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Report of the Comptroller and Auditor General of India

for the year ended March 2002

Union Government (Civil)
Autonomous Bodies
No.4 of 2003

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PREFATORY REMARKS

This Report for the year ended 31 March 2002 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 2003) 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. This Report includes 33 paras and three reviews on:

(a) All India Council for Technical Education

(b) Functioning of Central Universities

(c) Central Social Welfare Board

The audited organisations are autonomous bodies of varying character and discipline. These organisations are intended to perform certain specified services of public utility or to execute certain programmes and policies of the Government, essentially out of financial assistance from the Government. Such bodies and authorities include Major Port Trusts, Dock Labour Boards, Central Universities, Regional Engineering Colleges (now National Institutes of Technology), Indian Institutes of Technology, Indian Institute of Management, other educational and cultural institutions, health and research institutions, commodity boards and social security organizations.

The cases mentioned in this Report came to notice in the course of test audit during the year 2001-2002.

OVERVIEW

General

Annual accounts of Autonomous bodies

In 2001-02 there were 227 central autonomous bodies whose accounts were to be certified under section 19 (2) and 20 (1) of the CAG's (DPC) Act, 1971. Accounts of only 198 of these were received for certification. Government of India released Rs 5745.19 crore towards grants and Rs 248.41 crore towards loan to these bodies during 2001-02. The annual accounts for the year 2001-2002 of the balance 29 bodies were not finalised and therefore the amount of government grants received by them was not available.

Grants amounting to Rs 3993.36 crore (69.50 *per cent* of total grants) were disbursed by the Ministry of Human Resource Development to 97 educational institutions, Rs 556.29 crore (9.68 *per cent* of total grants) were disbursed by the Ministry of Health & Family Welfare to 22 health and research institutions and Rs 340.51 crore (5.92 *per cent* of total grants) were disbursed by the Ministry of Commerce to 11 autonomous bodies.

The annual accounts of 108 out of 153 central autonomous bodies (other than those under Scientific Departments) whose accounts were to be certified by Chartered Accountants but required transaction audit under sections 14(1) and 14(2) of the CAG's Act 1971, were also not finalised by concerned bodies. The remaining 45 bodies had received grants amounting to Rs 226.01 crore from the Union Government.

Audited accounts for 2000-2001 of 226 central bodies were to be placed before the Parliament by 31 December 2001. Of these, audited accounts of 76 bodies were submitted for audit within the stipulated time. The accounts of eight bodies were not submitted for audit by the concerned organisations as on 31.12.2002.

(Paragraph 1.1)

Utilisation certificates

As many as 30609 utilisation certificates for sanctions to Rs 5901.29 crore during 1976-77 to March 2000 were outstanding at the end of March 2002 in respect of grants released to statutory bodies. This indicated that the system by which Government satisfies itself that grants are used for the purpose for which they are given was not functioning effectively.

(Paragraph 1.2)

Ministry of Human Resource Development

Department of Secondary and Higher Education

All India Council for Technical Education

The All India Council for Technical Education (Council) was established under the Parliament Act in May 1988 to undertake planned and coordinated development of technical education, promote quality improvement and, regulate and monitor norms and standards in technical education system. The review brings out the Council's failure to check growth of deficient new technical institutions. The response towards accreditation envisaged for quality control assurance in technical institutions was very poor. The monitoring and evaluation of projects financed by the Council was improper. The follow-up action in respect of projects/schemes funded by the Council was also wanting in many ways. Audited Utilisation Certificates were not received in a large number of projects. On administrative front at the headquarters, audit noticed that while most of the manpower engaged on contract/deputation basis lacked justification, the provision of leased accommodation was misused.

(Paragraph 2.1)

Functioning of Central Universities

The earliest Central Universities were established more than a hundred years ago, and eighteen such Universities, fully funded by the Central government have been established until now. Yet, the Central Universities continue to function without the focus of a set of clearly defined objectives. However, it stands generally recognised that a Central University would aim at achieving an all-India character for the institutions and foster academic excellence in higher education. The audit review shows that the Central Universities have largely failed to meet these objectives. Erratic and disproportionate utilisation of funds combined with persisting deficiencies in the growth of quality infrastructure despite availability of funds, have led to this unsatisfactory state in management. The Central Universities, far from being self-sufficient, have been generating decreasing internal revenue. Curriculum development remains half-hearted, and research programmes continue to progress un-monitored. Some of the Central Universities even award degrees without the mandatory approval of the University Grants Commission, A general atmosphere of non-accountability permeates the academic administration of the Central Universities, while the laudable objectives of fostering an all-India character and forging academic excellence slip away.

(Paragraph 2.2)

Department of Women and Child Development

Central Social Welfare Board

The Central Social Welfare Board, established in 1953 with the objective of addressing the social and physical condition of the vulnerable and the underprivileged sections of the society, women and children in particular, failed to deliver. As it shifted from its role as a dispenser of welfare assistance to provider of empowerment opportunities, its strategies failed to rally around its objectives. The administrative machinery lacked coordination, the voluntary agencies through whom much of its efforts and interventions were channelised failed to live upto the promises owing to their own internal weaknesses and largescale non-accountability. The Board failed to enforce accountability as it had failed to devise for itself any rational criterion for deciphering or evaluating the level of competence of the voluntary agencies or Non-Government Organisations, entrusted with the delivery of schemes. As many of its small schemes, nebulously conceived as tools of empowerment, floundered, it ceased to discharge its role of centrality in the sphere of social welfare and the Ministries and Departments of the Central Government went along in parallel with their own separate schemes. The Board's existence as an umbrella institution and a spearhead of social welfare through empowerment and change, is in need of a policy review.

(Paragraph 2.3)

Ministry of Health and Family Welfare

Chittaranjan National Cancer Institute, Kolkata

The Chittaranjan National Cancer Institute, Kolkata also paid Hospital Patient Care Allowance to ineligible non-ministerial Group-'C' and Group-'D' staff in contravention of Ministry's orders resulting in irregular payments aggregating to Rs 25.73 lakh.

(Paragraph 3)

Ministry of Human Resource Development

Vallabhbhai Patel Chest Institute

The Government of India, Ministry of Health and Family Welfare sanctioned, in January 1988, Hospital Patient Care Allowance to group C&D hospital employees. Audit brought out in its Report ending 31 March 1992 that Vallabhbhai Patel Chest Institute had been paying this allowance to its Ministerial group C&D staff also. In this regard, the Ministry stated in its action taken note (March 1994) that the institute treated the ministerial staff as non-ministerial for the payment of this allowance. Although audit pointed out to the Ministry in July 1994 that the Institute had failed to produce Ministry's approval for conversion of ministerial staff into non-ministerial, yet the Ministry did not take adequate measures and the irregularity continued to persist resulting in irregular payment of Rs 16.25 lakh during 1993-94 to 2001-02 to ministerial group C&D staff of the Institute.

(Paragraph 4.2)

Ministry of Information & Broadcasting

Prasar Bharati

DD hire-purchased three digital storage systems from the National Films Development Corporation (NFDC) for capsuling and playback of programmes and the systems were installed in April, May and October 1995 respectively. However, these were not found suitable/useful for DD programmes and were lying unused since then. The Director General, Doordarshan, directed their disposal in December 1996. Thus, DD incurred an unfruitful expenditure of Rs 5.40 crore on hiring a system which was not useful and remained unutilised besides making an overpayment of Rs 2.40 crore to NFDC.

(Paragraph 5.1)

DD fixed, in May 1995, the Sponsorship Fee and FCT for repeat telecast on its international channel and also provided additional FCT which could be banked and utilised in other national channels within a period of seven days which was increased to 30 days in August 1996 when sponsorship fee and FCT were revised. However, in violation of its own rules, DD allowed the producers to utilise the additional FCT banked by them during the period from May 1995 to March 2002 after the expiry of the stipulated period of seven and thirty days which resulted in a loss of Rs 2.31 crore to DD.

(Paragraph 5.2)

Incorrect interpretation of commercial rates by Doordarshan Kendra, Kolkata resulted in extension of undue financial benefit of Rs 2.20 crore to sponsors for telecast of two sponsored programmes.

(Paragraph 5.3)

Three election related programmes were telecast by Doordarshan (DD) on its National Channel during January to March 1998. Though these programmes were categorised as 'Super A', DD deviated from the standard norms and allowed significant concessions to the producer by granting Free Commercial Time (FCT) in excess of the norms resulting in undue benefit of Rs 99.35 lakh. Besides, an amount of Rs 59.79 lakh remained un-recovered on account of telecast fee and interest thereon.

(Paragraph 5.4)

The Civil Construction Wing (CCW) of All India Radio obtained in March 1990, a temporary electricity connection of 50 Kilowatts, from the Delhi Electricity Supply Undertaking (now Delhi Vidyut Board (DVB) for testing various equipment and power requirements during the construction phase of Soochna Bhawan at Delhi. When CCW requested in April 1990 for release of permanent connection, DVB advised to complete certain formalities including completion certificate from Municipal Corporation of Delhi (MCD).

In February 1994, i.e. after four years, the CCW conveyed its difficulty in obtaining completion certificate as the Soochna Bhawan was still under construction. Though this requirement was dispensed with by DVB in March 2000, it was only a year later (July 2001) that other formalities were completed by CCW leading to a total delay of over 11 years which resulted in extra avoidable expenditure of Rs 1.85 crore on electricity charges due to double tariff on temporary connection. Besides another avoidable expenditure of Rs 99.54 lakh as load violation charges was also incurred for not obtaining the connection of proper electric load.

(Paragraph5.5)

DD allotted a commissioned programme "Aakhir Kaun" to M/s. United Televisions for telecast in 'Super A' slot with effect from 28 August 1996 on sponsorship fee basis. However, DD granted FCT to the sponsor in excess of the prescribed rates and also reduced the Spot Buy Rate at the sponsor's request without any justification. This led to undue benefit to the sponsor to the extent of Rs 94.92 lakh while depriving DD of its legitimate income.

(Paragraph 5.6)

Failure of Prasar Bharati to ensure recovery of dues in respect of a sponsored serial in advance following a change in the sponsor's status, compounded by the failure to suspend telecast of the serial and to invoke promptly the bank guarantee resulted in accumulation of unpaid dues amounting to Rs 85.35 lakh.

(Paragraph 5.7)

DD granted concessions amounting to Rs 74.25 lakh to the producer of the programme "Paramvir Chakra", which was put on air from 14 July 1999, on the assurance that net proceeds of the programme would be donated to "Army Jawans' Welfare Fund". However, enquiries with Army Headquarters revealed that no fund by the name "Army Jawans' Welfare Fund" existed. Donations were also not received in the existing non-public fund entitled "Army Central Welfare Fund". Thus, the purpose of allowing concessions of Rs 74.25 lakh was misplaced as Doordarshan failed to ensure compliance.

(Paragraph 5.8)

Ministry of Shipping

Kolkata Port Trust

Though the Chairman of the port trust directed in July 1993 phasing out of the vessel in view of her economic non-viability, the vessel was condemned only in October 2000. This resulted in infructuous expenditure of Rs 2.91 crore.

(Paragraph7.3)

Kolkata Port Trust failed to take effective steps for utilising the cranes in operations which resulted in wasteful expenditure of Rs 1.85 crore.

(Paragraph7.4)

Mumbai Port Trust

Failure of the Mumbai Port Trust to take timely measures to procure essential spare cylinders and to take up regular maintenance work resulted in collapse of storm gate leading to avoidable expenditure of Rs 1.52 crore on salvaging and repairs and loss of revenue of Rs 26.48 lakh.

