dawakhana Tibbiya College, a self financed and quasi-commercial unit was housed in the campus of Aligarh Muslim University (AMU), Aligarh. It was not a part of University as no budget was provided by it to Dawakhana.

However, test-check of records of AMU revealed that an illegal extension of electric connection was provided to Dawakhana from A.K.Tibbiya College of the University. Uttar Pradesh State Electricity Board (UPSEB), which was charging the tariff under non-commercial low medium volt (LMV-I) changed it to commercial tariff (LMV-2) from July 1994 on the ground that Dawakhana was a commercial unit and raised an arrear bill of Rs 7.64 lakh being the difference of rate between LMV-2 and LMV-1 from July 1994 to August 1997 which was paid by the University in November 1997. The University continued to pay electric charges at commercial rate and paid an additional amount of Rs 7.74 lakh during September 1997 to September 1999. Thus, an extra amount of Rs 15.38 lakh was paid on account of difference of tariff to UPSEB for illegal extension of electric connection to Dawakhana, which could have been avoided, had a separate connection been taken by Dawakhana itself.

AMU stated in March 1999 that Dawakhana had been treated a part of A.K.Tibbiya College and that the application for separate connection for Dawakhana had been moved. The reply was not tenable as Dawakhana was not funded from the University budget and as such it was not a part of the University. Further, University could not furnish any justification for meeting the extra electricity charges of the Dawakhana.

Ministry in their reply in August 1999 stated that the University had already taken up the matter with the highest authority of the State Electricity Board for refunding the excess amount paid.

Illegal extension of electric connection was provided to a self financed and quasi commercial unit

Extra amount of Rs 15.38 lakh paid for illegal electric connection

Banaras Hindu University

7.2 Idle equipment

Banaras Hindu University failed to make arrangements for installation of equipment worth Rs 28.30 lakh before their procurement resulting its non utilisation for the last four years.

University Grants Commission (UGC) sanctioned Rs 53 lakh and released in February 1994 Rs 46 lakh under COSIST programme for promoting laboratory work particularly by adopting new procedure for experimental work, to Banaras Hindu University, Varanasi (BHU). Out of above fund the University purchased the following three equipments for the Electrical Engineering department:

Table 7.2: Purchase of equipment

Sl.No	Name of the equipment	Cost (Rs. in lakh)	Date of receipt
1.	Discharge detector	10.40	24.4.1995
2.	AC Dielectric test set	17.90	10.5.1995
3.	DC Dielectric test set	Included in Rs 17.90 lakh.	-do-

Test-check conducted in August 1998 and further information collected in May 1999 revealed that the above equipments were neither installed nor commissioned as of May 1999, though warranty period of the equipments had already expired in August 1996. The University replied in May 1999 that equipments could not be installed due to non-completion of grounding and shielding of the High Voltage Laboratory for which funds were not released in time.

The reply is not convincing as the equipments were procured with the full knowledge of the fact that the grounding and shielding of the high voltage laboratory being a pre-requisite for installation and testing of the high voltage equipment had not been done and no arrangements for a clear site for installing them were made. Further, Rs 1 lakh for this work was released in December 1997 by the UGC as first instalment out of total allotment of Rs 3.36 lakh, but the University failed to get work completed and receive the remaining grant of Rs 2.36 lakh as of May 1999.

Thus, procurement of equipment without proper planning and arranging for infrastructure before hand not merely resulted in blocking of Rs 28.30 lakh but also defeated the purpose for which grant was released.

Equipment not installed due to non availability of clear site

The matter was referred to the Ministry in July 1999; their reply was awaited as of February 2000.

Government College of Engineering, Salem

7.3 Direct central assistance kept unutilised

Direct central assistance of Rs 8.29 lakh was lying unutilised for more than six years with an accrued interest of Rs 3.87 lakh due to non receipt of approval for the revised proposal from Government of India.

With the objective of modernisation and removal of obsolescence as per the National Policy of Education 1986, Ministry of Human Resource Development sanctioned grants-in-aid of Rs 20 lakh in January 1993 as direct central assistance for two projects viz. "Establishment of Water Resource Development and Management Centre" (Rs 15 lakh) and "Creation of Facility for Study and Development of Pre-stressed Concrete and Related Structures" (Rs 5 lakh) to the Government College of Engineering, Salem. The grant of Rs 5 lakh was specifically for the purchase of equipment only.

Equipment worth Rs 11.71 lakh were purchased between October 1994 and October 1997 for these two schemes. Two major items of equipment viz. Terrameter (digital model) involving a cost of Rs 6 lakh and pre-stressing jack system costing Rs 1 lakh were yet to be purchased for these schemes to commence their implementation. Open tenders were called for by repeated advertisements in various leading dailies during October 1993 and June 1998 for the purchase of the Terrameter. However, there was no response to these tenders. Since the purchase of the Terrameter proved difficult, the Principal, Government College of Engineering, Salem forwarded in October 1996 a revised proposal to the Department of Education in the Ministry of Human Resource Development seeking permission for purchase of certain earmarked equipment* in place of the Terrameter. Though the matter was followed up by the Principal through reminders in October 1997 and July 1998, the matter was still pending with the Ministry for a decision.

Though the grant sanctioned was required to be utilised within 15 months from the date of sanction, Rs 8.29 lakh being the unutilised grant was lying with the Principal even after six years. In addition an amount of Rs 3.87 lakh, being the interest accrued on the unutilised central assistance also accumulated.

* Soil/Water model tank, Rainfall stimulator, Soil moisture suction sand table, demonstration infiltration apparatus, Demonstration Lysimeter, Irrigation display, Drain permeater, Sprinkler irrigation, Trickle irrigation laboratory, Flumes and gauging weirs and Gauging and control structures.

Ministry remained unresponsive

Unutilised grant of Rs 8.29 lakh lying with the Principal for six years

Availability of major items of equipment was not ascertained by the Principal before formulating the proposal

Similarly, for the pre stressing jack system, there was no response for the open tenders floated in August 1997. The Principal informed Audit in May 1999 that there was no local dealer for the supply of Terrameter and pre stressing jack system. As the Ministry sanctioned these projects only based on the proposal of the Principal, it is evident that the availability of these major items of equipment was not ascertained by the Principal before formulating the proposal.

The position of utilisation of funds is required to be reported every six months to Government of India through the Regional Office. The Principal informed Audit in May 1999 that the position would be explained only in the evaluation meeting, when called for. As only one such meeting was held, it is clear that the position of utilisation was also not reported to Government of India periodically. Department in their letter in September 1999 simply endorsed a copy of Principal's reply confirming that the unutilised grant amount of Rs 8.29 lakh was lying with the Principal together with Rs 3.87 lakh being the interest accrued on the unutilised central assistance.

The centres are yet to commence their functioning and Rs 12.16 lakh (Rs 8.29 lakh + Rs 3.87 lakh) remained locked up with the Government College of Engineering, Salem.

Indian Institute of Technology, Delhi

7.4 Irregular expenditure

Indian Institute of Technology, Delhi incurred irregular expenditure of Rs 52.54 lakh on account of grant of special increment out side the scope of Government Rules and also provisions of the Act and statutes of the Institute.

Pay scales of employees of IIT's are similar to employees of central government

The Board of Governors of IIT approved special increment to staff members completing 25 years of clean service

The pay scales and the terms and conditions of services of the employees of the Indian Institute of Technology (IIT), Delhi are the same from the very inception as those applicable to the corresponding categories of employees of the central government. However, deviating from the terms and conditions of service, the Board of Governors of Institute during celebration of Silver Jubilee year from August 1985 to July 1986 granted in September 1985 one special increment to all the staff members from the date they completed 25 years of clean service. Accordingly the Institute sanctioned one advance increment to 759 employees during November 1985 to May 1998.

The Ministry in May 1991 came to know that different institutes had announced certain benefits/incentives to their employees for having served the Institutes for 25 years and also asked these Institutes to withdraw the incentive scheme, if any, announced by them. The Ministry in September 1996 asked the Institute to withdraw the scheme as the extension of incentives of this kind constituted violation of financial powers and was inconsistent with the

rationale adopted while extending the pay scales of central government to the employees of the Institute. However, the Board decided in June 1991 to continue the scheme for effective functioning of the Institute and communicated its decision to the Ministry. The practice of granting special increment to the employees continued till May 1995 when it was kept in abeyance in view of the objection raised by the Ministry. However, the Board revived the scheme in January 1997 with retrospective effect.

Against the directions of the Ministry the IIT made irregular payment of Rs 52.54 lakh to 759 employees

The decision of the Board to implement the scheme in violation of the terms and conditions of the services of the employees resulted in irregular payment of Rs 52.54 lakh to 759 employees of the Institute during the period November 1985 to May 1998.

In reply, the Ministry forwarded the comments of the Institute upholding these as valid. The contention of the Ministry is not tenable on the grounds that:

it had in 1991 and subsequently time and again and most recently in September 1996 had asked the Institute to withdraw the scheme as the same was not admissible under the rules;

the Acts and Statutes of the Institute did not provide for such special increment to the employees;

the Board of Governors vide Resolution No.141/92 adopted Government of India Rules in so far as these were inconsistent with the provisions of the Technology Act, statutes of the Institute and

the grant of special increment on such consideration was outside the scope of Government of India Rules and also the provisions of the Act and the statutes, of the Institute.

Indian Institute of Technology, Kanpur

7.5 Loss of interest

Loss of Rs 37.93 lakh due to non-provision of interest on mobilisation advance in the condition of agreement.

In terms of Central Public Works Department (CPWD) Manual mobilisation advance was payable in respect of certain specialised and capital intensive works, costing not less than Rs 1 crore, limited to a maximum of 10 per cent of the estimated cost put to tender or Rs 1 crore whichever was less. Further, the manual prescribed that the rate of interest, as may be approved by the Ministry from time to time, would be stipulated in the clause of the agreement and interest would be calculated in the form of simple interest.

Consequently, a clause regarding interest was added in the general conditions of contract for CPWD works. According to the general conditions of the contract for CPWD works, simple interest at the rate of 18 *per cent per annum* was to be calculated from the date of payment to the date of recovery of the mobilisation advance.

However, test check of the records of the Indian Institute of Technology, Kanpur revealed that the Institute paid Rs 69.92 lakh to five contractors as mobilisation advance during 1989-95 for execution of civil and mechanical works. As per aforesaid provisions of CPWD manual and general conditions of the contract, simple interest of Rs 37.93 lakh was to be recovered from these contractors. But no action was taken by the Institute to recover interest from these contractors as the Institute had failed to include, the condition regarding payment of interest on mobilisation advance in the contract agreement.

No responsibility for lapse was fixed

In reply the Institute accepted in July 1999 its failure to include the provision. Non-adherence to the CPWD codal provision by the Institute thus inflicted irrecoverable loss of interest of Rs 37.93 lakh on mobilisation advance. No responsibility for the lapse was fixed by the Institute.

The matter was referred to the Ministry in May 1999; their reply was awaited as of February 2000.

Visva Bharati

7.6 Avoidable expenditure

Failure of the publishing department of Visva Bharati, Santiniketan to include risk purchase clause in the supply order resulted in avoidable expenditure of Rs 17.42 lakh.

Absence of risk purchase clause in the contract

The publishing department of Visva Bharati, Santiniketan (University) placed a supply order on firm A in October 1994 on the basis of quotations invited from ten enlisted suppliers for supply of 200 tons of 47 GSM cream wove paper in reels at a total cost of Rs 50.60 lakh. The paper was for publishing 20000 sets of Rabindra Rachanabali Popular Edition consisting of 15 volumes for each set. The paper was to be supplied by the middle of March 1995. The supply order, however, did not contain a risk purchase clause to safeguard any loss in case of non-supply within stipulated date.

The firm supplied 5.2190 tons of paper in December 1994 and 1.148 tons of paper in January 1995 and intimated the University in February 1995 that the supply schedule could not be adhered to due to some mechanical trouble in their mill. The University in March 1995 cancelled the order.

The University placed a fresh supply order on firm 'B' in March 1995 for supply of 200 tons 47 GSM cream wove paper in reels at a total cost of Rs 68.02 lakh and paid the amount as advance in the same month. The second firm supplied 199.729 tons of paper. Additional claim of Rs 0.27 lakh towards enhancement of Sales tax is yet to be paid as of September 1999. In absence of any stipulation in the supply order the purchase could not be made at the risk and cost of firm 'A'.

Avoidable
expenditure of
Rs 17.42 lakh

Thus, failure of the University to include risk purchase clause in the supply order resulted in avoidable expenditure of Rs 17.42 lakh.

The matter was referred to the Ministry in July 1999; their reply was awaited as of February 2000.

CHAPTER VIII : MINISTRY OF INDUSTRY

Khadi and Village Industries Commission

8.1 Blocking of fund due to excess stocking of cotton

With cash credit facility of Rs 28.84 crore from banks, Khadi and Village Industries Commission procured huge quantities of cotton worth Rs 18.63 crore which were not lifted by indenting institutions and the commission did not impose any penalty.

Cotton Directorate under Khadi and Village Industries Commission (KVIC) procures cotton during the cotton season and supplies the same to its various implementing khadi institutions. The procurement of cotton is to be made only after assessing the actual requirement. As per the guidelines issued by the KVIC the indentee institutions are required to lift the cotton within a period of 12 months from the date of purchase failing which KVIC has the right to dispose off the cotton so stocked to other needy institutions or sell in the open market. The defaulter institutions are liable to pay incidental expenses on account of such sale/transfer and also penal interest at the rate of 24 per cent per annum on the value of cotton not lifted.

A scrutiny of accounts of the KVIC revealed that huge quantity of cotton worth Rs 18.63 crore procured during 1993-94 to 1996-97 was lying in different godowns without being lifted by institutions. For procurement of cotton, the KVIC availed cash credit facility from banks to the extent of Rs 28.84 crore on which interest paid to the banks was Rs 2.15 crore at the end of January 1999.

Though the institutions failed to lift cotton within the stipulated period, KVIC did not take any timely action to dispose off the cotton stocked in accordance with their own norms.

A test check of cases revealed that stocks procured in 1990-91 and 1994-95 valued at Rs 111.81 lakh and not lifted by indentee institutions were diverted to other needy institutions in 1994, 1998 and 1999 respectively i.e., after a delay of more than two years. Though the indentee institutions failed to lift the cotton in time, no action was taken to impose penal interest of 24 per cent on defaulter institutions.

On this being pointed out in audit in August 1997, KVIC attributed nonlifting of cotton stock in January 1998 by the indenting institutions to their financial problems. As regards non recovery of penal interest KVIC agreed in

No action was taken to impose penal interest on defaulter institutions

November 1998 with the audit observation and stated that the same would be charged hence forth.

Ministry in their reply in September 1999 stated that KVIC has now streamlined the procedure and adopted net indenting system which is now being followed from 1998-99 onwards. The reply relates to corrective action for future procurement. Stocks worth Rs 11.72 crore for the period from 1995-96 to 1997-98 still await clearance.

Thus, procurement of cotton without assessing the credibility and financial background of the institutions resulted in blocking of funds to the tune of Rs 18.63 crore besides causing avoidable payment of huge interest amount of Rs 2.15 crore to the bank due to careless purchase management. The reasons for the continuation of the scheme in the context of free availability of cotton in the market were not clear.

8.2 Irregular creation of post/ad-hoc promotion

Khadi and Village Industries Commission created 88 posts and filled the same when there was ban on recruitment. Though Ministry subsequently instructed Khadi and Village Industries Commission to abolish the same, no action was taken to abolish the unauthorised created posts violating Government instructions.

In its order of October 1991, Ministry of Industry imposed ban on creation of various categories of posts (including cases under process) in KVIC. Rule 7A of KVIC Rules stipulated that, appointment of any official whose basic pay is above Rs 4500 should be subject to prior approval of the Government.

KVIC created and filled up 88 posts in various cadres of which 50 posts which included five posts where the basic pay exceeded Rs 4500 on ad-hoc promotion and 38 posts by direct appointment during the period 1991-93. The creation of above posts was in violation of the instructions from the Government.

Ministry in January 1997 informed that since the creation of these posts being without proper authority and not in consistence with the recommendations of the Integrated Finance Wing relating to substantial reduction in the staff strength of the Commission, KVIC was directed to abolish these posts. The justification given by the KVIC for creating and continuing the above 88 posts was also turned down by the Ministry in its letter of February 1995 to the KVIC instructing them to abolish these posts created without proper authority.

Scrutiny of records maintained by the KVIC revealed that even after a lapse of over six years from the date of such unauthorised appointments and five years from the date of issue of clear instructions by the Government for taking necessary action by the KVIC for abolition of the unauthorised created

KVIC created and filled 88 posts during ban period

KVIC did not take any steps to abolish the posts despite Government orders

posts, no concrete step was initiated by them to set right the mistake. The unauthorised expenditure on salary etc, in respect of 37 posts for the period 1991-98 approximately worked out to Rs 85 lakh. Such details in respect of the remaining 51 posts were awaited from the Commission (March 1999).

Ministry in August 1999 endorsed KVIC's reply wherein KVIC stated that the matter was referred to Ministry time and again which was still pending with Ministry. However, Ministry while forwarding KVIC's reply did not offer any comments on the same.

8.3 Non safeguarding of funds

Khadi and Village Industries Commission sanctioned and released a total amount of Rs 44.96 lakh to one of its directly aided institutions without insisting on mortgage deed and utilisation certificate.

Rule 8 of KVIC Loan Rules, stipulated that loans are to be utilised within one year for the purpose for which they are sanctioned and if unutilised they are to be refunded with interest. At the end of each year, borrowers are required to satisfy KVIC that the funds have been utilised for the purpose for which they were sanctioned. Further, Rule 9 of KVIC Loan Rules, provided that a loan could be granted to the borrower on mortgaging immovable property and/or pledging and/or hypothecating movable properties as security for the loan applied for. As per the terms and conditions for sanction and disbursement of loan, the concerned State/industry Director has to effectively monitor the programme and periodically report on the performance of the institution under its jurisdiction for successful implementation of programme.

In paragraph 16 of the Report of the Comptroller and Auditor General of India for the year ended March, 1997 a comment was made on indiscriminate release of loan without ensuring mortgage of immovable property. The irregularity *inter-alia* persisted in the following cases also wherein KVIC sanctioned and released a total amount of Rs 44.96 lakh to one of its directly aided institutions at Varanasi without insisting on mortgage deed and utilisation certificate, on the pretext of implementation of various Khadi and Village Industries programmes. But the actual position revealed the non implementation of the programme owing to unauthorised diversion of fund or other reasons attributable to the loanee as mentioned in the remarks column of table below :

Unauthorised
diversion of funds by
loanee.

Table 8.3 : Diversion of loan for other purposes

Sl. No.	Name of the programme	Amount (Rs.in lakh)	Period of release	Nature of loan	Remarks
1.	Ayurvedic Medicinal Programme	7.06	March 1992 to December 1992	Capital expenditure loan	The funds disbursed for the purpose of Ayurvedic medicine were unauthorisedly diverted for purchase of computer, printer, generator etc, which were not related to Ayurvedic medicinal industry. The Regional Office Varanasi had gone out of its way in releasing funds in haste.
2.	Beekeeping	37.90	September 1995 to March 1996	Capital expenditure loan and capital working loan	No technical reports were available either with the Regional Office or the Beekeeping Directorate about setting up of the unit. Therefore, the release of the entire working capital loan of Rs 22 lakh in anticipation of SFC (V.I) approval and its <i>post facto</i> approval by them without waiting for a report from the Regional office was injudicious and without applying elementary check.

A scrutiny of record note of discussion held in February 1998 revealed that action for recovery of all the funds would be initiated if the institution failed to produce books of accounts and related records to the inspecting team from the Directorate of Inspection as reported by them in the past. Further report was awaited by them (January 1999).

Thus, continuous release of funds for various programmes without taking steps to safeguard the funds and without monitoring the programmes resulted in indiscriminate/irregular release of funds in violation of rules and criteria laid down. Recovery of loan was also doubtful.

Ministry stated in May 1999 that the recovery action under section 19-B of KVIC Act would be initiated for non-implementation of KVIC programme. It further stated that the institution had created equitable mortgage for property worth Rs 8.91 lakh for Beekeeping programme. The reply of the Ministry was not acceptable because for Ayurvedic programme no security was obtained against release of Rs 7 lakh and for Beekeeping as against release of Rs 37.90 lakh only Rs 8.91 lakh security was obtained.

8.4 Irregular release of export incentive claim

Lack of adequate controls within the Export Directorate of Khadi and Village Industries Commission led to release of export incentive claim of Rs 36.51 lakh without taking cognizance of outstanding loan and interest.

Under the export incentive scheme instituted by the KVIC in April 1995 an export incentive can be provided at a specified rate on the value of direct export made by KVIC institutions in order to encourage them to boost their exports. KVIC made disbursements by way of export incentive amounting to Rs 21.51 lakh in March and August 1997 and subsequently of another Rs 15 lakh in December 1998 to Hand Made Paper and Board Industry, Sanganer, Rajasthan.

Audit scrutiny of payments relating to export incentive claim disclosed that Hand Made Paper and Board Industry, Sanganaer, Rajasthan had a total outstanding of Rs 80 lakh in March 1997, Rs 65.71 lakh in March 1998 and Rs 60 lakh in March 1999. While the said unit was heavily in debt KVIC continued to release export incentive claims and in doing so it is evident that the claims of the units were not duly vetted by the Director (Finance) and other officers. This also testifies to the lack of co-ordination between the marketing and finance wings. Further, in October 1998 it was specifically stipulated that in case of institutions which have outstanding loan instalments and interest, disbursement of incentives should only be made after effecting recovery of the same. In spite of this clear instruction it was observed that an additional amount by way of incentive of Rs 15 lakh was paid to Hand Made Paper and Board Industry, Sanganer, Rajasthan in December 1998. Such releases of export incentive claim without compliance of the conditions prescribed resulted in unintended and unauthorised financial aid to the directly aided institutions.

Ministry in September 1999 endorsed KVIC reply wherein KVIC stated that the condition regarding the adjustment of overdue loan and interest was laid down only in October 1998 whereas an amount of Rs 21.51 lakh was released before the operation of this order.

The reply of the Ministry is not tenable in view of the fact that even the March 1997 order clearly require proper examination of claims by Directorate of Export and its vetting by Director (Finance) before approval by Deputy Chief Executive Officer (Marketing) and this was lacking. Granting and additional incentive of Rs 15 lakh in December 1998 without having adjusted overdue loan and interest is violative of KVIC's own directions.

Release of export incentive despite outstanding bank loan

Unintended and unauthorised financial aid

CHAPTER IX : MINISTRY OF LABOUR

9.1 Employees' Provident Fund Organisation- A Review

9.1.1 Introduction

The Employees' Provident Fund and Miscellaneous Provisions Act, 1952 was enacted for establishing a fund comprising of contributions from both employees and employers. The main objectives of the fund were to provide social security, inculcate a spirit of savings and make provision for the future of an industrial worker on his retirement or for his dependants in case of his early death.

Employees Family Pension Scheme 1971, was introduced to create a family pension fund by diverting a portion of employees' and employers' contributions to the Provident Fund. This scheme was replaced by a new scheme titled Employees Pension Scheme 1995, effective from 16 November 1995. A social security scheme titled Employees Deposit Linked Insurance (EDLI) Scheme, 1976, was also introduced in 1976 to provide insurance cover to members of the provident fund.

9.1.2 Scope of Audit

The accounts of EPFO are audited under section 5A(7) of the Employees Provident Fund and Miscellaneous Provision Act 1952 read with section 19(2) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act 1971. The certified accounts together with a separate audit report are forwarded annually to the government for being laid before Parliament.

A performance review of EPFO was conducted during 1990-91 covering the period 1985-86 to 1990-91 and appeared as CAG's Report No. 15 of 1992. In their Action Taken Note (ATN) on comments of CAG, the Ministry assured Public Accounts Committee of their efforts to improve the performance for implementation of schemes by EPFO.

The present review is based on test-check of records of sixteen regional offices and the Central Office at Delhi (Appendix X). The review was conducted to focus on the extent of improvement in the performance of EPFO since 1993-94.

9.1.3 Organisational set up

The schemes under the Employees Provident Fund Organisation (EPFO) are administered by the Central Board of Trustees (CBoT), a tripartite body consisting of a chairman, vice chairman, representatives of the Central, State Governments and organisations of the employees and employers. The Central Provident Fund Commissioner is in overall charge and assists CBoT in the administration of the schemes. The implementation of all the schemes are carried out through sixteen regional offices and sixty-five sub-regional offices/sub-accounts offices with a Central Office at New Delhi. The schemes provide for constitution of regional committees for each state to advise CBoT on matters connected with the administration of the schemes in the state.

9.1.4 Highlights

- While rates of contribution to provident fund and administrative charges increased the coverage of establishments remained very poor. Out of 16922 establishments, which had applied for voluntary coverage as of March 1999, notification was issued only in 2577 cases, leaving 14345 cases uncovered. Number of establishments provisionally covered but not converted to final coverage increased by 195 per cent from 10444 to 30820 during 1993-99. The shortfall in inspections ranged between 19 to 42 per cent, increasing from 43193 in 1993-94 to 85749 in 1998-99.
- EPFO failed to expeditiously determine dues and exercise its powers to realise outstanding dues. There was delay of more than six months in determination of dues in 6619 cases out of 15514 cases test-checked. Arrears of provident fund contribution and inspection charges in respect of exempted establishments increased by 468.25 per cent during 1993-99. Arrears of damages recoverable increased by 129 per cent from Rs 31.01 crore to Rs 71.13 crore during 1993-99. Revenue Recovery Certificates (RRCs) pending recovery increased by 93.36 per cent to 17941 RRCs valued at Rs 368.10 crore as on 31st March 1999.
- Uninvested funds with the Boards of Trustees of establishments increased by 322 per cent.
- Number of annual accounts statements to be issued increased by 40.80 per cent from 75.13 lakh during 1993-94 to 105.78 lakh during 1998-99. Amount under 'Interest Suspense Account' doubled from Rs 4158.30 crore in March 1993 to Rs 8176.17 crore in March 1999. Unclaimed deposits increased by sixty per cent.
- Prosecution cases under Sections 406/409 of IPC increased by only 26 per cent though outstanding dues increased by 261 per cent.

- There were short recoveries of interest amounting to Rs 73.90 crore in 230 cases during 1997-98 and 1998-99.
- Damages recoverable from defaulting establishments in eight regions with reference to contribution to Pension Fund increased from Rs 1.42 crore to Rs 6.54 crore during 1993-94 Contribution due to Insurance Fund increased by 226 per cent while administrative charges due from various establishments increased by 218 per cent.
- Poor progress of computerization was noted in West Bengal, Tamil Nadu, Delhi and Madhya Pradesh.

9.1.5 Financial parameters

9.1.5.1 Income and expenditure

The analysis of the income and expenditure (compiled on actual basis) of the Organisation is given below:

Table 9.1.5.1 : Income and expenditure

(Rs in lakh)

	Income	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99
1.	Receipts by way of administrative charges, inspection charges and penal damages	10757.57	12321.67	14409.73	17084.02	19722.76	30083.51
2.	Interest-earned on investment of surplus administrative fund	311.66	1905.79	1164.63	1360.97	1796.68	1551.26
3.	Receipt from government and other accounts	760.95	2461.79	983.10	3460.19	3513.65	4795.24
4.	Miscellaneous receipts	241.84	283.14	233.06	291.16	366.39	975.28
	Total	12072.02	16972.39	16790.52	22196.34	25399.49	37405.29
	Expenditure						
1.	Expenditure incurred on Employees Provident Fund scheme	8386.86	9840.56	11585.92	13093.38	17937.95	21926.70
2.	Expenditure incurred on administration of						
	a) Family Pension Fund Scheme	1616.73	1896.93	2233.67	2523.97	3450.51	4226.83
	b) Employees Deposit Linked Insurance Scheme	101.05	118.56	139.59	157.75	215.95	264.18
	c) Additional Emoluments (Compulsory Deposit) Scheme	1.66	1.45	1.66	1.54	0.24	0.12
3.	Excess of income over expenditure	1965.72	5114.89	2829.68	6419.70	3794.84	10987.46
	Total	12072.02	16972.39	16790.52	22196.34	25399.49	37405.29

While expenditure incurred by EPFO increased by 161.40 per cent, income had risen by 209.85 per cent during 1993-99. The excess of income over expenditure had also risen by 459 per cent during the same period. This was due to yearly increases in establishments and employees covered as well as revision in rates of administrative and inspection charges.

9.1.5.2 Rate of contribution

The rates of contribution payable under different schemes had undergone change in 1997. The employees, employers and the Central Government were required to contribute at the following rates from 22nd September 1997:

Table 9.1.5.2 : Rates of contribution

Name of Scheme	Rate of Contribution * (in per cent)		
	Employees	Employers	Central Govt.
Provident Fund Scheme	12	3.67 (amount in excess of 8.33)	Nil
	10 (in case of certain establishment)	1.67 (amount in excess of 8.33)	Nil
EDLI scheme	Nil	0.5	Nil
Pension scheme	Nil	8.33 (diverted out of Provident Fund Contribution)	1.16
Administrative charges from covered establishment	Nil	0.65 (revised to 1.10 w.e.f August 1998)	Nil
Inspection charges from exempted establishment	Nil	0.09 (revised to 0.18 w.e.f. August 1998)	Nil

*Percentage of basic wages, dearness allowance (including cash value of food concessions) and retaining allowance, if any, payable to each employee.

9.1.5.3 Contributions collected

Table : 9.1.5.3

	(Rs in crore)					
	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99
Provident Fund						
I) Exempted Estts	2413.75	2281.02	2562.85	3055.77	3174.70	2841.36
II) Unexempted Estts	2541.10	2795.87	3203.02	2915.29	3643.49	4954.18
Total	4954.85	5076.89	5765.87	5971.06	6818.19	7795.54
Family Pension Fund, 1971/Employees' Pension Scheme, 1995						
I) Employees/ Employers share	492.18	578.37	998.32	2445.81	2850.09	3195.66
II) Government share	111.56	466.15	274.72	345.96	370.49	437.10
Total	603.74	1044.52	1273.04	2791.77	3220.58	3632.76
Employees deposit-linked insurance scheme						

Excess of income over expenditure increased significantly between 1993-99 due among other things, to changes in rates of administrative and inspection charges

	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99
I) Employers share	60.97	66.45	77.98	91.44	103.96	114.66
II) Government share	40.15	15.00	42.17	0.68	-	-
Total	101.12	81.45	120.15	92.12	103.96	114.66

9.1.6 Coverage of establishments

The provisions of the Act are applicable to all establishments employing 20 or more persons on completion of three years of infancy period from the date of being set up. With effect from 22 September 1997, the relief for infancy period of three years was withdrawn and such establishments were to be brought under the Act from the date of their being set up.

9.1.6.1 Surveys

The primary responsibility of EPFO is to ensure compliance of the provisions of the Act by such establishments. The Enforcement Officer of the Regional office is required to survey the area extensively of his own or after collecting information from other sources and identify the establishments attracting provisions of the Act.

Test check of records revealed that there was undue delay ranging between one to thirteen years in identifying establishments that fulfilled the eligibility criteria and enforce their compliance. It was observed that during the year 1997-98 no fresh establishment was added in the Haryana Region. The figure of fresh coverage during 1998-99 was not made available to audit by Regional Office, Tamil Nadu. The coverage of establishments in West Bengal Region during 1997-98 and 1998-99 decreased from 26810 to 16466 but the concerned region could furnish no reasons for the decrease.

9.1.6.2 Inspections

Inspection of every establishment covered under the Act is to be conducted regularly to ensure effective and prompt implementation of the schemes under the Act. Scrutiny of records by Audit revealed that the shortfall in inspection ranged between 19 to 42 *per cent* during 1993-99 (Appendix XI). Further, delay in conducting inspection ranged between one to nineteen years in 716 cases test checked by Audit in five regions. Compliance with the provisions of the Act could not be ensured because of undue delay and huge shortfall in the number of inspections to be conducted.

9.1.6.3 Infant and marginal establishments

The number of infant establishments yet to be covered in seven regions for which information was made available increased from 102 to 271 during 1993-97. During 1993-99 out of 5658 marginal establishments to be covered, only 4961 were covered leaving 697 establishments. It was observed that though the number of marginal establishments increased due to shortfall in the inspection of establishments by the Enforcement Officers most of them were

Delay upto thirteen years in covering establishments in fulfilling eligibility criteria

Shortfall in inspections to be conducted ranged between 19 and 42 *per cent* during 1993-99

Out of 5658 marginal establishments only 4961 were covered during 1993-99

not covered under the Act thereby denying the benefits of the statutory schemes to the employees of the concerned establishments.

Register of infant, marginal and covered establishments are to be maintained by the Enforcement Officers. Marginal establishments were required to be visited frequently to check employees strength for their timely coverage. Infant establishments were to be covered after expiry of infancy period. It was observed in audit that these registers were not properly maintained and periodically reviewed by most of the regional offices despite Ministry's directives of September 1995 to all commissioners to ensure proper maintenance and periodical review of these registers.

It was observed that in Bihar region 65 establishments employing 3229 employees were not brought under the Act even after completion of their infancy period depriving the benefits of the schemes to the employees.

9.1.6.4 Voluntary coverage

Notification for coverage not issued in respect of 85 per cent of establishments which volunteered

An establishment not compulsorily covered under the provisions of the Act could be covered voluntarily by issuing notification in the official gazette with the mutual consent of the employer and the majority of the employees. Out of 16922 establishments, which had applied for voluntary coverage at the end of March 1999, notification was issued only in 2577 cases leaving 14345 cases uncovered, i.e. 85 per cent of the establishments that had volunteered for coverage under the Act were not covered by issue of notifications (Appendix XII).

Delay in issue of notification ranged between 3 to 29 years

Test check of records in various regional offices further revealed that 4167 cases were pending issue of gazette notification with central office and 662 cases at regional offices for periods ranging between 3 to 29 years.

9.1.6.5 Provisional coverage

30820 provisionally covered establishments await final coverage at the end of March 1999

Provisional coverage is granted to establishments in respect of which final date of coming within the Act's purview could not be decided for want of information/records from the establishments. There were 30820 establishments at the end of March 1999 for which the date of final coverage had not been decided. The number of establishments provisionally covered increased by 195 per cent from 10444 to 30820 during 1993-99 (Appendix XIII) indicating lack of appropriate action by the Organisation to convert the provisional coverage into final coverage. While non-production of records by the establishments delayed the conversion in Karnataka, Punjab, Maharashtra and Madhya Pradesh regions failure to submit complete information by enforcement staff contributed to the delay in Rajasthan, Haryana and Orissa regions.