(Paragraph 7.8)

New Mangalore Port Trust

New Mangalore Port Trust, paid the arrears of pay and allowances of its port workers from out of port funds and failed to take action to recover the arrears so paid from the stevedores who were actually liable to make the payment. This resulted in an avoidable expenditure/loss of Rs 1.97 crore to the port trust.

(Paragraph 7.9)

Ministry of Urban Development and Poverty Alleviation

Department of Urban Development

Delhi Development Authority

The Chief Engineer of Delhi Development Authority (DDA) awarded the work of Housing scheme at Vasant Kunj at higher rates than ceiling fixed by the Work Advisory Board of DDA, resulting in loss of Rs 1.94 crore to Authority.

(Paragraph 10.1)

DDA failed to adhere to codal provisions and ensure unhindered execution of three works resulting in avoidable expenditure of Rs 74.63 lakh on account of escalation in the cost of labour and materials.

(Paragraph 10.2)

Non-maintenance of property records and inclusion of already allotted flats, in subsequent draws, resulted in double allotment. Due to charging of cost prevailing at the time of original allotment, DDA had to suffer a loss of Rs 24.38 lakh in seven cases of double allotment.

(Paragraph 10.3)

CHAPTER I : GENERAL

1.1 Annual accounts of autonomous bodies

Bodies established by or under law made by Parliament and containing specific provisions for audit by C&AG are statutorily taken up for audit under Section 19(2) and audit of other organisations (corporations or societies) is entrusted to C&AG in public interest under section 20(1). The nature of audit under these provisions is that of certification of annual accounts and value for money audit.

As on 31 March 2002 there were 227 central autonomous bodies (other than those under Scientific Departments) 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 2001-02, grants and loans amounting to Rs 5745.19 crore and Rs 248.41 crore respectively were paid by the Union Government to 198 autonomous bodies **(Appendix-I).** Of these, grants amounting to Rs 3993.36 crore (69.50 *per cent* of total grants) were disbursed by the **Ministry of Human Resource Development** to 97 educational institutions, Rs 556.29 crore (9.68 *per cent* of total grants) were disbursed by the **Ministry of Health and Family Welfare** to 22 health and research institutions and Rs 340.51 crore (5.92 *per cent* of total grants) were disbursed by the **Ministry of Commerce** to 11 autonomous bodies.

The annual accounts/information for 2001-02 in respect of 29 bodies were not furnished by the concerned bodies and thus, the amount of Government grants received by them was not available as of December 2002 **(Appendix-II).**

(i) As on 31 March 2002, there were 153 central autonomous bodies which were substantially financed by grants/loans from the Union Government and attracted audit by C&AG under the provisions of Section 14(1)/14(2) of the Act. Audit under these provisions is in the nature of value for money audit. Annual accounts of these entities were audited by Chartered Accountants.

According to information available up to December 2002, 45 of these bodies received grants amounting to Rs 226.01 crore from the Union Government during 2001-02 (**Appendix-III**). The annual accounts/information in respect of 108 bodies were not furnished by the concerned bodies (**Appendix-IV**).

(ii) The position in regard to number of autonomous bodies whose accounts were to be audited by C&AG under section 19(2) & 20(1) and 14(1) & 14(2) of the CAG's Act and the position of grants/loans received by these bodies during 1999-2000 to 2001-02 is given below:

Abstract of grants/loans received by central autonomous bodies during 1999-2000 to 2001-02

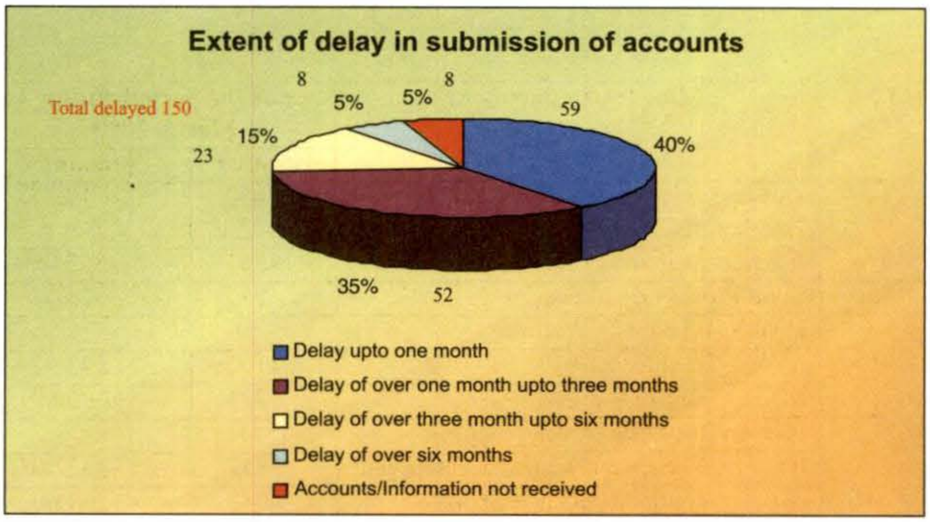
Year	Total No. of Central Autonomous Bodies	Grants	Loans	Remarks	CAG's DPC Act, 1971, Section under which audited
		(Rs in lakh)			
1999-2000	218	396201.88	44818.23	The amount relates to 203 bodies only. Annual accounts/information of remaining 15 bodies had not been furnished	19 (2) and 20 (1)
1999-2000	126	6651.33	Nil	The amount relates to 32 bodies only. Annual accounts/information of remaining 94 bodies had not been furnished	14 (1) and 14 (2)
2000-2001	226	668661.94	30057.36	The amount relates to 203 bodies only. Annual accounts/information of remaining 23 bodies had not been furnished	19 (2) and 20 (1)
2000-2001	139	19315.53	Nil	The amount relates to 40 bodies only. Annual accounts/information of remaining 99 bodies had not been furnished	14 (1) and 14 (2)
2001-02	227	574518.76	24841.00	The amount relates to 198 bodies only. Annual accounts/information of remaining 29 bodies had not been furnished	19 (2) and 20 (1)
2001-02	153	22601.02	Nil	The amount relates to 45 bodies only. Annual accounts/information of remaining 108 bodies had not been furnished	14 (1) and 14 (2)

(iii) **Delay in submission of accounts by autonomous bodies**

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

For the year 2000-2001, audit of accounts of 226 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 Services) Act, 1971 and these audited accounts were to be placed before the Parliament by 31st December 2001. Out of these, the accounts of 76 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 150 autonomous bodies was delayed as indicated below:-

Delay upto one month	59
Delay of over one month up to three months	52
Delay of over three months upto six months	23
Delay of over six months	08
Accounts/information not received	08
Total	150



In **Appendix-V**, 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 as of 31 December 2002 is given in **Appendix-VI**

1.2 Utilisation certificates

Consequent on the departmentalisation of accounts in 1976, certificates of utilisation of grants were required to be furnished by the Ministries/Departments concerned to the Controllers of Accounts in respect of grants released to statutory bodies, non-government 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 total number of 31080 outstanding utilisation certificates involving amount of

Rs 6576.83 crore in respect of grants released upto March 2000 due by September 2001 (after 18 months of financial year in which grant was released) at the end of March 2002 are given in **Appendix-VII**. The Ministries/Departments of Social Justice and Empowerment and Law, Justice and Supreme Court of India did not furnish the required information.

Out of a total number of 30609 utilisation certificates amounting to Rs 5901.29 crore awaited from 10 major Ministries/Departments at the end of March 2002, 25617 certificates amounting to Rs 3997.94 crore related to grants released upto 1998-99 as shown below:

Utilisation certificates outstanding as on 31 March 2002

(Rs in crore)

Sl.No.	Ministry/Department	For the period ending March 2000		For the period ending March 1999	
		Number	Amount	Number	Amount
1.	Development Commissioner of Handicrafts, Delhi	450	19.77	367	14.77
2.	Environment and Forest	4343	552.05	3801	451.35
3.	Food Processing Industries	235	28.47	122	14.03
	Health and Family Welfare				
4.	(i) Health	1102	573.72	667	290.54
	(ii) Family Welfare	721	300.89	608	103.90
5.	Human Resource Development				
	(i) Women and Child Development	5937	357.90	5527	321.83
	(ii) Youth Affairs and Sports	4048	269.00	3200	223.18
	(iii) Education				
	(a) Secondary and Higher Education	4492	947.16	3474	612.26
	(b) Elementary Education and Literacy	1821	2242.42	1357	1491.43
	(iv) Culture	5583	325.68	4870	296.44
6.	Labour	474	12.45	412	8.96
7.	Non-Conventional Energy Sources	142	6.18	121	2.91
8.	Ocean Development	699	63.95	627	35.80
9.	Space	149	2.54	118	1.72
10.	Urban Development	413	199.11	346	128.82
	Total	**30609**	**5901.29**	**25617**	**3997.94**

Thus, authorities in the Government of India, before releasing grants to statutory bodies and non-government organisations did not satisfy themselves about utilisation of grants in 83.69 *per cent* cases involving 67.74 *per cent* of the total grants released.

Even as huge number of utilisation certificates were pending receipt, the following Ministries/Departments released fresh grants to the defaulting statutory bodies/non-government organisations during 2001-02 without insisting on the utilisation certificates in respect of grants released in the previous years:

Fresh grants released during 2001-02

(Rs in crore)

Sl. No.	Ministry/Department	No. of utilisation certificates due by Sep. 2001; position at the end of March 2002	Amount	Amount of fresh grants released without obtaining utilisation certificates of previous year
1.	Andaman and Nicobar Administration	10	1.80	78.00
2.	Tourism	18	17.59	5.70
3.	Information and Broadcasting	5	8.87	1.90
4.	RPAO(IB) Shillong	3	2.88	9.26
Total		**36**	**31.14**	**94.86**

This indicated that the authorities releasing grants to statutory bodies, non-government organisations etc. who released the fresh grants without ensuring that the previous grants were utilised for the purpose for which they were sanctioned, violated one of their own essential conditions for release of further instalments.

The Ministries/Departments of Health and Family Welfare and Human Resource Development did not furnish the information about fresh grants released during 2001-02 without obtaining utilization certificates for the previous years.

Section A - Reviews

MINISTRY OF HUMAN RESOURCE DEVELOPMENT

ALL INDIA COUNCIL FOR TECHNICAL EDUCATION

CHAPTER II : MINISTRY OF HUMAN RESOURCE DEVELOPMENT

Department of Secondary and Higher Education

2.1 All India Council for Technical Education

All India Council for Technical Education was established with the objective of undertaking planned and co-ordinated development of technical education, promoting qualitative improvement and regulating and monitoring the norms and standards in technical education system. Audit appraisal of Council for the period 1997-98 to 2001-02 indicated that the Council failed to check unplanned growth of substandard technical institutions and to regulate norms for quality control assurance. The monitoring and internal control mechanism devised was not effective which led to closure of the scheme of continued education programme and it also failed in providing proper follow-up action on the progress of projects financed by Council. Utilisation Certificates were not received in a large number of cases.

Highlights

- **Processing fee which accumulated to Rs 3088.88 lakh during last five years, was not accounted for as receipt.**

- **171 New Institutions, which were not having proper building, infrastructure and faculty were accorded approval.**

- **Accreditation could not achieve the desired results as only 95 Institutes applied for accreditation against 1829 approved during same period.**

- **Scrutiny of 274 projects of MODROBS, TAPTEC and R&D indicated improper maintenance of records, irregular release of grants in aid and lack of proper monitoring and evaluation.**

- **Grants in aid amounting to Rs 509 lakh released for 68 projects under the three schemes which were graded 'E' by Experts, were not refunded to AICTE as of 31.12.2002.**

- **The lack of control over nodal centre Bangalore under Continuing Education Programme led to irregular payments and ultimate** closure of the programme. Grants-in-aid amounting to Rs 389.05 lakh released under this programme.

- Non-observance of prescribed ceiling led to excessive release of grants in aid of Rs 873.88 lakh during last 5 years in NTMIS scheme.
- Lack of proper monitoring over Lead Centre at New Delhi resulted in huge unutilised grants in aid at the close of financial years.
- Engagement of huge manpower on contract/deputation basis lacked justification.
- Hiring of unauthorised lease accommodation led to payment of excessive rent of Rs 33.75 lakh.

2.1.1 Introduction

The All India Council for Technical Education (Council) was set-up in November 1945 as a national level apex advisory body to conduct survey of the facilities for technical education and promote development in the country in a coordinated and integrated manner. The recommendations made by the Council being advisory in nature were, by and large, not accepted by the State Governments, resulting in mushroom growth of substandard technical institutions and uncoordinated expansion of technical education facilities in the country.

The Government of India (Ministry of Human Resource Development) constituted a National Working Group to look into the role of the Council in the context of proliferation of technical institutions, maintenance of standards and other related matters. The Working Group recommended that the Council be vested with the necessary statutory authority for making it more effective and that this would require restructuring and strengthening of the Council with the necessary infrastructure and operating mechanism.

Pursuant to the above recommendations of the National Working Group, the AICTE Bill was introduced in both the Houses of Parliament and passed as the AICTE Act No. 52 of 1987. The Act came into force w.e.f. 28 March 1988. The statutory All India Council for Technical Education was established on 12 May 1988.

In accordance with the provisions of the AICTE Act (1987), for the first five years after its establishment the Minister for Human Resource Development, Government of India, was the Chairman of the Council. The first-full time Chairman was appointed on 2 July 1993 and the Council was reconstituted in March 1994, with a term of three years. The present Council was reconstituted on 3 November 2001 for a period of three years. The Council has its Headquarters in New Delhi with seven Regional Offices.

2.1.2 Objectives

The Council was established with the following objectives:

- to undertake proper planning and coordinated development of the technical education system throughout the country.
- to promote qualitative improvement of such education in relation to planned quantitative growth.
- to regulate and monitor norms and standards in technical education system and related matters.

2.1.3 Scope of Audit

The records of the Council covering the period from 1997-98 to 2001-2002 were test checked, with a view to critically examining the performance and achievements of the Council towards attainment of the set goals/objectives.

2.1.4 Organisational set-up

AICTE consists of the Council, the Executive Committee, 10 All India Boards of Studies, seven Regional Committees and the National Board of Accreditation. The Council is a 51-member body and its Chairman, Vice-Chairman and Member Secretary have full-time tenure appointments. The Executive Committee discharges such functions as may be assigned to it by the Council. The All India Boards of Studies advise the Executive Committee in academic matters falling in their areas of concern including norms, standards, model curricula, model facilities and structure of courses. The Council is assisted by seven statutory Regional Committees covering different geographical regions. The Council has set up a National Board of Accreditation under clause 10(u) of the AICTE Act to periodically conduct evaluation of technical institutions for granting accreditation to the various programmes (disciplines, courses) run by them on the basis of guidelines, norms and standards specified by it. The Council has also constituted five Advisory Boards to assist it in the implementation of specific programmes and schemes. The setup at Headquarters of the Council comprises nine Bureaus each headed by an Advisor for carrying out day to day activities.

2.1.5 *Financial Arrangement*

2.1.5.1 *Receipt and Expenditure*

The Council received grants-in-aid from the Government of India, Ministry of Human Resource Development, Department of Secondary and Higher Education for carrying out its programmes and activities. The details of grants-in-aid received under Plan and Non-Plan heads, miscellaneous receipts under those heads and expenditure incurred during the last 5 years, are as under :

(Rs in lakh)

Year	Opening Balance		Grants-in-aid Received		Misc. Receipt		Total		Expenditure		Others*	Closing Balance	
	Plan	Non-Plan	Plan	Non-Plan	Plan	Non-Plan	Plan	Non-Plan	Plan	Non-Plan	Plan	Plan	Non-Plan
1997-98	97.63	0.06	6446.00	895.94	164.89	3.49	6708.52	899.49	4663.55	839.24	(+) 19.5	2064.56	60.25
1998-99	2064.56	60.25	6600.00	1550.00	467.97	5.54	9132.53	1615.79	6824.19	1615.47	(-) 1774.4	533.93	0.32
1999-00	533.93	0.32	5136.00	1226.25	303.02	8.95	5972.95	1235.52	5575.60	1226.36	(-) 59.5	337.82	9.13
2000-01	2137.82#	9.13	7049.00	1550.00	839.37	3.72	10026.19	1562.85	7375.69	1559.50	(-) 8.7	2641.78	3.34
2001-02	2641.78	3.34	9241.81	1620.00	348.85	1.03	12232.44	1624.37	9536.49	1624.28	(+)423.7	3119.68	0.09

2.1.5.2 *Processing fee*

Net processing fee of Rs 30.89 crore remained out of Government account.

The proposals received for opening of new institutions are processed at various levels as per the norms prescribed in this regard and the Council charges processing fee from the applicant institutions for this purpose. It was, however, observed in audit that the Council was preparing separate set of accounts for processing fee and expenditure relating thereto. The excess of income over expenditure during the last five years amounting to Rs 3088.88 lakh remained out of Government account, although the processing fee charged so, was one of the main activities of the Council. Non-adjustment of huge receipts against the annual grant resulted in additional burden to the Government exchequer. On this being pointed out by Audit, the Council stated (July 2002) that the said accounts would be merged with consolidated accounts of the Council in future.

* 'Others' includes net figures of Advance, Deposits, Investments etc., which do not form part of Income and Expenditure of the Council under Plan head only.

An amount of Rs 1800 lakh received from the Ministry for land and building had not been shown by the Council in the closing balance as on 31.3.2000.

2.1.5.3 Disbursement of Grants-in-aid

The amount of grants-in-aid released by the Council for Research Development and other Schemes during the last five years was as under:

Year	Amount of Grants-in-aid released (Rs in lakh)	
	Plan	Non-Plan
1997-1998	3980.86	839.24
1998-1999	6029.89	1615.47
1999-2000	4428.60	1226.36
2000-2001	6310.06	1559.50
2001-2002	7865.57	1624.28
Total	**28614.98**	**6864.85**

It would be seen from the details given above that grants-in-aid amounting to Rs 28614.98 lakh representing 83 *per cent* of the total grants-in-aid i.e. Rs 34472.81 lakh received from the Ministry was in turn released by the Council for various schemes under Plan head. Under Non-Plan, grants-in-aid amounting to Rs 6864.85 lakh were released.

2.1.5.4 Irregular charge on Plan/Non Plan-grants

No distinct criteria were followed by the Council for debiting expenditure under Plan and Non-Plan heads since inception. It was observed that expenditure on salaries, wages, rent, travel and contingencies relating to the Council HQ and Regional offices was charged to Plan grants, whereas the funds released out of Non-Plan grants were incorrectly utilised for financing the various schemes.

2.1.5.5 Accumulation of unspent balance to the extent of Rs 31.20 crore

Unspent balance of Government grants accumulated to Rs 3120 lakh.

The Ministry of Human Resource Development, Department of Secondary and Higher Education, accorded sanction (March, 2002) to carry forward an amount of Rs 2642 lakh being the unspent balance of grants-in-aid released in the previous financial year i.e. 2000-2001 and to utilise it in the current financial year (2001-2002) for the purpose for which it was sanctioned earlier. However, it was noticed in audit that the unspent balance rose to Rs 3120 lakh as on 31 March 2002 which included the unspent balance of Rs 2642 lakh for year ending 31 March 2001.

The Council stated (September 2002) that the unspent balance included amount of Rs 2400.22 lakh pertaining to Land and Building. It was further observed from the Council's reply that an amount of Rs 1800 lakh pertaining to Land and Building ultimately rose to Rs 2400.22 lakh in 2001-2002 and had been kept in fixed deposit since 1998-1999.

The funds were released by the Ministry to be utilised during a particular year for a specific purpose i.e. for Land and Building and not to invest the grants-in-aid for earning interest as was done by the Council. This led to blocking of significant amount of government funds amounting to Rs 3119.68 lakh as on 31.3.2002.

2.1.6 Approval and accreditation of technical institutions

2.1.6.1 Approval for new institutions

Approval accorded varied from 14.37 to 36.41 *per cent.*

In accordance with the functions assigned to the Council under clause 10 (k) of the Act, it grants approval for starting new technical institutions and introducing new courses/increasing intake, after scrutiny of the proposal following a prescribed procedure. **Annex-I** indicates the state-wise number of proposals received for approval for opening new institutions and the number of institutions approved by the Council during the last five years. The percentage of approval has been approximately 30 during 1997-98, 1998-99 and 2001-02. It was the highest at 36.41 in 1999-2000 and the lowest at 14.37 in 2000-2001.

The Council has prescribed norms for land, built up area, financial position and number of library books which vary with the discipline involved. Out of 1829 proposals which had finally been approved for new institutions, 171 were test checked in audit. The audit results have been brought out in the succeeding paragraphs.

2.1.6.2 Deficiencies observed by Experts

The Expert Committees constituted by the Council Headquarters visited the applicant institutions and pointed out several deficiencies with reference to the prescribed norms as detailed below :

S. No.	Prescribed Norms	Nature of Deficiency pointed out	No. of cases involved
1.	Registration of the Society/Trust	The Society/Trust which proposed to open a new institution was not even registered.	1
2.	No Objection Certificate (NOC)	Requisite NOC was not obtained from concerned authorities by the institutions.	35
3.	Land Area	Minimum prescribed area was not owned	6
4.	Built up Area	The built up area was less than the minimum prescribed limit	36
5.	Building	Landscape was to be done or a good approach road be laid, civil works/boundary wall to be completed and building was old and needed renovation.	43
6.	Library	Number of books/journals was less than the minimum prescribed limit	76
7.	Built up Library space	The space provided for library was inadequate	8
8.	Faculty	The faculty was to be recruited before commencement of session or qualified and senior faculty was not available.	100
9.	Principal	Even the Principal was not appointed.	10
10.	Laboratories/Workshops	The area provided was inadequate or the equipment were not sufficient.	27
11.	Computer/Software facilities	More PCs and Printers were to be added, internet and e-mail facility to be provided and licensed software should be procured.	44
12.	Funds	The managements did not own adequate funds.	3
13.	Basic Amenities	Amenities like canteen, separate hostels, toilets, common room, medical aid etc. were not provided for boys and girls.	92

The records seen in audit neither indicated that these deficiencies were made good before according approval nor reasons for ignoring the same were recorded.

Some specific cases involving serious irregularities are given below :

(a) Approval despite outright rejection

The Electronics Research and Development Centre of India, Noida, was given approval as a new undergraduate institution to run its IT engineering course for 2001-02 despite the fact that the expert committee which visited the institute outright rejected the proposal on account of inadequate infrastructure. In three other cases, i.e. National Power Training Institute, Nayveli, Tamil Nadu; Bharathi Dasan Engineering College, Vellore, Tamil Nadu and Lakhmi Chand Rajani College of Engineering and Technology, Thiruvallur, Tamil Nadu, the Expert Committee was of the view that the infrastructure and facilities in the proposed institutions were not suitable to start the courses from the ensuing session and categorically recommended that the approval to these institutions must be accorded only from the next academic year subject to fulfillment of inadequacies. It was however observed that the Council accorded approval to these institutions for the ensuing session itself without recording any justification.