9.1.7 Determination of dues of employers

Though cases pending determination of dues decreased by 43.86 per cent, delay of over six months was noticed in 6619 cases out of 15514 cases test checked

The Act empowers the Organisation to determine the amount due from an employer under any of the provisions of the Act and for this purpose to conduct such inquiry as may be deemed necessary. The number of cases pending for determination of dues decreased by 43.86 per cent from 3477 in March 1994 to 1952 cases in March 1999. However, there was undue delay in the determination of dues during each year. A test check by Audit revealed delay of three to six months in 8539 cases and more than six months in 6619 cases out of 15514 cases test checked covering the period 1993-94 to 1998-99 (Appendix XIV).

9.1.7.1 Demand Collection Balance Register

Proper maintenance of DCB register is essential for watching recovery and accounting of amounts due

After determination of dues, the employers have to deposit dues assessed into the bank in a prescribed challan within a stipulated period. A register called "Demand-Collection-Balance-Register" (DCB Register) is required to be maintained by regional offices of EPFO to watch the recovery of amounts due. The entries in the DCB Register are to be made immediately on receipt of triplicate copy of the challan from each establishment and subsequently to be compared with those of schedule of receipts received from the bank. The DCB Register is thus a basic and vital control record to watch the recovery and accounting of amounts due.

The following irregularities were noticed during the course of audit of Bihar, Delhi, Gujarat, Haryana, Kerala, Madhya Pradesh, Maharashtra and Orissa regional offices:

- (i) dues not entered promptly and amount received simply noted as amount due;
- (ii) differences between challans and schedule of receipts could not be adjusted as the posting was completed only at the time of completion of annual accounts;
- (iii) remittances in different accounts not verified with reference to receipts in subsidiary cashbook;
- (iv) penal damages were not levied as belated remittances were not reviewed and defaulter's list not prepared from DCB register;
- (v) failure to update the data in DCB register and reconcile the differences; and
- (vi) ineffective monitoring mechanism to watch dues and arrears of establishments.

DCB register not maintained properly despite assurance in ATN

Despite the assurance given by the Ministry in ATN that systematic review of the DCB register would be conducted by RPFCS, the maintenance of the registers did not improve significantly and assessment of the extent of dues remained problematic.

9.1.7.2 Arrears of contributions

The Act provides for imprisonment of three years and levy of fine upto Rs 5000 for default in payment of inspection charges and administrative charges. Further imprisonment upto six months and fine upto Rs 5000 was prescribed for default in conditions leading to grant of exemption.

Arrears in contributions by employers continued to increase

Arrears towards provident fund contribution and administrative charges in respect of covered establishments decreased by 23.16 *per cent* from Rs. 65579.13 to Rs. 50391.31 lakh during the period 1993-94 to 1998-99 (Appendix XV and XVI). However, chances of recovery of arrears of Rs 24592.08 lakh in March 1999 in respect of 9212 establishments (Appendix XVII) were rendered remote by the delays in realising arrears as the defaulting establishments were reported to be under closure, liquidation and governed by stay orders from Courts.

Arrears of contribution and inspection charges in respect of exempted establishments increased by 468.25 *per cent* from Rs 431.24 lakh to Rs 2450.53 lakh during the same period (Appendix XVIII).

Organisation failed to utilise its own recovery machinery as arrears of dues from exempted establishments increased by 468.25 *per cent* during 1993-99

As per ATN of the Ministry, the Organisation was authorised since 1973 to have its own recovery machinery constituted in all regions headed by Regional Commissioner (Recovery) or Recovery Officer of the rank of Assistant Provident Fund Commissioner. It was obvious that the Organisation made little use of its recovery machinery since the arrears of dues increased by 468.25 *per cent* in respect of exempted establishments and only marginally decreased by 23.16 *per cent* for covered establishments. Further, there was no evidence of effective application of the penal provisions of the Act outlined above to ensure recovery of dues.

Test check of records of Delhi, Northeastern States and Orissa regions revealed that the accumulation of arrears was due mainly to assessment of dues on hypothetical / adhoc basis and abnormal delay in taking action for recovery.

9.1.7.3 Issue of revenue recovery certificates

All employers of covered establishments are required to deposit the dues assessed within the stipulated period. In case of failure by employers, the authorised officers of the Organisation are empowered to issue revenue recovery certificates (RRC), specifying the amount of arrears to the Recovery Officer for taking further necessary action to recover the amount from the establishment concerned. The Recovery Officer is empowered to attach and

sell movable/immovable property of the establishment/employer, arrest the employer and appoint receivers to recover the amount specified in the RRCs.

RRCs pending recovery increased by 93.36 per cent during 1993-99

The number of RRCs pending due to lack of recovery increased by 93.36 from 19267 valued at Rs 19036.62 lakh in April 1993 to 17941 valued at Rs 36810.09 lakh in March 1999 (Appendix XIX). The accumulation of RRCs could have been avoided had EPFO made good use of the provisions of the Act with regard to the RRCs.

Reasons attributed for the delay in recovery of dues through RRCs were due to default ranged between one to 22 years; stay obtained from courts; closure of establishments, liquidation; inadequate balance; show cause notices, warrants of arrest could not be executed/served and undue delay ranging between one to seven years in action such as attach bank accounts, movable/immovable properties.

9.1.7.4 Levy of damages on unexempted establishments

Arrears of damages recoverable on delayed remittances increased by 129.33 per cent

EPFO is empowered to levy and recover damages on belated remittances subject to the maximum of the amount in arrears computed at rates ranging between 17 to 37 *per cent per annum* from the employers. In order to watch levy and recovery of damages, a separate register is to be maintained. Arrears of damages from unexempted establishments increased by 129.33 *per cent* from Rs 3101.49 lakh to Rs 7112.86 lakh during 1993-99 (Appendix XX). Thus, even after the shift of the power to levy damages from State Government to RPFCS in 1973, there was no acceleration in the recovery of damages during 1993-99.

Abnormal delays and interesting aspects of the problem were noted during test check of records by Audit:

- Abnormal delay ranging between 1 to 20 years even to initiate action to levy damages on defaulting establishments in Delhi, Bihar, Kerala and Uttar Pradesh regions.
- In Maharashtra region, damages of Rs 21.86 lakh from Company 'A' for delay in remittance of dues was not levied; the Commissioner, Thane, replied that damages would be levied in consultation with RO, Mumbai.
- Kerala region showed only Rs 144.14 lakh as pending damages in their annual report despite a sum of Rs 296.64 lakh being recoverable towards damages from five establishments.
- Delhi region failed to levy damages for delay ranging between 18 to 97 months in remitting the dues amounting to Rs 10.44 lakh in respect of 34 establishments.

9.1.8 Exempted establishments

Every establishment, which is a factory engaged in any specified industry and in which twenty or more persons are employed, is legally covered under the Act. Such establishments are called 'Un-exempted establishments'. Any establishment, to which the Act applies, may seek exemption from the provisions of the statutory scheme after satisfying that rates of contribution to provident fund are not less favourable than provided under the Act and employees are enjoying benefits not less favourable than benefits under the schemes.

After the grant of exemption, such establishments for the purpose of the scheme became 'Exempted establishments'. Exemption once granted is liable to be cancelled for contravention of any of the prescribed conditions governing exemption and on such cancellation the establishment would be required to comply with the provisions of statutory schemes.

9.1.8.1 Transfer of PF contributions

The employers of exempted establishments are required to transfer provident fund contributions to their respective Board of Trustees (BOT) by 20th of the following month (including grace period of five days). The Act provides for imprisonment upto six months and fine of Rs 5000 for failure to comply with the conditions under which exemption was granted.

Test check of relevant records disclosed the following :

Rs 116.83 lakh was not transferred during 1997-98 to BOT by ten exempted establishments in Orissa region

- Orissa regional office stated that during 1997-98 though only Rs 9920 lakh was received, Rs 10672 lakh was transferred to BOT. However, it was observed that Rs 116.83 lakh was not transferred during 1997-98 to BOT by ten establishments.
- Bihar region stated that an amount of Rs 15290.53 lakh was transferred during 1994-95 to BOT whereas in their Annual Report for 1994-95 it was shown as Rs 941.44 lakh. The figures remained unreconciled.
- despite the provisions in the Act, no action was taken against the defaulting establishments by the Organisation.

9.1.8.2 Investment by the Board of Trustees

Uninvested funds with BOT of exempted establishments increased by 322 percent during 1993-99

The Board of Trustees (BOT) of exempted establishments are required to invest every month the accumulated funds in the manner prescribed by the Central Government from time to time. BOT of exempted establishments are liable for imprisonment up to six months and fine of Rs 5000 for failure to invest accumulated funds. The amount which remained uninvested with the BOT increased by 322 *per cent* from Rs 14735.81 lakh in 1993-94 to Rs 62236.55 lakh as on 31 March 1999 (Appendix XXI). However, no action

as provided in the Act was taken to curb the tendency of BOT to keep the accumulations idle or utilise the same themselves.

Test check in audit further revealed as under:

- BOT of exempted establishments of Karnataka region did not observe the prescribed pattern of investment during 1993-99,
- Bihar region did not maintain any record/register of investments,
- In Rajasthan region uninvested funds with BOT ranged between Rs 274.59 lakh and 1120.74 lakh during 1993-99, which resulted in loss of interest of Rs 465 lakh during the said period,
- In Northeast region Rs 6703.75 lakh remained un-invested at the end of 1998-99 resulting in loss of interest of Rs 804.45 lakh,
- In SRO Goa, Maharashtra region, on an average Rs 30 lakh had remained uninvested from April 1994 to February 1998 resulting in loss of interest of Rs 14.40 lakh.

9.1.8.3 Declaration of rate of interest lower than statutory rates

1693 exempted establishments allowed during 1993-99 interest on provident fund lower (ranging between 0.2 per cent to 2 per cent) than statutory rate. The exempted establishments by paying lower rates got undue benefit at the cost of employees, who were denied their legitimate dues by way of interest.

9.1.9 Accounts

9.1.9.1 Issue of annual statements

Departmental rules require that an annual statement of member's account should be sent to each member as soon as possible after the close of each period of currency of contribution. The number of annual statements to be issued to the exempted establishments decreased from 556609 during 1993-94 to 23379 during 1998-99 (Appendix XXII).

However, the number of annual account statements to be issued to unexempted establishments increased by 40.80 per cent from 75.13 lakh during 1993-94 to 105.78 lakh during 1998-99 (Appendix-XXIII).

Test check of records further revealed as given below:

- Madhya Pradesh regional office stated that no case was pending; it was found in audit that as many as 158538 accounts statements involving 813 establishment for the year 1997-98 were still pending at the end of March 1999.

Exempted establishments declared lower rate of interest on Provident Fund account

Pending annual statements of unexempted establishments increased during 1993-99

- Punjab region could not issue annual statements in 239195 cases out of 266739 due to employers' fault.
- Maharashtra region could not issue statements in 22.17 lakh cases due to the fault of the department.

9.1.9.2 Interest Suspense Account

Interest Suspense account is a proforma account operated in central office. According to the accounting procedure followed by the organisation interest earned on investments and securities, penal damages realised from employers and penal interest on misuse of funds by employees are credited to the account. Interest credited to members' account to exempted funds and on erroneous credits are debited to the account. The interest suspense account is to be compiled accurately and promptly to ensure that the balance in the account reflects the true position of interest to be credited to the subscribers' account. Any omission/commission in the data collected would adversely affect the interest of the subscribers.

Balance in interest suspense account doubled during 1993-99 despite special drive assured in ATN

In April 1992, Ministry in their ATN assured that the accounts had been brought on the computer and the suspense accounts would be cleared to a large extent by undertaking a special drive. The Ministry also added that instructions had been issued to the RPFC to maintain the interest suspense account register properly. However, it was seen in audit that balance in 'Interest Suspense Account' doubled from Rs 415830 lakh in March 1993 to Rs 817617 lakh in March 1999 (Appendix XXIV).

Audit examination of records of various regions revealed the following reasons for non-credit of interest:

- reasons such as non-receipt of remittances from the establishments;
- failure to credit interest of the current year to subscriber's account in the subsequent year;
- non-crediting of unclaimed account;
- lack of effective monitoring;
- non-submission / incomplete submission of returns by the establishments; and
- records not maintained properly.

9.1.9.3 Unclaimed Deposit Accounts

Unclaimed deposit rose by 59.61 per cent during 1993-99

The provident fund accumulations of members remaining unclaimed for over a year are transferred to 'Unclaimed Deposit Account'. The amount transferred to the account increased by 59.61 per cent from Rs 6973.19 lakh in 1993-94 to Rs 11129.78 lakh in 1998-99 (Appendix-XXV).

Ineffective efforts to pay unclaimed amounts to employees

Test check of records by Audit revealed that there was no system of periodical review of ledgers with the returns of subscribers leaving service, to ascertain amounts to be transferred to the unclaimed deposit account. Ministry claimed that the organisation had made necessary efforts to locate the subscribers who have not preferred their claims, through advertisements, display in notice boards of factories/establishments where they were employed and also by enlisting the co-operation of trade unions. Further the forms were also redesigned to have the permanent address of subscriber to ensure easy location.

However, the fact remained that measures taken by the Organisation were not effective since the unclaimed deposits had increased by 59.61 per cent during 1993-99.

9.1.10 Prosecution of defaulting establishments

The Organisation is empowered to file prosecution cases in criminal courts to recover arrears from defaulting establishments. Analysis of details revealed that out of 79800 cases, 33499 cases were settled during 1993-99 leaving a balance of 46301 cases (Appendix XXVI).

The information regarding age wise pendency was provided to audit only by seven regions. As on 31 March 1999, 15717 cases were pending for more than three years.

9.1.10.1 Fines awarded by courts not collected

Organisation failed to prefer claims even in cases of award of fines by courts

The organisation is required to take prompt action to collect the fines awarded by the courts and deposit them in the Employees' Provident Fund Account. However even in nine cases where the courts had awarded fine of Rs 4.91 lakh pertaining to Haryana and Kerala regions, only Rs 0.04 lakh was recovered (Appendix XXVII) indicating very poor follow-up of awards of fines.

9.1.10.2 Action under the Indian Penal Code:

The Organisation was required to take action under Indian Penal code (IPC), in cases where after effecting deductions from the wages, the employers failed to remit the contributions. A complaint is to be filed in the court within seven days of approval for prosecution by the Regional Commissioner.

11387 cases of establishments defaulting on their contributions not proceeded against

There were 11387 such cases by the end of March 1999 as detailed in Appendix XXVIII. In most of the regions the registers for watching the progress of the prosecution cases were not maintained properly. Though outstanding dues increased by 261 per cent from Rs 132.49 lakh to Rs 478.36 lakh, prosecution cases under section 406/409 of IPC increased only by 26 per cent from 9039 to 11387 during the same period indicating very low priority given by the Organisation to proceed against the defaulting establishments utilising the legal recourse of IPC.

The following observations are made as a result of test audit.

- In Rajasthan and Gujarat regions there was abnormal delay ranging from 7 days to more than 90 days even in filing of complaints in the court.
- In Orissa region, in twelve cases decided during 1994-96 accused were acquitted by court due to improper presentation of the cases by the Organisation.
- In Madhya Pradesh region first information reports (FIR) in 427 cases were lodged during 1993-99. The Police authorities dropped 34 cases in 1998-99 but in remaining 393 cases no action to file challan in courts was taken by the Police.
- In Uttar Pradesh region 247 cases remained undisposed at the end of 1998-99. During 1997-98 and 1998-99, the police dropped 137 and 46 cases under section 406/409 of IPC respectively.

9.1.11 Investments

The contributions received by the Employees Provident Fund Organisation in respect of un-exempted establishments and by the Board of Trustees in respect of exempted establishments are to be invested in accordance with the pattern laid down by the Government from time to time.

9.1.11.1 Short recovery of interest

Portfolio management of the fund was handled by the Reserve Bank of India (RBI) upto 1994-95. The Central Board of Trustees (CBoT) appointed the State Bank of India (SBI), Mumbai, to act as Portfolio Manager for the organization with effect from April 1995. The progressive total of investments made in all the three schemes as of March 1999 stood at Rs 92709.44 crore.

In 64 cases interest amounting to Rs 14.26 crore was short recovered during 1997-98 and in 84 cases the interest of Rs 37.13 lakh was not received on due date. The department stated in April 1999 that the short recovery of interest was due to deduction of income tax at source by the Issuers/Registrars. However, it was observed from the reply that in 27 cases pointed out by Audit, though original TDS certificates for Rs 133.18 lakh had been received from the Portfolio Manager, Mumbai, the claims for refunds from the Income Tax authorities had not been preferred as of August 1999. EPFO was requested to provide the details of TDS certificates along with amount of income tax deducted during 1997-98 in the remaining cases and also during the years 1993-94 to 1996-97. The information was not provided to audit (December 1999).

(ii) In 62 cases test checked during 1998-99, interest amounting to Rs 44.72 crore was short recovered. In 19 cases, interest chargeable for late remittance worked out to Rs 79.65 lakh in 1998-99.

Progressive amount of investments made in three schemes was Rs 92709.44 crore

Short recovery of interest in 230 cases amounting to Rs 73.90 crore detected during test check by audit

(iii) Rs 25 crore was invested during July 1994 by RBI, Mumbai, (then portfolio manager), in 16 per cent HMT Bonds. HMT made part interest payment of Rs 2.25 crore and the recovery for the balance amount of Rs 13.75 crore was awaited.

9.1.11.2 Non-reconciliation of bank transactions:

State Bank of India (SBI) was appointed as bankers for the funds viz. Employees Provident Fund, Pension Fund and Insurance Fund. All employers are required to deposit their dues directly with SBI and its branches authorised to collect the dues. The branch, which maintained the accounts, was known as 'Link Branch' and others as 'Base Branches'. The contributions and other dues received by base branches everyday are to be remitted to the concerned link branch on the same day. Debit/Credit advises in respect of transactions in accounts along with corresponding statements and receipted duplicate copies of challans received by them from the base branches, are required to be sent daily to the regional commissioner/officer in charge of sub-regional office by the link branches of SBI.

As a result of reconciliation of bank statements in various regions as of March 1999, an amount of Rs 1231.52 lakh was short credited and a sum of Rs 919.24 lakh was erroneously debited.

Test check of relevant records in various regions further revealed the following irregularities:

- (i) West Bengal region
 - Service charges to SBI was to be paid on the total contribution received by the base branch on behalf of the EPFO, excluding the direct deposit to the link branch. Scrutiny of monthly and six monthly exchange statements of the SBI for the period September 1994 to March 1998 revealed that the bank charged an amount of Rs 43.94 lakh as service charges on the deposits directly received by link branch, Middletown Row, Calcutta. The Regional office did not exercise any control over such irregular payments.
 - SBI settled only Rs 20.62 lakh between December 1993 and December 1998 against claims of Rs 255.39 lakh preferred during January 1995 and May 1999 for delayed credit.
 - Interest credited by bank on the monthly balances under each of the above accounts was less than the actual amount of interest due to the extent of Rs 41.10 lakh in respect of Regional office, Calcutta.
- (ii) Maharashtra (Mumbai) region
 - The Organisation did not lodge claim of interest for Rs 31.51 lakh for delayed credit during the year 1995-96

- Rs100.08 lakh was debited to Administration Account (A/C No. 2) by the SBI during the period 1991-92 to 1997-98 without consulting the Organisation and the amount is yet to be reimbursed by SBI.
- (iii) Karnataka region
- In July 1994, Rs 1545.35 lakh was short credited by SBI due to credit balance not carried over, credit not posted and credit balance carried over as debit balance. However, it was verified from records that an amount of Rs 208 lakh was credited by bank on 16.03.1998. The correct position was yet to be reconciled by the organisation.
- (iv) Gujarat region
- No charges are leviable on direct deposits with link bank. However, SBI charged remittance charges of Rs 24.72 lakh during 1996-97 to 1998-99 even on direct deposit made in the link branch.
 - Rs 430 lakh was transferred from SBI, Surat to SBI Main Branch, Mumbai to the investment account in June 1997, was not credited to the investment account till March 1999, resulting in loss of interest for Rs 90.30 lakh at the rate of twelve *per cent*.
 - Sub Regional Office, Rajkot, transferred Rs 1.90 lakh in June, 1997 and Rs 4 lakh in July, 1995 to SBI Mumbai were not been credited to investment account till May 1999 resulting in loss of interest to Rs 3.51 lakh.
- (v) Orissa region
- Delay in crediting funds in relevant accounts ranged between 15 and 371 days. Bank paid only Rs 14.74 lakh out of the interest of Rs 32.63 lakh claimed and the balance Rs 17.89 lakh was not yet recovered.
- (vi) Bihar region
- The contributions received by the bank were not credited to the respective accounts on daily basis. There was delay in crediting the same ranging from one day to three years. The organisation preferred the claims to the bank for delayed credit up to December 1998. From January 1999 to March 1999 the claim was not lodged.

9.1.12 Settlement of claims

The claims for final payment of provident fund are to be settled within 20 days from the date of receipt. The settlement of claims was made mandatory within 30 days as per notification issued by the Govt. on 26 August 1997.

Though provident fund claims pending settlement decreased from 62126 in April 1993 to 49407 in March 1999 (Appendix XXIX), it was observed that as on 31 March 1999, delay in settlement of claims was upto one year in 49407 cases.

In accordance with the codal provisions, accumulations to the credit of employees should be transferred within ten days of the application for transfer. However it was noticed that 4544 cases of transfer were pending disposal in March 1999.

Claims upto Rs 2000 are sent by money orders and claims above Rs 2000 settled through cheques. However, out of 498038 claims settled by money orders during 1993-99, 23435 money orders were received as undelivered. Similarly, out of 2151812 claims settled through issue of cheques, 29166 cheques were received back undelivered during the same period.

The following irregularities were noticed in respect of money orders / cheques received undelivered during the course of test check of records:

- In Tamil Nadu, Maharashtra and Haryana entries in respect of undelivered money orders and cheques were not made in the ledger cards.
- In Delhi region out of 377 cases of undelivered money orders and 238 cases of undelivered cheques re-entry in the respective ledgers was not made in 298 cases of money orders and 122 cases of cheques.
- In Maharashtra 202 cases and in Orissa 689 cases for which amount was sent by money orders had neither been received back as undelivered nor any acknowledgement as a token of receipt was received.
- 545 cases of cheques issued by Orissa region neither the cheques were received as undelivered nor acknowledgements were on record.

9.1.13 Implementation of schemes under EPFO

9.1.13.1 Employees' Pension Scheme, 1995

Employees' Family Pension Scheme 1971 was replaced by the Employees' Pension Scheme, 1995. A part of contribution representing 8.33 per cent of the employees' pay is remitted by the employer to the Employees' Pension Fund. Central Government contributes at the rate of 1.16 per cent of the pay of the members.

Outstanding claims had risen by twelve times from 2669 to 32993 during 1993-99. Failure in settlement of claims had deprived the beneficiaries of their legitimate claim to pension.

Damages at percentages ranging between 17 and 37 per cent per annum on the arrears are leviable for default in the payment of contribution to

**Damages recoverable
for default stood at
Rs. 653.86 lakh in
March 1999**

the Employees' Pension Fund. The amount of damages recoverable from the defaulting establishments in respect of eight regions, for which data was available had risen from 141.75 lakh to Rs 653.86 lakh during the period 1993-99. The Organisation failed to recover its legal claims and deprived the subscribers of their rightful share under the schemes.

9.1.13.2 Employees' Deposit Linked Insurance Scheme, 1976

Contributions and administrative charges due to the Insurance fund increased by 226 and 218 per cent during 1993-98

All the members of the Provident Fund are required to become members of the scheme. The scheme is funded by the contribution made to Insurance Fund by the Employer at the rate of 0.5 per cent of the pay. Besides establishments are required to pay administrative charges for meeting the expenses.

While contribution due to the Insurance fund increased by 226 per cent, from Rs 429.86 lakh to Rs 1403 lakh during 1993-98, administrative charges due from various establishments increased by 218 per cent from Rs 62.88 lakh as on April 1993 to Rs 200 lakh as on 31 March 1998.

It was observed from the Annual Report of 1997-98 that only 15337 cases were settled within the prescribed time of 30 days. More than one month was taken to finalise 8721 cases and 2509 cases were not settled.

9.1.14 Computerisation of accounts

Poor progress of computerization was noted in West Bengal, Madhya Pradesh, Delhi and Tamil Nadu regions.

Test check of the progress made in computerisation in various regions revealed the following:

- In West Bengal region it was observed that during 1998-99 out of 2813244 account statements, only 37226 were issued by EDP centre and balance 2776018 statements were issued manually. No record was made available to audit in respect of other areas of computerisation.
- In Madhya Pradesh region EDP facility was not fully utilised for monitoring receipt and disposal of grievances from the subscribers / public.
- Northeast region:
 - * computer system supplied in September 1992 was not functional due to defective and non-operative printer.
 - * new system procured in March 1994 was not installed till May 1997
 - * In SRO Shillong, computers remained non-functional since September 1998 as six computers supplied by Central Office, New Delhi, remained non functional.

- * In SRO, Agartala, out of 18 terminal points of the 486 system procured at a cost of Rs.2.92 lakh, only 4 terminal points were made operative and balance 14 points remained idle for more than five years.
- * Three modems received from Central Office in March 1999 required for NICNET connectivity remained idle since the installation and connection had not been given till March 1999.

➤ Delhi

- * Central Office of EPFO procured 43 computer systems for various offices of the Organisation from ECIL at a cost of Rs 75.71 lakh without observing the codal provisions for open tender. Further Rs 71.93 lakh was paid upto March 1999 without ascertaining the proper installation and functioning of the systems.

➤ Tamil Nadu

- * due to inherent deficiency of the manual control, the data in the computerised system lacked integrity resulting in incorrect calculation of interest and generation of incorrect account statements,
- * establishments should be allocated unique codes and any duplication or inaccuracy would adversely affect the integrity of data. Test check revealed allocation of more than one code to 35 establishments, existence of meaningless strings as names of 692 establishments and allocation of duplicate numbers to 49 establishments,
- * a check of sample data disclosed non-agreement of the annual wages with the sum of monthly wages in 17519 cases,
- * in 49562 cases the total contribution of the employees did not agree with the sum of their monthly contributions and such discrepancy was noticed in 82887 cases of employer's contributions,
- * annual account statements were printed based on erroneous data and corrections carried out on the opening balance, when the accounts of the subsequent year were taken up for processing. In the sample data test checked, 35793 such corrections were noticed,
- * the accounting of receipts was still being done manually despite the computerisation of the processing of accounts, compilation and generation of annual account statements. An exclusive package developed by NIC for purpose and received by the regional office in 1994-95 had not been implemented till June 1999.

9.1.15 Outstanding advances

Unadjusted advance increased by fifty-two percent during 1993-99

Unadjusted advance increased by fifty-two *per cent* from Rs 423.91 lakh in 1993-94 to Rs 645.08 lakh at the end of March 1999. The information of advances was not provided to audit by Gujarat, Karnataka, and Maharashtra and West Bengal regions whereas Haryana and Punjab regions made partial information available.

The matter was referred to the Ministry in December 1999; their reply was awaited as of January 2000.

Employees' State Insurance Corporation

9.2 Loss of interest

Employee's State Insurance Corporation suffered a loss of interest amounting to Rs 30.93 crore due to ineffective investment management.

SDA with RBI bears lower rate of interest as compared to other nationalised banks

Employees State Insurance Corporation (ESIC) has been making investments in the special deposit account (SDA) with Reserve Bank of India from August 1988 at an interest rate of 12 *per cent per annum*, payable yearly as on 31 March of every year. As the rate of interest for fixed deposits in the majority of nationalised banks for period exceeding three years was 13 *per cent per annum*, interest compounded quarterly makes the effective yield of 13.65 *per cent per annum* as against 12 *per cent* interest available in special deposit account. Keeping in view this fact, the ESIC requested the Government to increase the rate of interest on SDA with RBI but the Government did not agree with the proposal of the ESIC. The Government, permitted the ESIC in June 1992 to keep its fresh savings with nationalised banks from 1992-93 and subsequently allowed the ESIC in April 1994 to also withdraw interest accrued to the SDA every year.

The ESIC however, did not take advantage of these relaxations given by the Government which resulted in avoidable loss of interest as detailed below:

- (i) ESIC made fresh deposits in SDA with RBI instead of nationalised banks viz. Rs 21.65 crore in 1992-93, Rs 159.30 crore in 1994-95 and Rs 4 crore in 1995-96. This resulted in a loss of Rs 3.05 crore *per annum* as shown below:

Table 9.2 (i) : Loss of interest

(Rs in crore)

Year of deposit	Amount of deposit	Loss of interest for one year (i.e. 13.65 % -12%)
1992-93	21.65	0.36
1994-95	159.30	2.63
1995-96	4.00	0.06
Total		3.05

- (ii) The Ministry of Labour permitted the ESIC in April 1994 to withdraw accrued interest on deposits in SDA every year. But ESIC withdrew a very small amount of accrued interest and suffered interest loss of Rs 20.69 crore as below:

Table 9.2 (ii) : Loss of interest on short withdrawn amount

(Rs in crore)

S.No	Year	Accrued interest	Amount withdrawn	Amount short withdrawn	Loss of interest on short withdrawn amount @ 1.65% upto 31.3.99
1	1994-95	239.84	32.35	207.49	13.69
2	1995-96	277.27	239.00	38.27	1.89
3	1996-97	287.18	277.00	10.18	0.34
4	1997-98	288.67		288.67	4.77
				Total	20.69

- (iii) The Ministry of Labour permitted the ESIC in February 1997 to withdraw Rs 200 crore per year from the principal amount from 1998-99. However, the ESIC did not withdraw Rs 200 crore from the principal amount deposited in SDA for making the deposits in nationalised banks. Consequently the ESIC also suffered a loss of Rs 3.30 crore as interest loss for one year (1998-99).
- (iv) During 1997-98 the ESIC invested a sum of Rs 667.38 crore in State Bank of India and other nationalised banks as under:

Table 9.2 (iii) : Investment in various banks

(Rs in crore)	
State Bank of India	330.50
Oriental Bank of Commerce	96.88
Indian Bank	83.50
Canara Bank	47.50
Bank of India	98.00
Dena Bank	5.00
United Bank of India	5.00
State Bank of Patiala	1.00
Total	667.38

ESIC made investments at lower rate

Out of Rs 667.38 crore a sum of Rs 203.10 crore was invested at a rate of interest ranging between 10.5 *per cent* and 12.5 *per cent*, whereas higher rate of interest ranging between 12 *per cent* and 13 *per cent* was available with other nationalised banks. This resulted in an avoidable loss of Rs 3.89 crore to the ESIC.

The above ineffective management of investment by the ESIC resulted in a loss of interest of Rs 30.93 crore as under:

Table 9.2 (iv)

(i)	On fresh deposits	Rs 3.05 crore
(ii)	Non-withdrawal of accrued interest	Rs 20.69 crore
(iii)	Non-withdrawal of Principal amount	Rs 3.30 crore
(iv)	Investment on lower rate of interest	Rs 3.89 crore
Total		Rs 30.93 crore

Non-adherence of Government instructions and ineffective investment resulted in loss of Rs 30.93 crore.

On being pointed out in audit, the Management stated that ESIC is not an investment organisation but a social security organisation. The rate of interest had never been the only criteria for ESIC investment but security of its funds was the paramount factor.

The reply of the ESIC is not tenable as deposits in other nationalised banks are also as secure as with RBI, and Government had permitted such changes after due consideration of the matter.

The matter was referred to the Ministry in July 1999; their reply was awaited as of February 2000.

9.3 Unutilised capital due to injudicious decision

185 staff quarters constructed at a cost of Rs 1.54 crore, out of that 160 lying unutilised since 1991 because of their poor condition and failure of Employees State Insurance Corporation in assessment of proper requirement of staff quarters.

ESIC purchased land for staff quarters in November 1968

State PWD started work for construction of 185 staff quarters in April 1984

Work was completed in July 1991

Number of defects in construction of staff quarters were noticed

160 quarters were not allotted as there was no demand for these quarters

With a view of providing facility of residential accommodation to its employees at Ahmedabad, ESIC purchased a piece of land at Vasna, Ahmedabad in Gujarat in November 1968 at a cost of Rs 2.73 lakh. An additional amount of Rs 3.70 lakh was also paid in April 1977 and Rs 0.13 lakh in February 1979 towards cost of land. Thus, total cost of land worked out to Rs 6.56 lakh. The original owners of the land went to the Civil Court against land acquisition demanding higher compensation. The case was decided in the year 1977. Director General, ESIC, accorded administrative approval in January 1982 for the construction of 170 staff quarters at a cost of Rs 100.71 lakh which was subsequently re-revised to Rs 147.82 lakh in October 1990 for construction of 185 staff quarters. State PWD was engaged as construction agency for these quarters on 'Deposit Work' basis in February 1982. PWD started work in April 1984 with the stipulation to complete work by October 1986. The entire estimated amount was required to be deposited by ESIC before the commencement of work. By the time the work commenced the ESIC deposited Rs 12.00 lakh. Subsequent deposits were made between June 1984 and June 1991. It is seen from this that the obligatory flow of funds could not be ensured by ESIC. The last instalment was deposited in June 1991 and PWD completed the work in July 1991.

At the instance of the Regional Director, ESIC, Ahmedabad, an inspection of the completed works was got conducted in December 1991 which resulted in the detection of a number of defects in construction. PWD however did not rectify these defects and ESIC took over possession of these defective quarters. The quarters have not been allotted to the staff till August 1999.

Ministry stated in December 1999, since there was no applicant interested in the allotment of these quarters at Ahmedabad, the 160 type -II staff quarters could not be allotted. Only 25 quarters of other types were allotted.

The fact remained that this is a case of improper planning and poor monitoring of work by ESIC resulting in delay :

- (a) of more than thirteen years in the use of land
- (b) in completion of project by five years due to irregular flow of fund and lack of monitoring
- (c) taking possession of defective quarters

- (d) non-allotment of quarters resulting in waste of resources (Rs.1.54 crore) and delay of assets due to disuse; and
- (e) payment of substantial amount on account of house rent allowance to the employees which could have been avoided had the project been planned, monitored and quarters allotted.

CHAPTER X : MINISTRY OF RURAL AREAS AND EMPLOYMENT

Department of Rural Employment and Poverty Alleviation

District Rural Development Agencies

10.1 Blocking of funds under Ganga Kalyan Yojana

Funds to the tune of Rs 564.96 lakh lying unutilised, unauthorised diversion of Rs 128.96 lakh to other schemes and irregular payments to ineligible beneficiaries under Ganga Kalyan Yojana.

Ganga Kalyan Yojana(GKY), a centrally sponsored scheme for providing irrigation through exploitation of ground water was launched in February 1997. The scheme, financed by the central and state governments in the ratio of 80:20 was to be implemented by the District Rural Development Agencies (DRDA)/Zila Parishads (ZP). Small and marginal farmers were to be enabled through grant of subsidy by Government and term credit advance by financial institutions to sink wells in their fields.

Test check of records of DRDAs in Kerala , West Bengal and Haryana revealed that the Ministry released Rs 372.46 lakh during 1996-97 and 1997-98 to 14 DRDAs (Rs 181.80 lakh in February March 1997 and Rs 190.66 lakh in July 1997) in Kerala. The state's share amounting to Rs 83.58 lakh (Rs 45.45 lakh in March 1997 and Rs 38.13 lakh in September 1997) was also released. As the scheme was not implemented in the states, the entire amount of Rs 456.04 lakh was kept by DRDAs in deposit accounts in banks/treasuries. Five DRDAs temporarily diverted Rs 128.96 lakh to other schemes.

Funds diverted to other schemes

In July 1997 Commissioner for Rural Development (RD), Government of Kerala wrote to Government of India requesting modification of the guidelines of GK Y , suggesting deletion of the conditions relating to below poverty line status of the taraget group and reduction of the prohibited coastal strip width to 0-5 km considering the peculiar nature of the state. Further, progress in the matter was awaited. The commissioner (RD) stated in December 1998 that no clarification had been received from Central Government and that the entire amount would be utilised under restructured integrated rural development programme as soon as orders were received.

Irregular release of funds of Rs 228.79 lakh when the entire amount of Rs 456.04 lakh lying unspent

Due to release of funds by the Ministry without proper assessment of feasibility of implementing the scheme in the state in accordance with the prescribed guidelines the entire amount of Rs 456.04 lakh was locked up for over two years. Release of funds of Rs 228.79 lakh in 1997-98 even when the entire amount released during previous year remained unspent was unnecessary. No action was taken by the Ministry either to get the unutilised amount refunded or to issue appropriate directions to DRDAs for utilising the amount especially when it was reported that the scheme could not be implemented in the state.

Rs 108.92 lakh remained unutilised due to decision pending on certain operational aspects

Sums of Rs 58.94 lakh and Rs 49.98 lakh were placed with the Project Officer, DRDA, Birbhum in March 1997 and June/July 1997 for disbursement of subsidy to small and marginal farmers. The entire amount of Rs 108.92 lakh remained unutilised including Central Government's fund of Rs 97.12 lakh. Government of West Bengal stated in May 1999 that the decision from the Government of India on certain operational aspects of the scheme was awaited. It was also stated that the Government of India had decided to merge this scheme with Swarna Jayanti Gramin Swarajgar Yojana the detailed guidelines of which were awaited and the fund of Ganga Kalyan Yojana available with DRDAs would be utilised thereafter.

The matter was referred to the Ministry in June/July 1999; their reply was awaited as of February 2000.

Slow/improper implementation

In the case of four DRDAs in Haryana it was found that out of Rs 93.40 lakh (Bhiwani:Rs 16.19 lakh, Rohtak:Rs 24 lakh, Sirsa: Rs 18.80 lakh and Hisar: Rs 34.41 lakh) released during 1996-98, Rs 3.63 lakh were paid to 45 beneficiaries by three DRDAs (Hisar: Rs 2.73 lakh to 33 beneficiaries during 1997-98, Bhiwani: Rs 0.15 lakh to three beneficiaries in 1998-99 and Sirsa :Rs 0.75 lakh to nine beneficiaries in December 1998) for installation of tubewells. Of this Rs 2.95 lakh were irregularly paid to 36 non below poverty line/ineligible beneficiaries (Hisar: 33 beneficiaries:Rs 2.73 lakh, Sirsa: three beneficiaries: Rs 0.22 lakh). Balance of Rs 90.67 lakh (including interest Rs 0.90 lakh) was lying unspent (Rs 44.24 lakh since 1996-97 and Rs 46.43 lakh since 1997-98) with the concerned DRDAs, thus defeating the very purpose of GKY. The funds for 1998-99 were also not released by GOI due to non-utilisation of previous balances.

Irregular payment of funds to ineligible beneficiaries

DRDAs, Rohtak and Hisar stated in January and September 1998 that SC farmers with land holding were not available and it was not possible to utilise funds under the scheme. Reasons for not utilising funds by DRDAs Bhiwani and Sirsa had not been furnished.

10.2 Incorrect application of IRDP funds

To promote group ventures and to ensure higher returns through higher investments, Government of India formulated in July 1996 group loaning (for groups of 5 to 15 beneficiaries) under the Integrated Rural Development Programme (IRDP) for projects costing Rs one lakh and above. Selected groups belonging to families below the poverty line formed as societies/partnership firms were to be provided with 50 *per cent* of the cost of each project as subsidy. A special feature of the payment of subsidy was that it was linked to bank credit and was to be back-ended i.e the subsidy was to be paid by means of adjustment against repayment of the last few instalments of credit facility.

On the launching of a State-sponsored programme called Chief Minister's Empowerment of Youth (CMEY) in Andhra Pradesh with linkages to IRDP , the Ministry of Rural Areas and Employment cautioned in January 1997 the State Government that absence of credit linkage for activities/projects of Rs one lakh and below, proposed to be taken up under CMEY was clearly against the norms of IRDP group loaning scheme ; the Ministry also advised that it be ensured that no dilution of IRDP norms was allowed. The Government of Andhra Pradesh also assured in February 1997 that the beneficiary groups would avail bank loans for all activities/projects whether costing upto or above Rs one lakh.

It was however observed in audit (April 1998 and May-June 1999) that District Rural Development Agencies Adilabad, RangaReddy and Vizianagaram, (March-September, 1997) had released subsidy component aggregating to Rs 1.71 crore for projects each costing Rs one lakh and below from out of IRDP funds to registered self-employment societies¹ who in turn released these funds to 473 beneficiary groups (each comprising 5 to 15 youths) under CMEY. This was irregular because the two programmes were different in nature. Whereas in the case of IRDP, disbursement of subsidy/margin money is linked to bank credit to be released by the bankers directly to the suppliers and subsidy is released at the end of loan period, in the case of CMEY there is no such linkage for projects involving less than Rs one lakh. All forms² of assistance under CMEY are to be credited by DRDA itself to the savings bank accounts operated by the groups themselves. Direct release of subsidy out of IRDP funds to the CMEY beneficiaries account without following the back-ended mechanism changed the very complexion of the assistance to be granted under IRDP, undermining the safeguards against misutilisation of assistance built into the programme. This constituted unauthorised diversion of IRDP funds of Rs 1.71 crore in these three districts alone.

¹ Society for Training and Employment Promotion , Adilabad; Keesara Society for Training and Employment Promotion , RangaReddy and Society for Employment and Training , Vizianagaram.

² Group contribution : 15 *per cent* , State Government grant: 15 *per cent* and margin money loan from SC/ST/BC Finance Corporation or from Youth Welfare Department : 20 *per cent*

IRDP funds diverted for State sponsored scheme resulting in dilution of IRDP norms

The matter was reported to the Ministry in August 1999; their reply was awaited as of February 2000.

10.3 Misutilisation of funds

DRDA Puri purchased 14 Ambassador cars worth Rs 33.42 lakh out of Jawahar Rozgar Yojana resources earmarked for administrative/contingent expenditure despite Government of India orders specifically prohibiting purchase of vehicles from Jawahar Rozgar Yojana funds.

The Ministry's guidelines of April 1994 for Jawahar Rozgar Yojana (JRY) provide that expenditure on administrative/contingent charges including additional staff created at any level of administration could be met by the State Government upto a maximum of two *per cent* of such funds utilised. Government of India further decided in December 1989 not to permit purchase of vehicles out of JRY resources earmarked for administrative/contingent expenditure and in order to effect strict adherence it was decided in February 1994 that in the event of purchase of vehicles from JRY funds, cost of such purchase would be recovered from DRDA authorities such as Chairman and Project Director (PD).

Scrutiny of records of DRDA Puri revealed that at the instance of Government of Orissa (April 1994), PD drew Rs 33.42 lakh out of JRY funds earmarked for administrative/contingent expenditure (Rs 32.17 lakh in April 1994 and Rs 1.25 lakh in March 1995) for purchase of 14 Ambassador cars for supply to the newly created DRDAs. The cars were purchased between May 1994 and January 1995.

Since procurement of vehicles out of funds under JRY was not permissible under the scheme and was specifically prohibited by the Government of India, the expenditure of Rs 33.42 lakh incurred by the PD was unauthorised and amounted to misutilisation of funds. On this being pointed out by audit, the PD stated in April 1998 that the vehicles were purchased as per instructions of the Government of Orissa. The reply was not tenable in view of the above specific clarifications/observations of the Government of India.

The matter was referred to the Ministry in June 1999; their reply was awaited as of February 2000.

Fund withdrawn at
the instance of
Government of
Orissa

Department of Wastelands Development

10.4 Unauthorised expenditure

Integrated Wastelands Development Project (IWDP)-a centrally sponsored scheme aimed at checking land degradation, restoration of ecological balance, increasing production of fuelwood, fodder and biomass in the rural areas, providing employment to the most needy sections of society particularly SC/ST and landless labourers and using wastelands in a sustainable manner was launched (1989-90) by the National Wastelands Development Board of Government of India encompassing all the states in the country with large tracks of wastelands.

Under IWDP scheme, Baleswar Wastelands Development Project (BWDP) comprising 29,865 hectares area covering 30 villages of Sikar district was approved by Government of India (GOI) in March 1993 at a cost of Rs 397.19 lakh and Rs 140.00 lakh in March-June 1993 was released with the condition that the proposed areas should not overlap with any other scheme so that there would be no duplication of Central/ external assistance. The funds so received were transferred in December 1993 to the personal deposit account of the District Rural Development Agency, Sikar.

Since some areas of Aravali Afforestation Project (AAP), financed by Overseas Economic Cooperation Fund, Japan were overlapping with BWDP areas, Rajasthan Government informed in June 1994 the GOI that it was not possible to implement BWDP in the 30 villages as per approval of GOI in March 1993 and suggested diversion of the funds to another project in the same district.

The proposal for transfer of funds was not accepted by GOI which directed in June 1994 the Rajasthan Government to refund Rs 140 lakh alongwith interest immediately. Rajasthan Government did not refund the amount, and instead, forwarded in December 1994 the revised BWDP proposal (after eliminating overlapping areas of AAP) at estimated cost of Rs 367.70 lakh to GOI for approval. It also decided in February 1995 to start the works of BWDP in anticipation of the sanction of GOI.

GOI directed in May 1995 the Rajasthan Government to revise the proposed BWDP in accordance with the provisions of the new common guidelines for Watershed Development (issued by the GOI in October 1994, made effective from April 1995). Rajasthan Government accordingly formulated revised BWDP at an estimated cost of Rs 492.79 lakh and sent (July 1995) it to GOI. GOI did not approve this revised BWDP proposal and ultimately Rajasthan Government decided in February 1997 to close the BWDP.

State Government did not refund the amount and proposed revised project

GOI did not approve revised project proposal

During the course of audit (December 1997-April 1998) of records of DRDA, Sikar it was noticed that executing agency viz. Forest Department had incurred upto March 1997 an expenditure of Rs 125.26 lakh including liability of Rs 6.68 lakh, adjustment of which was still awaited from DRDA, Sikar.

While accepting (March 1999) the facts of starting the works of BWDP in anticipation of sanction of GOI, Rajasthan Government stated that further revised BWDP at an estimated cost of Rs 423.00 lakh (after excluding expenditure already incurred so far) was submitted to the GOI in January 1998, which was under their consideration.

However, GOI conveyed its decision in March 1999 to foreclose this project due to its slow implementation by DRDA and asked Rajasthan Government to refund the unspent amount with interest. Ultimately, Rajasthan Government refunded in October 1999 the unspent amount of Rs 14.74 lakh and interest of Rs 4.56 lakh.

Unauthorised
expenditure of
Rs 125.26 lakh

Thus the commencement of works of BWDP without obtaining sanction of GOI led to unauthorised expenditure of Rs 125.26 lakh and blocking of unspent balance Rs 14.74 lakh (till it was refunded).

The matter was referred to the Ministry in July 1999; their reply was awaited as of February 2000.

CHAPTER XI : MINISTRY OF SURFACE TRANSPORT PORTS WING

SECTION A (REVIEWS)

11.1 Land Management by Port Trusts- A Review

11.1.1 Introduction

Prime lands are owned by the Port Trusts of major ports in India. The Major Port Trusts Act, 1963 (MPT), governs the rights of Port Trusts to impose and recover rates related to their property. The Ministry of Surface Transport (MoST) issued guidelines from time to time for management of port lands, which cover the entire gamut of issues for safeguarding its revenue interests and better utilisation of land for ports' own operations.

11.1.2 Scope of Audit

The review covers management and development of port lands by four out of a total number of eleven port trusts. The records relating to the period 1994-99 of Estate Offices of Mumbai Port Trust (MBPT), Jawaharlal Nehru Port Trust (JNPT), Calcutta Dock System (CDS) and Cochin Port Trust (CoPT) were test checked during May -October 1999.

11.1.3 Organisational set-up

Port Trusts function under the administrative control of the Ministry of Surface Transport. Each Port has a Board of Trustees (BOT) with members representing government and various other interests like shipping companies and labour. There is a Chairman at the apex. Each Port has an Estate Officer, who in addition to his duties with regard to land management, also exercises power in accordance with the Public Premises (Eviction of Unauthorised Occupations) Act, 1971 (PP Act).

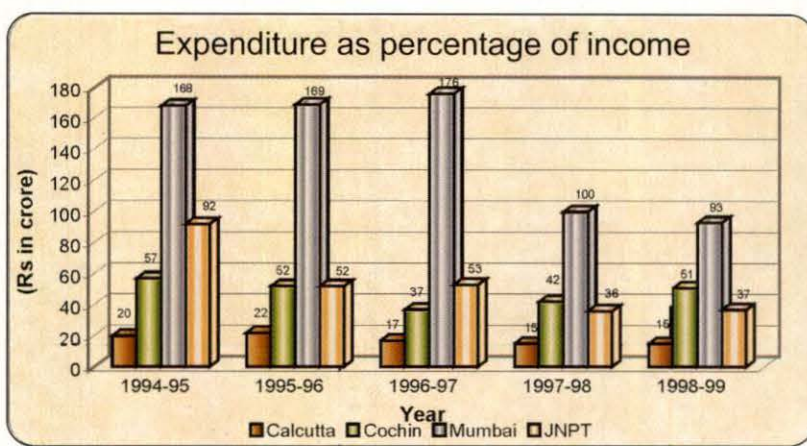
11.1.4 Highlights

- Outstanding lease rental as on 31 March 1999 in respect of four port trusts stood at Rs 573.49 crore
- None of the four Port Trusts were able to furnish data with regard to land use in categories as required by the MoST guidelines of 1995
- Failure to comply with provisions relating to lease deeds resulted in revenue loss of Rs 6.39 crore in three port trusts
- Failure to adhere to tendering/bidding process in allotment of land led to forfeiture of revenue of Rs 11.38 crore in two port trusts in 18 cases
- Failure to comply with MoST stipulation on utilisation of land by lessee led to loss of revenue of Rs 41.29 crore
- Failure to take prompt action against subletting / assignment contrary to provisions of the lease agreement resulted in loss of lease rental of Rs 3.56 crore in 305 cases in two port trusts
- Failure to revise lease rental based on prevalent market rate in 65 cases in three port trusts led to loss of Rs 28.39 crore

11.1.5 Financial indicators of land management

11.1.5.1 Financial Position

The position of income and expenditure during 1994-99 of the Estate Department of the four port trusts reviewed are depicted below:



Expenditure varied between 14.87 to 175.97 per cent in four Port Trusts

Low revenue of MBPT due to non-realisation of lease rental

Though rental bills of four Port Trusts increased by 52.59 per cent, realisation was poor as outstanding also increased by 81.15 per cent during 1994-99

Outstanding dues of MBPT stood at 96 per cent of total dues

It was observed that the proportion of expenditure as a *per cent* of income varied significantly (from 14.87 to 175.97 *per cent*) in the four port trusts. While the expenditure in Calcutta varied between 14.87 to 21.72 *per cent*, Mumbai Port Trust was not able to meet its expenditure from revenue receipts as it spent 175.97 to 92.57 *per cent* of its income. The low revenue of Mumbai Port Trust was due to its inability to realise the entire lease rental. Only 21.34 to 46.85 *per cent* of its revenue were realised, as detailed in the table under para 11.1.5.2. The position of expenditure and income in respect of Cochin and JNPT was similar. Cochin Port Trust spent 37.15 to 57.41 *per cent* of its income and JNPT's expenditure varied from 35.88 to 52 *per cent* of income between 1996-99.

11.1.5.2 Rental billing pattern and outstanding status

Income from lease rental constituted one of the major sources of revenue for the port trusts. Rental bills increased by 52.59 *per cent* from Rs 7992.33 lakh during 1994-95 to Rs 12195.60 lakh during 1998-99. However, outstanding lease rental also increased by 81.15 *per cent* from Rs 31656.74 lakh to Rs 57348.62 lakh during the period 1994-99. Outstanding lease rental of Mumbai Port Trust constituted 96 *per cent* at Rs 55095 lakh. It was observed that despite increase in rental bill amounts, realisation was not substantial as the outstanding dues increased year after year in each of the four ports for which review was conducted. The problem was most acute in MBPT as shown below:

Table 11.1.5.2 (i) Rental bills raised and outstanding

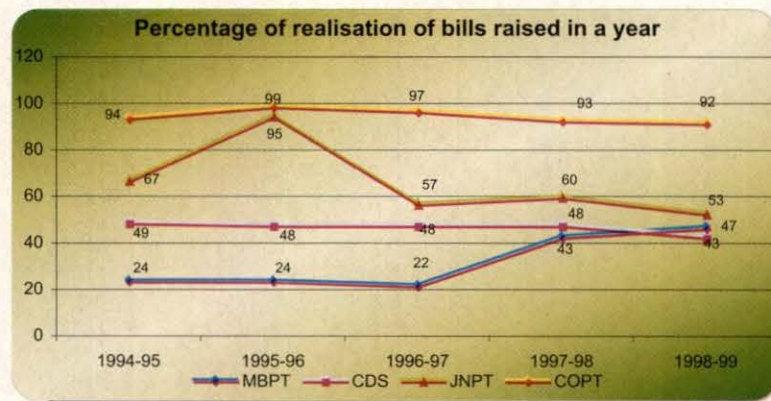
Year	CDS		MBPT		JNPT		CoPT	
	#Outstanding	Bills raised	Outstanding	Bills raised	#Outstanding	Bills raised	#Outstanding	Bills raised
1994-95	842	1640	30737	5969	67.14	205.50	10.60	177.83
1995-96	942	1796	37448	5805	34.94	665.30	0.90	216.37
1996-97	1139	2180	43007	7093	411.13	946.98	13.86	428.02
1997-98	1293	2498	50997	7223	590.17	1482.44	35.59	536.15
1998-99	1572	2742	55095	7529	636.92	1342.92	44.70	581.68

As at 31st March every year

A scrutiny of records for billing and realisation of lease rent maintained by four major port trusts revealed the following trend with regard to realisation of dues.

Table 11.1.5.2 (ii) : Bills raised and realised annually

Year	CDS			MBPT			JNPT			CoPT		
	Bills raised	Amt. realised	Per cent	Bills raised	Amt. realised	Per cent	Bills raised	Amt. realised	Per cent	Bills raised	Amt. Realised	Per cent
1994-95	1640	798	49	5969	1420	24	205.50	138.36	67	177.83	167.23	94
1995-96	1796	854	48	5805	1413	24	665.30	630.36	95	216.37	215.47	99
1996-97	2180	1041	48	7093	1534	22	946.98	535.85	57	428.02	414.15	97
1997-98	2498	1205	48	7223	3116	43	1482.44	892.27	60	536.15	500.56	93
1998-99	2742	1170	43	7529	3527	47	1342.92	706.00	53	581.68	536.98	92



Port wise analysis of the data indicated that the realisation of dues from Calcutta and Mumbai Port Trusts was very poor and requires prompt attention. The position of realisations is given below:

- (a) Mumbai Port Trust was able to realise between 21.34 to 46.85 per cent of the bills raised during the same year.
- (b) Calcutta Port Trust realised between 42.67 to 48.66 per cent of the bills raised during the same year.
- (c) JNPT Port Trust realised between 52.57 to 94.75 per cent of the amounts billed during the same year.
- (d) Only Cochin Port Trust realised between 92.31 to 99.58 per cent of the bills raised.

The management of port trusts should take effective steps to ensure that revenue due from the Estate is recovered without delay.

11.1.6 Issues pertaining to land use

11.1.6.1 Land use pattern

Land to be utilised only according to land use plan

Land available with port trusts are valuable assets and should be put to the most economic use. The guidelines of 1995 of Government clearly stipulate that a land use plan detailing areas to be reserved for various activities like operational purposes, port related industries, captive power plants, environmental upgradation, commercial exploitation etc., should be outlined. MoST guidelines require that vacant land should be utilised for setting up of port related industries or put to commercially remunerative use in accordance with land use plan.

Ports did not comply with guidelines on land use plan of MoST

Audit specifically called for data of land use plan in accordance with the guidelines of 1995. Mumbai Port Trust was unable to give data of land use in the categories as was required by the guidelines. Calcutta Port Trust was only able to give approximate figures in this regard. The data provided by Cochin Port Trust was not in accordance with the guidelines of 1995. Though there was a discrepancy of 65 acres between figures furnished by CDS and the figure as available from the rent register in Calcutta Port Trust, the same was explained by the concerned authorities.

The above testifies to the fact that the ports had not complied with the guidelines of 1995 and have been unable to plan land utilisation in an optimal manner.

11.1.6.2 Perspective plan

In view of the serious infrastructure bottlenecks in developing port lands, government issued guidelines in October 1996 and June 1998 to permit private sector participation in the expansion of major ports. In this context, it is imperative that to attract new technology and foster strategic alliances, planning the allocation of port resources, of which the land is a fundamental ingredient, is completed early.

In accordance with the policy guidelines laid down in the earlier orders of February 1983, March 1992 and April 1995, each port authority should have drawn up a perspective plan for use of port lands. In addition to the stipulation that it should be a plan with a long term view of manner of land use, it was envisaged that the land use plan should be revised every five years or whenever found necessary, with the prior approval of the Ministry.

Audit scrutiny of records in the four major port trusts revealed that land use plan of Calcutta Dock System was originally approved in June 1984 and last revised in January 1989. In case of the Mumbai Port Trust land use plan was approved in July 1994. In case of Cochin Port Trust the land use plan

was sent in July 1996 to the Ministry but not approved yet. The JNPT's last land use plan was approved in October 1992.

Failure to revise land use plans every five years by four port trusts

None of the four port trusts had got the land use plan revised every five years as required by the Ministry. At a time when the gap between the existing handling capacities of the ports and the traffic is increasing, efficient land use made effective through private participation in various spheres like construction/creation of additional assets, setting up of captive power plant, dry docking etc. is of paramount importance. Absence of updated land use plans would only frustrate any efforts in augmenting the handling capacities and therefore revenue generating ability of the ports.

11.1.7 Issues pertaining to leasing

11.1.7.1 Delay in framing of lease format

Guidelines issued by MoST from time to time stipulate that all port trust authorities devise a suitable lease format for leasing out the port property to ensure that the port optimises rent receipts keeping in view the escalation in land prices. The lease rent should bear provision for escalation at an appropriate rate every year. Further the port trusts should stipulate in lease deed the option to refix the base of lease rent every five years.

Audit scrutiny of lease deeds executed in four major port trusts revealed the following irregularities:

Table 11.1.7.1 : Loss of revenue

							(Rs in lakh)
Sl No	Name of the port trust	Nature of irregularity	Area	No. of cases	Period	Amount involved	Remarks
1	CoPT	Rent could not be revised over 100% due to limiting provision in lease deed	396.05 cents	5	1990 to 2023	238.98	Lease rental at Rs 109800/acre/ annum when fresh lease for comparable was Rs 340000/acre/ annum
2	CoPT	Non finalisation of lease deed due to delay in GOI's approval	109.92 cents	3 (Pvt.)	June 1996 to October 1999	25.14	Though BoT sought GOI's approval in May 1997/January 1999, sanction not received till October 1999
3	CDS	--Do--	308.75 acres	1 (PSU)	February 1995 to January 1997	64.46	Had market value been ascertained before referring to MoST, delay of two years could have been avoided.
4	JNPT	Non adoption of uniform escalation clause	35.193 acres	3 (Pvt.)	October 1994 to November 1999	219.55	Escalation of lease rent charged ranged from NIL to 5 per cent instead of a uniform rate 10 per cent.

Revenue loss of Rs 6.39 crore due to lacunae in lease deeds

Sl No	Name of the port trust	Nature of irregularity	Area	No. of cases	Period	Amount involved	Remarks
5	MBPT	Non initiation of timely action and raising of bills	1167.22 sq. mtrs.	2 (Pvt.)	Oct. 82 to Nov. 98 Jan. 94 to Dec. 95	90.61	Had timely action been taken to recover the money as per court order and clause for amount of rent payable in the lease agreement been included and bill raised in time, the loss could have been avoided.
Total						638.74	

The above cases from a test check of records revealed revenue loss of Rs 638.74 lakh on account of lacunae on part of the port authorities to comply with the provisions with regard to lease deed.

11.1.7.2 Lapses in tendering process

Lands situated outside the dock area and surplus to port's own requirements could be allowed to be leased / licensed in the most commercially remunerative manner in accordance with the land use plan. Till the Ministry approved the land use plan, all proposals, which envisage creation of permanent structures should get the approval of the Ministry.

Leasing of vacant land require competitive bidding

MoST guidelines require that the allotment/leasing of vacant land for commercial purposes should be made only on the basis of competitive tenders, after having given the proposed allotment wide publicity. However, allotment of land for public purposes could be made, by charging 25 per cent of the scheduled rates. In cases where proposals are approved without competitive bids the same were to have the approval of the Ministry.

In the course of audit, it was observed that in violation of the guidelines various port trusts had failed to adhere to the tendering/bidding process in cases detailed below:

Table 11.1.7.2 : Loss due to non adherence of rules

Sl No	Name of the Port	No. of cases	Area	Period	Amount (Rs in lakh)	Remarks
1	CoPT	9 (Pvt.)	7.235 acres	June 1996 to September 1999	81.98	Land leased at rent of Rs 200/10-m ² / month. Lease rental for adjacent area fetched Rs 270/10-m ² / month.
2	CDS	3 (Pvt.)	20616.851 sq.mt.	December 1993 to June 1999	648.08*	Three leases created in January 1969/1983 expired in December 1993. Board of Trustees decided in November 1995 to allow the lease from January 1994 on monthly licence basis at the prevalent schedule. BoT granted in August 1997 long-term lease for 15 years from April 1997 at scheduled rates and sought approval of MOST in September 1997 as lease period extended for more than 30 years, from 1969. MOST questioned the decision of grant of lease at scheduled

Port Trusts lost Rs.11.38 crore due to failure to observe codal provisions

Sl No	Name of the Port	No. of cases	Area	Period	Amount (Rs in lakh)	Remarks
3	CDS	5 (Pvt.)	49776.115 acres	December 1997 September 1998	201.42*	rates for commercial activity. It did not approve the lease and directed in December 1997/August 1998 to call for fresh tenders. No fresh bids were called till June 1999. Lease renewed at scheduled rates without call of fresh bids despite (a) MOST direction and (b) No provision for renewal available in lease deed.
4	CDS	1(PSU)	8999 sq. mt.	April 1994 to May 1998	206.22*	Land handed over in April 1994 whereas BoT/ MOST approval was received in October 1994 /May 1998 respectively. Competitive tender not invited. Though lessee committed breached another contract, renewal made without making good the previous breaches.
					1137.70	

* Market rate for other plots in the same area obtained from Sub-registrar, West Bengal and notional market rates worked out. Loss of revenue calculated represent the difference between scheduled rates and market rates so arrived at.

Apart from being highly irregular, the failure to abide by the codal provisions led to the port trusts forfeiting Rs 11.38 crore as revenue which would otherwise have been realised towards lease rent had the process of tendering been strictly followed.

11.1.7.3 Non-utilisation of land by lessee

MoST guidelines stipulates that whenever a land/water front is given for port related activity/industry, a minimum guaranteed traffic, berth hire quantum should be specified in the lease agreement. There should be stipulation of penalty for non-performance in the form of making the user pay for shortfall in port charges arising from failure or termination of lease.

Audit scrutiny of records of four major port trusts revealed that the guidelines were not observed resulting in loss of revenue to the extent of Rs 41.29 crore as detailed under:

Table 11.1.7.3 : Loss due to non levy of penalty

SL No	Name of the Port Trust	Nature of irregularity	No. of cases	Area	Period	Amount involved (Rs in lakh)	Remarks
1	CoPT	Charging land leased for public purposes below concessional rate of 25% of scheduled rates	2 (Pvt.)	4.06 acres	January 1996 to September 1999	9.51	BoT not competent to remit lease rental
2	CDS	Non-renewal of lease and consequent loss of lease rental	1 (Pvt.)	13365.4 acres	December 1995 to June 1999	2.75	Land not utilised by the lessee for the entire lease period. It failed to pay lease rental after expiry of lease period.
3	JNPT	Non-levy of penalty for failure to achieve minimum guaranteed throughput	9	104.545 acres	1994 to 1999	3930.42	Port Trust did not realise the amount and also did not take action to terminate the lease as per lease agreement.
4	JNPT	Non utilisation of land	1	20000 sq. mts.	Nov. 96 to Feb. 99	186.13	The lessee did not construct the tank farm within the time limit thereby non achievement of minimum guaranteed throughput.
TOTAL						4128.81	

Loss of revenue of Rs 41.29 crore due to non-provision of penalty clause

The concerned port authorities should take action to ensure that penalty as is stipulated in the MoST guidelines is imposed.

11.1.7.4 Subletting / assignment:

Subletting/assignment without permission is illegal

The MoST guidelines stipulate that the port trust authorities incorporate stringent provision in the lease agreement to prevent subletting/assignment/transfer by the lessees, without the prior approval of the port authorities. Any subletting/ assignment without the prior approval of the authority, which sanctioned the lease, shall make the lease liable for cancellation.

Audit scrutiny of records in four major port trusts revealed the following irregularities with regard to sub-letting of port lands.

Table 11.1.7.4 : Loss due to irregular subletting

Loss of revenue of Rs 3.56 crore due to irregular subletting or assignment

							(Rs in lakh)
SL No	Name of the Port	Nature of irregularity	Area	No. of cases	Period	Amount	Remarks
1	MBPT	Unauthorised subletting by lessee	3492.78 Sq.mt (1 case)	5	December 1976 to March 1999	39.96	In one case lessee paid Rs 1153 per month and earned Rs 16053 per month by subletting. Details of sub lease rental earned in four other cases not available.
2	CPT	Do	82.88 acres	295	April 1995 to June 1999	289.00	No effective step taken under PP Act or in Court of Law.
3	MBPT	Unauthorised construction/ encroachment	9629.21 sq.mt	5	1968 to 1996	27.25	
Total						356.21	

Thus instead of taking suitable action by way of cancelling the lease, MBPT and Calcutta Port authorities, on the contrary, had allowed the continuance of lease. The lessee derived undue benefit by exploiting the failure of the port authorities to take action and actually realised Rs 356.21 lakh by way of sub lease rental, which should have in the ordinary course been part of the revenue of the concerned port.

11.1.7.5 Undue favour to unauthorised assignee by MBPT

MBPT leased land to Digvijay Cement Co Ltd for a period of 30 years. The land was proposed to be utilised for setting up a cement grinding and packing plant, manufacture of asbestos and other cement products. Subsequently adjoining plot measuring 128.95 sq.metre was also leased to the same lessee. Both the leases expired on 26 July 1990 and there was no provision for renewal of lease. In terms of MoST guidelines of July 1986, any renewal/extension of lease beyond the initial period of 30 years, require prior approval of government. MBPT did not seek the approval of government.

Lessee applied on several occasions between July 1989 and June 1995, for the extension of lease. MBPT issued eviction notice to the lessee in August 1991 since there was no provision for renewal of lease. However, no further action was taken on the eviction notice.

While the request for renewal of lease was pending, the lessee unauthorisedly assigned in June 1995 the land at Rs 1 crore which was far below the prevalent market rate of Rs 34.48 crore. The lessee sent the assignment deed to MBPT for approval in October 1997. MBPT renewed the lease for 30 years, by a trustee resolution in May 1996, with retrospective effect commencing from April 1994, at the rate of Rs 9.59 per sq mt. without enforcing the eviction notice issued in August 1991 and in contravention of MoST guidelines. Further it also permitted alteration of users' clause to suit the unauthorised assignee.

Rental arrears of Rs 2.28 crore due to assignment by MBPT, without MoST approval and at lease rental below market rates

MBPT levied in July 1995, rental arrears amounting to Rs 48.70 lakh, for the period between July 1990 and April 1994, which was not covered by any lease agreement, by adopting the compromise formula instead of the Kirloskar formula made applicable to all lessees from July 1990. The rental arrears realisable upto January 1999 as per Kirloskar formula worked out to be Rs 228.45 lakh.

Granting approval of lease for another 30 years without approval of MoST was irregular and failure to evict even after issue of eviction notice and subsequently assigning the leased land at rates far below prevalent market rate require that suitable action should be taken by the Ministry in this matter with a view to ensuring accountability of action by port authorities.

11.1.7.6 Failure to revise lease rental

MoST guidelines envisage the preparation of scale of rates after taking into account the cost of development of land, providing various facilities, services, fair rate of return on capital investment, market rate etc. Further the scale of rates should be reviewed every three years, or earlier, if considered necessary.

Audit scrutiny revealed that in 65 cases the lease rental was fixed without taking into account the prevalent market rate. Consequently the port trusts lost Rs 2839.27 lakh towards lease rental as detailed under:

Table 11.1.7.6

(Rs in lakh)

Sl No	Name of the Port Trust	Nature of irregularity	No. of cases	Period	Amount involved	Remarks
1	CoPT	Non-levy of advance lease rent	1(pvt)	1995-99	18.62	Non-inclusion of clause for advance rental in lease deed
2	CoPT	Failure to adopt revised rates at the time of renewal	12	January 1996 to September 1999	250.45	Revised lease rental effective from 1.1.96 not applied
3	CoPT	Failure to take prevalent market rate while revising the rental	18	--	664.50	Rent for 'C' category land fixed at Rs 3.40 lakh per acre instead of Rs 7.70 lakh per acre; the lease rent which should be fixed based on prevalent market rate.
4	CDS	Do	25	1998-1999	38.94	Market value not reckoned
5	JNPT	Fixing lower lease rent than the prescribed rates of MOST	4 (3Pvt. 1 PSU)	February 1994 to March 1999	1370.48	Lease rent fixed at Rs 133.10 per sq.m. /p.a. instead of Rs 250/Rs.165 per sq.m./p.a.
6	JNPT	Non revision of lease rental	3 (Pvt.)	May 1997 to April 1999	131.22	Lease rent not revised by uniform escalation.
7	JNPT	Non adherence of Ministry's guidelines to refix the lease rent	2 (Pvt.)	January 1997 to June 1999 October 1998 to June 1999	137.04	Had the lease rent been refixed after five years, the loss could have been avoided.