(b) Non-observance of prescribed procedure

According to the procedure prescribed, if a deficiency letter is issued to an institution it can file an appeal for reconsideration of the case along with proof in respect of removal of inadequacies pointed out by the Council. Such appeal is considered by an evaluation committee constituted by the Council and the recommendations of the committee are further examined by an Appellate Committee in the Council headquarters. If the Appellate Committee recommends, a letter of intent is again issued by the Council and an expert committee is deputed to examine afresh the claims of the concerned institution and on the basis of its recommendations, approval or disapproval is decided by the Council. However, in two cases, i.e. Maruthi Institute of Engineering and Technology, Kanchipuram, Tamil Nadu and Annai Velankanni Engineering College, Kanchipuram, Tamil Nadu, the Council accorded approval to start new Engineering Degree institutions only on the basis of claims made by the concerned managements regarding removal of deficiencies without following the prescribed procedure. In the case of Mariana Engineering College, Kanjeepuram, Tamil Nadu, the Expert Committee recommended that the approval be given only for the next academic year subject to removal of inadequacies but the Council granted approval to run the proposed courses in the ensuing session itself simply on the basis of an appeal filed by the concerned institution without following the prescribed procedure.

Approval accorded despite rejection by the expert committee.

Mohamed Sathak Trust, Chennai, applied for approval to start a new Degree Engineering Institution in 1999-2000. The college was proposed to be run temporarily in an abandoned Highway Motel and did not satisfy the minimum basic requirements. A Principal had reportedly been hired for the day of inspection. The expert committee visited the proposed institution and recommended rejection of the case as it did not fulfill the required parameters. The committee categorically stated that such dubious management should never be allowed to run engineering colleges. Accordingly, the Council issued (8/2000) a deficiency letter to the above Trust. The Trust made an appeal and claimed to have removed the deficiencies pointed out by the Committee. The Trust also claimed to have bought another piece of land and proposed to build the permanent college there, while the earlier site was proposed as a temporary site to run the college for the first year. The expert committee was again deputed to visit the proposed college and on the basis of their recommendations, the Council gave approval for starting the college with three courses each having an intake of 40 students. It was, however, observed in audit that even according to the second expert committee's recommendation the building plan at permanent site had not been approved (a pre-requisite at the time of screening of applications) and also the size of the classrooms was just sufficient to accommodate 40 students in each. The Trust once again approached the Council (4/2001) to allow it to run IT Engineering course in place of Chemical Engineering which had been proposed initially and recommended by the expert committee. The Council agreed to the substitution (5/2001) without any change in intake. Further, the Council upgraded (6/2001) the intake capacity in the approved courses from 40 to 60 without taking into account the recommendations of Expert Committees particularly with regard to the size of the classrooms.

In two other cases, i.e. Sri Ram Institute of Information Technology, Puri, Orissa and Meenakshi Sundararajan Engineering College, Chennai, Tamil Nadu, the Council granted approval to new institutions, which were lacking in almost all the basic minimum requirements. The acquired land was less than the minimum requirement, there was no library, the equipment for laboratories was yet to be procured, the faculty was yet to be identified and the amenities had not been created. In the former case, the Expert Committee even remarked that there existed a school in the proposed building in the earmarked land and some portion of the building was being used for some small-scale industry. In the case of Dhanalakshmi College of Engineering, Chennai, Tamil Nadu, the Council granted approval to a college to run its courses from the academic year 2000-01 though the requisite norms were not met. Extension for the next year was also granted despite the fact that the college could not start the course in 2000-01 for want of basic infrastructure.

It was noticed in audit that despite the deficiencies pointed out by the Expert Committee, approval was granted by the Council invariably in all the 171 cases test checked in audit. This would defeat the objective of providing quality assurance in technical education. Unmeditated grant of approval to these institutions would also contribute to mushroom growth of substandard technical education in the country.

2.1.6.3 Accreditation

The National Board of Accreditation (NBA) was set up by the Council in September 1994. The purpose was to assess the qualitative competence of educational institutions from diploma level to the post graduate level in Engineering and Technology, Architecture, Pharmacy, Town Planning and Management. NBA is also concerned with assessing and assuring the quality of the various constituent elements of the educational institutions. Accreditation is a process of quality assurance whereby a programme in an approved institution is critically appraised at intervals not exceeding six years to verify that the institution or programme meets the norms and standards prescribed by the Council from time to time.

Against 1829 institutions approved, only 95 applied for accreditation.

The aim of accreditation is to recognise and acknowledge the value addition in transforming the admitted raw student into a person having sound knowledge of fundamentals and an acceptable level of professional and personal competence for ready employability in responsible assignments. It was observed in audit that against 1829 departments/ institutions approved by the Council during 1997-98 to 2001-02 only 95 institutions applied for accreditation during this period. The number of institutions which came forward for accreditation suggested very poor response.

The Council did not enforce the implementation of NBA programme and make it mandatory for approved institutions to obtain accreditation within a prescribed duration after obtaining approval.

NBA, thus, could not fulfil its aim of ensuring quality in technical education.

2.1.7 Schemes

The Council provided financial assistance to technical institutions under 18 schemes in the field of Engineering & Technology as detailed in **Annex IIA and IIB**. To ensure effective implementation of these schemes, the Council set up high-powered Boards comprising eminent scientists, engineers, academicians, industrialists and technologists. Grants-in-aid aggregating to Rs 354.35 crore were released for these schemes under Plan and Non-Plan heads during the five years from 1997-98 to 2001-2002. The records relating to six schemes were test checked in audit, covering Rs 230.37 crore (representing 65 *per cent* of the total grants-in-aid) (**Annex II C**). The findings are brought out in the succeeding paragraphs.

2.1.7.1 Modernisation and removal of obsolescence (MODROBS)

The main objective of this scheme is to equip technical institutions with modern equipment/infrastructure facilities for improvement in the quality of the ongoing instructional programmes and also for introduction of new technologies in the existing laboratories. The support provided under the scheme is generally limited to Rs 15 lakh. The Council invites project proposals under the scheme from technical institutions throughout the country. After initial scrutiny at the Bureau level, proposals are screened by subject experts and if recommended the Coordinator of the proposed project is invited for a presentation of his/her project before an Expert Committee. Projects recommended by the Expert Committee are then considered by the Bureau of Research (BOR) for approval and the grant-in-aid is released once the project is approved by BOR. However, the scheme does not mention about the treatment which should be given to the old equipment/study material which were to be replaced.

The total number of project proposals received initially and subsequently approved for financing, were not made available to audit. During the last five years the Council released grants-in-aid amounting to Rs 121.60 crore for 1378 projects out of which 173 projects were test checked in audit which brought out numerous cases of deviations/deficiencies from the prescribed norms.

52 self-financed institutions receiving grants were not accredited.

In 38 cases grants released were more than recommended by the expert committee.

In 14 cases even the project proposals were not available in the concerned files while in all 173 cases the evaluation of proposal right from the Bureau level upto their approval by Board of Research was not available. Grants-in-aid worth Rs 3.10 crore were provided to 52 self financed institutions which did not fulfill the mandatory provision of accreditation while grant in aid released was more than the amount recommended by expert committee in 38 cases. The constitution of project evaluation committee was not intimated in 108 cases.

Evaluation done only for 7.9 *per cent* projects.

The evaluation of the progress of projects by Committee of Experts, was not done in a large number of cases although required to be done every year. The Council intimated (September 2002) that 109 projects of MODROBS were evaluated during 1997-98 to 2001-2002, which was only 7.9 *per cent* of total number of 1378 projects sanctioned during the same period.

Rs 1 crore were paid to non-entitled organisation.

Grants-in-aid of Rs 1 crore was released (March 1998) under MODROBS to the National Informatics Centre Service Inc., a Government organisation. It was not clear as to why such a large grant was released to an institution which was not dealing with technical education and hence did not fall under the purview of the scheme.

In accordance with the provisions of the scheme the Council should consider only one proposal from each department which should be submitted by the Head of the Department (HOD), as Principal Investigator. It was, however, observed that in 39 cases, the provisions of the scheme were not adhered to and the same Principal Investigator (PI) was awarded- (a) two projects from the same department, (b) two projects from two different departments, (c) three projects from three different departments. It was also observed that (a) two different PIs were awarded projects from the same department, (b) three different PIs were awarded projects from the same department. Thus, the Council released grants-in-aid worth Rs 281.70 lakh in contravention of the prescribed norms/procedure.

Rs 282 lakh released in contravention of norms.

According to rules, the second and subsequent instalments of grants-in-aid were required to be released after obtaining provisional Utilisation Certificate/Annual Progress Report. It was however observed that in 103 cases, the second/subsequent instalment of grants-in-aid were released without obtaining provisional Utilization Certificate/Annual progress Reports. It was observed from the Grant-in-aid register of the scheme for 1998-99 to 2000-01 that provisional Utilization Certificates were received in 173 out of 746 projects for which grants-in-aid were sanctioned during 1998-99 to 2000-01. Final audited Utilization Certificates were, however, received in 105 cases only.

Audited UCs received in 105 out of 746 projects.

2.1.7.2 Research and Development (R&D) and Thrust Area Programme in Technical Education (TAPTEC)

R&D

This programme aims at promotion of general research capabilities among the faculty members in various areas of Engineering and Technology and other related areas of national interest. The proposal should include a specific R&D project and give details of equipment and other infrastructural facilities proposed to be acquired through support under this scheme. The R&D field need not necessarily be a thrust area. Funding in this scheme is limited to Rs 10 lakh.

TAPTEC

This scheme is mainly to ensure promotion of excellence and need-based research in identified thrust area for national development in the field of Engineering and Technology. The thrust areas are revised periodically. Under this scheme support generally not exceeding Rs 20 lakh is given with a view that the outcome of the project would lead to a bigger project to be submitted to other agencies such as the Department of Science and Technology.

Under these schemes, proposals for undertaking projects from technical institutions are screened at the initial level in the Research and Institutional Development Bureau. Selected proposals are then scrutinised by subject experts and if recommended, the coordinator of the proposed project is invited for presentation before an Expert Committee. Projects cleared by the committee are finally considered by the Board of Research (BOR) for approval. In cases of self financing institutions, proposals only from those accredited by the Council are considered.

Grants-in-aid amounting to Rs 8894.75 lakh were released for 1081 projects during the last five years and audit test checked records relating to 101 projects and noticed several deficiencies.

In seven cases even the project proposals were not available in the concerned files while in 101 cases the evaluation of the proposal right from the Bureau level upto their approval by the Board of Research was not available. Grant in aid provided was more than the amount recommended by experts in 11 cases while constitution of project evaluation committee was not intimated in 77 cases.

Grants of Rs 8.41 lakh were released in excess of the prescribed limit.

According to the terms and conditions, the recurring portion in the sanctioned grant for a project must not exceed 15 *per cent* of the total grants-in-aid. In 12 out of 38 projects of TAPTEC/R&D pertaining to 2000-2001 which were test checked in audit, the recurring expenditure exceeded the prescribed limit and ranged from 16.67 to 40 *per cent*, resulting in excess release of grants-in-aid of Rs 8.41 lakh.

The Council asked the Punjabi University, Patiala, to resubmit its project proposal which was neither prepared in the prescribed format nor duly forwarded by the competent authority. Although there was nothing on record to indicate that corrective measures were taken by the Punjabi University, grant-in-aid of Rs 5 lakh was released.

In two cases of R & D Schemes grants-in-aid amounting to Rs 16 lakh and Rs 14.5 lakh were released in excess without giving any justification or reason.

Audited UCs received only in 26 out of 366 projects.

According to the rules, the second/subsequent instalments of grants-in-aid were required to be released after obtaining provisional Utilisation Certificate/Annual Progress Reports. It was, however, observed that in 68 cases, the second/subsequent instalment of grants-in-aid were released without obtaining provisional Utilization Certificate/Annual progress Reports. In the case of R&D scheme, provisional Utilization Certificates were received in 93 out of 366 projects and final audited Utilization Certificates were received only in 26 cases. Likewise, the number of provisional Utilization Certificates received in respect of TAPTEC scheme was 88 out of 340 projects funded during three years i.e. 1998-99 to 2000-01 and final audited Utilization Certificates were received in only 25 projects. AICTE could not furnish the total number of completed projects, which were financed during 1997-98 to 2001-2002.

Evaluation by expert committee/Board of Research is a pre-requisite for releasing grants-in-aid for any project. It was, however, observed that in 4 cases grants-in-aid amounting to Rs 23.45 lakh were released on orders of competent authority with instructions for their evaluation by future selection committee, in spite of the fact that the concerned Bureau proposed their rejection for want of prior evaluation.

2.1.7.3 General

2.1.7.3.1 Wasteful expenditure of Rs 509 lakh

Rs 509 lakh released for projects graded 'E' was not refunded.

The evaluation of the projects funded by the Council was required to be done every year during monitoring workshops to be organized by the Council. The projects were to be accorded grades 'A', 'B', 'C', 'D' and 'E' on the basis of their performance to be adjudged by experts. The projects graded 'E' are terminated and institutions are asked to refund the grants. It was observed that 68 projects involving grants in aid amounting to Rs 509 lakh under three Research and Development schemes were given 'E' grades during the last five years. The Council failed to intimate about refund of this amount (October 2002).

2.1.7.4 Entrepreneurship and Management Development

The scheme of Entrepreneurship and Management Development is aimed at developing entrepreneurial ability of diploma holders and generation of self-employment. Short term programmes are offered according to the need of the non-corporate and unorganised sector with the help of the Department of Science and Technology (DST) and state government organisations. The scheme is implemented through 20 coordination and nodal centres which function in various polytechnics and funds are made available by the Council. The Council released grants-in-aid amounting to Rs 383.10 lakh to these nodal centres during 1997-98 to 2001-2002. The centre-wise details of payment of grant, UCs and training programmes for the year 1999-2000 to 2001-2002 are given below:

S.No	Name of the Nodal centre	Grants-in-aid released during 1999-2000 to 2001-2002	Whether UC received or not	Number of activities training programme held							
				Enterprenureship Awarence Camp (EAC)	Enterpre-nureship Development Programme (EDP)	Continuing Education Programme (CEP)	Skill Develop-ment Program me (SDP)	Workshop (WS)	CGP	Management Development Programme	Total no of Progr-ammes
1	Bhubananda orissa school	6.00	Yes	1	2	1	-	1	-	-	5
2	Govt. Poly. Sunder nagar H.P	6.00	No	-	-	-	-	-	-	-	
3	Govt. Poly. Khandwai H.P	6.00	Yes	2	1	-	2	-	1	-	6
4	Dr. B.R.Ambedkar Govt. Poly., Andaman	6.00	No	4	2	-	-	-	-	-	6
5	Govt. Poly. Sagar M.P	6.00	Yes	6		-	-	6	-	-	12
6	NSS Poly., Kerala	9.00	Yes	15	2	7	24	2	-	-	-
7	Rural Poly. Premara nagar	9.00	Yes	10		9	8	-	-	11	38
8	JSS College, Ooty	9.00	Yes	10	8	-	5	3	-	9	35
9	Prince of Wales instt. Jorhat, Assam	9.00	Yes	7	-	-	24	-	-	-	31
10	Govt. Poly. Surat, Gujarat	9.00	Yes	4	12	69	18	5	-	-	108
11	Father Angle, New Delhi	9.00	Yes	6	3	19	15	3	-	-	46
12	KCVO Poly. For Women, Jammu	9.00	Yes	6	4	9	10	-	-	-	29
13	PSG Poly. College, Coimbatore	9.00	Yes	5	25	19	40	7	-	-	96
14	IERT Allahabad	9.00	Yes	10	7	5	33	11	-	-	66
15	Kamla Nehru Poly. For Woman, Hydrabad	9.00	Yes	12	5	18	36	15	-	-	86
16	YMCA Faridabad	12.00	Yes	1	2	-	30	-	-	-	33
17	Assam Engg. College, Assam, Guwahati	12.00	Yes	1	2	-	30	-	-	-	33
18	Tulani Foundation, Gujarat	12.00	Yes	13	6	5	8	4	-	-	36
19	Instt. Of Jute Tech. Calcutta	12.00	Yes	-	15	6	26	-	-	8	55
20	Thapar Poly. Patiala, Punjab	12.00	Yes	4	3	10	9	1	-	-	27

Note : Information for 1997-98 and 1998-99 though called for, was not supplied.

Scrutiny of records revealed that utilisation certificates in respect of grants-in-aid amounting to Rs 12 lakh from two nodal centres were awaited as yet. There was skewed implementation of the programme activities by these nodal centres. The number of activities/training programmes performed/conducted by the nodal centres showed a huge variation ranging from 0 to 12 under Rs 6 lakh grant category, from 50 to 108 under Rs 9 lakh grant category and from 27 to 108 under Rs 12 lakh grant category. It was also observed that none of the nodal centres conducted all the activities/training programmes as envisaged by the Council during the last 3 years. Thus, there has not been proper implementation and monitoring of the scheme vis-à-vis fulfillment of objectives by nodal centres as envisaged under the scheme.

Unsatisfactory performance of nodal centres.

2.1.7.5 Continuing Education Programme (CEP)

The scheme of Continuing Education Programme (CEP) was started under the Education Policy of 1986 by the Ministry of Human Resource Development with the following main objectives:

- Assessing the futuristic needs of different sectors of the technical professions.
- Preparation of course material for continuing education and offering programmes at institutions and professional societies.
- Planning, implementing, coordinating, monitoring and receiving the impact of the programmes and applying corrective measures suitably.

Study materials are prepared for areas of advanced technologies and are disseminated to working professionals through programmes such as workshops, short and long duration courses and seminars conducted by various institutes, industries and professional societies. The scheme was transferred to the Council in 1994 and implemented through nine centres with Bangalore as its nodal centre. The number of centres was subsequently increased to 27 as on 31.3.2002 and grants in aid of Rs 389.05 lakh was released during the last five years.

The Council got a review of CEP Centre, Bangalore, conducted by private chartered accountants in 2000. Some of the major findings of the review are as under :

- Without the knowledge of the Council Headquarters, illegal approvals were being granted to institutions, which were neither engineering colleges nor polytechnics. On the basis of such approvals these institutions started running certificate vocational courses for fresh students who were not working professionals. The CEP Centre, Bangalore, conducted examinations for granting certificates and charged examination fee, franchise fee, certificate charges etc. from these illegally approved institutions. The name and logo of the Council were used for such certificates apparently to increase the career prospects of degree holders.

- Course material was produced by different CEP centres and received by the Bangalore Centre for processing and dissemination. However, there was no quality assessment of the course material received from different centres, which received grants from the Council for the purpose. As such, the possibility of pilferage and misutilisation of the material could not be ruled out.

- Rs 5.94 lakh were incurred over the years by the CEP Centre, Bangalore, on creation of additional space/ facilities etc. in the premises of the institution despite there being no agreement/ MOU with the authorities of the institution.

- A nodal centre was authorised to create only two temporary posts (one Programme Executive/Professor and one stenographer). However, the Bangalore centre appointed as many as 20 staff members from time to time without any formal approval from the Council or the Ministry.

Irregular expenditure of Rs 4.62 lakh.

Irregular payment/overpayment on account of deputation allowance and monthly taxi charges to the extent of Rs 4.62 lakh was reportedly made in respect of Director, CEP.

Lack of control mechanism led to closure of scheme.

Thus, it is observed in the light of the above irregularities that lack of proper control mechanism at the Council Headquarters not only made a big dent in the public exchequer but also adversely affected the basic objectives of the scheme for which grants-in-aid amounting to Rs 389.05 lakh were released during the last five years. The Council and the Ministry of Human Resource Development never conducted departmental enquiry against the concerned officer/officers nor initiated any legal action in this regard. The action taken by the Council on the recommendations of the review report including investigation against individuals was called for (September 2002) but no reply was furnished (December 2002) to audit.

The CEP scheme was wound up by the Council w.e.f. July 2000 and the Bangalore centre closed down.

2.1.7.6 National Technical Manpower Information System (NTMIS)

NTMIS aims to generate a database and monitor supply and demand of engineering and technical education manpower to ensure planned development of technical education in the country. The salient features of the scheme are as under:

- Estimation of short-term and long-term requirement of different categories of engineering and technical manpower in different fields with branches of specialization.
- Estimation of supply of different categories of engineering and technical manpower on the basis of the existing intake and out-turn figures.
- Collection and analysis of data to match the job requirements with facilities for education and training.
- Provide forecasts about adequacy or shortage of manpower requirements in the future years and consequently about the adequacy of the current enrollment rate.

The manpower information system would have to cover manpower information at the unit, establishment, district, state and national levels and in terms of groups of engineering manpower as also in terms of assessment techniques. The council operates the scheme of NTMIS with the Institute of Applied Manpower Research (IAMR), New Delhi, as the lead centre and 21 nodal centres set up in various technical institutions and other departments all over the country.

Records relating to this scheme were test-checked in audit and the findings are as under:

2.1.7.6.1 Excess release of grants

Grants of Rs 874 lakh released in excess of ceiling.

The ceiling for releasing grants-in-aid for lead centre was revised to Rs 16.35 lakh and that for each nodal centre as Rs 2.42 lakh per annum w.e.f. 1988-89. The total amount of grants-in-aid that could be released for lead and 21 nodal centres amounted to Rs 67.17 lakh in a year. It was noticed in audit that grants-in-aid amounting to Rs 1209.73 lakh were released during the last five years which were far in excess (by Rs 873.88 lakh) of Rs 335.85 lakh based on the ceiling fixed. The Council stated (September 2002) that according to the recommendations of the National Expert Committee regular budgetary system was adopted and the same system was continuing since then.

The details of grants-in-aid released to the lead centre under Plan during the last five years and expenditure incurred (based on utilisation certificates) during this period are given below:

(Rs in lakh)

Year	Opening balance	Grants in aid released	Expenditure incurred	Closing balance
1997-1998	46.86	21.10	14.01	53.95
1998-1999	53.95	113.89	25.19	142.65
1999-2000	142.65 (-)5.81 136.84	15.96 +0.97 16.93	23.33	130.44
2000-2001	130.44 + 0.48 130.92	-	49.50	81.42
2001-2002	81.42	-	56.70	24.72

Note *: Rs 5.81 lakh was transferred to Non-plan, while Rs 0.97 lakh and Rs 0.48 lakh represented miscellaneous receipt and refund of advance respectively.*

No control over release of grants for lead and nodal centres.