Loss of lease rental Rs 28.39 crore in 65 cases due to non-reckoning of prevalent market rates

SL No	Name of the Port Trust	Nature of irregularity	No. of cases	Period	Amount involved	Remarks
8	JNPT	Non inclusion of penal interest in the Port's Scale of Rates	-	April 1995 to March 1999	228.02	JNPT failed to collect the penal interest due to non-inclusion of the clause on an amount of Rs 1054.53 lakh outstanding for a period from 6 months to 2 years.
			65		2839.27	

Action should be taken against the concerned officials for their lapses in this regard. Further an appropriate management information system on the plots being leased and their periodicity, which is a basic data, should be instituted so that such lapses do not recur.

11.1.8 Delay in eviction of unauthorised occupants

The Public Premises (Eviction of Unauthorised Occupants) Act, 1971 provides for the eviction of unauthorised occupants from public premises by the estate officer. After having given the persons suitable opportunity if the Estate Officer is satisfied that the public premises are in unauthorised occupation then, he may make an order of eviction directing the public premises to be vacated. Failure to do so entitles the Estate Officer to take possession of public premises and for this purpose, use of force, where necessary, can be resorted to. Further the guidelines of April 1995 issued by MoST enjoin that responsibility should be fixed for non-removal of encroachment in time.

Audit scrutiny of records for the Calcutta port trust for 27 cases of unauthorised occupation revealed that in 13 cases it took four five years by the Estate officer to issue eviction order from the date of issue of show cause notice. In two cases, the delay was more than eight years. In case of the other three port trusts the data was not made available to audit.

Calcutta, Cochin and Jawahar Lal Nehru Port trusts did not maintain the encroachment register through which watch on encroachments of land is kept.

From the data provided by Calcutta port trust it was evident that the Estate officer had shown considerable delay in effecting the eviction process and there is need to ensure that the provisions of the Public Premises (Eviction) Act, 1971 are complied with to safeguard the interests of the ports.

11.1.9 Non maintenance of basic records

The overall management of all port trust landed property is the direct responsibly of the Estate department, which should on one hand advise the management on land use policy and on the other ensure the implementation of the policies by the user departments, lessees and licensees. The Estate department should in the interest of efficient management and administration of lands and estates arrange to survey all port trust lands, maintain all survey records, maintenance of all documents, registers and records.

Calcutta Port Trust issued eviction notice to unauthorised occupants only after four-five years

Basic records not properly maintained in four port trusts

Audit examination of the records maintained by four major port trusts revealed that basic records like Demand Register were not maintained by MBPT and CoPT since the matter was under litigation and bills not being issued and payment was received half yearly as per agreement.

Cochin Port Trust did not maintain basic records like Inventory of landed assets, Register of vacant land, Encroachment Register and Rent Roll Register. Actual land available with the port trust authorities is not ascertainable in the absence of essential records like land management manual, detailed inventory of the estate with clear identification of leased land, under port's use and vacant land encroachment.

In view of non/proper maintenance of basic records, management information on this important resource is inadequate/non-existent to make its utilisation effective and in keeping with the guidelines of MoST. This has prevented ports from achieving their optimal revenue earning capacity.

The matter was referred to the Ministry in October 1999 their reply was awaited as of January 2000.

Chennai Port Trust

11.2 Civil Engineering Department –A Review

11.2.1 Introduction

The civil engineering department is headed by a Chief Engineer. The main functions of the department are execution of plan and non-plan schemes, maintenance of port area including wharfs, docks, berths, yards, roads, buildings and dredging operations.

For the efficient running of Civil Engineering department there are two Additional Chief Engineers, ten Superintendent Engineers and one Engineer Superintendent and a Dredging Superintendent headed by Chief Engineer.

All original works involving expenditure of Rs 50 crore and above are sanctioned by MoST after obtaining approval from the Public Sector Investment Board. New capital works which are estimated to cost Rs 5 crore and above are treated as Plan works and they require the approval of the Ministry and the Planning Commission. Works costing less than Rs 5 crore are executed as non plan works with the approval of Port Trust's Board.

11.2.2 Scope of Audit

A review of Civil Works (Plan) from 1996-97 to 1998-99 was conducted by Audit in April /June 1999. The systems and procedures regarding tendering, execution, control and monitoring were taken up for scrutiny. The process of replacement of dredger at an estimated cost of Rs 70 crore was also studied.

11.2.3 Financial Outlay

The provisions made in the Budget Estimate/Revised Estimate and the actual expenditure in respect of Plan schemes (ie. port development works) during the period 1996-97 to 1998-99 were as shown below :

Table 11.2.3 : Budget estimates vis-à-vis actuals

Year	(Rs in lakh)		
	Budget Estimates	Revised Estimates	Actuals
1996-97	4000.00	2492.00	2497.55
1997-98	6838.00	4182.30	3540.49
1998-99	5000.00	3688.00	3241.69

It may be seen that there were savings amounting to Rs 642 lakh in 1997-98 and Rs 446 lakh in 1998-99.

11.2.4. Highlights

- Awarding of contract for construction of eastern side wall of Boat Basin without specifying the basic parameter of the design resulted in payment of compensation of Rs 35.43 lakh to a contractor who failed to complete works. While the contractor remained unresponsive for this work to progress, another work valued at Rs 1.71 crore was awarded to the same firm which was completed after a delay of 21 months. Despite immense delays by the contractor, penalty and liquidated damage clauses provided in the agreement were not invoked.
- Contractors selected for the work for modification of iron ore berth to serve as general bulk cargo berth executed only 50 per cent of works and even after three years of delay, no penalty or liquidated damages clauses of the agreement were invoked.
- Loss of Rs 45.12 lakh due to unauthorised excess purchase of PCC blocks for parking area of containers.

➤ Inordinate delay in replacement of dredger "Coleroon" resulted in avoidable repair charges of Rs 10 crore.

11.2.5 Execution of civil works (Plan)

11.2.5.1 Construction of eastern side wall of boat basin

The port trust envisaged construction of eastern side wall of boat basin to create berthing facilities for the Trust's floating crafts like tugs, dredgers, and launches and to maintain/repair these crafts. An estimate for construction of piles and wharf wall to accommodate vessels of size 20000 DWT amounting to Rs 497 lakh was approved by the Board in September 1993. The work involved construction of 201 piles and other works. The contractors were asked to submit both a technical bid with an alternative design and a price bid. A preliminary pre-bid meeting was held in December 1993 and clarifications were issued by the Chief Engineer on certain design aspects. Relying solely on the modified rates quoted by the contractors and simple eligibility of the respective contractors, the Tender Committee recommended award of the work in February 1994 to Contractor "A" who was the lowest bidder at the quoted rate of Rs 2.57 crore for their alternative design. No evaluation based on technical and financial capabilities of the different bidders was made.

The work order was issued in August 1994 stipulating the period of completion as 18 months.

The design and estimates were submitted by the Contractor in October 1994. The final clearance to design estimates was given by the department only in February 1996 ie. after a delay of 18 months from their submission.

The delay in approval of designs by the Chief Engineer (CE) was due to disagreement over the basic parameters of the designs. While calling for tenders Chennai Port Trust stipulated that the side wall should be 325 metres long designed for 6m draft to accommodate 20000 DWT vessels and that the design should be as per Indian Standards. Whether the specification was for laden or unladen vessels was not mentioned in the notice inviting tenders. The contractor furnished an alternative design of 6m draft for 20000 DWT and quoted accordingly. Only after awarding of the contract, it was clarified by the CE that the design requirement was for 20000 DWT *laden* vessel. Chennai Port Trust finally gave only a conditional clearance for carrying out the work of a stretch of 60 m as against the proposed length of 325 m.

The contractor sought arbitration in May 1998 and the arbitrators upheld the contention of the contractor and passed awards in April 1999 directing the Trust to pay a sum of Rs 35.43 lakh to contractor towards his claim for compensation for delay on the part of the Port Trust.

Subsequent to the approval of design by Chennai Port Trust on 3rd February 1996 the work should have been completed within 18 months. The

Only price bids considered; technical bids ignored

There was ambiguity in notice inviting tender about whether 20000DWT described laden or unladen vessels

Delay in termination and re-tendering resulted in cost escalation

contractor did not commence works till 20th January 1997 and completed construction of a total of 46 piles in Nov 1997 after a delay of 11 months and six piles more on receiving a notice and stopped the work thereafter. The contract was terminated ultimately in September 1998 on grounds of slow progress of the work, after completing only 13 *per cent* of the total works required and after four years of awarding of contract. Re-tendering for the balance work was taken up only in April 1999 and finalised in November 1999. Therefore, the loss attributable to Port Trust due to cost escalation for balance 87 *per cent* of the work amounted to an estimated Rs 47.21 lakh.

Another work for a value of Rs 1.71 crore was awarded to the same defaulting contractor

It was further found that while the contractor did not commence work despite reminders by the CE another work for a value of Rs 171.23 lakh was awarded to the contractor in November 1996. The work started in November 1996 and was completed in February 1999 after a delay of 21 months. The contractor was blacklisted in September 1998 when the second work was still in progress. The reasons for award of second contract were not explained to audit.

No penalty imposed

Thus, failure to clarify the basic specifications for the work both in the notice inviting tenders as well as during pre-bid conference resulted in compensation payment of Rs 35.43 lakh. Cost escalation of balance of works resulted in a further loss of Rs 47.21 lakh to the Port Trust. Besides, despite the fact that the contractor was proving unresponsive to directions for executing construction of eastern side wall of boat basin, another work for Rs 171.23 lakh was awarded. Though this work too was delayed in completion by 21 months, no penalty or liquidated damages were imposed on the contractor. Reasons for such a series of extraordinary favours shown to the contractor were not explained to audit.

11.2.5.2 Modification of berth to handle general bulk cargo

To cater to the growing need for a berth with deeper draft (30 ft) for navigation of bigger vessels carrying bulk cargo, an estimate for Rs 261 lakh was approved by the Board in its meeting held in June 1993 for the work 'Modification of iron ore berth suitable to handle general cargo vessels'. The work involved construction of approach platforms on 78 piles.

Notice inviting tenders was published in September 1994, after a delay of nearly 15 months from the date of sanction of the estimate by the Board. The contract was awarded to Contractor B and work order issued in March 1995 with the time for the completion of the work stipulated as 18 months. As of March 1999, only 50 piles (out of 78 piles) were completed. Even after four years of commencement of work and six years of approval of the scheme not even 50 *per cent* of the work had been completed.

The following audit observations were made in this context:

- The contractor delayed work by six months after the due date despite the payment of Rs 35 lakh as mobilisation advances and grant of site facilities

barges required for piling work were brought to the site only after 10 months of starting of work. Till September 1996 (the expiry of original contract period and one year from commencement of work) the contractor completed only 15 per cent of the work.

- A major reason for the delay was that the site engineers employed by the contractor were inexperienced in piling work and were unable to respond to CE's directions to the Contractor.
- In July 1997, after two years of commencement of work by the contractor, the CE issued a letter to the contractor informing him that his performance would be observed for a month and if found unsatisfactory, appropriate action as per the terms and conditions of the contract would be taken.
- Even after watching performance for four months, his work was found unsatisfactory. From September 1996 to December 1997, the contractor could complete only 10 per cent of the work. Still, no action was taken against the contractor as per the terms and conditions of the contract. Clauses for penalty or liquidated damages included in the agreement was never invoked. After four years of commencement of work and three years of delay from the stipulated date of completion of work, only 50 per cent of the work was completed.
- Pre-qualification screening of contractors was not done with reference to technical bids profiling the contractor's financial capability, past experience and performance and technical capabilities. The contractor experimented with four methods of piling in four years. The CE in his letter in November 1997 questioned the very competence of the contractor to complete the work.

No action taken as per conditions of contract despite poor progress of work

Ineffective pre-qualification screening of the contractors

Thus, due to ineffective pre-qualification screening, improper award of contract and lackadaisical post tender award follow up the work remained incomplete till date (November 1999).

11.2.5.3 Creation of additional parking area for containers

An estimate amounting to Rs 410 lakh for the work 'Creation of additional parking area for containers' was approved by the Board in its meeting held in August 1994. The estimate included manufacture and supply of 18 lakh plain cement concrete blocks of 200 mm x 100 mm x 100 mm size at a cost of Rs 1.98 crore. The contract was awarded to a private agency who offered a rate of Rs 5.64 per block. Though according to the estimate, the requirement was only 18 lakh number of blocks, tenders were called for 24 lakh blocks and the contractor actually manufactured and supplied 26 lakh PCC blocks. Thus, there was an excess supply of 8 lakh PCC blocks, for which the Board paid Rs 45.12 lakh extra.

Excess supply of 8 lakh PCC blocks by the contractor led to extra unauthorised expenditure of Rs 45.12 lakh

It was observed during audit that justification for increasing the quantity procured from 18 lakh to 26 lakh blocks was not available on record.

Moreover, the sanction of the Board was not obtained for the additional 8 lakh blocks procured at an additional cost of Rs. 45.12 lakh.

11.2.6. Construction of speciality section in the hospital complex

The work of construction of speciality sections in the hospital complex was sanctioned by the Board in June 1993 at an estimated cost of Rs 80.36 lakh. For the building portion of the work, open tenders were invited and the work was awarded to the lowest tenderer in January 1994 for a value of Rs 35.41 lakh, to be completed in 12 months. The site was taken over by the contractor in February 1994. At the end of the stipulated time the contractor completed only 40 *per cent* of the works. Extension of time was granted at several junctures and finally, extension was granted up to January 1997. The contract was terminated in April 1997 by the CE citing the slow progress (only 53 *per cent* completed) of work. The balance work was awarded to the second contractor in July 1997 at a cost of Rs 22.01 lakh.

Extensions granted though the contractor did not show any inclination to carry on work

It was found during audit that CE's termination orders mentioned the fact that the contractor executed a mere three *per cent* of the works during the extended period from May 1995 to March 1997. Though the contractor executed almost no work beyond May 1995 and was not inclined to carry on with the work even during the further extended period of two years, termination orders were delayed. The late termination of contract resulted in an avoidable escalation in cost to the tune of Rs 5.16 lakh by the time the balance work was re tendered in June 1997.

11.2.7 High costs of delay in replacing dredger Coleroon

The dredger Coleroon was procured in the year 1972. As it outlived the economical life of 20 years, administrative approval for replacement of the dredger was accorded in February 1993 by MoST at an estimated cost of Rs 25 crore. It was found during audit that in September 1993 MoST had called for a comprehensive feasibility study report within a fortnight. The work of preparation of the above report was entrusted to National Ship Design and Research Centre, Visakhapatnam. Five reports were prepared by the Centre between September 1994 and May 1996 and forwarded by the Port Trust to Ministry of Surface Transport. The Board sanctioned the estimated cost of Rs 70 crore in August 1996 under its enhanced powers.

Global notice inviting tenders was issued in April 1998 after five years of sanction of procurement of dredger, for the design, construction, supply and delivery of a twin screw hopper suction dredger of 1700 cu metre capacity. The original due date for receipt of tenders was in July 1998. In response to the demand of tenderers, the time limit was extended to 14th August 1998 and all the tenders were opened on that date. In the special tender committee meeting held in December 1998 it was found that of the eligible eight offers, seven firms did not have the required experience. Therefore, it was decided to drop all the tender offers (including that of Ms I.H.C Holland which fulfilled

all the conditions of tender) and re-invite fresh tenders with changes in conditions.

Replacement of dredger could not be done after six years from the date of sanction; expenditure of Rs 10 crore incurred on repair charges

Re-tendering was done in June 1999 and the date of opening of tender was 22nd October 1999. Thus, the plan scheme of replacement of dredger Coleroon, the life of which expired in 1992, could not be achieved even after six years of sanction. The dredger Coleroon underwent dry dock repairs costing Rs 10 crore (Rs 3.94 crore in 1994-95 and Rs 6.06 crore in 1996-97) which could have been avoided had it been replaced within the due date i.e. 1993.

Cochin Port Trust

11.3 Human Resources Management- A Review

11.3.1 Introduction

Cochin Port Trust (CoPT) was declared as a major port trust in 1936 and brought under the administration of Government of India. The Major Port Trust Act, 1963 governs the control, administration and management of CoPT with effect from 29 February 1964.

11.3.2 Scope of Audit

A review of the deployment of human resources under CoPT during 1994-95 to 1998-99 was conducted in February-April 1999.

11.3.3 Organisational set up

Administration and management of CoPT was vested in a Board of Trustees, headed by a Chairman and 16 members representing the Ministries of Defence, Railways, Surface Transport, Customs, Labour and trade and industry.

11.3.4 Highlights

- The establishment expenditure during 1994-99 ranged from 43 to 53 per cent as against Government's directive to limit it to 30 per cent of operating expenditure.
- The out-turn of cargo handled per employee in CoPT did not compare favourably with the per head output in the neighbouring ports of New Mangalore and Tuticorin.
- Two to seven posts of Executive Engineer were created flouting Government's norms during 1994-99.

- Crew attached to the dry dock remained practically idle during February 1994 to November 1995 when the dock was out of commission and an unfruitful expenditure of Rs 1.96 crore incurred towards pay and allowances.
- As most of the cargo handling fork lift trucks could not be operated, more than 68 drivers remained practically idle resulting in an avoidable annual recurring expenditure of Rs 22.20 lakh during 1994-98.
- Non-revision of datum-line led to payment of incentive allowances based on higher DWT handled with the aid of machinery introduced later, long after the datum-line was fixed in March 1989.

11.3.5 Establishment expenditure

The operating expenditure incurred and share of expenditure on staff during 1994-99 were as indicated below:

Table 11.3.5 : Operating expenditure

Year	(Rs in lakh)		
	Operating expenditure (Op)	Establishment expenditure (E)	E/Op %
1994-95	6225	3281.21	53
1995-96	8164	3808.86	47
1996-97	9459	4028.79	43
1997-98	11126	4810.83	43
1998-99	12949	5648.90	44

Very high
establishment
expenditure

Expenditure on salaries, over-time and bonus to employees constituted 43 per cent to 53 per cent of the operating expenditure which was high when compared to the norm of 30 per cent normally allowed.

11.3.6 Low utilisation of human resource potential

The volume of cargo traffic handled during 1994-99 per employee varied from 1489 to 2215. If Petroleum Oil Lubricants (POL), which was imported and exported in bulk and which required very low manpower disproportionate to the volume, was excluded the per capita tonnage was very low ranging between 349 and 527 during 1994-99.

A comparative analysis of the relevant figures of New Mangalore (NMPT) and Tuticorin (TPT) Port Trust is given below:

Table 11.3.6 : Comparative positions of cargo handled per employee

Year	NMPT		TPT		CoPT		
	Staff strength*	Tonnage per head	Staff strength*	Tonnage per head	Staff strength*	Tonnage per head	Tonnage per head #
1994-95	1407	5689.41	2174	3698.25	5797	1488.87	348.57
1995-96	1402	6336.67	2159	4301.07	5706	2016.00	382.14
1996-97	1401	8886.51	2106	4356.13	5513	2129.87	462.65
1997-98	1391	10984.01	2071	4816.03	6094	2022.31	428.38
1998-99	1467	9683.93	2059	4929.58	5726	2214.63	526.73

(*Excluding shore labour, #, excluding POL cargo)

Persistence of low productivity of labour

Despite low labour productivity in the port, compared to other ports, CoPT had not initiated steps to achieve higher per capita output. CoPT stated in April 1999 that instead of comparing the volume of cargo traffic handled per employee; output per gang shift was to be measured. The reply was not tenable as comparing the per capita tonnage was one of the accepted and dependable statistical parameters to measure the optimum performance and productivity.

11.3.7 Excess posts operated in disregard to norms

As per norms prescribed by GOI, for sanction of one post of Executive Engineer (EE), expenditure incurred on construction should not be less than Rs 1.80 crore *per annum*. The details of annual works expenditure, number of posts of EEs permissible as per the norms and the number of posts actually operated were as under:

Table 11.3.7 : Excess creation of posts

Year	Annual expenditure on works (Rs in crore)	Number of posts		
		Due as per norms	Operated	Excess
1994-95	9.93	6	8	2
1995-96	11.93	7	8	1
1996-97	3.05	2	8	6
1997-98	1.02	1	8	7
1998-99	9.58	6	8	2

Excess posts created
without justification

On the basis of the average annual expenditure on civil construction, only four posts of EEs were to be sanctioned in addition to the posts of Chief Engineer and Deputy Chief Engineer and corresponding number of subordinate officers and staff.

The Ministry stated in February 2000 that CoPT was unaware of the norms fixed by GOI and that the whole expenditure had not been reckoned by Audit. The reply was not acceptable since the work load norms were prescribed in the Central Public Works Manual and all the expenditure as per the works registers and the accounts had been taken into account while comparing the norms".

11.3.8 Non-utilisation of man power

Expenditure of
Rs 1.96 crore on idle
workers

The dry dock of the port was out of commission from February 1994 to November 1995 due to excessive siltation in the vicinity of the dry dock when the work on reclamation in the south end was in progress. However, expenditure of Rs 6 crore was incurred towards pay and allowances of 420 employees attached to the dry dock. As the staff was practically idle for want of regular work, retention of the entire complement, without re-deployment at such a heavy cost was irregular. CoPT stated in March 1999 that the staff was not idle as works that did not require dry-docking were carried out. However, the services of 74 direct labour detailed for under water works could not be utilised and expenditure of Rs 1.96 crore incurred towards their pay and allowances was unproductive.

11.3.9 Inordinate delay in abolition of posts

Details of vessels, which went out of commissioning between May 1988 and August 1995 reasons thereof etc, are indicated below:

Table 11.3.9

Name of vessel	Date	Reason	Number of posts abolished
HSD Mattanchery	26-5-1988	Capsized	12
BD Lady Wellington	19-8-1988	Disposed off	8
MV Tapaj	8-8-1995	Disposed off	13

Infructuous
expenditure of
Rs 95.22 lakh on
crew

The crew attached to HSD Mattancherry was redeployed in July 1988. Information about deployment or manner in which the services of the crew of the remaining two vessels were put to productive use has not been furnished. The Dredging Superintendent stated in April 1999 that crew of the two vessels were utilised for routine duties in other vessel as per requirement. In March 1999, CoPT abolished 33 posts attached to these three vessels. These posts should have been abolished and formal orders issued redeploying the crew immediately when the vessels were decommissioned. The delay of nearly four to eleven years in doing this resulted in avoidable infructuous expenditure of Rs 95.22 lakh.

11.3.10 Underutilisation of man power

Problem of idling
drivers not brought
before the Board

The operating staff for various cargo handling equipment were provided on the assumption of full utilisation of the equipment. But it was seen that utilisation of the equipment such as fork lift truck (FLT) and electric crane/mobile crane was less during 1994-98. The extent of under-utilisation ranged between 60 per cent and 96 per cent. Consequently, out of an average of 88 FLT drivers available during 1994-98, services of more than 68 drivers could not be utilised fully and effectively. The problem of idling had not been specifically put up to Board at any time. Based on the average basic pay of a driver as Rs 2720 the idle/unproductive expenditure, reckoning the basic pay element alone worked out to Rs 22.20 lakh per annum.

11.3.11 Payment of incentive allowance disproportionate to output

Datum line for
incentive payments
not revised

Shore labourers were paid incentive for attaining outputs above the datum line. As per revised scheme in vogue from March 1989, datum line for eight hours shift of a gang comprising eight mazdoors and one leader varied from 23 to 60 dead weight tonnes (DWT). Though various labour saving and mechanical devices were introduced, the datum-line was neither revised nor the gang strength re-structured. As such modernisation in cargo handling resulted in greater achievement of output far in excess of the approved datum-line, and also resulted in payment of higher incentive allowance. The details of DWT handled and incentive allowance paid to labour gang during 1994-99 are indicated below:

Table 11.3.11

Year	Output per shift (DWT)	(Rs in lakh)
		Incentive allowance
1994-95	254	14.41
1995-96	250.6	14.72
1996-97	344	19.51
1997-98	338	19.49
1998-99	332	19.40

As per payment of incentive allowance to labour was determined with reference to DWT handled, failure to effect upward revision of the datum-line resulted in unintended pecuniary advantage to the gang.

11.3.12 Computerisation.

EDP was introduced in a phased manner from March 1987. Areas like pay bill, incentive calculation, IT calculation, GPF accounting etc., were brought under EDP. It was noticed that no master pay bill register was available in the computer and that there was no in-built security system in the programme. As a result, the system was vulnerable to unauthorised alterations and tamperings. Further, there was no saving in manpower as pay bills continued to be prepared manually despite computerisation introduced long back.

No manpower saved
by computerised
billing system

The matter was referred to the Ministry in August 1999; their reply was awaited as of February 2000.

SECTION B (PARAGRAPHS)

Calcutta Port Trust

11.4 Loss of revenue due to misclassification of vessels

Incorrect practice of treating daughter vessels of mother tankers from foreign countries as coastal vessels resulted in short realisation of Rs 11.40 crore from Shipping Corporation of India and loss of revenue of Rs 1.30 crore.

For levying vessel related charges, the scale of rates of Calcutta Port Trust (CPT) categorises vessels arriving at Calcutta/Haldia port either as vessel engaged in foreign trade (foreign vessel) or vessel engaged in coastal trade (coastal vessel). Coastal vessel is defined in the scale of rates as vessel arriving from/proceeding to another Indian port exclusively and foreign vessel as vessel arriving from/proceeding to a foreign port either in ballast or carrying cargo loaded from/destined to foreign port.

Daughter vessels chartered for conveyance of crude oil brought by mother tankers from foreign countries were being treated as coastal vessel, but such vessels were to be treated as foreign vessels in terms of MoST's directive of September 1986.

Haldia Dock Complex (HDC) had not taken any action for proper implementation of the MoST's directive and such vessels continued to be treated as coastal vessel. Only in June 1997 HDC rectified the incorrect practice of treating such daughter vessel as coastal vessel and issued supplementary bills from June 1995 onwards. Shipping Corporation of India (SCI) however refused to pay such supplementary bills stating (August/November 1997) that the original bills were being paid as per the provisions in the CPT's scale of rates and till any revision/change was made in the scale of rates it was not bound to pay at any rates other than what had been enumerated in the scale of rates.

HDC, however, had not taken any steps to rectify the scale of rates and this resulted in short realisation of revenue of Rs 11.40 crore during June 1995 to March 1999 from SCI. This was over and above the short realisation on vessels visiting HDC during September 1986 to May 1995 which availed rates applicable to coastal vessel instead of foreign vessel. HDC had not taken any action for recovery of the differential amount. Test check revealed that in 39 cases pertaining to the period from January 1992 to October 1995 HDC

Daughter vessels carrying crude oil brought by mother tankers from foreign countries are to be treated as foreign vessels

HDC had not taken action for implementation of MoST's directives

Non-rectification of scale of rates resulted in short realisation of Rs 11.40 crore and loss of revenue of Rs 1.30 crore

suffered loss of revenue of Rs 1.30 crore due to its failure to take appropriate action.

HDC stated in May 1999 that only in 1997 it came to know of the MoST's letter of 23 September 1986 and started raising bills. HDC further stated that necessary action for realisation of revenue from SCI would be taken on getting MoST's clarification on the opinion of the Additional Solicitor General of India taken by a Government of India undertaking regarding classification of the vessel. But the fact remained that HDC failed to take appropriate action in line with the MoST's directive and suffered loss of revenue.

The matter was referred to the Ministry in April 1999; their reply was awaited as of February 2000.

11.5 Loss of revenue

Calcutta Port Trust suffered a revenue loss of Rs 2.87 crore due to non recovery of wharfage charges.

CPT has no machinery at Kantapukur Oil Depot to check details of operations

Non submission of outturn reports by IOCL

Petroleum oil lubricants (POL) products carried through barges from Haldia Dock Complex (HDC) to Calcutta Dock System (CDS) are unloaded at Budge Budge petroleum wharf, Netaji Subhas Dock (NSD) and Kantapukur oil depot. Calcutta Port Trust (CPT) recovers wharfage charges as per scale of rates for unloading operations at the three destinations in CDS. In Budge Budge and NSD, CPT has their own machinery to exercise check over the quantity handled. But in case of Kantapukur, CPT has no such machinery to check details of operation.

Scrutiny of records revealed that CPT was not recovering wharfage charges for unloading operation carried at Kantapukur depot due to non-submission of outturn reports for unloading operations by Indian Oil Corporation Limited (IOCL). On being pointed out by Audit, CPT recovered wharfage charges for unloading operations amounting to Rs 1.01 crore from IOCL payable since April 1994. This was confirmed by the Ministry in October 1999.

Further review in Audit, in the context of CPT's reply disclosed that during 1994-98 a quantity of 28.46 lakh metric tonne (MT) of POL products were transported from HDC to CDS. But unloading charges for 24.71 lakh MT only had been recovered. CPT thus failed to recover wharfage charges on the balance 3.75 lakh MT of POL products.

In the absence of proper monitoring CPT suffered a loss of Rs 2.87 crore

Thus due to absence of proper monitoring CPT suffered loss of revenue of Rs 2.87 crore for non-recovery of wharfage charges on unloading operation.

11.6 Crane purchased remained unutilised for 10 years

Calcutta Port Trust's inaction in repairing a crane which went out of commission after two years of its procurement led to idling of the crane worth Rs 38.83 lakh for over 10 years.

To meet its operational requirements CPT procured in October 1986 one 10 tonne capacity diesel operated mobile crane at a cost of Rs 38.83 lakh. The crane was commissioned in November 1986.

In September 1988 it went out of commission. Thereafter, Chief Mechanical Engineer's department, CPT did not initiate any effective action to repair the crane except placing indent for spares in July 1992. The crane was lying unrepaired for 10 years and finally in February 1999 it was declared as condemned. As stated by CPT, the crane was not repaired due requirement of longer lead time for repair.

Ministry stated in December 1999 that the crane met with four accidents between December 1987 and September 1988 of which the last accident caused major damages. Ministry also stated that based on the joint inspection carried out in July 1994 by the manufacturer CPT did not take further efforts to repair the accident prone crane considering heavy expenditure and consequent economic viability of the service of the crane.

Further scrutiny of records in the context of Ministry's reply revealed that the log book of the crane did not indicate occurrence of the last accident. Records made available did not also show that CPT assessed the extent of damages or instituted an enquiry as invariably done in case of accidents. Further, out of 10 items of spares indented in July 1992 seven items were supplied by Stores Department, CPT between May and July 1993. But the spares received were neither fitted nor any further action for repair of the crane was taken. It was only in July 1994 that the Chief Mechanical Engineer carried out joint visual inspection of the crane with the manufacturer of the crane. However, no decision about the economic viability of the repair after receipt of the report from manufacturer in August 1994 was taken by CPT. The crane was lying unrepaired and finally in February 1999 it was declared as condemned. Thus, due to lackadaisical approach of CPT in taking the decision for repairing the crane, it remained unutilised for over 10 years.

Crane was not repaired due to requirement of longer lead time for repair

Chennai Port Trust

11.7 Imprudent expenditure on leasing charges due to injudicious decision

Chennai Port Trust took four cranes on lease at a rent of Rs 465.60 lakh per annum with two per cent escalation on compounded rate for eight years, though they could have purchased four cranes themselves for Rs 12.56 crore.

The Chennai Port Trust decided in October 1994 to take four electrical level luffing wharf cranes 10 ton on lease for a period of five years on the ground that the existing fleet of 18 wharf cranes was not sufficient to meet the increasing trend of traffic of dry bulk cargo. Tenders were called in October 1994 and tender committee meetings with all the tenderers were held in February March 1995 for finalisation of technical and commercial specifications. The tender committee, while finalising the specifications, extended (May 1995) the lease period from five to eight years in view of the demand made by tenderers and on the ground that procurement of new cranes would be made only during the Ninth Plan period. The tenderers were required (May 1995) to quote their rates with reference to the revised specifications for leasing two and four cranes with and without operators. The lowest offer of Rs 477.60 lakh (inclusive of operators) or Rs 465.60 lakh (without operators) for the first year, with two per cent escalation on compounded rate for subsequent years, with one time payment of Rs 40 lakh as mobilisation charges and advance payment of one year lease charges (to be adjusted during the lease period of eight years at 18 per cent interest) was accepted, in November 1995 with the condition to supply the cranes within 10 months.

The advance payment of Rs 477.60 lakh and mobilisation charges of Rs 40 lakh were paid in December 1995 and January 1996 respectively. Four cranes were supplied between June 1997 and June 1998 as against the scheduled date of delivery of October 1996 as per agreement.

The volume of dry bulk cargo handled by all the cranes was 22.46 lakh tonne (1994-95), 24.93 lakh tonne (1995-96), 15.96 lakh tonne (1996-97), 22.55 lakh tonne (1997-98) and 17.98 lakh tonne (1998-99). Though the availability of the existing 18 cranes was in the range of 81.2 to 90.1 per cent during the above period, their utilisation was only in the range of 23.8 to 35.5 per cent.

Unnecessary leasing
of 4 cranes

In this connection , the following observations are made:

- There was no substantial increase in the traffic of dry bulk cargo between 1994 and 1998. Even the marginal increase in traffic during 1995-96 was handled by Port's own cranes. The utilisation of Port's cranes was only around 35 *per cent* and it dwindled further to 28 and 30 *per cent* during 1997-98 and 1998-99 after the installation of leased cranes. The traffic handled in 1998-99 was in fact less than 1997-98 traffic although four leased cranes had been utilised in 1998-99. Hence, the decision to take four additional cranes on lease on the ground that the existing fleet of cranes was not sufficient to meet the dry bulk cargo traffic is not justified.
- Though, there were delays ranging from 9 to 21 months in the delivery of the cranes , the agreement was not cancelled on the plea that the delay in supply did not affect the interest of the Trust adversely. This clearly indicates that it was not imperative for the Chennai Port Trust to take the cranes on lease.
- Even as per the Chennai Port Trust's proposal, additional cranes were to be purchased during Ninth Five Year Plan which started from 1997-98. Hence the decision taken in 1995-96 to take the cranes on lease for eight years is not justified.
- One of the grounds for leasing cranes was that lead time required for replacing the existing cranes was long. This is not justified because the cranes taken on lease were also to be fabricated and supplied, which took 15 to 27 months from the date of agreement.
- The tenderer purchased the four cranes from a Government of India undertaking at a total cost of Rs. 12.56 crore. The Chennai Port Trust had paid Rs 5.18 crore (Rs 477.60 lakh as advance of one year lease charges + Rs 40 lakh mobilisation charges) to the contractor at the beginning of the lease period. The Chennai Port Trust was also to pay Rs 320.03 lakh towards lease charges for the first year after adjusting the repayment of advance with interest. With this total amount of Rs 837.63 lakh committed for first year, the Chennai Port Trust could have purchased two cranes themselves instead of taking them on lease. For the amount of lease charges payable each year, one additional crane could have been purchased; the cost of one crane being less than the annual lease charges for the four cranes.

Cost of one crane was less than annual lease charges for four cranes

Thus, the injudicious decision to take four cranes on lease resulted in an avoidable expenditure of Rs 5.54 crore towards lease charges paid upto July 1999 besides creating a liability of approximately Rs 27.73 crore for the remaining period of lease upto December 2004.

The matter was referred to the Ministry in July 1999; their reply was awaited as of February 2000.

11.8 Avoidable expenditure due to abnormal distribution loss

Avoidable loss of Rs 50.89 lakh due to inefficient management of electricity distribution system in the Chennai Fisheries Harbour and loss of Rs 95.83 lakh due to collection of electricity charges at low tension rates from other users.

The Chennai Port Trust was to provide, distribute and maintain electric power supply to the Fisheries Harbour, Chennai, a separate entity, on no-profit no-loss basis. Accordingly, the Chennai Port Trust obtained in September 1981 high tension power supply from the Tamil Nadu Electricity Board (TNEB) and distributed the power in the Fisheries Harbour. The Chennai Port Trust initially paid the demand of TNEB and collected the charges from the Fisheries Department of Government of Tamil Nadu upto 1985 and, thereafter, from the Fisheries Harbour Management Committee (FHMC), constituted in February 1985 by the Ministry of Agriculture, Government of India for the management of Fisheries Harbour, Chennai, and other users. The difference between the units billed by the TNEB and units consumed by the FHMC and other users was termed as "Transmission loss" and claimed from FHMC. The FHMC withheld the portion of charges relating to transmission loss from June 1991, stating that the transmission loss was on the increasing trend and they were disproportionate to the actual consumption of FHMC. It was also stated that electricity was being pilfered and all the unaccounted consumption was charged to the fisheries harbour as transmission loss. However, the FHMC paid in September 1994 the charges on transmission loss for the period from June 1991 to March 1993 and sought financial assistance from the Ministry of Agriculture, Government of India to meet the charges on account of transmission loss. As the Ministry of Agriculture did not agree to provide the financial assistance (July 1998), FHMC had not paid the transmission loss claimed by the Port Trust for the period from April 1993 to June 1999 which amounted to Rs 1.18 crore.

11.8.1 Transmission loss

A scrutiny of connected records disclosed :

The distance between the existing sub-station and the fisheries harbour was only about 500 metres, and as such the loss was due to unaccounted consumption rather than transmission loss. It was in the range of 10.6 to 17.8 *per cent* during June 1991 to August 1992. From September 1992 to July 1994, the loss was in the range of 3.3 to 11.7 *per cent*. The Chief Mechanical Engineer, Chennai Port Trust had informed the FHMC in August 1994 that transmission loss had been reduced from 12 *per cent* to 5 *per cent*. However, audit scrutiny revealed that from September 1994 to March 1999 (55 months) the transmission loss was in the range of five *per cent* or less in two months, 5.2 to 6 *per cent* in two months, 6.1 to 7 *per cent* in seven months, 7.1 to 8 *per cent* in 13 months, 8.1 to 11 *per cent* in 24

Avoidable expenditure of Rs 50.89 lakh due to lack of leak proof distribution system

months, 11.1 to 17.3 per cent in four months, 30 to 32 per cent in three months indicating that measures taken by Chennai Port Trust to reduce the transmission loss was not effective. Thus, the actual unaccounted consumption exceeded five per cent and the excess of 14.17 lakh units during September 1994 to March 1999 was valued at Rs 50.89 lakh. This could have been avoided by Chennai Port Trust through effective measures to meter all consumption. It is also observed that the disproportionately high unaccounted consumption was only due to lack of a leak-proof distribution system, which was the responsibility of the Chennai Port Trust.

For high tension power supply, TNEB collected, besides consumption charges, demand charges at a fixed rate. The Chennai Port Trust raised demand from other users at the slab rates fixed by TNEB for low tension power consumption. The difference between the demand raised by port trust from FHMC and other users and the amount paid to the TNEB worked out to Rs 95.83 lakh for the period from January 1995 to March 1999. The loss on this account was borne by the port trust, although the supply was to be made by the port trust on a no profit no loss basis. No effort was made to recover the same from the consumers.

Loss of Rs 95.83 lakh due to collection of electricity charges at LT rates

Thus, the total loss of Rs 1.47 crore incurred by the Chennai Port Trust was due to inefficient management of the electricity distribution to the Fisheries Harbour.

The matter was referred to the Ministry in September 1999; their reply was awaited as of February 2000.

11.9 Loss of revenue due to non-revision of hire charges

Failure to revise the rates of hire charges in accordance with the capacity of the machinery hired out resulted in loss of revenue of Rs 19.58 lakh.

Manual of Electrical and Mechanical Engineering department of Chennai Port Trust prescribes that whenever a new machinery was purchased the details like cost of the machinery, its life etc. are to be intimated to the Financial Advisor and Chief Accounts Officer of the Port for fixation of hire charges. Section 52 of the Major Port Trusts Act, 1963, stipulated that the rate so fixed shall take effect only after it is sanctioned by the Central Government and notification issued in the gazette.

Chennai Port Trust had notified the rates of hire charges for the grabs with capacity of 1.5 cu yard and 2.5 cu yard only at Rs 296 and Rs 487 respectively for every eight hours or part thereof. As per the procedure prescribed in the Traffic Manual and Accounts Manual of the Chennai Port Trust, the pre-payment application, indicating all details like nature of work, number of machinery required and their capacity etc., are to be produced to Accounts department. After recovery of charges in advance in accordance

with the Scale of Rates, the original voucher duly endorsed by the Accounts department would be sent to the section concerned for supply of the machinery to the hirer. After supply of the machinery, the original voucher is posted with complete data about supply of the machinery and forwarded to the Accounts department for adjustment and to make refund of balance advance if any.

The Chennai Port Trust replaced all their grabs with grabs of capacity 3.5 cu metre (4.58 cu yard) during 1989-90 and grabs of 4 cu metre (5.23 cu yard) in February 1997. Even after the replacement with higher capacity grabs, the hire charges were continued to be levied and collected at the rates notified for lower capacity grabs at Rs 296 or Rs 487. This was mainly due to non-indication of capacity of the grabs requisitioned and supplied in the pre-payment application and voucher. To an audit enquiry in May 1996, the Traffic Department replied in October 1998 that the withdrawal of old grabs and commissioning of higher capacity grabs were not communicated to them. It was not clear how the Accounts Department determined and collected the advance payment when the application did not indicate the capacity in cubic metres. At the instance of audit, hire charges at a tentative rate of Rs 1000 for 3.5 cu metre grabs and Rs 1100 for 4 cu metre grabs were fixed by proportionately increasing the existing rate with reference to the increased capacity and collected by the Port from August 1997. However, the final rate of hire charges for the above grabs were not fixed, sanctioned and notified. Had the procedure laid down in the Manuals for communication of details about the purchase of machinery and determination of hire charges by the Accounts department been followed collection of hire charges at the rates applicable to the old grabs of lower capacity would not have been continued.

Final rate of hire charges not fixed or notified

Thus, failure of the Electrical and Mechanical Engineering department and the Accounts department to follow the manual provisions resulted in a loss of revenue of Rs 19.58 lakh during the period from May 1995 to July 1997.

The matter was referred to the Ministry in June 1999; their reply was awaited as of February 2000.

11.10 Loss due to irregular waiver of demurrage charges

Waiver of demurrage charges on an ineligible ground resulted in loss of Rs.13.08 lakh to Chennai Port Trust.

According to Paragraph 1 of the guidelines issued by Government of India, demurrage charges on the goods left in the transit sheds beyond the free period could be waived only when the port was not able to deliver the goods in time. The request for such waiver should be made within one month from the delivery of cargo and remissions exceeding Rs 5 lakh are to be pre-audited by the Financial Adviser and Chief Accounts Officer of the Port.

The vessel M.V Anna-A discharged its cargo in Chennai Port in three phases of berthings from 22 September 1995 to 21 December 1995. Demurrage charges of Rs 33.65 lakh was collected during November –

December 1995 on the cargo stored in the sheds beyond the free periods during first and second berthings. The Traffic department of the Port gave a "free days advice" of three days on 27 October 1995 for the goods discharged during first berthing. The agent of the importer represented to the Port Trust in his letter dated 7 September 1995, which was received by the Port in June 1996, to refund the demurrage charges already paid by them on the ground that the cargo could not be cleared by them as they were handling about four vessels and due to non-availability of space in their godown outside the port and non-availability of their transporting vehicles etc. The Traffic Manager expressed his opinion on 4 July 1996 that the request for the waiver did not merit consideration as the Trust was in no way responsible for the delay in clearance of the cargo.

Waiver despite
advice of Financial
Adviser

The Financial Adviser and Chief Accounts Officer had also observed that the request for waiver did not merit consideration as there was no provision for waiver either in the Scale of Rates or in the guidelines of Government on the reasons adduced by the agent. In July 1996 the Chairman of Port Trust in his Agenda note to the Board stated that the Trust's Scale of Rates had no provision to allow concession or waiver of demurrage charges for the reasons stated by the agent. The Board, in its meeting held on 23 August 1996 resolved to allow waiver of 80 *per cent* of the demurrage charges on the cargo landed on the first occasion on the ground that the starting of the free period was not notified for the first berthing.

In this connection the following observations are made:

- (i) The cargo imported (Muriate of Potash) was the one classified as 'Overside Delivery Order' which was to be taken delivery by the importer on unloading and the port was not to handle or take charge of the cargo. Even then free period, which is admissible only for the goods to be handled by the port, was allowed.
- (ii) The agent's letter dated 7 September 1995 was received in the port only in June 1996. The date of representation preceded even the date of first discharge. The enclosure request of the importer, bore the date as 31 January 1996. The above fact indicates that the request was not made within the time limit i.e. before 22 January 1996.
- (iii) The Scale of Rates of the port, which clearly indicates the commencement and duration of free period etc. were already notified in Government gazette. The system of issue of individual notification was not in vogue. The demurrage charges were collected in this case also based on 'free days advice' issued by the Traffic Department of the Port as had been followed in other cases.
- (iv) The agent had also not made any plea on non-notification of free days.

Hence, the waiver of 80 per cent of the demurrage charges on the cargo landed on the first occasion, which worked out to Rs 13.08 lakh, on the ground of non-notification of free days is not valid.

No special reasons recorded for waiver

The Port Trust replied in March 1999 that the Board's decision was in accordance with Paragraph 10 of Government guidelines. According to Paragraph 10 special reasons were to be recorded in writing for such remission. However, no special reasons were recorded in this case except 'non-notification of free days for the first berthing'. As the free period was not required to be notified, the reply is not tenable. The decision of Board is against the ruling of Financial Adviser and Chief Accounts Officer as well as the advise of the Chairman who held that request of waiver was not covered under the provisions in the scale of rates or guidelines of Government.

Thus, irregular waiver of demurrage charges by the Board resulted in a loss of Rs 13.08 lakh to Chennai Port Trust.

The matter was referred to the Ministry in May 1999; their reply was awaited as of February 2000.

Cochin Port Trust

11.11 Loss of revenue

Cochin Port Trust suffered a loss of Rs 6.57 crore due to delay in framing cost based rates for upward revision of vessel related charges.

Mention was made in paragraph 26 of Report No.4 of 1997 about loss of revenue due to delayed implementation of revised vessel related charges (berth hire charges, pilotage fees and port dues) by Cochin Port Trust (CoPT).

Despite GOIs repeated instructions CoPT did not forward the cost based tariff proposal for upward revision of vessel related charges

While approving the revision in June 1993, Government of India had observed that the revised rates would be valid for one year only. However, the rates were made operative up to March 1997 due to failure of CoPT to submit fresh cost based tariff proposals as directed by GOI in August 1995 and January 1996. In April 1997, GOI again directed CoPT to furnish the long overdue proposals for revision of tariff based on costs revenue projections within a month. Tariff Authority for Major Ports (TAMP) constituted in April 1997 observed in September 1997 that CoPT did not care to comply with GOI's repeated instructions to furnish a properly worked out cost based tariff proposals and that CoPT would be responsible for the consequences due to delays in revision of rates and implications regarding validity of rates applied during the 'unauthorised period'. It was observed that CoPT forwarded fresh proposals to TAMP only in November 1997 proposing 45 per cent hike on vessel related charges. Subsequently, the proposals were revised in February 1998 and August 1998 restricting the hike to 25 per cent for container vessels

and 33 per cent for other vessels. Revised rates of berth hire charges were implemented from January 1999 and those of pilotage fees and port dues from February 1999.

Loss of Rs 6.57 crore
due to non revision

Inordinate delay in framing cost based rates for upward revision of vessel related charges and failure to effectively follow up these proposals with TAMP, led to loss of substantial revenue to CoPT. The loss in respect of 1006 vessels which called on the port during 1997-98 worked out to Rs 6.57 crore.

CoPT stated in June 1998 that revision of vessel related charges was deferred considering the operating surplus and increase in port revenue due to devaluation. CoPT further stated that prevailing rates were higher compared to other ports and a hike in rates would have led to diversion of traffic. Ministry stated in January 2000 further that a decision on revision of tariff was interlinked with variety of factors like impact of the proposed hike on the traffic, overall economics of port operations, financial health of CoPT etc., and it was not guided by a single criterion of fixed periodicity alone. The reply was not tenable as Ministry had directed CoPT in August 1990 to revise tariff periodically, at least once in three years to meet increase in operating cost. In a cost based revision of vessel related tariff, the objective should be to recover the cost of services/facilities provided so as to economically sustain the port operations without depleting the operating surplus achieved in the past or taking resources to cross subsidisation. The argument that the revision was deferred deliberately in view of the operating surplus generated by CoPT was not borne out by facts as the Ministry as well as TAMP were repeatedly pressing CoPT to come up with cost based revision of vessel related charges.

11.12 Undue benefit to a firm

Cochin Port Trust bestowed unintended benefit to a firm aggregating to Rs 2.49 crore.

Mention was made in paragraph 38 of Report No. 4 of 1998 about unintended monetary benefit of Rs 95.25 lakh gained by a firm in the supply of the first tug to Cochin Port Trust (CoPT) due to non adoption of standard provisions on liquidated damages (LD) prescribed by Government of India and waiver of interest due on advances paid. In the Action Taken Note, Ministry of Surface Transport stated in October 1998 that waiver of interest was to tide over the financial difficulties of the supplier and the LD clause would be made more stringent in future. Further audit scrutiny disclosed the following points:

Delay of 56 months in
supply of second tug

The second tug, due for supply in July 1993 was delivered afloat at Kochi in March 1998 only involving a delay of 56 months. To facilitate completion of the tug and its early supply, CoPT had paid to the firm interest bearing advances aggregating to Rs 3.33 crore during June 1993 February 1996. An interest free advance of Rs 60 lakh was paid in December 1996. Though, the irregularity of waiver of 50 per cent interest (Rs 42.86 lakh) in

Interest amounting to Rs 1.97 crore waived in June 1998

Failure to modify insufficient LD clause resulted in avoidable loss of Rs 52.39 lakh

respect of the first tug was brought to the notice of CoPT, Board of Trustees decided in June 1998 to waive interest amounting to Rs 1.97 crore accrued on the advances paid for the second tug and to refund interest of Rs 42.86 lakh (50 per cent) recovered from the firm in respect of the first tug (in addition to the interest already waived which was commented in paragraph 38 of Report No. 4 of 1998). In effect, the firm was given interest free advances aggregating to Rs 3.93 crore not contemplated in the contract. Amendments in June 1998 of the contract terms regarding payment of foreign exchange rate variation and price escalation for propulsion units, long after supply of tugs, viewed in the context of the persistent delays ranging from 28 to 56 months in the supply, did not serve the financial interest of CoPT. Adoption of LD clause providing for levy of LD on the unfulfilled portion of the contract only, instead of levying compensation for belated supply on the full contract value, as directed by Government of India, resulted in short realisation of LD amounting to Rs 52.39 lakh in respect of second tug also. When the agreement was reviewed in June 1998, CoPT could have modified the insufficient LD clause and the loss of Rs 52.39 lakh could have been avoided.

Thus CoPT bestowed on the firm unintended benefit aggregating to Rs 2.49 crore towards the second tug after modifying the terms of contract for completion of supply of the tugs. CoPT stated in May 1999 that the settlement was basically a policy matter in the line with the Government directive for settlement of disputes among Public Sector Undertakings over and above the pure legal position of the contract. The reply was not tenable as the decision of CoPT was not in their financial interest.

The matter was referred to the Ministry in June 1999; their reply was awaited as of February 2000.

11.13 Loss of revenue due to delay in revision of wharfage rate

Failure to effect timely revision of rates resulted in loss of revenue of Rs 2.48 crore

Cochin Oil Terminal (COT) is a captive berth used by Cochin Refineries Limited (CRL). Consequent on the capacity expansion scheme implemented by CRL, Cochin Port Trust (CoPT) deepened the approach channel leading to COT by one metre, as required by CRL, at a cost of Rs 20.10 crore. As per the feasibility report of the work expenditure on deepening the channel and maintaining it at 38 feet was to be financed through an increase of Rs 18.35 per tonne in wharfage rate for Petroleum Oil Lubricants products. Though the increased draft was made available to CRL from March 1996 onwards enabling navigation of oil tankers of higher dead weight tonnage in the channels adjoining COT, the wharfage rate was increased from Rs 47 per tonne to Rs 65 per tonne with effect only from 1 July 1996. The delay in revision of wharfage rate, from 1 April 1996 to 30 June 1996 resulted in loss of revenue amounting to Rs 2.48 crore.

CoPT stated in April 1998 that the loss of revenue projected by Audit had not really affected its profitability. The reply is unacceptable in view of the fact that the capital dredging was completed by May 1995 and subsequent maintenance dredging was completed in March 1996. Both were financed

through loan raised from another port trust and also by drawing from the Reserve Fund of CoPT and that late enhancement in wharfage rates delayed to that extent earning of the incremental income anticipated to meet the loan repayment liability.

Ministry stated in October 1999 that CoPT did not suffer any loss as there was adequate recovery of cost, interest and return on investment during 1996-97 and that CoPT could successfully prevent CRL from raising claims for rebate on account of lesser draft in the channel during the monsoons. The contention is not tenable because of the following reasons:

- i) The revision of wharfage rates was long over due as the last revision was made in March 1989.
- ii) The revision of wharfage charges was not intended to recover the capital expenditure alone but also expected to generate enough revenues to meet the cost of services in the immediate future especially in the context of very heavy cost of maintenance dredging of the deepened channel.
- iii) The fact of earning considerable revenues in 1996-97 did not justify the delay in implementing the revised rate till July 1996. On the contrary, it emphasised the fiscal advantage that could have accrued to CoPT had the revision been done with effect from 1 April 1996.

Jawaharlal Nehru Port Trust

11.14 Infructuous expenditure on bulk wagon loading system

Bulk and bagged cargo wagon loading system procured during the project stage in 1989 at a cost of Rs 11.61 crore could not be put to use due to design deficiency in the system.

Jawaharlal Nehru Port Trust (JNPT) commenced its operations in the year 1989. Based on the recommendation of Project Consultants, Howe (India) Private Limited (HIPL) the bulk and bagged cargo wagon loading systems were procured under contract-II during the project stage in 1989 at a total cost of Rs 11.61 crore. The bulk wagon loading system consisted of two units each for loading bulk cargo into top open and closed wagons respectively whereas the bagged cargo loading system comprised 16 units of side loaders and six units of top loaders. These equipments were intended to handle fertilisers, fertiliser raw materials and food grains through grab unloaders, continuous unloader and associated conveyor system.

Audit scrutiny in February 1998 revealed that this system even at the initial trial stage could not be operated due to design deficiency and

Size, shape of the wagon and technology of system was not compatible with the nature of cargo handled by the port

Though in June 1997 JNPT decided to discard it as scrap, equipments were yet to be disposed off causing further deterioration

operational constraints. For example, the bagged handling equipment (loaders) actually consumed more time as compared to manual loading of bags into the wagons. Also, the technology of the bulk wagon loading system was not compatible with the highly corrosive nature of cargo such as urea, sulphur, diammonium phosphate etc. The dust thrown up during the cargo operations was blocking the sensors of the systems. The size and shape of the wagons were also not compatible with the handling system. These defects could have been rectified by requiring the consultants and the contractor to change the entire system during the project stage itself. Because of these design and operational constraints the equipments were never commissioned for use and the Port in June 1997 decided to dispose of them as scrap. The equipments were still to be disposed even after two years causing further deterioration.

Both the Port and the Ministry in their replies of July 1999 reiterated that there was no avenue for utilisation of the system as the consignees were located near the port and not interested in taking delivery of cargo by rail but preferred transportation by road. This reply is not tenable as based on their known location the preferences of consignees should have been taken into account while proposing such a system and due to serious design deficiencies in the equipment, the system failed to operate. The Port did little to rectify the defects. This resulted in infructuous expenditure to the tune of Rs 11.61 crore.

Kandla Port Trust

11.15 Infructuous expenditure on procurement of wharf cranes

Kandla Port Trust (KPT) procured three wharf cranes (No. 27, 28 of three tonne and no. 29 of six tonne) with estimated life of 25 years each from WMI Ltd., Bombay at a cost of Rs 1.44 crore for the 6th cargo berth. In addition, Rs 5.74 lakh was paid to Indian Registrar of Shipping (IRS) Bombay for third party inspection and certification of wharf cranes at various stages. The cranes (no. 27, 28 & 29) were commissioned by the firm and taken over by KPT in April 1990, January 1988 and June 1988 respectively.

As per norms fixed by the Ministry of Surface Transport each crane was required to work at least 3000 hours a year.

The details of the working of the cranes from the date of commissioning by KPT were as under:-

Table 11.15

Crane Number	Period in days	Total hours available	Minimum hours to be worked as per norms at 3000 hrs. per annum	Total hours worked	Hours worked during guarantee period	Hours under repairs
27	25 April 1990 to 20 October 1991 544 days	13,056	4,471	3874	1515	248
28	06 January-1988 to 19 October 1991 1383 days	33,192	11,367	4054	140	1424
29	06 June 1988 to 06 October 1991 1218 days	29,232	10,010	3896	34	2976

The cranes worked 30, 12 and 13 *per cent* of available working hours, went out of order from October 1991 and were lying idle since then.

After the cranes were taken over and put to regular operation, they worked sparingly due to certain defects/deficiencies which were intimated to WMI in October 1991 and the firm disowned their responsibility to rectify the defects/deficiencies as the guarantee period as well as performance guarantee had expired. KPT could not get the cranes repaired either by the manufacturers or by any other agency (March 1998).

Thus, expenditure of Rs 1.50 crore on procurement and certification of the crane was infructuous.

KPT stated in March 1998 that although the performance of the cranes was not upto the mark, the expenditure should not be considered as infructuous as creating of infrastructure facilities were requirement irrespective of its use by the port users. Reply was not tenable as infrastructure facilities are to be created for further use in the instant case facilities were created with defective equipments which worked only for two to three years as against estimated life of 25 years.

The matter was referred to the Ministry in October 1999; their reply was awaited as of February 2000.

Expenditure of Rs 1.5 crore incurred on procurement of 3 cranes rendered infructuous as the cranes were lying idle

Mumbai Port Trust

11.16 Blocking of funds

Wrong decision of Mumbai Port Trust to use organic coating on newly laid pipelines resulted not only blocking of funds of Rs 350.93 lakh but also wastage of pipe worth value of Rs 5.95 lakh. While pipe valuing at Rs 29.57 lakh lying unused with the MBPT since 1994.

The scheme of replacement of ageing and deteriorated oil pipelines for bunkering of crude oil was included in the Eighth Five Year Plan (1990-95). The work envisaged fabrication and lying of 12" dia pipeline in the first phase and 8" dia pipeline in the second phase.

The Port indented in March 1991 and procured 8000.35 meters of 12" dia steel pipes worth Rs 124.54 lakh in February 1994 and spent Rs 38.10 lakh in June 1994 towards coating and wrapping of 7519.12 metres of pipes. Following due process of tendering in July 1994, the work of laying down of 12" dia pipeline of the first phase, to be completed in three segments, was entrusted to a company at a cost of Rs 65.94 lakh in December 1994. The work, scheduled to be completed in June 1995 was completed in May 1997, after a delay of about two years, by using 6257 metres of coated and wrapped pipes leaving a balance of 1743 meters of surplus pipes worth Rs 33.52 lakh (including Rs 6.39 lakh towards cost of coating and wrapping of 1261.77 metres of pipes). For the second phase of laying 8" pipelines of 4600 metres length, the Port procured 4704.44 metres of steel pipes worth Rs 48.33 lakh in February 1994, awarded the work in March 1997 to the same firm and got it completed in January 1998 at a cost of Rs 112.12 lakh.

In August 1997, while testing the third segment of the pipelines of the first phase, the Port noticed that about 872 metres of pipelines in this segment laid at the cost of Rs 26.20 lakh was leaking at certain portion and not fit for use. Hence, the whole pipelines laid in two phases at a cost of Rs 178.06 lakh could not be put to operation immediately on its completion in January 1998. Since the Port could not locate exact points of leakage in coated and wrapped pipes used for the pipelines, it decided to utilise the available unaffected pipes by relaying them about the ground and could make the pipelines operational only in July 1999.

It was observed that the pipes procured in 1994 could be laid only in 1997 for the first phase and in 1998 for the second phase, after a delay of three/four years. And yet it could not be made operational even after completion of the pipelines for about one and half years because of leakage due to formation of micro-cracks and corrosion pinholes in the newly laid

Inordinate delay in completion of work

872 metres of pipeline laid at the cost of Rs 26.20 lakh was leaking and not fit for use

Pipeline could not be made operational due to formation of micro cracks and corrosion pinholes in the newly laid pipes

pipes. The delay in laying the pipelines by the Port contributed to the blocking of funds to the tune of Rs 350.93 lakh (cost of pipes Rs 172.87 plus cost of laying down Rs 178.06) for inordinately long period. It resulted in depriving the Port of the revenues from the users. Further, while surplus pipes worth Rs 29.57 lakh procured in 1994 hitherto remained unused (November 1999), pipes worth Rs 5.95 lakh had gone waste.

Ministry admitted in November 1999 that there was a delay in laying the pipes and the wastage thereof and the unutilised pipes would be put to use for repair and replacement of old pipelines. The fact however remained that the port failed to take into account environmental factors which caused failure of newly laid pipes calling for replacement and relaying.

11.17 Infructuous expenditure on procurement of heavy duty forklifts

Purchase of heavy duty forklifts not warranted by trends in imports led to infructuous expenditure of Rs 2.20 crore.

The scheme for procurement of heavy duty forklifts for handling heavier cargos such as steel coils was included in the 8th Five Year Plan. Accordingly a proposal was made for procurement of three diesel forklifts (2 of 12 T and one of 16T capacity) at 900 mm load centre each along with ram attachments. A detailed estimate amounting to Rs 148.34 lakh for this was submitted to the Board in January 1993 and February 1993. The Board deferred the above proposal stating that department should firm up their proposals after proper study and bring the item for consideration in a fortnight's time.

Without any further study in May 1993 the Port submitted a proposal for procurement of four heavy duty 16 tonne forklifts with ram attachment at a cost of Rs 270 lakh. This was approved by the Board and the forklifts were procured at cost of Rs 2.20 crore in April 1995 and commissioned in the year 1995-96.

Audit scrutiny revealed that between May 1995 and August 1999 the utilisation of forklifts never crossed 33 *per cent* in terms of the number of shifts for which these forklifts were supplied.

MBPT in March 1997 admitted that the utilisation of the forklifts was low due to lower demand by Traffic Department and steps were being taken to improve the situation.

The purchase of forklifts of 16 tonne capacity was made without any analysis of the estimated cargo which these forklifts would handle and the demand for these equipments by the Traffic Department. There was no feasibility study made of the trends of import which would have indicated the actual requirements vis-à-vis the projected requirement.

Utilisation was low
due to lower demand

Thus four forklifts worth Rs 2.20 crore were procured by the port without proper planning and without any consideration of the future utilisation of such expensive equipment thereby leading to infructuous expenditure to the extent.

The matter was referred to the Ministry in July 1999; their reply was awaited as of February 2000.

11.18 Blocking of funds

Despite Board's decision of January 1993 to discontinue the practice of purchase and supply of steel to contractors Mumbai Port Trust procured steel worth Rs. 64.94 lakh between December 1993 and October 1995 which was lying unutilised resulting in the blocking of funds.

In January 1993 Board of Mumbai Port Trust (MBPT) decided to discontinue the practice of purchase and stocking of cement and steel for issue to the contractors in all future contracts.

It was noticed in audit that inspite of the Board's decision of 1993 to discontinue the purchase of steel, 276.780 ton was purchased between December 1993 and October 1995 and a total quantity of 504.330 ton worth Rs 71.10 lakh (inclusive of previous balance of 227.550 ton) was lying unutilised as of October 1997. In the meeting of the Board of Trustees held on 30 October 1995 it was proposed to issue the surplus steel to the contractors for use in ongoing project at the prevailing market rate till December 1996 and to auction the balance quantity if any. As on January 1999, 47.767 ton steel was issued to the contractors and the balance quantity of 456.563 ton worth Rs 64.94 lakh was lying unutilised as there was hardly any project in which the surplus steel could be utilised. Though it was decided to start disposal action by January 1997 no action had been initiated so far.

Ministry stated in November 1999 that out of 276.780 ton procured between December 1993 and September 1995, 201.33 ton was for the ongoing Pir Pau Pier project which was under execution and the balance comprised procurement for recouping stock and building minimum stock. The reply is not acceptable as the MBPT could not utilise the above quantity of steel also for ongoing projects. Out of 201.33 ton, a quantity of 31.253 ton could only be utilised as on 15.1.99. Moreover, there was a balance of 227.550 ton available with MBPT for supply to ongoing projects. As admitted by the Ministry, MBPT had been left with huge balance. This resulted in blocking of funds of Rs 64.94 lakh.

Steel worth Rs 64.94 lakh was lying unutilised as there was no project in which the surplus steel could be utilised

11.19 Avoidable expenditure on procurement of spare parts

MBPT procured Spare parts worth Rs. 32.55 lakh during 1991 to 1995 for the top lift truck which were decommissioned and were beyond economical repairs. These spare parts were lying unused resulting in blocking of fund of Rs 32.55 lakh.

Mumbai Port Trust (MBPT) acquired five top lift trucks (TLTs) for handling containers in the Railway container yard in 1983 at a cost of Rs 212.30 lakh. The expected life of the TLTs was eight years, which expired in 1991.

Out of five TLTs, four were decommissioned in the months February 1993, June 1994, October 1994 and June 1995 as they were beyond economical repairs. One TLT continued to be stationed at the domestic container yard in Wadala. The performance of the TLTs during 1991-1995 was below average ranging from 18 to 20 *per cent* as against the utilisation norms of 35 *per cent* given the fact that there were serious structural problems leading to major breakdowns.

Due to non functioning of the TLTs, MBPT entered into a contract for hiring TLTs and started hiring from October 1993 onwards. In the meantime, it also procured spare parts worth Rs 32.55 lakh during 1991 to 1995 for the existing TLTs. In May 1998 it was however seen in audit that the spare parts worth Rs 32.55 lakh were lying unused. No action was initiated to dispose off these spare parts.

Thus imprudent purchase of spares resulted in surplus stock and there by led to blocking of Rs 32.55 lakh.

In reply the Ministry stated that though the life span of the TLTs expired in 1991, with proper maintenance, the equipment may work well beyond its economic life and hence the spares were purchased during 1991 to 1995.

The above reply is not tenable due to the fact that all the TLTs were undergoing major repairs during 1991 to 1995 and the department was well aware that even with the procurement of spares, the equipments had outlived their expected life and were therefore requiring decommissioning. Hence there was no need to buy the spares which finally remained unutilised.

No action was initiated to dispose off spare parts

New Mangalore Port Trust

11.20 Avoidable payment of escalation charges

New Mangalore Port Trust paid Rs 38.90 lakh towards escalation charges due to its failure to incorporate specific exclusion of item of work for which lump sum rate was agreed to from the cost of work.

In order to provide facilities for handling crude Petrol Oil and Lubricant products for a new refinery being set up at Mangalore, the New Mangalore Port Trust (NMPT) awarded the work relating to "Construction of New Crude Oil Berth" (Rs 13.31 crore), "Strengthening of existing oil jetty" (Rs 5.96 crore) and "Extension of Northern and Southern break water" (Rs 11.99 crore) to AFCONS, Mumbai in July 1994. Actual cost on completion of these works (between December 1995 to March 1996) was Rs 16.97 , Rs 6.24 and Rs 12.68 crore respectively.

Failure to stipulate in the contract exclusion of items paid for on actual basis from gross value of works for calculation of escalation resulted in loss of Rs.38.90 lakh

As per the specifications of the tender documents the preliminary items viz. mobilisation, demobilisation, performance security insurance etc., were to be executed at a lumpsum rate. These items of work however, were not specifically excluded for the purpose of escalation, and an amount of Rs 38.90 lakh was paid towards price escalation for all the three works. The omission to incorporate specific exclusion from the cost of work of the items of work for which lump sum rates were agreed to for operation of escalation clause resulted in an avoidable payment of Rs 38.90 lakh.

NMPT stated in July 1998 that the approved conditions of escalation were incorporated as per CPWD form, which did not specify exclusion of escalation for mobilisation and demobilisation, and different escalation formulae were adopted for similar works executed prior to 1987, as specific clause of 'no escalation was payable for mobilisation and demobilisation' were incorporated. The Ministry of Surface Transport further clarified in August 1999 that in large contracts considerable time was spent in evaluating the technical bid and opening of the price bid, and the contractors were not compensated during these intervening period and there was possibility of the contractors spreading the risk of inflation under other variable items if escalation was not allowed on fixed items , which would result in unintended benefit to the contractor in case of additional work entrusted to them.