It is not clear as to why huge grants were released to the lead centre without assessing the requirement, which resulted in a substantial part of it remaining unutilised at the close of the year. The Council did not give any reason for this as of December 2002.

2.1.7.6.2 Utilisation Certificates

Incorrect accounting of Grants in UCs.

No consolidated record or register to indicate receipt of Utilisation Certificates by the Bureau was produced to audit. It was observed from the files containing UC's that the Department of Economics and Statistics, Chennai, had accounted for grants-in-aid amounting to Rs 9.39 lakh under Non-Plan in the UC for 1999-2000, whereas according to the Bureau, grant-in-aid amounting to Rs 2.64 lakh only was released during that year. During 2001-2002 under Plan, Rs 9.29 lakh was released according to the Bureau against Rs 3.80 lakh accounted for in the UC. The Utilisation Certificates submitted by various technical institutions indicated large sums of unspent balance of grants-in-aid as on 31.3.2002.

There was nothing on record to show that the unspent balance was refunded to the Council. It would thus be seen that the Council was releasing grants-in-aid as a matter of routine to nodal centres without exercising proper check over actual requirement/entitlement **(Annex-III).**

2.1.8 Monitoring and control

Internal Audit/Inspection of Grantee Institutions not conducted.

Monitoring and control of the approved institutions is one of the most important activities of the Council to ensure sustained development of quality technical education throughout the country. According to Rule 150 (1) of the General Financial Rules, the accounts of all institutions shall be open to inspection by the sanctioning authority/audit whenever the institution is called upon to do so and a provision to this effect should invariably be incorporated in all orders sanctioning grants-in-aid. Though, the Council included the relevant clause in their sanction letters, the records produced to audit did not indicate that the accounts of grantee institutions were ever inspected by the Council during the last five years. Further, no internal audit wing or any other mechanism was devised by the Council to conduct inspection of the grantee institutions. No proper evaluation of the projects funded by the Council was also carried out during the last five years. A large number of outstanding utilisation certificates in respect of various schemes also indicates poor monitoring and control by the Council.

2.1.9 Miscellaneous

2.1.9.1 Status of human resources in the Council

The sanctioned strength and men in position in the Council as on 31 March 2002 are shown in **Annex-IV**.

Regular employees represented five *per cent* of sanctioned strength.

It would be seen from the details given therein that there were only 95 men in position against sanctioned strength of 210. The number of regular employees was 11 which represented five *per cent* of the sanctioned strength. Further, there were two incumbents on tenure posts, 37 officials/officers on deputation, seven in adhoc capacity and 38 on contract. It was also observed that there were as many as 15 persons working as asst. directors and above on contract basis. Another 23 employees, mostly data entry operators, were also engaged on contract basis.

The engagement of such large manpower on contract basis was fraught with risk since they were neither covered under any Conduct Rules nor could they be made accountable like regular employees. Moreover, the involvement of contract staff engaged on a large scale for execution of various administrative and research schemes could vitiate government interests in furtherance of quality technical education system throughout the country. Further, non-existence of regular manpower resources in an autonomous body which got annual grant of over Rs one hundred crore lacked justification.

2.1.9.2 Hiring of unauthorised leased accommodation

The Council decided in June 1992 to provide leased accommodation to the officers of the rank of Under Secretary and above with effect from 1 July 1992 without reference to the scale and entitlement of leased accommodation determined by the Ministry of Finance. The Ministry of Human Resource Development in December 1993 reiterated the principle that leased accommodation only to the officers of the rank of Director and above could be provided but the Council continued to provide leased accommodation to officers of the rank of Under Secretary and above in violation of Government orders. Further, the Council on its own extended this facility to all the officers and staff (including Group 'D') with effect from 1 November 1999. Audit worked out excess rent of Rs 33.75 lakh (excluding house rent allowance and licence fee recovered) paid by the Council on this account during the period from 16 July 1992 to 15 May 2002. It was also noticed in audit that the Council, while hiring leased accommodation in respect of entitled officers, exceeded the prescribed Government ceiling on payment of rent and incurred excess expenditure of Rs 2.56 lakh on this account during the period from 1 April 1999 to 15 May 2002.

Rs 33.75 lakh spent for unauthorised leased accommodation.

On this being pointed out twice in audit in October 2000 and September 2001 the Council stated that on directions from the Ministry it had decided to withdraw the leased accommodation scheme below the level of Directors with effect from the afternoon of 15th May 2002 and restrict the lease facility only to the entitled officers as fixed by the Government. However, neither recovery of overpayment had been made nor responsibility for the lapse had been fixed as of December 2002.

The matter was referred to the Ministry in January 2003; their reply was awaited as of March 2003.

Annex I
(Referred to in Paragraph 2.1.6.1)

New Institutions

Sl. No.	Name of the State	No. of cases received for Approval						No. of cases Approved					
		1997-98	1998-99	1999-2000	2000-2001	2001-2002	Total	1997-98	1998-99	1999-2000	2000-2001	2001-2002	Total
1.	Maharashtra, Gujarat & Goa	202	184	275	202	390	1253	35	34	47	21	64	201
2.	Kerala	11	29	68	83	135	326	-	02	02	13	28	45
3.	Karnataka	135	102	169	103	245	754	42	33	64	19	44	202
4.	Uttar Pradesh	52	52	57	143	126	430	36	44	52	26	64	222
5.	Bihar	07	02	07	12	08	36	-	01	-	01	01	03
6.	Madhya Pradesh	49	36	60	59	61	265	13	15	18	07	26	79
7.	Orrisa	28	21	57	84	-	190	-	12	19	03	18	52
8.	Chattisgarh	-	-	-	-	08	08	-	-	-	-	03	03
9.	Andaman & Nicobar	-	-	-	-	-	-	-	-	-	-	-	-
10.	Arunachal Pradesh	-	-	-	-	-	-	-	-	-	-	-	-
11.	Assam	-	01	-	-	-	01	-	01	-	01	-	02
12.	Jharkhand	-	-	-	-	02	02	-	-	-	-	02	02
13.	Manipur	-	-	-	-	-	-	01	-	-	-	-	01
14.	Meghalaya	-	-	01	-	-	01	-	-	-	01	-	01
15.	Mizoram	-	01	-	-	-	01	-	-	01	-	-	01
16.	Sikkim	02	-	-	-	-	02	-	-	01	-	01	02
17.	Tripura	01	01	-	-	-	02	-	01	-	-	-	01
18.	West Bengal	08	16	16	32	23	95	01	06	13	13	13	46
19.	Andhra Pradesh	143	212	53	231	555	1194	81	74	84	34	151	424
20.	Tamil Nadu	215	184	146	235	283	1063	61	74	65	39	132	371
21.	Pondicherry	04	05	04	05	09	27	01	01	02	03	02	09
22.	Chandigarh Region – Haryana, Punjab, HP & J&K	46	98	202	209	316	871	18	-	38	20	86	162
	Total	**903**	**944**	**1115**	**1398**	**2161**	**6521**	**289**	**298**	**406**	**201**	**635**	**1829**

	Percentage approval with reference to no. of proposals received							32.00	31.57	36.41	14.37	29.38	

Annex IIA
(Referred to in Paragraph 2.1.7)

Grants-in-aid released for Schemes under (Plan)

(Rs in Lakh)

Sl. No	Name of the Scheme	1997-1998	1998-1999	1999-2000	2000-2001	2001-2002	Total
1	Career Awards	68.90	96.70	71.11	199.07	164.24	600.02
2	Travel Grant	31.25	23.23	33.03	40.59	41.87	169.97
3	Industry Institute Interaction	20.15	78.05	77.60	104.10	369.21	649.11
4	Seminar Grant	26.87	39.88	27.43	58.67	67.10	219.95
5	Emeritus Fellowship	35.95	60.18	79.10	118.94	79.82	373.99
6	National Technical Manpower information system	95.40	164.58	90.31	113.24	173.94	637.47
7	Quality Improvement Programme	153.00	200.92	138.57	116.73	135.21	744.43
8	PG courses and Research Work	405.68	199.01	200.88	1000.00	965.76	2771.33
9	Visiting Professorship	-	4.22	10.75	12.09	12.95	40.01
10	Assistance to Professional Bodies	20.00	29.35	6.27	14.90	10.30	80.82
11	Faculty and staff Development	27.00	29.15	24.67	29.42	19.96	130.20
12	Entrepreneurship and Management Development	61.00	60.00	60.00	63.00	139.10	383.10
13	Continuing Education Programme	72.23	52.75	53.33	163.05	47.69	389.05
14	Networking of Tech. Instt.	-	-	-	48.62	45.75	94.37
15	Research & Development	598.30	1002.30	1245.72	716.90	950.74	4513.96
16	Modernisation & Removal of Obsolescence	1370.09	2667.77	1511.84	2702.65	3908.11	12160.46
17	Thrust Area Programme in Technical Education	961.70	1310.76	797.99	665.64	644.70	4380.79
18	Early Faculty Induction Programme(EFIP)	-	-	-	142.40	89.09	231.49
	Total	**3947.52**	**6018.85**	**4428.60**	**6310.01**	**7865.54**	**28570.52**

Annexure II B
(Referred to in Paragraph 2.1.7)

Grants-in-aid released for Scheme under(Non-Plan)

(Rs in lakh)

Sl.No	Name of the Scheme	1997-1998	1998-1999	1999-2000	2000-2001	2001-2002	Total
1	Quality Improvement Programme	285.85	355.84	273.88	778.36	465.33	**2159.26**
2	National Technical Man power Information System	64.64	119.62	93.75	181.80	112.45	**572.26**
3	Post Graduate Courses & Research Work	488.74	1140.00	858.73	599.33	1046.49	**4133.29**
	Total	**839.23**	**1615.46**	**1226.36**	**1559.49**	**1624.27**	**6864.81**

Total release of grants-in-aid under Plan	Rs 28570.52
Under Non-Plan	Rs 6864.81
Total	**Rs 35435.33**

Annex II C
(Referred to in Paragraph 2.1.7)

Grants-in-aid released to the schemes which were test checked in audit

Plan

Sl. No.	Name of Scheme	Amount (Rs in lakh)
1.	National Technical Manpower Information System	637.47
2.	Entrepreneurship and Management Development	383.10
3.	Continuing Education Programme	389.05
4.	Research and Development	4513.96
5.	Modernisation & Removal of Obsolescence	12160.46
6.	Thrust Area Programme in Technical Education	4380.79
	Total	**22464.83**

Non-Plan

Sl. No.	Name of Scheme	Amount (Rs in lakh)
1.	National Technical Manpower Information System	572.26
	Total	**572.26**

Plan	Rs 22464.83
Non-Plan	Rs 572.26
Grand Total	**Rs 23037.09**

Annex III

(Referred to in Paragraph 2.1.7.6.2)-NTMIS

Details of unspent balance as on 31.03.2002

(Rs in Lakh)

S.No.	Name of the Institution	Plan	Non-Plan	Total
1.	Cochin University of Science & Technology, Cochin	2.46	1.76	4.22
2.	Veer Mata Jija Bai Technological Institute, Mumbai	3.32	(-)0.64	2.68
3.	Board of Apprenticeship Training ,Kanpur	1.12	0.16	1.28
4.	National Institute of Technology, Rourkela, Orissa	1.71	--	1.71
5.	North Eastern Regional Institute of Science & Technology, Itanagar	3.08	0.66	3.74
6.	Department of Economics & Statistics, Chennai	2.14	--	2.14
8.	Birla Institute of Technology, Ranchi	-	-	4.42