The replies are not tenable. Even after the revision of the CPWD form for such contracts in 1987 the portion dealing with escalation at Clause 10 (cc) remained unchanged. No escalation charges were payable on any advance, including mobilisation advance. As the contractor had agreed to execute the work on lump sum contract for execution of the complete work with all its

contingencies for a fixed sum and it was not a rate contract, no escalation payments should have been made. The incorporation of the stipulation as in the previous contracts would have benefited NMPT with a saving of Rs 38.90 lakh.

Paradip Port Trust

11.21 Loss of revenue

Paradip Port Trust suffered a loss of Rs 2.43 crore due to misclassification of chrome concentrate under the category of chrome ore thereby charging wharfage at a lower rate.

According to the scale of rates of Paradip Port Trust (PPT), wharfage charges leviable on 'Chrome Ore' and 'Ferro Alloys and other processed ores' were Rs 76 per ton and Rs 100 per ton respectively upto 4 October 1993 and the same were Rs 85 per ton and Rs 115 per ton thereafter. The scale of rates of PPT did not specify any separate rate for 'Chrome Concentrate' i.e. processed chrome ore.

It was noticed in audit that a quantity of 8.22 lakh ton of 'Chrome Concentrate' was exported during 1993-98 by charging the wharfage at the rate applicable to 'Chrome ore' instead of the higher rate applicable to the processed ores under 'Ferro Alloys and other processed ores'. Since Chrome Concentrate was a processed ore unlike the chrome ore, in the absence of any specific rate for the same in the scale of rates, it should have been categorised under the 'Other processed ores to attract wharfage charges at the rate of Rs 100/115 per ton. Failure to do so by PPT resulted in loss of revenue of Rs 243.44 lakh.

PPT stated in November 1997 that Chrome Concentrate was nothing but a washed chrome ore like washed coking coal and hence was categorised as Chrome ore. The contention of the PPT was not tenable as Chrome ore and Chrome Concentrate were different materials, the former being raw ore, while the latter was a processed ore.

The matter was referred to the Ministry in June 1999; their reply was awaited as of February 2000.

11.22 Loss of revenue due to misclassification

Paradip Port Trust suffered a loss of Rs 18.64 lakh due to misclassification of high carbon ferro chrome under the category of ferro alloys and other processed ores.

According to para 3.1 of scale of rates-1993 for Paradip Port Trust (PPT), charge chrome attracts wharfage charge of Rs 150 per ton or part thereof whereas ferro alloys and other processed ores on the other hand attract Rs 115 per ton.

Chemical composition mentioned in the shipping bill showed that HCFC had more chromium than contained in charge chrome

It was noticed in audit that a consignment of 53253 ton of high carbon ferro chrome (HCFC) was exported during 1996-97, charging wharfage at the rate of Rs 115 per ton, a rate applicable to Ferro Alloys and other processed ores from the agency. Chemical composition of HCFC and charge chrome mentioned in the shipping bills indicated HCFC had more percentage of chromium than that of charge chrome. As such the wharfage applicable to charge chrome i.e. Rs 150 per ton as stipulated in the scale of rates, would have been charged to HCFC instead of Rs 115 per ton meant for ferro alloys and other processed ores. Thus, misclassification of HCFC under ferro alloys and other processed ores led to loss of revenue of Rs 18.64 lakh.

On being pointed out by Audit, the PPT stated that in the export application the name of cargo was declared as HCFC and was accepted by the customs authorities. There was no provision in the scale of rates to take the chemical composition of a cargo for charging wharfage. The rate of wharfage for different types of cargo had been fixed by a committee and therefore charging wharfage at the rate of Rs 115 per ton in respect of HCFC was in order. The reply was not tenable since it could not explain as to how the HCFC was classified under ferro alloys and other processed ores for purpose of charging wharfage at the rate of Rs 115 per ton. In the absence of any specific rate for a particular product in the scale of rates, the authority while charging the wharfage of HCFC should have considered the chemical composition of both the products i.e. HCFC and charge chrome that was available in the shipping bills for correct classification and realisation of applicable revenue.

The matter was referred to the Ministry in June 1999; their reply was awaited as of February 2000.

Tuticorin Port Trust

11.23 Loss of revenue due to irregular fixation of siding charges

Fixation of siding charges for the private use of Port's siding at an adhoc lower rate for a particular company alone resulted in loss of revenue of Rs 1.84 crore.

As per the Tuticorin Port Trust's (TPT) Scale of Rates, revised in 1990, the siding charges for the use of Port's Railway siding from Milavittan to Harbour or for any shorter distance between those two points were to be collected at the rate of Rs 8.50 per tonne for shipping operation and Rs 10 per tonne for private use.

Southern Petrochemical Industries Corporation Limited, a private sector company, was maintaining its own metregauge railway siding linking TPT's Marshalling yard and its factory from 1976 in the land leased by the Port. For the private use of the Port's siding from marshalling yard to the Railway's yard at Milavittan, siding charges were collected from the company at the rate prescribed in the scale of rates. Consequent on the conversion of Port's metregauge siding into broadgauge siding the company surrendered the land to the TPT after removing its siding in November 1993 and moved its goods from its factory to Milavittan through lorries. Based on a request, the TPT again allotted the land in 1996, for re-laying company's private siding on broadgauge from its factory to the Port's marshalling yard. The private siding of the company was opened in July 1996.

During the general revision of Scale of Rates in March 1995, while proposing an increase in the rate of siding charges for private use from Rs 10 to Rs 14 per ton, TPT proposed an adhoc rate of Rs 5 per ton for the cargo loaded in the company's siding and passing through Port's marshalling yard, on the plea of trade promotion. The rate of Rs 14 for private use and an ad-hoc rate of Rs 5 for the company's goods were approved by Ministry of Railways in January 1996 and August 1996 respectively. Besides, TPT started incurring loss of Rs 1.41 lakh during 1996-97; Rs 36.37 lakh during 1997-98 and Rs 86.93 lakh during 1998-99 being the excess of operation expenses over the income earned by the Port's siding.

Even while the company was maintaining its own metregauge railway siding upto the marshalling yard till November 1993, the company was treated on par with other private users. The company had relaid its private siding in broadgauge only for its own benefit. Hence, while enhancing the rate for private use from Rs 10 to Rs 14 per ton, the fixation of lower adhoc rate of Rs 5 per ton for this particular company alone on the plea of trade promotion

Adhoc lower rate of Rs 5 per ton was fixed for this particular private company

is not justified. This adhoc rate was lower than the rate of Rs 10 per ton charged from the same company prior to 1993.

At the instance of Ministry (December 1997), following the audit observation (June 1997) pointing out the loss of revenue due to unrealistic fixation of adhoc rate, the TPT in November 1998 proposed slab rates-Rs 15 per ton upto 3 lakh ton, Rs 12 per ton above 3 lakh and upto 6 lakh ton, Rs 10 per ton above 6 lakh ton. The Ministry of Railways approved (June 1999) only Rs 7 per ton for the cargo handled by the company.

When the loss of revenue on account of the injudicious fixation of low rate to the company was referred to the Ministry of Surface Transport in May 1999, the Ministry in October 1999 replied that the company was using the track only between the TPT's Marshalling Yard and Milavittan (length-12.80 km), the TPT had the advantage of getting more contribution from the company to meet the cost of maintenance of entire track (length -17.60 km) and the Ministry of Railways approved (June 1999) only Rs 7 per ton even though TPT had proposed a higher rate. The reply is not tenable since the rates of siding charges fixed in the scale of rates would apply even for shorter distance and the TPT was collecting siding charges at the rate of Rs 14 per ton from others for their private cargo for the same distance i.e., between Marshalling Yard and Milavittan, besides, the TPT was incurring only loss in operation of Railway siding. Further the TPT requested (June 1999) the Ministry of Railways to approve the rates proposed in November 1998 by it, observing that the Ministry of Railways had not called for the remarks of the Port before approving the rate of Rs 7 per ton, which affected the revenue of the Port.

Irregular fixation of an exceptionally low rate resulted in a loss of revenue of Rs 1.84 crore

The unjustified fixation of an ad-hoc rate of Rs 5 per ton for a particular port user as against the normal rate of Rs 14 per ton fixed for other private users resulted in a loss of revenue of Rs 1.84 crore for the period September 1996 to February 1999.

Visakhapatnam Port Trust

11.24 Imprudent payment of advance to sick supplier

Advance of Rs 2.57 crore paid to supplier of electrical wharf crane ignoring advice of FA & CAO regarding supplier's financial health.

Visakhapatnam Port Trust (VPT) placed orders in March 1996, for a 15 ton electrical wharf crane on company 'A', the lowest bidder. The supplier was paid Rs 2.57 crore as advance between October 1996 and May 1999. The

equipment, which was scheduled to be commissioned in May 1997, was supplied as late as September 1999.

Purchase order placed on sick company despite finance wing's advice against it.

Audit scrutiny revealed that even at the time of placement of orders the Board of Trustees of VPT was aware that the supplier was facing financial difficulties. The Deputy Financial Advisor and Chief Accounts Officer (DFA & CAO), who was sent in November 1995 to assess the financial and technical capacities of company 'A', reported that the working capital and net worth of the company were negative. The company had been referred to the Board for Industrial and Financial Reconstruction (BIFR) in February 1995. In view of the poor financial position, the DFA & CAO expressed reservations about the likelihood of timely supply of the equipment by the company and suggested negotiation with other suppliers. However, the BoT ignored the advice, placed orders on the sick company and paid advance of Rs 2.57 crore.

VPT replied in October 1999 that the crane had been erected and load trials were conducted satisfactorily in September 1999 and the supplier was attending to certain minor problems before commissioning of the crane. However, the fact remains that the electrical wharf crane, which should have been commissioned in May 1997, was yet to be commissioned (October 1999). The advance of Rs 2.57 crore paid ignoring financial advice remained idle without any addition to the Port facilities.

The matter was referred to the Ministry in November 1999; their reply was awaited as of February 2000.

11.25 Non-levy of pilotage fee on re-entry of vessels

The Port Trust suffered a loss of revenue of Rs 2.14 crore during 1998-99 alone due to non-application of tariff in respect of pilotage fee on re-entry of vessels.

A vessel on its arrival remains at "Roads"*. A Port pilot tows the vessel into inner/outer harbour with the help of tugs. After unloading, some of the vessels are towed back to wait at the "Roads" for want of adequate cargo till a berth is provided again for loading as and when cargo is ready. This process is at times repeated more than once for the same vessel depending upon the availability of cargo for loading.

The scale of rates prescribed from time to time provided for collection of pilotage fee for the "first shifting for each entry" of the vessel which was inclusive of fee for (a) towage (b) mooring and (c) unmooring. VPT, however, had not been collecting pilotage fee for the second and subsequent entries though required to do so as services provided for the second and subsequent entries of the vessel from "Roads" to working berths were in no way less than those provided on first entry.

* Specified area within Indian sea waters but outside the outer harbour.

Fee not collected for second and subsequent entry of vessels

Test check of records revealed in March 1999 that 47 vessels had re-entered the port more than once for loading the cargo during the year 1998-99 but had not been charged the pilotage fee. The loss of revenue on this account as worked out by Audit was Rs 2.14 crore for the year 1998-99 alone, the loss for earlier period could not be worked out due to non-production of relevant records.

VPT contended in March 1999 that no provision existed for collection of pilotage fee for the second and subsequent entries of the vessels. The reply was not tenable since the prescribed scale was for each entry. Further, VPT was collecting other charges known as 'Port dues' for each entry, including re-entries.

Thus, due to non-levy of pilotage fee, on re-entry of vessels, VPT has suffered loss of revenue aggregating Rs 2.14 crore for the period from April 1998 to March 1999 alone.

The matter was referred to Ministry in July 1999; their reply was awaited as of February 2000.

11.26 Avoidable payment of customs duty

Failure of the Visakhapatnam Port Trust to get its ship repair unit registered with the Director General of Shipping resulted in an avoidable payment of Rs 63.41 lakh.

Capital goods and spares, components, raw material, material handling equipment and consumables imported by a ship repair unit registered with the Director General of Shipping (DG) are exempt from payment of customs duty when imported for undertaking repairs of ocean-going vessels including tugs, dredgers, fire boats and salvage ships.

The VPT imported spares, consumables, for replacement/repairs to ocean-going vessels during October 1996 to March 1998, paying customs duty aggregating Rs 63.41 lakh because its ship repair unit was not registered with the DG (Shipping). On this avoidable payment being pointed out in audit, VPT confirmed in May 1999 the factual position but without indicating remedial action if any proposed to be taken by it to avoid such payment in future.

Thus, failure of the Visakhapatnam Port Trust to get its ship repair unit registered resulted in its having to make an avoidable payment of customs duty of Rs 63.41 lakh during 1996-98 alone.

The matter was referred to the Ministry in July 1999; their reply was awaited as of February 2000.

Customs paid despite provisions for exemption

11.27 Avoidable expenditure due to incorrect specification

Avoidable expenditure of Rs 32.98 lakh on repair and replacement of locomotives due to incorrect specification in the purchase order.

Premature failure of locomotives due to incorrect specification in the purchase order

Controller of Stores of VPT placed orders in November 1989 on Bharat Heavy Electricals Limited (BHEL) for supply of two 700 HP diesel locomotives at a cost of Rs 250.71 lakh. In the purchase order it was stipulated that the locomotives should be able to push 28 wagons on a gradient of one in 400. Both the locomotives (OHC-7 and OHC-8) were commissioned in April 1990. However, even during the warranty period of two years, the performance of both locomotives was very poor. BHEL observed (November 1992) that the actual capacity of the locomotives should have been to push 25 to 28 wagons of 92 ton each on a gradient of one in 40 over a length of 200 meters on a straight line instead of the wagon capacity of one in 400 specified in the purchase order. The premature failure of the locomotives was attributed to the above incorrect specification which resulted in operations far in excess of track conditions specified in the purchase order.

In order to make both the locomotives operational the Port Trust had to incur expenditure of Rs 32.98 lakh on repair and replacement during the period February 1993 to December 1993. Even after replacement/repairs, one of the locomotives remained idle since February 1995 and the other was kept as stand-by.

Failure of the Port Trust authorities to incorporate the correct specification of the locomotives resulted in incurring avoidable payment of Rs 32.98 lakh on repairs/replacement. Besides, equipment worth Rs 283.69 lakh remained partially utilised for only five years over its prescribed life of 30 years.

The Port Trust replied in August 1999 that the dispute relating to the premature failure of the locomotives was yet to be settled and the Ministry had taken up the matter with the Department of Heavy Industry (Administrative Ministry for BHEL). However, the port trust authorities were yet to fix responsibility for incorporation of incorrect specification in the purchase order.

The matter was referred to the Ministry in November 1999; their reply was awaited as of February 2000.

11.28 Failure to accept offer for supply at old rates

Avoidable extra expenditure of Rs 10.83 lakh incurred on spares due to non-acceptance of offer of foreign supplier to supply at old rates.

Offer of foreign supplier to supply at old rates not accepted

VPT placed an order in November 1996, for supply of one piece of slew bearing, a spare part for electrical wharf crane, for Rs 17.26 lakh on a foreign firm. In December 1996, when one more piece of the spare part for

another crane was needed, even though the same foreign firm was prepared to supply the spares at the old rates, the Chairman of VPT decided to call for global tender.

Avoidable extra expenditure of Rs 10.83 lakh due to non-acceptance of offer

In response to the global tender, a single tender of the same foreign firm was received and purchase order for two pieces of the spares for Rs 45.35 lakh at the rate of Rs 22.675 lakh each, was placed in August 1998. Failure of the VPT authorities to utilise the offer of the foreign firm to supply the material at old rates resulted in avoidable extra expenditure of Rs 10.83 lakh on the two pieces of spares ordered subsequently.

The matter was referred to the Ministry in November 1999; their reply was awaited as of February 2000.

11.29 Recoveries made at the instance of Audit

The observations of audit on the financial transactions of central autonomous bodies conducted under various provisions of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 were communicated to the autonomous bodies concerned for remedial action.

The major items of recoveries made at the instance of audit during 1998-99 by five port trusts amounted to Rs 177.83 lakh as detailed in the Appendix XXX.

CHAPTER XII : MINISTRY OF URBAN AFFAIRS AND EMPLOYMENT

Department of Urban Affairs

Delhi Development Authority

12.1 Extra expenditure on housing scheme

Delay by Delhi Development Authority in approval of layout plans, handing over of full site to contractor and further delay of three years in award of contract for balance work resulted in extra expenditure of Rs 7.29 crore on a housing scheme.

The Executive Engineer, Rohini Project Division No. 6, with the approval of Work Advisory Board (WAB) of Delhi Development Authority (DDA) awarded in July 1991, the work of construction of 520(770) MIG houses in Block C&D, Sector-18, Rohini to Contractor A at its tendered cost of Rs 12.59 crore. The stipulated dates of start and completion of work were July 1991 and July 1993 respectively.

As stipulated in the contract, the firm was to submit the layout plans in July 1991 which was to be approved by DDA within a week. The firm submitted the layout plans as per schedule in July 1991 which were approved by DDA in April 1992 i.e. after eight months. Even the full site was handed over to the firm only in March 1994, i.e. after eight months from the stipulated date of completion of work. The firm requested the DDA to reckon the date of start of work as March 1994 but the DDA granted the provisional extension of time upto September 1994 without levy of compensation. In November 1994, the Executive Engineer rescinded the contract on the ground of slow progress of work. By that time the firm had executed the work of Rs 2.56 crore against which payment of Rs 2.35 crore was made.

After a lapse of 19 months from the date of rescission of contract, tenders for the balance work were opened in July 1996 and the WAB decided in August 1997 to award the work to another contractor after a lapse of 13 months from the opening of tender.

Accordingly, the Executive Engineer awarded the work to the contractor in September 1997 at Rs 17.32 crore with the stipulated date of start and completion of work being September 1997 and March 1999 respectively. This resulted in extra expenditure of Rs 7.29 crore on execution of this work. Though, the department had decided to get the balance work done at the risk

and cost of the firm, but no action to recover the extra expenditure from the firm had been taken.

Various delays led to extra expenditure of Rs 7.29 crore

Thus, due to delay in approval of layout plans, handing over of full site and further delay of three years in the award of contract for the balance work had resulted in extra expenditure of Rs 7.29 crore on the housing scheme.

The matter was referred to the Ministry in August 1999; their reply was awaited as of February 2000.

12.2 Loss of income due to lack of cash management

Delhi Development Authority had to suffer a loss of income of Rs 2.42 crore due to its failure to invest surplus funds timely

Section 23 (3) of the Delhi Development Act, 1957 provides that the DDA may keep in current account of the State Bank of India or any other bank approved by the Central Government such sum of money out of its fund as may be prescribed by rules and any money in excess of the said sum shall be invested in such manner as may be approved by the Central Government. Rule 3(1) of the DDA Budget and Account Rules, 1982 prescribed that DDA may keep a sum of money ordinarily not exceeding Rs 2 crore in the aggregate at any time in a current account in the name of the Vice Chairman with the State Bank of India or any other bank approved by the Government in this behalf under sub-section (3) of section 23 of the Delhi Development Act, 1957. For investment decisions the DDA constituted in 1993 an Investment Committee consisting of Vice-Chairman, Finance Member, Principal Commissioner and Chief Accounts Officer.

DDA kept large sums of money in savings bank account in contravention of rules

Notwithstanding the above rules the DDA kept large sums of money ranging from Rs 227.91 crore to Rs 506.77 crore in saving bank account between April 1997 to June 1997 without gainful investment. The Investment Committee of DDA responsible for investment decisions also did not pay attention to limits of cash balance to be maintained in current / saving bank account to meet the day to day expenditure in its meeting held in April, May and June 1997. Only in July 1997, the Investment Committee considered the matter and concluded that the monthly expenditure of DDA is anticipated at about Rs 40 crore. After taking into account the approximate requirements for expenditure on land acquisition and works, the Committee decided that cash balance of Rs 75 crore was sufficient to cater to day to day expenditure including exigencies. It was also not on record whether approval of Government was obtained as envisaged in Rule 3 (1) of the Budget and Account Rules 1982, for keeping large sums of money in saving bank accounts.

A test check of records of DDA revealed that the minimum daily cash balance in saving bank account with banks during 30th March 1997 to 28th June 1997 ranged between Rs 227.91 crore and Rs 434.72 crore. Even after

allowing a maximum benchmark of Rs 75 crore for daily requirement, funds ranging from Rs 152.91 crore to Rs 359.72 crore were still available for investment. These surplus funds in fixed deposit even for a period of 46/45 days, would have earned interest income of Rs 2.42 crore to DDA.

Table 12.2 : Loss of interest on bank balance

Period	Minimum daily cash balance	Surplus funds after deducting Rs 75 crore	Interest rate on F.D. (in per cent)	(Rs. in lakh)	
				Difference in interest rate of FD & SB A/c	Loss of Interest
30 th March 97 to 14 th May 97 (46 days)	Rs 22791.23	Rs 15291.23	9	4.5	Rs 86.72
15 th May 97 to 28 th June 97 (45 days)	Rs 43472.08	Rs 35972.08	8	3.5	Rs 155.22
					Rs 241.94

The DDA attributed in July 1999 the non-investment of surplus funds to the vacant post of Finance Member, strike called by Engineers Association and no benchmark for investments. The reply is not tenable as the Delhi Development Act, 1957 and the Budget and Account Rules, 1982 unambiguously provide for investment of surplus funds and the Investment Committee was functional during the absence of Finance Member as another member had been co-opted. Lastly the strike called by Engineers Association had no direct bearing on investment decisions and non fixation of benchmark for investment was the responsibility of the Investment Committee.

Thus due to lack of cash management and failure to invest surplus funds timely, the DDA suffered loss of income of Rs 2.42 crore.

The matter was referred to the Ministry in August 1999; their reply was awaited as of February 2000.

12.3 Non recovery of risk and cost amount from a contractor

Delhi Development Authority failed to take action to recover the risk and cost of Rs 1.40 crore from first contractor.

The work of construction of 288 SFS Category II houses in Dwarka Phase-I was awarded by DDA to Contractor 'A' in September 1994 at the tendered cost of Rs 5.30 crore, which was 58.64 per cent above the estimated cost of Rs 3.34 crore. The stipulated date of completion of the work was July 1996.

Contract rescinded due to slow progress

The progress of work was slow and the contractor could complete only 53 per cent of the work upto September 1996. Against the work done the contractor stopped the work and removed from work site all tools and plants, materials, labour etc. Finally after issue of show cause notice to the contractor, the contract was rescinded in January 1997. DDA also levied compensation of Rs 20.03 lakh on the contractor for delay in completion of the work.

Work awarded to second contractor at risk and cost of the first contractor

The balance work at the risk and cost of first contractor was awarded to contractor 'B' in December 1997, after 11 months, at the tendered cost of Rs 3.97 crore which was 94.40 per cent above the estimated cost and higher by 35.76 per cent compared to the rates of the first contractor. As the balance work was awarded at the risk and cost of the first contractor, difference of Rs 1.40 crore as detailed below was recoverable from the first contractor.

Table 12.3 : Risk and cost of work

(Rs in crore)	
Tendered amount of Contractor 'B'	3.97
Amount paid to Contractor 'A'	2.73
Total cost on the scheme	6.70
Less tendered amount of Contractor 'A'	5.30
Total risk and Cost amount	1.40

No legal action to recover risk and cost amount of Rs 1.40 crore

Though DDA has filed a suit against the first contractor in the Delhi High Court to recover a compensation amount of Rs 20.03 lakh, no action was taken to recover the risk and cost amount of Rs 1.40 crore.

The reasons for not initiating legal action against the first contractor to recover the risk and cost amount of Rs 1.40 crore were not on record.

The matter was referred to the Ministry in October 1999; their reply was awaited as of February 2000.

12.4 Avoidable expenditure due to adoption of wrong design of pile

Delhi Development Authority incurred an avoidable expenditure of Rs 80.52 lakh due to adoption of wrong design of pile and delay in finalisation of drawings on a housing scheme at Jasola.

DDA awarded the works for construction of SFS houses in Sector-7 (Gr.I) to Contractor 'A' in August 1993 and in Sector-8 (Gr.I) to Contractor 'B' in May 1993 at Jasola. The stipulated date of completion for both the works were March 1995 and December 1994 respectively. The works were actually completed in December 1997 and January 1998.

Adoption of wrong design of piles and inordinate delay in finalisation of revised drawings resulted in avoidable expenditure of Rs 80.52 lakh

It was noticed in audit that tenders for these works were floated with the stipulation of conventional bored cast in situ under reamed pile foundation. During initial testing of piles with the pile design as stipulated in the tenders, these were not found fit. Finally, it was decided in March 1995 to change the design of piles and compaction bore under reamed piles was approved. Due to change in the pile design, the drawings for superstructure were also changed. There was therefore considerable delay in supply of drawings and these were handed over to the contractors in stages between March 1995 and March 1997. Further, the site of Sector-7 (Gr.I) was also not free from encroachment and full site was handed over to the contractor in January 1997. Thus, due to a change in the design of pile foundation, delay in supply of drawings for superstructure and non availability of site, there was an abnormal delay of 34 and 36 months in completion of both the works. These delays in completion of works attracted the provisions of clause 10 CC of the Agreements under which the contractors claimed difference of the cost index in respect of labour and material. Accordingly, an extra amount of Rs 80.52 lakh was paid to the contractors for the extended period of work.

Thus, due to adoption of wrong design of piles, delay in finalisation of drawings and non availability of hindrance free site before award of the contracts, DDA had to incur an avoidable expenditure of Rs 80.52 lakh.

The matter was referred to the Ministry in August 1999, their reply was awaited as of February 2000.

12.5 Avoidable expenditure due to delay in finalisation of drawings and issue of material to contractor

Delhi Development Authority had to incur an avoidable expenditure of Rs 21.78 lakh due to delay in finalisation of drawings/plans and issue of material to the contractor.

Tenders for construction of 198 MIG houses in Pocket-III, Sector-II Dwarka, Phase-I, at an estimated cost of Rs 2.77 crore were invited in November 1993 by DDA. The work was awarded in March 1994 with the approval of Works Advisory Board of DDA to Contractor 'A' at Rs 4.28 crore based on a false statement made by the Executive Engineer that approval to building plans, clearance from Delhi Urban Art Commission/local body was available.

The contractor started the work in March 1994 with a stipulation to complete it by March 1996. The work was actually completed in June 1997 i.e. after a delay of 15 months. The completion was delayed due to non-finalisation of foundation and structural drawings, development plans and non-issue of material to the contractor in time. The delay in completion of work was regularised by the Superintendent Engineer by granting extension of time to the contractor without levy of compensation. The decision for non-levy of compensation was taken by the Superintendent Engineer because the delays

Work undertaken without finalisation of foundation and structural drawings

were attributable to the department. Besides, due to delay in completion of work, DDA had to pay Rs 21.78 lakh to the contractor as compensation for the increased index of material and labour.

This was despite the fact that while conveying administrative approval for the work, the Engineer Member of DDA had directed that before inviting tenders, it should be ensured that drawings were available. Even in the sanction for award of work conveyed by the Chief Engineer to the Executive Engineer, it was again emphasised that before issue of formal award letter, drawings must be available.

Avoidable
expenditure of
Rs 21.78 lakh

Thus, misrepresentation by Executive Engineer about finalisation of drawings, development plans and delay in issue of material by DDA led to avoidable expenditure of Rs 21.78 lakh on the scheme.

The matter was referred to the Ministry in August 1999; their reply was awaited as of February 2000.

12.6 Loss of interest due to delay in encashment of fixed deposits

Due to delay in encashment of fixed deposits on due dates, Delhi Development Authority had to suffer loss of interest of Rs 20.22 lakh.

Section 23 (3) of the Delhi Development Act, 1957 provides that the DDA may keep in current account, with banks approved by the Central Government-such sum of money out of its fund as may be prescribed by rules and any money in excess of the said sum shall be invested in such manner as may be approved by the Central Government. The investment/re-investment of surplus funds with DDA is managed by an Investment Committee of the officers of DDA.

A test check of records of investments maintained by DDA for the year 1997-98 revealed lack of effective monitoring on the part of Investment Committee/DDA officers with regard to encashment of fixed deposits on due dates. In 64 cases, the fixed deposits placed with various banks amounting to Rs 134 crore matured for payment during 1997-98, but were encashed after expiry of maturity dates. The delay in encashment of these fixed deposits ranged from 5 to 22 days. For the periods of delay interest was neither demanded by DDA nor paid by the concerned banks. This resulted in loss of interest of Rs 20.22 lakh to DDA.

No responsibility in the matter was fixed by DDA so far (June 1999).

The matter was referred to the Ministry in July 1999; their reply was awaited as of February 2000.

12.7 Avoidable extra expenditure on reconstruction of road

Due to non-supply of bitumen by the Delhi Development Authority, carpeting on the road could not be laid by the contractor which resulted in damage to road surface. The work had to be re-executed by another contractor at an extra cost of Rs 14.19 lakh.

Failure of DDA to supply bitumen

DDA awarded in February 1994 the work of construction of road in blocks F, G and H Sector-XI, Rohini for Rs 23.27 lakh to contractor A with a stipulation to complete the work by July 1994. The road work upto the level of providing water bound macadam (WBM) surface was completed by the contractor in January 1995. However, due to non-supply of bitumen by the DDA, the contractor could not provide premix carpeting on the road and at the request of the contractor the incomplete work was closed under the orders of the Additional Chief Engineer, Rohini in September 1996 i.e. after a lapse of 20 months of completion of WBM surface work. In his orders, the Additional Chief Engineer, who had been Director (Material Management), when the road was under construction, pointed out that personal efforts were not made by the Executive Engineer to arrange the bitumen as the matter was never discussed with him. However, no proposal was initiated by the Additional Chief Engineer to fix any responsibility for the negligence on the part of Executive Engineer.

The balance work of premix carpeting within four months of closure of incomplete work of the first contractor was awarded to another contractor in January 1997. However, due to the time gap of two years between laying of WBM surface by the first contractor and award of balance work to second contractor, the earth in WBM surface had gone deep into the pores due to rains. The metal portion of the road was not in a fit condition for premix carpeting. In certain portions of the road, vegetation and grass had grown.

In order to make the road suitable for premix carpeting, earth work, removal of rubbish/malba and laying of WBM surface were got executed through the second contractor. The expenditure incurred on these items of work amounted to Rs 20.04 lakh of which Rs 14.19 lakh pertained to the items of work executed by the first contractor but were got re-executed through the second contractor.

Thus, due to failure of DDA to provide bitumen for premix carpeting of road constructed by the first contractor, the road got damaged in rains and DDA had to incur an avoidable extra expenditure of Rs 14.19 lakh for reconstruction of the road through a second contractor.

The matter was referred to the Ministry in September 1999; their reply was awaited as of February 2000.

12.8 Irregular payment to contractor

Delhi Development Authority made irregular payment of Rs 12.51 lakh against procurement of substandard material which was found not conforming to IS Code.

DDA awarded the work of supply of 1250 ton steel of 12 and 20 mm dia to an agency in February 1994. As per the terms and conditions of the agreement, steel was required to be supplied conforming to IS code: 1786-1985.

The agency could supply only 207.580 ton of steel. The DDA on 2nd, 9th, and 15th March 1994 informed the agency that the steel supplied on three dates in February 1994 did not conform to ISI specifications, as per test carried out by the Shri Ram Institute for Industrial Research and asked for its replacement. Disregarding the condition No.2 of the supply order which states that 100 *per cent* payment within 48 hours from the receipt of stores alongwith test certificate and bill, payment of Rs 25.20 lakh was made to the agency against the above supply upto June 1994.

The total quantity found sub-standard was 103 ton as intimated by DDA to the agency in March 1994 out of the total supply of 207.580 ton. The agency asked the DDA to send the samples of steel for testing to some Government approved Lab. The samples were sent to Proto Type Development and Training Centre. Again the samples were found not conforming to IS : code. The sub-standard material was neither removed by the agency nor replacement made. The DDA too did not make any effort to recover the amount of Rs 12.51 lakh from the agency for the value of sub-standard material either directly from the agency or through suit filed in the High Court for recovery of risk and cost amount from the agency. Failure to get steel replaced or obtain refund there of by DDA resulted in a consequential loss of Rs 12.51 lakh.

The matter was referred to the Ministry in July 1999; their reply was awaited as of February 2000.

CHAPTER XIII : MINISTRY OF WELFARE

National Institute for the Orthopaedically Handicapped, Calcutta

13.1 Unfruitful expenditure on a project

The National Institute for the Orthopaedically Handicapped went ahead with a project without the approval of the Standing Finance Committee of the Ministry resulting in unfruitful expenditure of Rs. 20.51 lakh besides loss of interest of Rs. 5.66 lakh.

The project was started without obtaining clearance from the Standing Finance Committee of the Ministry

National Institute for the Orthopaedically Handicapped, Calcutta approached the Ministry in March 1993 for approval of the project for construction of a sports complex in the campus of the Institute at an estimated cost of Rs 64.61 lakh to provide the disabled with recreational and sports facilities. The Institute before obtaining clearance from the Standing Finance Committee (SFC) of the Ministry, requested Central Public Works Department (CPWD) to undertake the work in September 1993 and appointed a consultant for the project in December 1993. The consultant in January 1994 submitted a preliminary estimate for Rs 69 lakh which was forwarded to CPWD in January 1994 together with an amount of Rs 25 lakh. CPWD in September 1994, submitted an estimate to the Institute for Rs 94.12 lakh which was approved by the Executive Council of the Institute in the same month. The Institute further deposited an amount of Rs 20 lakh with the CPWD in October 1994 for execution of the work.

The SFC of the Ministry in May 1997 decided to keep the project pending as they were doubtful about the usefulness of the complex. The Institute in the same month directed CPWD to suspend the work. The CPWD in June 1997 informed the Institute that the pile foundation work amounting to Rs 19.58 lakh had been completed. The work had not been resumed as of April 1999. The Institute neither received the adjustment bills for the work from CPWD nor recovered the balance of Rs 25.42 lakh from CPWD till September 1999.

Expenditure of Rs 20.51 lakh remained unfruitful

Thus, as the Institute went ahead with the project without the approval of the SFC of the Ministry, in violation of the Delegation of Financial Powers Rules, the total expenditure of Rs 20.51 lakh on the project inclusive of consultancy charges of Rs 0.93 lakh remained unfruitful for over four years besides loss of interest of Rs 5.66 lakh on funds lying idle with CPWD for over two years.

The Institute stated in June 1999 that the Executive Council of the Institute was competent to take the decision for the construction work. But the view is not tenable as Ministry in March 1997 directed them to take the approval of the SFC for all the ongoing projects along with the Sports complex and the Institute did go by SFCs decision to stop this work.

The matter was referred to the Ministry in May 1999; their reply was awaited as of February 2000.