Annex IV
(Referred to in Paragraph 2.1.9.1)

Sl. No.	Name of the post	Sanctioned Strength	Men in position	Vacant	Mode of Appointment
1	Chairman	1	1	-	Tenure
2	Vice Chairman	1	-	1	-
3	Member Secretary	1	1	-	Tenure
4	Advisor (Admn)	1	-	1	-
5	Advisor-I	4	3	1	3 Deputation
6	Advisor-II	3	2	1	1 Deputation 1 Contract
7	Director(F)	1	1	-	Deputation
8	Director	8	6	2	4 Deputation 2 Contract
9	Deputy Director	10	10	-	5 Deputation 5 Contract
10	Assistant Director	20	12	8	5 Deputation 7 Contract
11	Deputy Secretary	3	1	2	Adviser (regular under secretary)
12	Under Secretary	6	4	2	4 Adhoc (Regular Sr. PA and Admn officer)
13	Deputy Regional Officer	1	-	1	-
14	Accounts Officer	1	1	-	1 Contract
15	Administrative Officer	6	5	1	4 Deputation 1 Contract
16	Asst. Librarian	1	-	1	-
17	Private Secretary	3	3	-	3 Deputation
18	Council Engineer	1	-	1	-
19	Asst. Regional officer	4	-	4	-
20	PA	8	2	6	2 Regular
21	Stenographer	6	-	6	-
22	Accountant	5	5	-	5 Deputation
23	Assistant	12	5	7	5 Deputation
24	Jr. Hindi Translator	2	-	2	-
25	UDC	15	4	11	3 Regular 1 Deputation
26	LDC	19	-	19	-
27	DEO Grade B&C	52	21	31	21 Contract
28	Photocopy operator	1	1	-	1 Adhoc (Regular daftry)
29	Driver	4	2	2	2 Regular
30	Others	10	5	5	1 Adhoc 4 Regular
Total		**210**	**95**	**115**	

MINISTRY OF HUMAN RESOURCE DEVELOPMENT

FUNCTIONING OF CENTRAL UNIVERSITIES

2.2 Functioning of Central Universities

There are eighteen Central Universities in the country, each established under an Act of Parliament, the earliest ones having been established under an Act of the Central Legislature in 1857. Given the wide sweep of time in which they grew and the socio-political configurations they represented, there was no coordinated objective in their growth. As more such institutions, funded centrally, got established, a broad set of objectives took shape, specifically during the period 1964 to 1982, more than a hundred years after the first Central Universities were founded. The post-Independence objectives drawn from the delayed attempt at role definition place the Central Universities in a special status, apart from funding, in terms of their All India character and excellence in curriculum. Audit review of the functioning of eight out of these eighteen Central Universities, brought out many instances of their failures in forging an All- India character and curriculum development. A central objective focus is yet to emerge as the Central Universities operate as autonomous entities within their own academic and administrative frameworks, unresponsive to the instructions of the University Grants Commission. The UGC, as the funding agency, has either neglected or underplayed its regulatory role to allow the state of non-accountability to worsen (Ref : CAG's Audit Report NO 4 of 2002) . None of the Central Universities audited could fully or efficiently use the development resource allotted to them while allowing infrastructures to remain either incomplete or inadequate. Internal resource generation was poor. Curriculum development was unsystematic. Some of these Central Universities awarded degrees without the approval of the University Grants Commission. There was no control over the workload of teachers. Research Projects suffered for lack of monitoring. Special facilities in computers remained unutilised. Enrolment did not show All India character. Overall, the functioning of Central Universities showed the impact of delayed role-definition, absence of regulatory control and lapses in institutional management, many failures in academic leadership and a high degree of non-accountability.

Highlights

- **Utilisation of maintenance grants by the Central Universities was erratic and disproportionate to the norm. While the norm prescribed roughly a ratio of 65:15:25 for academic cost,** administration, and miscellaneous services respectively, the ratio of utilisation varied widely from University to University. JNU spent the lowest (22 *per cent),* while HU and DU spent the highest on academic cost (59 *per cent* and 55 *per cent*). BHU and NEHU spent the highest on administration (60 *per cent*), while AMU and DU spent the lowest (12 *per cent* and 17 *per cent*). AMU spent the highest in the miscellaneous account (51 *per cent*), while BHU and NEHU spent the lowest (3 *per cent* and 7 *per cent*). This would show how far off the spending pattern is from the norm. This would also show the areas of emphasis each University has adopted for itself to the detriment of rationally coordinated growth.

- Overall, more than 38 *per cent* of development assistance remained unutilised by the Central Universities. More than 40 *per cent* of development assistance remained unutilised by Delhi University (54 *per cent*), NEHU (62.15 *per cent*) and Visva Bharti (44.15 *per cent*). Pondicherry University (4.47 *per cent*) and JNU (18.05 *per cent*) had the lowest unutilised development assistance.

- There were many deficiencies in the growth of quality infrastructure: construction works were taken up without approval leading to delay , cost escalation due to delay in execution, injudicious construction, non-utilisation of land acquired, huge resources accumulated without the ability to spend, non-sharing of network etc.

- Generation of internal resources by the Universities continued to remain low. Against a target of internal generation of 15 and 25 *per cent* of the recurring expenditure by the end of 2002, the maximum that any University could generate in any year was 12.25 *per cent* in one year only (1999-2000). Most Universities remained in the range of 2 *per cent* to 9 *per cent*. Thus the move towards self sufficiency is far from being realised.

- Curriculum development, the centre piece of academic excellence has remained neglected. The recommendations of the Curriculum Development Centres (CDCs) set up by the UGC for standardization and quality rationalization have not been adopted by most of the Central Universities on some plea or other. There was a lack of concordance between the Universities and the CDCs in terms of timing and nature of material inputs. The Universities mostly preferred to carry forward their own curriculum on their own terms. Evidently, the fundamentals of the concept of developing curriculum through a specialised centre were not worked out properly.

- **Some of the major Central Universities (AMU, BHU, DU and JNU) were awarding degrees without UGC approval in violation of the Rules. This has serious implications on the structure of higher education in the country.**

- **In most of the Central Universities, research programmes went unmonitored leading to unexplained backlogs, unreasonable delays and general non-accountability.**

- **Most Universities despite their avowed all-India character have come to terms with a regional or local profile, not very different from the State Universities.**

2.2.1 *Introduction*

The Central Legislature in 1857 passed Acts for the establishment of Universities at Calcutta, Bombay and Madras. Subsequently, the Universities of Punjab (1882), Allahabad (1887), Banaras Hindu (1916), Patna (1917) and Aligarh Muslim (1920) were established. In pursuance of the Montague-Chelmsford reforms (1919), all Universities except BHU and AMU were transferred to the Provincial Governments. In 1922, Delhi University was established as a Central University. With the promulgation of the Constitution in 1950, these three universities (BHU. AMU and DU) were listed in the Union list. In 1951, the University of Visva Bharati was established as a Central University. Subsequently, Jawahar Lal Nehru University (1969), North Eastern Hill University (1973), University of Hyderabad (1974), Indira Gandhi National Open University (1985), Pondicherry University (1985), Jamia Millia Islamia (1988), Central Agricultural University, Imphal (1993), Assam University (1994), Tejpur University (1994), Nagaland University (1994), Babasaheb Bhimrao Ambedkar University (1996), Maulana Azad National Urdu University (1997), Mahatama Gandhi Antrarasthriya Hindi Vishwavidyalaya (1997) and Mizoram University (2000) were established. The Banaras Hindu University Enquiry Committee in its report (1964) had, for the first time, attempted to conceptualise the possible goals and objects of a Central University which were subsequently endorsed by a Committee appointed in 1982 by UGC to examine whether the Central Universities were fulfilling the objectives set for them in their Acts and Statutes. This Committee observed that Central Universities should have an all-India character to be reflected in admissions, appointments and the nature of their courses and programmes and they should cultivate excellence in all spheres of their activity.

2.2.2 Organisational set up

Individual Acts of the Central Universities incorporate generally a set of provisions for the following administrative and academic bodies:

- the Court;
- the Executive Council;
- the Academic Council;
- the Finance Committee and
- School of Studies/Faculties/Board of co-ordination etc.

In some of the Acts, the Court has been empowered to review the actions of the Executive Council and the Academic Council and exercise all the powers of the University, not otherwise provided for in the Acts. Under some other Acts, the Court has only advisory functions. It has powers to review, from time to time, the broad policies and programmes of the University for its improvement and development.

The Vice-Chancellor nominated by the President of India, is the Principal Executive and Academic Officer of the University and Ex-officio Chairman of the Executive Council, the Academic Council and the Finance Committee.

2.2.3 Scope of Audit

The audit of the accounts of the Central Universities is conducted under section 19 (2) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. The present review covers eight out of eighteen Central Universities. These universities have been selected keeping in view the criteria of geographical representation, volume of grants and unity of purpose. These eight Central Universities are:

1. Aligarh Muslim University (AMU)	5. Jawaharlal Nehru University (JNU)
2. Banaras Hindu University (BHU)	6. North Eastern Hill University (NEHU)
3. University of Delhi (DU)	7.Pondicherry University (PU)
4.University of Hyderabad (HU)	8.Visva Bharati (VB)

2.2.4 Audit objectives

The audit objectives followed broadly the indicators and the common features arising out of the Statutes of the selected eight Central Universities. Audit scrutiny in pursuance of these objectives related to (i) the grant pattern during the last five years (ii) implementation of various programmes, (iii) implementation of specific schemes, (iv) quality of infrastructure developed, (v) steps taken for curriculum development for academic excellence and (vi) staffing, enrolment and affiliation.

2.2.5 Results of Review

2.2.5.1 Finance and Accounts

The Central Universities are financed mainly by grants from UGC, the Central Government, the State Governments and other agencies like CSIR and ICMR. UGC, which is both a regulatory body and a funding agency for the development and maintenance of University education in India, receives Plan and Non-plan grants from the Government of India through the Ministry of Human Resource Development to carry out the responsibilities assigned to it under law. UGC allocates and disburses 100 *per cent* maintenance grant and development grant annually to all the Central Universities except to the Indira Gandhi National Open University (IGNOU), which is directly financed by the Ministry of Human Resource Development.

A summary of the receipts and payments accounts of the eight selected Central Universities for the period 1997-98 to 2001-2002 is given in **Annex-I**.

2.2.5.1.1 Utilisation of maintenance grant

The pattern of maintenance expenditure in Central Universities has become complex because of the nature and development of these Universities. The expenditure incurred on academic, research and other programmes are reflected under maintenance expenditure. Universities undertake research and consultancy projects for various agencies, departments and organisations of the Government. These projects demand employment of staff, purchase of equipment and in many cases construction of buildings. While the staff employed on the project are usually retrenched on completion of projects, core staff required for maintenance and functioning of the equipment are retained. All this has resulted in a steep increase in the maintenance grants of the Universities year after year primarily in the form of higher staff cost.