CHAPTER XIV

14 Follow up action on Audit Reports-Summarised Position

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

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

A review of the position regarding receipt of ATNs on the paragraphs included in the Audit Reports (Autonomous Bodies) upto the period ended 31 March 1998 (Appendix XXXI) revealed that the Ministries had not submitted the remedial/corrective ATNs in respect of large number of paragraphs relating to them inspite of instructions. Out of 88 paragraphs on which ATNs were required to be sent remedial/corrective ATNs on as many as 60 paragraphs (68.18 percent) were still awaited as of 30 November 1999.

Out of 60 paragraphs on which ATNs were awaited, 47 paragraphs pertain to the Reports for the period 1988-89 to 1995-96.



(H.P. DAS)

Director General of Audit
Central Revenues

New Delhi

Dated: 5 May 2000

Countersigned



(V.K. SHUNGLU)

Comptroller and Auditor General of India

New Delhi

Dated: 6 May 2000



APPENDIX - I

(Referred to in paragraph 1.1 (i) at page 1)

Delay in submission of annual accounts for 1997-98 by autonomous bodies

Sl. No.	Name of the autonomous body	Date of receipt of accounts
(A) Over three to six months		
1.	Telecom Regulatory Authority of India, New Delhi	11.11.1998
2.	Bureau of Indian Standards, New Delhi	23.11.1998
3.	Central Silk Board, Bangalore	7.10.1998
4.	National Institute of Mental Health and Neuro Sciences, Bangalore	11.12.1998
5.	Salar Jung Museum Board, Hyderabad	26.10.1998
6.	Technical Teachers Training Institute, Chennai	7.10.1998
7.	Central Institute of Buddhist Studies, Leh	13.10.1998
8.	National Council of Science Museums, Calcutta	6.10.1998
9.	Rashtriya Manav Sangharalaya, Bhopal	16.11.1998
10.	Lalit Kala Akademi, New Delhi	23.10.1998
11.	Indira Gandhi National Open University, New Delhi	30.12.1998
12.	Rashtriya Sanskrit Sansthan, New Delhi	8.10.1998
13.	Sports Authority of India, New Delhi	2.12.1998
14.	National Institute of Adult Education, New Delhi.	21.12.1998
15.	National Institute of Fashion Technology, New Delhi	2.12.1998
(B) Over Six Months		
1.	Coffee Board General Fund, Bangalore	12.4.1999
2.	All India Council for Technical Education, New Delhi	20.1.1999
3.	National Council for Promotion of Urdu Language, New Delhi	19.2.1999
4.	University Grants Commission, New Delhi	2.6.1999
5.	Delhi University, Delhi	2.6.1999
6.	School of Planning and Architecture, New Delhi	21.1.1999
7.	Project of History of Indian Science , Philosophy and culture, New Delhi	10.6.1999

Sl. No.	Name of the autonomous body	Date of receipt of accounts
8	Coffee Board Pool Fund, Bangalore	6.10.1999
9	Nagaland University, Kohima	8.1.1999
10	South Zone Cultural Centre, Thanjavur	26.8.1999
11	North Zone Cultural Centre, Patiala	26.4.1999
12	South Central Zone Cultural Centre, Nagpur	2.8.1999
13	North Central Zone Cultural Centre, Allahabad	15.10.1999
14	West Zone Cultural Centre, Udaipur	2.11.1999
15	Eastern Zonal Cultural Centre, Calcutta	2.7.1999
16	National Council for Promotion of Sindhi Language, Vadodra	5.10.1999

APPENDIX II

(Referred to in paragraph 1.1 (i) at page 1)

Non-submission of annual accounts for the year 1997-98 by autonomous bodies

Sl. No.	Name of autonomous body
1.	National Cultural Fund, New Delhi
2.	National Commission for Minorities, New Delhi
3.	National Commission for Backward Classes, New Delhi
4.	Delhi Development Authority, New Delhi
5.	Central Agricultural University, Imphal
6.	Indian Institute of Technology, Guwahati
7.	Prasar Bharati(BCI), New Delhi
8.	Mahatma Gandhi Antarashtriya Hindi Viswavidyalaya
9.	North East Cultural Centre, Dimapur, Nagaland
10.	National Illness Association Fund, New Delhi
11.	Indira Gandhi National Centre for Arts, New Delhi

APPENDIX III

(Referred to in paragraph 1.1(ii) at page 2)

Grants/loans received during 1998-99 by central autonomous bodies audited under section 19(2) and 20(1) of CAG's (DPC) Act, 1971

(Rs in lakh)

Sl No	Ministry /Name of Body	Grant	Loan
Agriculture and Co-operation			
1.	Coconut Development Board, Kochi	2065.06	Nil
2.	National Institute for Management of Agricultural Extension, Hyderabad	460.90	Nil
3.	National Co-operative Development Corporation, New Delhi	1187.55	12012.00
4.	Veterinary Council of India, New Delhi	64.60	Nil
5.	National Oil Seeds & Vegetable Oils Development Board, Gurgaon	350.00	Nil
6.	Council for Advancement of People Action & Rural Technology, New Delhi	4080.60	Nil
Civil Supplies, Consumer Affairs & Public Distribution			
7.	Bureau of Indian Standards, New Delhi	134.57	Nil
Commerce			
8.	Spices Board, Kochi	1400.00	Nil
9.	Marine Products Export Development Authority, Kochi	1340.89	Nil
10.	Rubber Board, Kottayam	7119.76	Nil
11.	Tobacco Board, Guntur	Nil	Nil
12.	Coffee Board-(General Fund Accounts), Bangalore	2481.00 ¹	Nil
13.	Coffee Board (Pool Fund Accounts), Bangalore		
14.	Agricultural and Processed Food Products, Export Development Authority, New Delhi	3370.00	Nil
15.	Export Inspection Council, Calcutta	50.00 ²	Nil
16.	Export Inspection Agency, Calcutta		
17.	Export Inspection Agency, Mumbai		

¹ Coffee Board (General Fund Accounts) and Coffee Board (Pool Fund Accounts)² Combined grant released to all the Export Inspection Council/Agencies.

SI No	Ministry /Name of Body	Grant	Loan
18.	Export Inspection Agency, Madras		
19.	Export Inspection Agency, Cochin		
20.	Export Inspection Agency, Delhi		
21.	Tea Board, Calcutta	3200.00 ³	Nil
Defence			
22.	Jawahar Institute Mountaineering & Winter Sports, Pehalgam	13.20	Nil
23.	Nehru Institute of Mountaineering, Uttar-kashi	45.74	347.00
24.	Himalayan Mountaineering Institute, Darjeeling	129.25	Nil
Environment			
25.	Animal Welfare Board, Chennai	487.80	Nil
External Affairs			
26.	Indian Council for Cultural Relations, New Delhi	3300.00	Nil
Finance			
27.	Securities and Exchange Board of India, Mumbai	486.00	Nil
Health and Family Welfare			
28.	Dental Council of India, New Delhi	40.00	Nil
29.	Medical Council of India, New Delhi	121.00	Nil
30.	Post Graduate Institute of Medical Education and Research, Chandigarh	12147.00	Nil
31.	National Institute for Mental Health and Neuro Sciences, Bangalore	1285.75	Nil
32.	Indian Nursing Council, New Delhi	12.00	Nil
33.	National Institute of Naturopathy, Pune	36.65	Nil
34.	National Institute of Ayurveda, Jaipur	638.00	Nil
35.	All India Institute of Medical Sciences, New Delhi	37623.88	Nil
36.	Pharmacy Council of India, New Delhi	10.00	Nil
37.	Central Council for Indian Medicine, New Delhi	95.00	Nil
38.	Central Council of Research in Homoeopathy, New Delhi	685.03	Nil
39.	Central Council for Research in Yoga and Naturopathy, New Delhi	172.50	Nil
40.	Morarji Desai Research Institute of Yoga, New Delhi	284.00	Nil

³ Including Rs 700.00 lakh, Rs 1500 lakh and Rs 1000.00 lakh as grant, cess and subsidy respectively.

Sl No	Ministry /Name of Body	Grant	Loan
41.	Central Council for Research in Unani Medicine, New Delhi	1321.70	Nil
42.	Central Council for Research in Ayurveda and Siddha, New Delhi	2773.71	Nil
43.	National Board of Examination, New Delhi	7.00	Nil
44.	Rastriya Ayurveda Vidyapeeth, New Delhi	34.50	Nil
45.	Central Council of Homeopathy, New Delhi	62.35	Nil
46.	National Institute of Health and Family Welfare, New Delhi	623.50	Nil
47.	National Institute of Homoeopathy, Calcutta	287.11	Nil
48.	Chittaranjan National Cancer Institute, Calcutta	450.00	Nil
Home Affairs			
49.	National Human Rights Commission, New Delhi	564.35	Nil
Human Resource Development			
50.	North Central Zone Cultural Centre, Allahabad	98.40	Nil
51.	All India Council for Technical Education, New Delhi	8150.00	Nil
52.	Project of History of Indian Science , Philosophy and Culture, New Delhi	93.60	Nil
53.	Regional Institute of Technology, Jamshedpur	352.64	Nil
54.	National Council for Promotion of Sindhi Language, Vadodra	29.00	Nil
55.	Technical Teachers Training Institute, Bhopal	785.00	Nil
56.	Maulana Azad College of Technology, Bhopal	637.54	Nil
57.	Rashtriya Manav Sangrahalaya, Bhopal	619.00	Nil
58.	Regional Engineering College, Jalandhar	470.19	Nil
59.	Longowal Institute of Engineering and Technology, Longowal	861.00	Nil
60.	Zonal Cultural Centre, Patiala	126.22	Nil
61.	Sardar Vallabh Bhai Regional College of Engineering and Technology, Surat	457.53	Nil
62.	Technical Teachers Training Institute, Chandigarh	555.00	Nil
63.	Indian Institute of Advanced Studies, Shimla	291.26	79.50
64.	Regional Engineering College, Hamirpur	322.30	254.34
65.	Central Institute of Buddhist Studies, Leh	155.75	Nil
66.	Regional Engineering College, Srinagar	481.94	Nil
67.	Indian Institute of Management, Bangalore.	980.00	Nil

Sl No	Ministry /Name of Body	Grant	Loan
68.	Indian Institute of Technology, Mumbai	7541.00	Nil
69.	Visveswaraya Regional College of Engineering, Nagpur	526.17	Nil
70.	South Central Zone Cultural Centre, Nagpur	39.59	Nil
71.	Board of Apprenticeship Training, Mumbai	489.62	Nil
72.	National Institute of Training in Industrial Engineering, Mumbai	837.96	Nil
73.	North Eastern Hill University, Shillong	2867.11	Nil
74.	North Eastern Regional Institute of Science and Technology, Shillong	792.00	Nil
75.	Malviya Regional Engineering College, Jaipur	638.00	Nil
76.	Tezpur University, Tezpur	562.68	Nil
77.	Assam University, Silchar	448.51	Nil
78.	Regional Engineering College, Kurukshetra	428.74	Nil
79.	Nagaland University, Kohima	1048.26	Nil
80.	University Grants Commission, New Delhi	54500.00	Nil
81.	Sangeet Natak Akademi, New Delhi	609.24	Nil
82.	Indian Institute of Technology, Chennai	5290.75	Nil
83.	Kalakshetra Foundation, Chennai	190.50	Nil
84.	Auroville Foundation, Auroville	73.69	Nil
85.	Board of Apprenticeship Training, Chennai	805.58	Nil
86.	Technical Teachers Training Institute, Taramani, Chennai	610.00	Nil
87.	Pondicherry University, Pondicherry	1588.22	Nil
88.	Rampur Raza Library Board, Rampur	140.78	Nil
89.	Indian Institute of Technology, Kanpur	5067.50	Nil
90.	Banaras Hindu University, Varanasi	13210.82	Nil
91.	Aligarh Muslim University, Aligarh	14853.20	Nil
92.	Motilal Nehru Regional Engineering College, Allahabad	710.67	Nil
93.	Kendriya Hindi Shikshan Mandal, Agra	505.00	Nil
94.	Indian Institute of Management, Lucknow	224.00	Nil
95.	Board of Apprenticeship Training, Kanpur	465.33	Nil
96.	Central Institute of Higher Tibetan Studies, Sarnath, Varanasi	253.20	Nil
97.	Allahabad Museum Society, Allahabad	151.63	Nil

Sl No	Ministry /Name of Body	Grant	Loan
98.	Indian Institute of Technology, Kharagpur	4912.50	Nil
99.	Vishva Bharati University, Shantiniketan	47.54	Nil
100.	Asiatic Society, Calcutta	337.00	Nil
101.	Technical Teachers Training Institute, Calcutta	763.50	Nil
102.	Board of Practical Training, Calcutta	293.97	Nil
103.	National Council of Science Museum, Calcutta	1110.00	Nil
104.	Raja Ram Mohan Roy Library Foundation, Calcutta	630.00	Nil
105.	Indian Museum, Calcutta	575.50	Nil
106.	Indian Institute of Management, Calcutta	812.50	Nil
107.	Eastern Zonal Cultural Centre, Calcutta	74.43	Nil
108.	Regional Engineering College, Kozhikode	508.55	Nil
109.	Khuda Bux Oriental Public Library, Patna	130.04	Nil
110.	National Institute of Foundary and Forge Technology, Dhanbad	581.75	Nil
111.	Regional Engineering College, Rourkela	608.20	Nil
112.	Gandhi Samriti and Darshan Samiti, New Delhi	266.57	Nil
113.	Nehru Memorial Museum and Library, New Delhi	477.99	Nil
114.	Indian Council of Social Sciences Research, New Delhi	1387.30	Nil
115.	Delhi Library Board, New Delhi	558.80	Nil
116.	Nehru Yuvak Kendra Sangathan, New Delhi	3812.88	Nil
117.	Central Tibetan Schools Administration, New Delhi	1145.90	Nil
118.	National Book Trust, New Delhi	618.00	Nil
119.	Navodaya Vidyalaya Samiti, New Delhi	37650.00	Nil
120.	National Council of Educational Research & Training, New Delhi	3430.00	Nil
121.	National Institute of Educational Planning and Administration, New Delhi	243.65	Nil
122.	University of Hyderabad, Hyderabad	2988.00	Nil
123.	Maulana Azad National Urdu University, Hyderabad	270.00	Nil
124.	Regional Engineering College, Warangal	565.88	Nil
125.	Rashtriya Sanskrit Vidyapeeth, Tirupati	226.24	Nil
126.	Delhi University, New Delhi	5059.00	Nil
127.	National Council for Teachers Education, New Delhi	309.00	Nil
128.	Kendriya Vidyalaya Sangathan, New Delhi	40000.00	Nil
129.	Centre for Cultural Resources and Training, New Delhi	710.00	Nil

Sl No	Ministry /Name of Body	Grant	Loan
130.	Lalit Kala Academy, New Delhi	353.00	Nil
131.	National School of Drama, New Delhi	476.00	Nil
132.	Sahitya Academy, New Delhi	519.00	Nil
133.	Indian Council of Historical Research, New Delhi	265.00	Nil
134.	Indian Council of Philosophical Research, New Delhi	182.73	Nil
135.	National Museum Institute of History, Art, Conservation & Museology, New Delhi	53.53	Nil
136.	National Bal Bhavan, New Delhi	47.63	Nil
137.	School of Planning and Architecture, New Delhi	483.00	Nil
138.	Indira Gandhi National Open University, New Delhi	2789.00	Nil
139.	Jawaharlal Nehru University, New Delhi	6294.58	Nil
140.	National Commission for Women, New Delhi	283.00	Nil
141.	Indian Institute of Technology, New Delhi	6950.00	Nil
142.	Jamia Millia Islamia, New Delhi	3671.11	Nil
143.	National Open School, New Delhi	365.00	Nil
144.	National Institute of Public Co-operation and Child Development, New Delhi	670.00	Nil
145.	Rashtriya Sanskrit Sansthan, New Delhi	1292.39	Nil
146.	Lal Bahadur Shastri Rashtriya Sanskrit Vidyapitha, New Delhi	419.69	Nil
Industries			
147.	Coir Board, Kochi	1009.00	Nil
148.	Khadi & Village Industries Commission, Mumbai	36827.00	26644.00
Information and Broadcasting			
149.	Press Council of India, New Delhi	350.65	Nil
Labour			
150.	Employees State Insurance Corporation, New Delhi	Nil	Nil
151.	Employees Provident Fund Organisation, New Delhi	Nil	Nil
152.	Central Board of Workers Education, Nagpur	1607.00	Nil
153.	V.V Giri National Labour Institute, Noida, Ghaziabad	321.00	Nil
Law			
154.	National Judicial Academy, New Delhi	1800.00	Nil
155.	State Legal Services Authority, Chandigarh	40.00	Nil

SI No	Ministry /Name of Body	Grant	Loan
Mines			
156.	Coal Mines Provident Funds Organisation, Dhanbad	4345.00	Nil
Power			
157.	National Power Training Institute, Faridabad	598.33	Nil
Railways			
158.	Centre for Railway Information Systems, New Delhi	745.94	Nil
Rural Areas and Employment			
159.	National Institute of Rural Development, Hyderabad	1066.00	Nil
Social Justice and Empowerment			
160.	National Institute of Mentally Handicapped, Hyderabad	562.00	Nil
161.	National Institute for the Visually Handicapped, Dehradun	465.00	Nil
162.	National Institute of Rehabilitation Training and Research, Olatpur	607.42	Nil
163.	Rehabilitation Council of India, New Delhi	1031.00	Nil
164.	Institute of Physically Handicapped, New Delhi	649.47	Nil
165.	Central Wakf Council, New Delhi	335.00	Nil
166.	Ali Yavar Jang National Institute for the Hearing Handicapped, Mumbai	552.00	Nil
Surface Transport			
167.	Cochin Port Trust, Cochin	Nil	15962.30
168.	Paradip Port Trust, Paradip	Nil	4197.92
169.	Vizag Port Trust, Vishakapatnam	Nil	Nil
170.	Vizag Dock Labour Board, Vishakapatnam	Nil	Nil
171.	Kandla Dock Labour Board, Kandla	Nil	Nil
172.	New Mangalore Port Trust, New Mangalore	Nil	Nil
173.	Mumbai Port Trust, Mumbai	110.00	Nil
174.	Mumbai Dock Labour Board, Mumbai*		
175.	Jawahar Lal Nehru Port Trust, Mumbai	Nil	Nil
176.	Mormugao Port Trust, Mormugao	Nil	Nil
177.	Seaman's Provident Fund Organisation, Mumbai	Nil	Nil
178.	Kandla Port Trust, Gandhidham	Nil	Nil
179.	Chennai Port Trust, Chennai	Nil	6500.00
180.	Chennai Dock Labour Board, Chennai	Nil	Nil

* Combined Grants with Mumbai Port Trust, Mumbai

Sl No	Ministry /Name of Body	Grant	Loan
181.	Tuticorin Port Trust, Tuticorin	Nil	Nil
182.	Calcutta Dock Labour Board, Calcutta	Nil	Nil
183.	Calcutta Port Trust, Calcutta	Nil	Nil
Telecommunications			
184.	Telecom Regulatory Authority of India, New Delhi	900.00	Nil
Textile			
185.	Central Silk Board, Bangalore	7849.00	Nil
186.	Textile Committee, Mumbai	2910.61	Nil
187.	National Institute of Fashion Technology, New Delhi	1282.00	Nil
188.	Jute Manufactures Development Council, Calcutta	2686.20	Nil
Urban Affairs and Employment			
189.	Rajghat Samadhi Committee, New Delhi	82.88	Nil
190.	Delhi Urban Arts Commission, New Delhi	59.90	Nil
191.	National Capital Region Planning Board, New Delhi	4619.00	Nil
Water Resources			
192.	National Water Development Agency	1200.00	Nil
193.	Brahmaputra Board, Guwahati	1299.00	Nil
194.	Betwa River Board, Jhansi	Nil	Nil
195.	Narmada Control Authority, Indore	Nil	Nil
Total		434107.82	65997.06

APPENDIX - IV

(Referred to in paragraph 1.1(ii) at page 2)

Grants received during 1998-99 by the Central Universities

(Rs. in lakh)

S.No	Name of the University	Grant
1	North Eastern Hill University, Shillong	2867.11
2	Tezpur University, Tezpur	562.68
3	Assam University, Silchar	448.51
4	Nagaland University, Kohima	1048.26
5	Pondicherry University, Pondicherry	1588.22
6	Banaras Hindu University, Varanasi	13210.82
7	Aligarh Muslim University, Aligarh	14853.20
8	Vishva Bharati, Shantiniketan	47.54
9.	Maulana Azad National Urdu University, Hyderabad	270.00
10.	Jawaharlal Nehru University, New Delhi	6294.00
11.	Delhi University, Delhi	5059.00
12.	Indira Gandhi National Open University, New Delhi	2789.00
13.	Jamia Milia Islamia, New Delhi	3671.11
14.	University of Hyderabad, Hyderabad	2988.00
	Total	55697.45

APPENDIX - V

(Referred to in paragraph 1.1 (ii) at page 2)

Bodies whose accounts/information for 1998-99 not received as of February 2000 audited under Section 19(2) and 20(1) of the CAG's (DPC) Act 1971.

S. No	Name of the Bodies
Ministry of Health and Family Welfare	
1.	National Illness Assistance Fund, New Delhi
Human Resource Development	
2.	Salarjung Museum Board, Hyderabad
3.	Indian Institute of Technology, Guwahati
4.	National Institute of Adult Education, New Delhi
5.	Baba saheb Bhimrao Ambedkar University, Lucknow
6.	National Council For Promotion of Urdu Language
7.	National Culture Fund, New Delhi
8.	Indira Gandhi National Centre for Arts, New Delhi
9.	Central Agricultural University, Imphal
10.	Mahatma Gandhi Antarrashtriya Hindi Vishvavidayalya
11.	North East Zone Cultural Centre, Dimapur, Nagaland
12.	Laxmibai National Institute of Physical Education, Gawalior
13.	Sports Authority of India, New Delhi
14.	West Zone Cultural Centre, Udaipur
15.	South Zone Cultural Centre, Thanjavur
Information and Broadcasting	
16.	Prasar Bharti, New Delhi
17.	Central Electricity Regulatory Commission, New Delhi

S. No	Name of the Bodies
Social Justice and Empowerment	
18.	National Institute for Orthopediacally Handicapped, Calcutta
19.	National Commission for Minorities, New Delhi
20.	National Commission for Backward Classes, New Delhi
Urban Affairs and Employment	
21.	Delhi Development Authority, New Delhi

APPENDIX - VI

(Referred to in paragraph 1.1(iii) at page 2)

Grants/loans received during 1998-99 by central autonomous bodies audited u/s 14(1) and 14(2) of CAG's (DPC) Act, 1971

(Rs in lakh)

Sl No	Ministry/Name of Body	Grant
Agriculture and Co-operations		
1.	National Horticulture Board, Gurgaon	2000.00
Chemicals and Fertilizers		
2.	Central Institute of Plastics and Engineering Technology, Hyderabad	734.10
Finance		
3.	India Investment Centre	153.00
Food Processing Industries		
4.	Paddy Processing Research Centre	100.00
Human Resource Development		
5.	State Resource Centre for Adult Education, Hyderabad	36.00
6.	Indira Gandhi Rashtriya Udan Academy, Raibareli	Nil
7.	Maulana Abul Kalam Azad Institute of Asian Studies	35.88
8.	Association of Indian Universities, New Delhi	71.83
9.	Indian Olympic Association	18.69
10.	Indian Institute of Public Administration	258.00
11.	Bharat Scouts & Guides, New Delhi	109.31
12.	Bharat Gyan Vigyan Samiti	114.00
13.	Central Civil Service Sports Culture Board	19.00
14.	Central Social Welfare Board, New Delhi	3460.66
Industries		
15.	National Institute of Small Industry Extension Training, Yousuf Guda, Hyderabad	291.00
16.	Central Institute of Tool Design Balanagar, Hyderabad	93.00

Sl No	Ministry/Name of Body	Grant
17.	Central Machine Tool Institute, Bangalore	70.00
18.	Central Pulp and Paper Research Institute, Saharanpur	298.04
19.	Central Tool Room and Training Centre, Calcutta	Nil
Information and Broadcasting		
20.	Satyajeet Ray Film and Television Institute, Calcutta	Nil
Planning		
21.	Indian Statistical Institute, Calcutta	4100.00
Planning Commission		
22.	Regional Computer Centre, Calcutta	0.03
Social Justice & Empowerment		
23.	West Bengal Schedule Caste/Schedule Tribe and Minority Association	Nil
24.	Manasika Vikasa Kendra, Vijaywada	22.89
25.	Bhagavathula Charitable Trust, Yelamarchali	Nil
26.	Zilla Vikalangya Sangam, Vesukoda	39.50
27.	Rashtriya Sewa Samiti, Tirupati	303.60
Surface Transport		
28.	Indian Institute of Training for Highway Engineerings, New Delhi	Nil
29.	Tariff Authority of Major Ports	200.00
Textiles		
30.	Indian Jute Industries Research Association, Calcutta	660.00
Tourism		
31.	Institute of Hotel Management Catering Technology and Applied Nutrition, New Delhi	42.35
32.	Institute of Hotel Management Catering Technology and Applied Nutrition, Hyderabad	12.00
Urban Affairs & Employment		
33.	Building Material Technology Promotion Council	445.00
Total		13687.88

APPENDIX - VII

(Referred to in paragraph 1.1(iii) at page 2)

Bodies whose accounts/information not received audited u/s 14(1) and 14(2) of CAG's (DPC) Act, 1971 during 1998-99.

Sl. No.	Ministry/ Name of Body
Agriculture and Co-operation	
1.	National council for co-operation training, New Delhi
2.	National Co-operative union of India
3.	Indo German Nilgiris Development agency
4.	National Co-operative Consumers Federation, Bhiwani
5.	Central Institute of Plastic Engineering and Technology, Mysore
6.	Paddy Processing Research Centre, Thanjavour
7.	National Consumers Co-operative Federation, Chennai
Civil Supplies, Consumer Affairs and Public Distribution	
8.	National Co-operative Consumers Federation, Hyderabad
9.	Indian Trade Centre
10.	N.C.C.F of India Ltd., Mumbai
Commerce	
11.	Indian Institute of Foreign Trade, New Delhi
12.	Regional Office of Engineering Export Promotion
13.	Indian Institute of Packaging, Mumbai
14.	Indian Diamond Institute, Surat
External Affairs	
15.	Research and Information System for Non Aligarch and other Development Countries
Finance	
16.	National Housing Bank, New Delhi
Health and Family Welfare	
17.	Kasturba Health Society, Wardha
18.	Gandhigram Institute of Health and Family Welfare Trust
19.	Pariwar Sewa Sangthan
20.	Lala Ram Swaroop Institute of T.B and Allied Diseases
21.	Indian Red Cross Society

Sl. No.	Ministry/ Name of Body
22.	New Delhi Tuberculosis Centre
23.	Hill Area Development Programme
24.	National Institute of Biological
Human Resource Development	
25.	Kaivilydhan S.M.Y.M Samiti
26.	Indian Institute of Education, Pune
27.	National Services Scheme
28.	Victoria Memorial Hall, Calcutta
29.	Indian Statistical Institute, Calcutta
30.	Youth Hostel Association
31.	Harijan Sewak Sangh, New Delhi
32.	Indian Council of Education, New Delhi
33.	Indian Council of Child Welfare, New Delhi
34.	Central Technical Committee, New Delhi
35.	Punjab University, Chandigarh
36.	The North Eastern Regional Institute of Water and Land Management
37.	West Zone Culture Centre, Jaipur
38.	Handloom Export Promotion Council, Chennai
39.	Rajeev Gandhi National Institute of Youth Development
Industries	
40.	Automotive Research Association of India, Pune
41.	Institute of Design and Electrical Measurement, Mumbai
42.	National Productivity Council, New Delhi
43.	National Council for Cement and Building Material
44.	National Institute for Enterprenership Small Business Development
45.	Central Footwear Training Institute
46.	Central Institute of Plastic and Engineering Technology, Bhubnashwer
47.	Central Institute of Plastic & Engineering Technology, Mysore
Information and Broadcasting	
48.	Film and Television Institute of India, Pune
49.	Children Film Society, Mumbai
50.	Indian Institute of Mass Communication
51.	National Centre for Films for Children and Young People
Planning	
52.	Institute of Economic Growth

Sl. No.	Ministry/ Name of Body
53.	Institute of Applied Manpower Research, New Delhi
Rural Area and Development	
54.	DRDA, Vellore
55.	DRDA, Thiruvannamalai
56.	DRDA, Cuddalore
57.	DRDA, Thanjavur
58.	DRDA, Trichey
59.	DRDA, Pudukottai
60.	DRDA, Sivaganga
61.	DRDA, Virudhunagar
62.	DRDA, Madurai
63.	DRDA, Dindigul
64.	DRDA, Tirunelveli
65.	DRDA, Tuticorin
66.	DRDA, Kanyakumari
67.	DRDA, Coimbatore
68.	DRDA, Erode
69.	DRDA, Salem
70.	DRDA, Nilgiris
71.	DRDA, Nagapattinam
72.	DRDA, Kancheepuram
73.	DRDA, Villuperam
74.	DRDA, Thiruvannur
75.	DRDA, Karur
76.	DRDA, Perambalur
77.	DRDA, Thiruvallur
78.	DRDA, Namakkal
79.	DRDA, Theni
80.	DRDA, Pondicherry
81.	DRDA, Kollam
82.	DRDA, Pathanamthitta
83.	DRDA, Alappuzha
84.	DRDA, Kottayam
85.	DRDA, Idukki
86.	DRDA, Ernakulam

Sl. No.	Ministry/ Name of Body
87.	DRDA, Thrissur
88.	DRDA, Palakkad
89.	DRDA, Kozhikode
90.	DRDA, Malappuram
91.	DRDA, Wayanad
92.	DRDA, Kannur
93.	DRDA, Kasargod
94.	DRDA, U.T.L. Kavaratti
95.	DRDA, Ooty
96.	CIPET, Guindy
97.	DRDA, Patna
98.	DRDA, Nalanda
99.	DRDA, Rohtas Sasaram
100.	DRDA, Bhabhuna
101.	DRDA, Bhojpur Arrah
102.	DRDA, Ramnad
103.	DRDA, Buscar
104.	DRDA, Gaya
105.	DRDA, Jahanabad
106.	DRDA, Aurangabad
107.	DRDA, Chapra
108.	DRDA, Siwan
109.	DRDA, Gopal Ganj
110.	DRDA, Muzaffarpur
111.	DRDA, Sitamarhi
112.	DRDA, West Champaran Bettiah
113.	DRDA, East Champaran Motihari
114.	DRDA, Hazipur
115.	DRDA, Darbhanga
116.	DRDA, Modhubani
117.	DRDA, Samastipur
118.	DRDA, Sheohar
119.	DRDA, Madhepura
120.	DRDA, Sapoul
121.	DRDA, Purnea

Sl. No.	Ministry/ Name of Body
122.	DRDA, Araria
123.	DRDA, Kishan Ganj
124.	DRDA, Katihar
125.	DRDA, Bhagalpur
126.	DRDA, Banka
127.	DRDA, Mohghyar
128.	DRDA, Jamue
129.	DRDA, Khagaria
130.	DRDA, Begusarai
131.	DRDA, Sekhpura
132.	DRDA, Dumka
133.	DRDA, Deoghar
134.	DRDA, Gadda
135.	DRDA, Shahebganj
136.	DRDA, Daltonganj
137.	DRDA, Bokaro
138.	DRDA, Hazaribagh
139.	DRDA, Chatra
140.	DRDA, Giridih
141.	DRDA, Gumla
142.	DRDA, Lohardaga
143.	DRDA, Jamshedpur
144.	DRDA, Nawadah
145.	DRDA, Wokha
146.	DRDA, Chengalpattu
147.	DRDA, Kamagajar
148.	DRDA, Madurai
149.	DRDA, V.O. Chidambaram
150.	DRDA, Periyar
151.	DRDA, Anne
152.	National Institute of Agriculture Marketing Centre, Jaipur
153.	All India Handloom Fabrics Marketing Society
154.	DRDA- North Bihar Industrial Area Development Authority, Muzaffarpur
155.	DRDA- Ranchi Industrial Area Development Authority, Ranchi

Sl. No.	Ministry/ Name of Body
156.	DRDA- Bokaro Industrial Area Development Authority, Bokaro
157.	DRDA- Darbhanga Industrial Area Development Authority, Darbhanga
158.	DRDA- Patna Industrial Area Development Authority, Patna
159.	DRDA- Gandak Command Area Development Agency, Muzaffarpur
160.	DRDA- Sone Command Area Development Agency, Sone Bhawan, Patna
161.	DRDA- Kosi Command Area Development Agency, Saharsa
162.	DRDA- Kiul Badua Chaddan Command Area Development Agency, Bhagalpur
163.	DRDA- Seeretary Bihar Sanskrit Shiksha Board, Patna
164.	DRDA- Director, Bihar State Pollution Control Board, Patna
165.	DRDA- Director State Institute of Education Technology Bihar, Patna
166.	Comptroller/Director Birsa Agriculture Kanke, Ranchi
167.	Director, Bihar State Hydro-Electric Co-operative Ltd. Patna
168.	Special Officer Social Security and Welfare Department Bihar, Patna
169.	Director, Birla Institute of Education Technology Meshra Ramchi
170.	Director, Maithili Academy Bihar, Patna
171.	Principal, Sainik School, Tillaiya
172.	Registrar, Urban Development Department Bihar, Patna
173.	Registrar, Bihar Culture and Youth Welfare Division, Patna
Social Justice and Empowerment	
174.	Nagaland State Social Welfare Advisory Board
Textile	
175.	Handloom House, Hyderabad
176.	Handloom House, Vizag
177.	Handloom Export Production Council
178.	Central Wool Development Board, Jodhpur
179.	South India Textile Research Marketing Society
180.	Bombay Textile Research Association
181.	Chemical & Allied Product Export Inspection Council
182.	Engineering Export Promotion Council, Calcutta
183.	South Indian Textile Research Association
Tourism	
184.	Institute of Hotel Management, Mumbai
185.	Institute of Hotel Management Catering Technology, Kovalam
186.	Institute of Hotel Management Catering Technology & Applied Nutrition

Sl. No.	Ministry/ Name of Body
Urban Affairs and Employment	
187.	National Institute of Urban Affairs
Water Resources	
188.	National Institute of Hydrology, Rookree, Haridwar

APPENDIX VIII

(Referred to in paragraph 1.2.3 at page 3)

Non-approval of form of accounts by competent authority

Sl. No	Name of Autonomous Bodies
1.	Institute for Physically Handicapped, New Delhi
2.	Central Tibetan School Administration, New Delhi
3.	Central Council for Research in Ayurveda & Siddha, New Delhi
4.	Rehabilitation Council of India, New Delhi
5.	Jamia Milia Islamia, New Delhi
6.	National Open School, New Delhi
7.	Rashtriya Ayurveda Vidyapeetha, New Delhi
8.	National Council for Teacher Education, New Delhi
9.	Indian Council of Historical Research, New Delhi
10.	National Bal Bhavan, New Delhi
11.	National School of Drama, New Delhi
12.	Indian Nursing Council, New Delhi
13.	Dental Council of India, New Delhi
14.	School of Planning & Architecture, New Delhi
15.	National Judicial Academy, New Delhi
16.	Project of History of Indian Science, Philosophy and Culture, New Delhi
17.	University Grants Commission, New Delhi
18.	Auroville Foundation, Auroville
19.	Jute Manufactures Development Council, Calcutta
20.	North-Zone Cultural Centre, Patiala
21.	Technical Teachers Training Institute, Bhopal
22.	Indira Gandhi Rashtriya Manav Sangrahalaya, Bhopal
23.	Regional Institute of Technology, Jamshedpur
24.	Regional Engineering College, Kozhikode
25.	All India Institute of Medical Sciences, New Delhi
26.	Pharmacy Council of India, New Delhi

Sl. No	Name of Autonomous Bodies
27.	Central Council of Homoeopathy, New Delhi
28.	Central Council of Research in Homoeopathy, New Delhi
29.	Central Council for Research in Unani Medicines, New Delhi
30.	National Board of Examination, New Delhi
31.	National Institute of Health and Family Welfare, New Delhi
32.	National Illness Assistance Fund, New Delhi
33.	Press Council of India, New Delhi
34.	Delhi University, Delhi
35.	University of Delhi (Maintained Institutions), Delhi
36.	Sangeet Natak Academy, New Delhi
37.	National Museum Institute for History of Arts, Conservation and Museology, New Delhi
38.	National Council for Promotion of Urdu Language, New Delhi
39.	National Cultural Fund, New Delhi
40.	Indira Gandhi National Open University, New Delhi
41.	Jawaharlal Nehru University, New Delhi
42.	Gandhi Smriti and Darshan Samiti, New Delhi
43.	Delhi Library Board, New Delhi
44.	National Council of Educational Research & Training, New Delhi
45.	National Human Right Commission, New Delhi
46.	Navodaya Vidyalaya Samiti, New Delhi
47.	Nehru Yuvak Kendra Sangathan, New Delhi
48.	National Institute of Public Cooperation & Child Development, New Delhi
49.	Rashtriya Sanskrit Sansthan, New Delhi
50.	Lal Bahadur Shastri Rashtriya Sanskrit Vidyapeeth, New Delhi
51.	Indian Council for Cultural Relations, New Delhi

APPENDIX - IX

(Referred to in paragraph 1.3 at page 5)

Outstanding utilisation certificates

(Rs in lakh)

Ministry/Department	Period to which grants relate (Upto September 1997)	Utilisation Certificates Outstanding at the end of March 1999	
		Number	Amount
Agriculture & Cooperation	1976-77	2	2.71
	1978-79	1	166.47
	1979-80	5	132.80
	1980-81	6	119.38
	1982-83	2	29.78
	1983-84	9	2.70
	1984-85	25	10.00
	1985-86	5	0.60
	1986-87	1	0.10
	1987-88	9	233.79
	1988-89	1	61.50
	1989-90	1	389.50
	1990-91	11	50.68
	1991-92	29	112.35
	1992-93	2	5.00
	1993-94	24	1140.42
	1994-95	36	2122.77
	1995-96	2	1300.00
	1996-97	141	4705.38
1997-98	43	1081.82	
		355	11667.75
Andaman and Nicobar Administration	1996-97	2	355.98
		2	355.98
Commerce and Textiles			
(i) Commerce	1997-98	3	12.80
		3	12.80
(ii) Development Commissioner of Handicrafts, Delhi	1978-79	11	55.45
	1979-80	6	18.64
	1980-81	3	4.63
	1982-83	6	5.93
	1983-84	2	0.51
	1984-85	7	9.44
	1985-86	9	9.48
	1986-87	5	3.43
	1987-88	5	7.69
	1988-89	1	0.93
	1989-90	11	12.47

Ministry/Department	Period to which grants relate (Upto September 1997)	Utilisation Certificates Outstanding at the end of March 1999	
		Number	Amount
	1990-91	8	28.88
	1991-92	13	69.99
	1992-93	31	27.03
	1993-94	66	247.45
	1994-95	150	222.26
	1995-96	157	628.98
	1996-97	151	606.06
	1997-98	3	5.16
		645	1964.41
Central Board of Direct Taxes	1997-98	10	0.43
		10	0.43
Civil Supplies, Consumers Affairs and Public Distribution	1981-82	2	1.40
	1983-84	8	7.39
	1984-85	2	2.90
	1985-86	2	1.37
	1987-88	1	5.00
	1988-89	1	4.34
	1989-90	3	13.90
	1992-93	1	2.50
	1993-94	1	4.00
	1994-95	1	4.00
	1995-96	2	40.00
	1996-97	2	216.00
	1997-98	1	100.00
		27	402.80
Chemicals and Fertilizers	1995-96	4	50.00
(i) Fertilizers	1996-97	15	874.50
	1997-98	4	600.00
		23	1524.50
(ii) Department of Chemicals and Petrochemicals	1992-93	1	13.15
	1993-94	2	613.00
	1994-95	3	155.00
	1995-96	5	437.00
	1996-97	4	177.42
	1997-98	3	890.71
		18	2286.28
External Affairs	1987-88	1	1.00
	1988-89	1	1.00
	1989-90	3	260.00
	1991-92	10	28.00
	1994-95	2	2.50
	1995-96	7	10.20
	1996-97	28	32.50

Ministry/Department	Period to which grants relate (Upto September 1997)	Utilisation Certificates Outstanding at the end of March 1999	
		Number	Amount
	1997-98	13	15.00
		65	350.20
Finance	1993-94	1	1.25
Economic Affairs*	1994-95	3	132.65
	1995-96	6	256.33
	1996-97	9	150.68
	1997-98	2	1.09
		21	542.00
Food	1994-95	5	19.31
	1995-96	14	155.51
		19	174.82
Food Processing Industries	1988-89	1	0.50
	1990-91	1	4.19
	1991-92	7	100.08
	1992-93	28	220.58
	1993-94	64	302.00
	1994-95	48	254.91
	1995-96	64	750.91
	1996-97	76	1150.00
	1997-98	11	165.25
		300	2948.42
Health and Family Welfare	1976-77	54	3.08
(i)Health	1979-80	8	3.34
	1980-81	2	1.46
	1981-82	14	17.58
	1982-83	9	24.35
	1983-84	18	193.87
	1984-85	28	128.29
	1985-86	31	14.56
	1986-87	59	15.47
	1987-88	5	0.97
	1988-89	81	18.15
	1989-90	30	47.95
	1990-91	30	8.07
	1991-92	32	1.21
	1992-93	5	0.51
	1993-94	123	3360.74
	1994-95	138	4606.32
	1995-96	320	21699.45
	1996-97	337	31627.40
	1997-98	459	34290.30
		1783	96063.07
(ii)Family Welfare	1976-77	1	0.10

Ministry/Department	Period to which grants relate (Upto September 1997)	Utilisation Certificates Outstanding at the end of March 1999	
		Number	Amount
	1981-82	4	29.46
	1982-83	8	7.17
	1984-85	2	3.92
	1986-87	9	23.32
	1987-88	10	30.98
	1988-89	4	23.71
	1989-90	12	63.40
	1990-91	9	39.74
	1991-92	2	14.57
	1992-93	3	10.53
	1993-94	71	6503.35
	1994-95	232	243.20
	1995-96	496	6502.55
	1996-97	513	13650.89
	1997-98	200	14110.31
		1576	41257.20
Home Affairs PAO (Sectt)	1990-91	1	0.01
		1	0.01
Human Resource Development	1986-87	301	2214.00
(i) Women and Child Development	1987-88	400	3607.00
	1988-89	505	2880.00
	1989-90	582	4969.00
	1990-91	624	7934.00
	1991-92	676	7515.83
	1992-93	816	11496.00
	1993-94	1051	10114.20
	1994-95	1194	16551.21
	1995-96	863	12898.45
	1996-97	1416	74991.54
	1997-98	136	3781.98
		8564	158953.21
(ii) Youth Affairs and Sports	1987-88	20	10.04
	1988-89	109	78.94
	1989-90	177	76.52
	1990-91	191	104.79
	1991-92	142	118.77
	1992-93	496	1209.47
	1993-94	490	3073.11
	1994-95	416	4650.85
	1995-96	453	2494.42
	1996-97	550	6128.53
	1997-98	144	3801.91
		3188	21747.35

Ministry/Department	Period to which grants relate (Upto September 1997)	Utilisation Certificates Outstanding at the end of March 1999	
		Number	Amount
(iii) Education	1977-78	53	98.00
	1978-79	200	134.00
	1979-80	196	136.00
	1980-81	58	113.00
	1981-82	60	173.00
	1982-83	109	190.00
	1983-84	125	249.00
	1984-85	224	450.00
	1985-86	450	1598.00
	1986-87	300	638.00
	1987-88	491	2924.00
	1988-89	632	3244.00
	1989-90	534	3680.00
	1990-91	173	673.00
	1991-92	294	1712.00
	1992-93	356	4166.00
	1993-94	569	6106.00
	1994-95	551	11556.00
	1995-96	725	42768.00
1996-97	1126	145053.00	
1997-98	451	120161.00	
		7677	345822.00
(iv) Culture	1982-83	2	0.45
	1983-84	4	0.53
	1984-85	11	2.59
	1985-86	3	0.61
	1986-87	8	2.57
	1987-88	5	1.38
	1988-89	14	2.87
	1989-90	14	2.71
	1990-91	75	12.86
	1991-92	112	999.28
	1992-93	896	4195.19
	1993-94	873	7280.29
	1994-95	582	2995.40
	1995-96	632	6579.63
1996-97	1215	10282.06	
1997-98	198	3710.23	
		4644	36068.65
Industry	1996-97	230	3.51
(i) Industrial Development and Industrial Policy & Promotion			
		230	3.51

Ministry/Department	Period to which grants relate (Upto September 1997)	Utilisation Certificates Outstanding at the end of March 1999	
		Number	Amount
(ii) Small Scale Industries and Agro & Rural Industries	1993-94	7	10.76
	1994-95	8	16.77
	1995-96	3	4.08
	1996-97	11	55.50
		29	87.11
Labour	1979-80	1	0.01
	1982-83	2	0.13
	1985-86	6	1.81
	1987-88	4	3.19
	1988-89	7	7.88
	1989-90	19	20.63
	1990-91	19	25.54
	1991-92	11	28.97
	1992-93	10	3.61
	1993-94	21	62.51
	1994-95	11	46.10
	1995-96	308	1746.72
	1996-97	518	2719.78
		937	4666.88
Mines	1997-98	1	4.00
		1	4.00
Personnel, Public Grievances and Pensions			
(i) Training Division	1997-98	5	22.00
(ii) Secretary Bar Association CAT/Calcutta	1996-97	1	0.15
		6	22.15
Planning and Statistics			
(i) Statistics	1995-96	1	9.57
		1	9.57
(ii) Planning Commission and National Informatics Centre	1990-91	17	11.55
	1991-92	16	17.84
	1992-93	13	10.53
	1993-94	11	29.30
	1994-95	33	774.90
	1995-96	23	141.99
	1996-97	25	31.51
	1997-98	4	107.63
	142	1125.25	
Power	1992-93	10	5.50
	1993-94	1	196.50
	1994-95	6	169.42
	1995-96	13	500.62
	1996-97	23	254.69

Ministry/Department	Period to which grants relate (Upto September 1997)	Utilisation Certificates Outstanding at the end of March 1999	
		Number	Amount
	1997-98	5	166.85
		58	1293.58
Rural Areas and Employment	1996-97	2	133.50
(Rural Employment and Poverty Alleviation)	1997-98	23	2195.17
		25	2328.67
Surface Transport	1997-98	2	17.00
		2	17.00
Urban Affairs and Employment	1981-82	4	3.31
	1982-83	7	4.40
	1983-84	11	9.35
	1984-85	8	10.57
	1985-86	20	17.15
	1986-87	7	5.36
	1987-88	7	10.20
	1988-89	15	5.35
	1989-90	25	40.87
	1990-91	27	1227.99
	1991-92	11	3012.14
	1992-93	39	451.38
	1993-94	86	5923.47
	1994-95	104	2521.04
	1995-96	82	5559.47
	1996-97	56	6640.31
	1997-98	19	4021.04
		528	29463.40
Water Resources	1985-86	1	1.27
	1986-87	3	27.01
	1987-88	5	12.40
	1988-89	6	12.65
	1989-90	8	12.11
	1990-91	7	23.33
	1991-92	8	33.58
	1992-93	4	13.78
	1993-94	2	7.88
	1994-95	14	132.85
	1995-96	22	105.98
	1996-97	15	49.40
	1997-98	22	63.67
		117	495.91

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

APPENDIX - X

(Referred to paragraph 9.1.2 at page 32)

Details of regional offices and sub-regional /sub-accounts offices selected for sample check

Sl. No.	Units	Regional office	Sub-regional office/sub account office	Inspectorate	Regional Office	Sub regional office/Sub Account Office	Inspectorate	RO	SRO/SAO	Inspectorate
1.	Andhra Pradesh	1	5	16	1	4	-	Hyderabad		
2.	Bihar	1	4	-	1	2	-	Patna	Jamshedpur Muzaffarpur	-
3.	Delhi	1	4	-	1	4	-	Mayur Bhawan Delhi	Janakpuri Inderlok Nehru Place Laxmi Nagar	-
4.	Gujarat	1	4	-	1	4	-	Ahmedabad	Baroda Surat Vapi Rajkot	-
5.	Haryana	1	1	6	1	1	-	Faridabad	Karnal	-
6.	Karnataka	1	5	4	1	2	4	Bangalore	Mysore Mangalore	Hassan,Chik-mangalur, Madikeri, Mysore
7.	Kerala	1	3	10	1	2	-	Thiruvananthapuram	Kochi Kozhikode	
8.	M.P.	1	2	-	1	-	-	Indore	-	-
9.	Maharashtra	1	8	-	1	3	-	Bandra	Goa Nasik Thane	
10.	N.E.Region	1	3	5	1	3	-	Assam	Shillong, Agartala, Tinsukia	
11.	Orissa	1	1	8	1	1	5	Bhubaneswar	Rourkela	Rayagada Bhubaneswar, Berham-pur Cuttack, Rourkela
12.	Punjab	1	3	-	1	3	-	Chandigarh	Amritsar Bhatinda Ludhiana	-
13.	Rajasthan	1	3	-	1	3	-	Jaipur	Jodhpur Kota Udaipur	
14.	Tamil Nadu	1	6	-	1	2	-	Chennai	Coimbatore Trichy	
15.	Uttar Pradesh	1	9	-	1	3	-	Kanpur	Kanpur, Meerut, Varanasi	
16.	West Bengal	1	7	3	1	2	-	Calcutta	-	-
17.	Central Office, Delhi	1 Central Office	-	-	1 Central office	-	-	Bhikaji Cama Place New Delhi	-	-
18.	NATRESS	1 institute	-	-	One Institute	-	-	Institutional Area Janakpuri New Delhi	-	-

APPENDIX - XI

(Referred to in paragraph 9.1.6.2 at page 36)

Inspection of covered establishments

Year	No. of Establishments	No of inspections required to be conducted	Actual No. of inspections conducted	Shortfall/ Excess	Percentage of Shortfall
1993-94	186237	228420	198615	43193/13388	19
1994-95	222275	188638	146959	44700/3121	24
1995-96	208486	181476	27714	65054/1783	36
1996-97	217683	195243	126077	73281/3115	37
1997-98	236169	203657	138485	73972/8800	36
1998-99	242823	205808	128495	85749/78436	42

Note : Information from Tamil Nadu and West Bengal regions was incomplete and hence not incorporated

APPENDIX - XII

(Referred to in paragraph 9.1.6.4 at page 37)

Details of establishments whose cases for voluntary coverage were pending

Year	Total No of cases	No of cases for which notification issued	No of cases for which notification pending
1993-94	989	144	845
1994-95	1263	111	1152
1995-96	3756	537	3219
1996-97	3761	771	2990
1997-98	3890	363	3527
1998-99	3263	651	2612
Total	16922	2577	14345

APPENDIX - XIII

(Referred to in paragraph 9.1.6.5 at page 37)

Details showing number of establishments covered provisionally

Sl No		1993-94	1994-95	1995-96	1996-97	1997-98	1998-99
1	Andhra Pradesh	18	116	137	197	187	183
2	Bihar	NA	NA	NA	NA	NA	NA
3	Delhi	NA	NA	NA	NA	1633	1262
4	Gujarat	2587	2758	3099	3804	4754	5511
5	Haryana	1811	2064	2666	3282	3693	4249
6	Karnataka	175	194	258	325	529	649
7	Kerala	117	121	123	235	315	267
8	Madhya Pradesh	NA	NA	1256	1234	1359	1362
9	Maharashtra	3737	4502	5153	5341	5684	5760
10	North East	128	129	131	135	138	138
11	Orissa	366	289	242	236	236	236
12	Punjab	NA	NA	4342	5013	6130	7091
13	Rajasthan	1348	1829	2201	2727	3531	3965
14	Tamil Nadu	157	128	174	125	56	43
15	Uttar Pradesh	NA	NA	NA	NA	NA	NA
16	West Bengal	NA	NA	NA	NA	18	104
	Total	10444	12130	19782	22654	28263	30820

APPENDIX - XIV

(Referred to in paragraph 9.1.7 at page 38)

Determination of dues

Year	No. of Establishments where dues not determined	Period of delay		
		Upto 3 months	3-6 months	More than 6 months
1993-94	3477	12	2033	1432
1994-95	3179	12	1907	1260
1995-96	2615	51	1162	1402
1996-97	2029	106	1028	895
1997-98	2262	122	1354	786
1998-99	1952	53	1055	844
Total	15514	356	8539	6619

Note: (i) Delhi, West Bengal and Kerala offices did not provide information for the period 1993-94 to 1998-99.

(ii) Haryana, Assam, Orissa, Punjab offices provided part information only.

APPENDIX - XV

(Referred to in paragraph 9.1.7.2 at page 39)

Arrears of provident fund in respect of covered establishments

(Rupees in lakh)

Years	No. of Estt covered	No. of Employees covered	Contribution in arrears at the beginning of the year		Contribution due during the year		Total contribution due		Contribution received during the year		Contribution in arrear at the end of the year	
			No. of Estt.	Amount	No. of Estt.	Amount	No. of Estt.	Amount	No. of Estt.	Amount	No. of Estt.	Amount
1993-94	208032	10814342	5513	38281.13	23167	121955.61	26179	160236.74	22009	147769.84	5588	12466.90
1994-95	221066	10936597	5588	12466.90	24900	167317.02	28107	179784.92	23934	167267.04	6779	12517.85
1995-96	232899	15655132	6779	12517.85	26082	192475.87	29732	204993.72	23582	190160.24	7013	14833.48
1996-97	242306	13228046	7013	14833.48	22389	178986.50	25807	193819.98	21202	177029.62	7447	16790.36
1997-98	260410	13579764	7477	16790.36	25912	231068	32100	247858.34	23115	226032.45	9475	21825.89
1998-99	223885	14690270	9475	21825.89	26759	199270.15	32553	221096.04	25965	171867.21	6400	49229.01

Note : Information was not provided by Kerala and Uttar Pradesh region.

APPENDIX - XVI

(Referred to in paragraph 9.1.7.2 at page 39)

Arrears of administrative charges in respect of covered establishments

(Rupees in lakh)

Years	No. of Estt covered	No. of Employees covered	Contribution in arrears at the beginning of the year		Contribution due during the year		Total contribution due		Contribution received during the year		Contribution in arrear at the end of the year	
			No. of Estt.	Amount	No. of Estt.	Amount	No. of Estt.	Amount	No. of Estt.	Amount	No. of Estt.	Amount
1993-94	178637	9013551	4121	27298	22959	255465.63	26933	255738.61	22525	255282.60	4408	456.01
1994-95	188090	9456238	4377	456.01	24886	312305.14	29080	312761.05	24277	312300.57	4803	460.38
1995-96	199189	9940427	4803	460.58	26203	377900.93	29451	378361.51	25958	377780.39	5135	581.12
1996-97	27733	10548810	5137	581.12	22419	425240.11	27326	425831.23	21823	425071.75	5546	759.48
1997-98	251292	13098348	5546	838.09	25764	470046.94	29437	470885.03	23874	469813.47	7315	1017.56
1998-99	213362	14018220	7315	1071.56	26632	59128.25	33836	60199.81	26651	59037.51	7067	1162.30

Note : Information was not provided by Kerala Region.

APPENDIX - XVII

(Referred to in paragraph 9.1.7.2 at page 39)

Details of defaulting establishments which are under closure, liquidation and under stay order

(Rs in lakh)

Sl No	Region	Under closure		Under liquidation		Under Stay order		Other category		Total	
		Estt.	Amount	Estt.	Amount	Estt.	Amount	Estt.	Amount	Estt.	Amount
1	Andhra Pradesh	78	69.58	11	21.14	42	251.88	875	930.57	1006	1273.17
2	Bihar	9	91.41	--	--	21	235.36	1509	1507.29	1539	1834.06
3	Delhi	31	6.96	5	41.21	36	34.78	182	559.02	254	641.97
4	Gujarat	280	1233.51	49	260.42	68	132.79	1001	5111.77	1398	6738.49
5	Haryana	135	105.43	18	36.42	95	229.34	494	675.03	742	1046.22
6	Karnataka	23	94.00	13	73.00	40	15.00	682	1256.00	758	1438
7	Kerala	1	9.29	--	--	--	--	213	221.89	214	231.18
8	Madhya Pradesh	354	73.86	7	649.91	72	593.76	1078	3221.52	1511	4539.05
9	Maharashtra	164	251.70	56	240.60	51	493.46	690	3386.37	961	4372.13
10	North East	2	107.14	--	--	--	--	--	--	2	107.14
11	Orissa	NA	NA	NA	NA	NA	NA	NA	NA	-	-
12	Punjab	NA	NA	NA	NA	NA	NA	NA	NA	-	-
13	Rajasthan	35	40.18	3	16.03	16	59.71	773	2254.75	827	2370.67
14	Tamil Nadu	NA	NA	NA	NA	NA	NA	NA	NA	-	-
15	Uttar Pradesh	NA	NA	NA	NA	NA	NA	NA	NA	-	-
16	West Bengal	NA	NA	NA	NA	NA	NA	NA	NA	-	-
	Total	1112	2083.06	162	1338.73	441	2046.08	7497	19124.21	9212	24592.08

APPENDIX - XVIII

(Referred to in paragraph 9.1.7.2 at page 39)

Arrears of contribution and inspection charges in respect of exempted establishments

(Rs. in lakh)

Year	Opening balance	Amount included during the year	Total amount due	Amount received during the year	Amount outstanding at the end of the year
1993-94	422.63	3924.77	4106.28	3916.16	431.24
1994-95	431.24	4497.52	4928.76	4370.70	551.06
1995-96	551.06	5031.20	5582.26	4941.86	640.40
1996-97	607.70	5139.25	5746.96	4897.59	849.36
1997-98	409.36	7401.92	8251.28	6582.75	1668.53
1998-99	1668.53	8082.86	9051.39	7300.86	2450.53

Note: Complete information was not made available to Audit for the year 1993-94 to 1998-99 by Bihar, Delhi, Karnataka, Punjab, Rajasthan Tamil Nadu & West Bengal whereas the information from Haryana was not received for the period 1993-94 to 1996-97. The Orissa region did not provide information for the years 1997-98 & 1998-99. The Uttar Pradesh Region did not provide information for 1993-99.

APPENDIX-XIX

(Referred to in paragraph 9.1.7.3 at page 40)

Details of revenue recovery certificates issued and pending

(Rs. in lakh)

Year	RRCs pending at the beginning of the year		RRCs issued during the year	Total RRCs for execution	RRCs executed during the year	RRCs pending at the end of year	
	No.	Amount				No.	Amount
1993-94	19267	19036.62	5253	24520	4669	19851	25513.89
1994-95	19851	25513.89	4111	23962	4374	19588	28916.32
1995-96	19588	28916.32	3854	23442	7606	15836	29245.80
1996-97	15836	29245.80	4864	20700	3735	16965	33373.50
1997-98	16965	33373.50	5364	22329	3794	18535	41588.42
1998-99	18535	41588.42	6305	24840	6889	17941	36810.09

Note : The above data is based on the annual reports of the EPFO for the years 1993-94 to 1998-99.

APPENDIX - XX

(Referred to in paragraph 9.1.7.4 at page 40)

Levy and realisation of damages from unexempted establishments

(Rupees in lakh)

Year	Opening Balance	Amount of damages levied during the year	Amount of damages realized during the year	Balance outstanding
1993-94	3221.78	489.61	509.90	3101.49
1994-95	3101.49	747.24	284.76	3563.97
1995-96	3563.97	1268.49	588.68	4243.78
1996-97	4243.78	887.13	655.34	4475.57
1997-98	6165.23	1838.54	796.34	7207.43
1998-99	6493.76	1223.96	604.86	7112.86

Note : (i) Information was not provided to Audit by Karnataka, Kerala and Uttar Pradesh regions offices.

(ii) Information in respect of Punjab and Tamil Nadu regions was not provided to Audit for the year 1998-99. West Bengal region provided information for the years 1997-98 and 1998-99 only.

APPENDIX - XXI

(Referred to in paragraph 9.1.8.2 at page 41)

Details of funds available, remained uninvested by the board of trustees

(Rs. in lakh)

Year	No. of Establishments	Amount available for investment	Amount invested by the Boards of Trustees		Amount remained un-invested by the Board of Trustees	
			Est.	Amount	Est.	Amount
1993-94	1558	229541.07	490	214805.26	541	14735.81
1994-95	1467	208757.20	485	191454.52	551	17302.68
1995-96	1456	262715.30	474	234660.16	428	28055.14
1996-97	1469	188027.70	458	157447.37	510	30580.33
1997-98	1456	205104.82	438	174882.92	536	30226.90
1998-99	1035	638697.11	308	576460.56	194	62236.55

Note: Information was not furnished by Karnataka region for the period 1993-94 to 1998-99. West Bengal and Tamil Nadu did not furnish the information for the year 1998-99.

APPENDIX - XXII

(Referred to in paragraph 9.1.9.1 at page 42)

Position of issue of annual statements in respect of exempted establishments

Year	No of statements required to be issued	No of statements issued	Balance to be issued
1993-94	1494659	938050	556609
1994-95	1592315	1211698	380617
1995-96	202565	1146107	879549
1996-97	1992557	1565503	427054
1997-98	644027	584655	59372
1998-99	397133	373754	23379

Note : (i) Information for the entire period was not provided to Audit by Delhi, Gujarat, Karnataka, MP, Maharashtra, Uttar Pradesh and Tamil Nadu.

ii) Information from Bihar region was not received for the years 1993-94, 1994-95 and 1998-99.

From Orissa, Punjab and West Bengal information was not provided for the year 1998-99.

APPENDIX - XXIII

(Referred to in Paragraph 9.1.9.1 at page 42)

Details of annual statements issued to unexempted establishments

Year	No. of statement required to be issued	Number of statement actually issued		Balance
		Current Year	Earlier Year	
1993-94	22302983	13211115	1578154	7513714
1994-95	22555560	8768045	4511736	9275779
1995-96	28152499	11882302	8203039	8067158
1996-97	27174807	10332360	8105911	8736536
1997-98	29164227	11634192	8057524	9472511
1998-99	33335779	13358968	9378624	10578187

Note : (i) West Bengal did not provide information for the period 1993-94 to 1997-98

(ii) Figures provided by the North East were arithmetically incorrect.

APPENDIX - XXIV

(Referred to in paragraph 9.1.9.2 at page 43)

Details of balance in interest suspense account

(Rs in lakh)

Year	Amount as per last balance sheet	Amount earned during the year	Total	Amount credited to the accounts of subscribers	Balance
Upto 1993-94	415830	209859	625689	135563	490126
1994-95	490126	243241	733367	125203	608164
1995-96	608164	284895	893059	223723	669336
1996-97	669336	335775	1005111	190208	814903
1997-98	814903	380257	1195160	277108	918052
1998-99	918052	438496	1356548	538931	817617

APPENDIX - XXV

(Referred to in paragraph 9.1.9.3 at page 43)

Unclaimed deposit accounts

(Rs in lakh)

Year	Opening Balance	Amount transferred	Amount adjusted	Closing balance
1993-94	7003.55	73.19	103.55	6973.19
1994-95	7973.19	39.37	59.53	6953.03
1995-96	6953.03	62.76	43.67	16972.12
1996-97	7376.08	861.66	63.36	8174.38
1997-98	8174.38	225.13	111.97	8287.54
1998-99	8287.54	2945.53	103.29	11129.78

Note : The Opening Balance for 1996-97 did not tally with the closing balance of 1995-96 as the S.R.O. Nizamabad of Andhra Pradesh region changed opening balance from Rs.427.60 lakh to Rs.831.56 lakh. No reasons were provided for change.

APPENDIX - XXVI

(Referred to in paragraph 9.1.10 at page 44)

Position regarding prosecution of defaulting establishments

Year	Opening balance at the beginning of the year	Prosecution launched	Total	Cases settled	Closing balance
1993-94	53071	5471	58542	4921	53621
1994-95	53621	6667	60288	3522	56766
1995-96	56766	4014	60780	2831	57949
1996-97	57949	3378	61327	10610	50717
1997-98	50717	3003	53720	3022	50698
1998-99	50698	4196	54894	8593	46301
		26729		33499	

APPENDIX - XXVII

(Referred to in paragraph 9.1.10.1 at page 44)

Fines awarded by courts

Sl. No.	Name of Region	No. of cases in which portion of fine was awarded	Amount awarded (Rs in lakh)	Amount collected (Rs in lakh)		Balance	
				No. of cases	Amount	No. of cases	Amount
1.	Haryana	8	4.90	2	0.04	6	4.86
2.	Kerala	1	0.01			1	0.01

Note: Information by other regions were not provided to audit.

APPENDIX - XXVIII

(Referred to in paragraph 9.1.10.2 at page 44)

Prosecution under section 406/409 Indian Penal Code

(Rs. in lakh)

Year	Opening balance		Cases launched		Total		Cases disposed of		Balance	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
1993-94	8482	105.96	839	29.81	9321	135.77	282	3.29	9039	132.49
1994-95	9039	132.49	979	25.88	10018	158.37	91	2.21	9927	156.16
1995-96	9927	156.16	421	17.10	9348	173.26	57	----	10291	173.26
1996-97	10291	173.26	421	132.37	10722	305.63	317	92.22	10395	213.41
1997-98	10395	213.41	913	48.46	11307	261.87	913	12.50	10394	249.37
1998-99	425	249.37	1105	234.69	11499	484.06	112	5.7	11387	478.36

Note : In a number of regions, amount involved was not provided. Hence the outstanding amount as on 31-3-99 may be higher than stated above.

APPENDIX - XXIX

(Referred to in paragraph 9.1.12 at page 48)

Final settlement of provident fund claims

Year	Opening Balance	Claims received	Total	Returned/ Rejected	Claims settled	Claims pending
1993-94	62126	1147845	1209971	166713	986741	56517
1994-95	56517	1167135	1223652	182871	1001473	39308
1995-96	39308	1218122	1257430	178876	1046591	31963
1996-97	31963	1364106	1396069	226341	1111963	57765
1997-98	57765	1553937	1611702	286232	1265632	59838
1998-99	57575	1449622	1507197	260685	1197105	49407

Note: (i) Information not received from Tamil Nadu Region for 1998-99.

(ii) Duration of pending cases (month-wise) was not provided by regions.

APPENDIX - XXX

(Referred to in paragraph 11.29 at page 113)

Recoveries made at the instance of Audit

(Rs in lakhs)

Sl No.	Name of the Autonomous Body	Section of DPC Act under which audited	Gist of objection	Amount recovered	Amount for which action was initiated for recovery
1.	Tuticorin Port Trust	19(2)	Collection of Wharfage at a lesser rate due to wrong classification of caustic soda as non-hazardous instead of hazardous	-	2.84
2.	Tuticorin Port Trust	19(2)	Irregular payment made to the Tamil Nadu Electricity Board towards maximum demand charges for disconnected High Tension power supply.	7.41	4.10
3.	Tuticorin Port Trust	19(2)	Short collection of Wharfage charges due to wrong classification of maize as Animal feed instead of food grain.	0.40	-
4.	Tuticorin Port Trust	19(2)	Non-collection of Wharfage from a private company for the difference between the minimum guaranteed Traffic and actual import as per the agreement for allotment of four acres of port land along with the area required for way leave corridor to a private party.	124.32	-
5.	Chennai Port Trust	19(2)	Loss of revenue due to non-collection of licence fee for additional back-up area in the container parking yard allotted to M/s. Bengal Tiger Lines.	8.07	-

Sl No.	Name of the Autonomous Body	Section of DPC Act under which audited	Gist of objection	Amount recovered	Amount for which action was initiated for recovery
6.	Mumbai Port Trust	19(2)	Short levy of anchorage charges, composite charges, pilotage charges, port dues etc.	26.23	-
7.	Paradip Port Trust	19(2)	Short levy of Port dues due to incorrect treatment of "Foreign Vessel" as "Coastal Vessel".	3.22	-
			Non-levy of Pilot's detention/Cancellation charges.	0.10	-
8.	Visakhapatnam Port Trust	19(2)	Short collection of siding, handage, hire and birth charges.	1.14	-
			Total	170.89	6.94

APPENDIX - XXXI

(Referred to in paragraph 14 at page 124)

Outstanding Action Taken Notes as on 30 November 1999

Sl. No	Name of the Ministry/Department	Year of Report	Number of paragraphs on which Action Taken Notes	
			Due	Awaited
1	Human Resource Development			
	i) Department of Culture	1996-97	4	4
	ii) Department of Education	1995-96	7	1
		1996-97	5	5
	iii) Department of Youth Affairs and Sports	1993-94	1	1
2	Labour	1995-96	2	1
3	Planning and Programme Implementation			
	Department of Statistics	1995-96	1	1
		1996-97	2	2
4	Rural Area and Employment	1996-97	6	1
5	Urban Affairs and Employment			
	Department of Urban Affairs	1988-89	5	1
		1989-90	6	6
		1990-91	9	8
		1991-92	9	9
		1992-93	13	12
		1993-94	6	5
		1994-95	11	2
6	Welfare	1996-97	1	1
	Total		88	60