UGC adopted the following ratio for sanctioning maintenance grant on the basis of the Punnayya Committee recommendations set up by it in 1992-93:

S.No	Head of Account	Percentage of expenditure recommended
1.	**Academic Cost** Cost involved in teaching departments (salaries of teaching and non-teaching staff in teaching departments plus other expenditure), Cost incurred on Examinations, Students Facilities, Hostels, Scholarships/ fellowships, Publications etc.	60-65 *per cent*
2.	**Academic Administration** Establishment charges for the offices of Vice-Chancellor, Registrar, Finance, PRO, Proctor, Non-establishment charges like common services, water charges, electricity charges, telephone, repairs and maintenance etc.	10-12 *per cent*
3.	Cost incurred on other Departmental auxiliary services, miscellaneous expenditure like payment of Provident Fund, Pension, Arrears of DA, Pay and Allowances, Students Health Services, Sports and Games etc.	20-25 *per cent*

2.2.5.1.2 Non-observance of norms in the utilisation of maintenance grant

The University-wise position of utilisation of maintenance grant is given below:-

(Rs in lakh)

	*AMU**	*BHU*	*DU**	*HU*	*JNU*	*NEHU**	*PU*	*Visva Bharati**
1. Academic Cost	20011.86 (37 %)	14140.48 (37 %)	20000.01 (55 %)	7208.00 (59 %)	4889.16 (22 %)	3452.84 (33 %)	2356.90 (45 %)	5277.57 (39%)
2. Academic Administration	6380.04 (12 %)	23076.65 (60%)	6321.63 (17 %)	1727.75 (14 %)	7881.07 (36 %)	6312.71 (60 %)	2178.18 (42 %)	2499.88 (18 %)
3. Others	27243.86 (51%)	1222.30 (3 %)	10140.08 (28 %)	3271.79 (27 %)	9156.70 (42%)	789.65 (7 %)	691.05 (13 %)	5787.98 (43 %)

* Expenditure during 1997-98 to 2000-01

This indicates that none of the Universities adhered to the norms prescribed with the possible exception of HU. The expenditure on teaching and research varied between 22 and 59 *per cent* against the prescribed norm of 60-65 *per cent*. The expenditure on Academic Administration varied between 12 and 60 *per cent*, which was much in excess of the prescribed norm of 10-12 *per cent* and on "Other Departmental Auxiliary Services" the expenditure ranged between 3 and 51 *per cent* as against 20-25 *per cent*. The low expenditure on teaching and research led to low quality educational inputs like equipment, books and journals, consumables (for laboratories) and inadequate faculty

Utilisation of more resources on academic administration was at academic cost

strength which militated against the very purpose of allocating a larger proportion of funds for teaching and research activities. Utilisation of more resources on Academic Administration was evidently at the expense of Academic Cost.

2.2.5.2 Utilisation of development assistance

The objective of development assistance is to improve the existing infrastructure and to strengthen basic facilities for modernizing teaching, research and administration in the University by way of purchase of equipment for laboratories, books and journals, construction of buildings and repairs/renovation of old buildings, campus development and creation of other student amenities. It was generally seen that a large proportion of development assistance remained unutilised. As some of the specific instances detailed in succeeding sub-paragraphs would show, even the funds utilised were not always related to the services for which these were intended.

2.2.5.2.1 Analysis of shortfall

The grants allocated during the Ninth Five Year Plan to the eight Central Universities selected for review, grants utilised as per University records and balances of unspent grants as on 31.3.2002 were as follows:

(Rs in lakh)

Name of the University	Development Assistance during 1997-98 to 2001-02				
	Amount allocated during the Ninth Plan	Total Grant given	Grant Utilized	Balance of unspent grant as on 31.3.2002	Percentage of non-utilisation
Aligarh Muslim University	1400	1320.00	1038.91	281.09	21.29
Banaras Hindu University	1500	1350.00	1349.61	00.39	-
University of Delhi	1700	1360.00	625.51	734.49	54.00
University of Hyderabad	1400	1345.00	990.28*	354.72	26.37
Jawaharlal Nehru University	1700	1360.00	1114.67	245.33	18.03
North Eastern Hill University	1134.60	5656.18	2140.33	3515.85	62.15
Pondicherry University	1500	1446.65	1381.86	64.79	4.47
Visva Bharati University	1300	1261.49	704.46	557.03	44.15
Total	**11634.60**	**15099.32**	**9345.63**	**5753.69**	**38.10**

* Information based on records in UGC as no information was received from the University

From the statement given above, it appears that UGC paid grants of Rs. 15099.32 lakh against the allocation of Rs. 11634.60 lakh as development assistance to improve the infrastructure and basic facilities in the Universities during the Ninth Plan period. However, the Universities were able to utilise

Universities were able to utilise only 61.90 *per cent* of development assistance.

only Rs 9345.63 lakh (61.90 *per cent*) upto 31.3.2002 leaving unspent balance amounting to Rs 5753.69 lakh (38.10 *per cent*), ranging between 4.47 and 62.15 *per cent* in the individual University. Uncontrolled flow of funds had the effect of huge funds lying unutilised with the Universities. By not utilising the funds, the Universities also failed to strengthen the existing infrastructure and to modernise teaching, research and administration thereby defeating the very purpose of getting the grants.

Specific irregularities noticed in utilisation of grants are given below university-wise:

- **AMU**

A grant of a sum of Rs 51 lakh for Joint Replacement Centre (under medicine component) was received in the year 2001-02 which was to be utilised during the year. However, an amount of Rs 30.79 lakh (60 *per cent*) remained unutilised.

- **BHU**

Expenditure of Eighth plan period to the extent of Rs 629.52 lakh was debited to the Ninth plan receipts.

Expenditure on the works pertaining to the Eighth Plan period (Rs 428.27 lakh) under 'Plan' and Rs 201.25 lakh under 'Non Plan' was debited to the Ninth Plan receipts for the year 1997-98.

- **DU**

Unutilised amount of Rs 950.09 lakh was irregularly kept under the head 'other deposits' as liability.

Fees for entrance tests for admission to the various courses are liable to be transferred to the maintenance account of the University. Instead of transferring the unutilized balance to maintenance account of the University, an amount of Rs 950.09 lakh accumulated upto 2000-2001 was irregularly kept under the head "Other Deposits" as liability. This resulted not only in improper accounting of funds but also additional burden on the exchequer due to non-adjustment of this amount against maintenance grant.

Receipts to the extent of Rs 270.42 lakh were irregularly transferred to the "corpus fund" instead of maintenance account of the University.

- **JNU**

Receipts of Rs 270.42 lakh on account of fees paid for entrance test for admission to the various courses, and recognition fee/affiliation charges from the recognised institutions under the University, were irregularly transferred to the "Corpus Fund" of the University instead of transferring them to maintenance account. This resulted not only in improper accounting of receipts but also additional burden on the exchequer due to non-adjustment of this amount against maintenance grant.

2.2.5.3 Adequacy and quality of infrastructure developed

Deficiencies and irregularities noticed in the development of infrastructure are given below University-wise:

- **BHU**

The University could not utilise Rs 57.87 lakh out of allocation of Rs 90 lakh for books and journals.

Against the Ninth Plan allocation of Rs 115 lakh for books and journals, UGC released Rs 90.00 lakh against which actual expenditure was Rs 32.13 lakh (35.7 *per cent*) only, resulting in underutilisation.

- **DU**

➢ ***Construction without approval from municipal authorities***

Construction work was initiated pending approval from local authority.

University authorities, in spite of non-approval of proposed Master Plan by MCD for the entire campus, initiated construction of three projects costing Rs 317 lakh during 1997-98 to 2001-02 and incurred an expenditure of Rs 314.36 lakh upto August 2002. Specific approval of these projects was also not obtained from the local authority, rendering the construction irregular. The University stated (October 2002) that the construction was initiated pending approval from local authority due to acute shortage of constructed space faced by the University and action had been initiated for approval from local authority. The reply was not in order as construction work was permissible only with the prior approval of local authority.

➢ ***Cost escalation due to delayed construction***

Lack of proper survey resulted in delay in completion of Hostel.

Since proper survey was not conducted prior to undertaking the construction work of 120 -seated PG Boys Hostel in the compound of Gwyer Hall, sub soil water was encountered at a considerably high level, resulting in delay in completion of construction.

The project (scheduled to be completed in September 1998) was completed on 31.3.99 but final cost was not assessed on account of some defects noticed by the University, (which remained unattended as of August 2002). An amount of Rs 113.78 lakh had already been incurred entailing an escalation of cost by Rs 14.62 lakh upto March 2002.

> *Injudicious Construction of Teachers' Transit Hostel*

36 Teachers' Transit flats constructed at a cost of more than Rs 180 lakh were not put into use since 2000-01.

Out of 56 flats in teachers' transit hostel, completed in 1999-2000 at a cost of Rs 279 lakh, maximum occupancy of flats at a time was only 20 leaving 36 flats always vacant. Non-utilisation of 36 flats constructed at a cost of more than Rs 180 lakh reflects poor planning in terms of actual requirement of the infrastructure before taking up the construction.

- JNU

> *519.38 acres of land lying unutilised*

In the year 1970, 1009.38 acres of land was acquired by the Government of India at a cost of Rs 2.44 crores (Rs 5 per square yard) and allotted to JNU for development of its campus to provide facilities for 10000 students and 1250 faculty members. The development of the University was envisaged in three stages.

Slow pace of development of JNU has resulted in non-utilisation of 519.38 acres of land valuing Rs 1.27 crore since 1970.

Stage-I : Commencement and development of post doctoral, doctoral, pre-doctoral and post graduate programmes with a students strength of 3200 and faculty strength of 400.

Stage-II : Enlargement, development and consolidation of post doctoral, doctoral, pre-doctoral and post-graduate programmes and the commencement and development of under-graduate programmes with a student strength of 6400 and faculty strength of 800.

Stage-III : Enlargement, development and consolidation of programmes at all levels with a student strength of 10000 and faculty strength 1250. The University was envisaged to be a complete residential University.

It was observed that JNU had been able to utilise only 340 acres of land till June 2002 besides 150 acres of land leased out to other educational institutions without any licence fee and approval from the Ministry of Human Resource Development. It was further observed that against the targeted 10000 students and 1250 faculty members, JNU had only 4555 students and 405 faculty members as of March 2002.

Slow pace of development of JNU resulted in non-utilisation of land measuring 519.38 acres valuing Rs 1.27 crore since 1970.

➢ ***Failure to obtain completion certificate in respect of buildings constructed in JNU campus***

For over 30 years JNU had not been able to obtain land papers and completion certificate in respect of buildings constructed in its campus.

JNU did not get completion certificates for the buildings constructed in its campus since its inception as DDA had not recognised the ownership of JNU on the land on which JNU campus was located and the lease deed had not been executed in favour of JNU. It was also noticed that the Government of India had handed over 1009.38 acres of land in 1970 on the basis of a document signed by a Tehsildar and no further documents were executed by the Ministry in favour of JNU for this purpose.

- **NEHU**

➢ ***Uncontrolled flow of funds resulting in huge funds lying unutilised***

Uncontrolled flow of funds resulted in huge funds (Rs 3762.23 lakh) lying unutilised.

NEHU prepared its Ninth Plan proposal for Rs 5062.88 lakh against the financial limit of Rs 1700 lakh fixed by UGC. UGC released Rs 5656.18 lakh during 1997-98 to 2001-02 against which actual expenditure by the University was only Rs 2140.33 lakh (37.84 *per cent)* leaving an unspent amount of Rs 3515.85 lakh.

The closing balance of Rs 3762.23 lakh out of development grant as on 31 March 2002 also included unutilised fund of Rs 246.38 lakh at the beginning of the Plan period (1st April 1997).

- **PU**

97.48 *per cent* of University development fund remained unutilised

According to instructions of UGC a fund called 'University Development Fund' was created by collecting separate fees from the students of the University and affiliated institutions for research/development activities for instituting gold medals/scholarships to the students, special awards to faculty and other essential infrastructure facilities. As of March 2001, only a sum of Rs 5.40 lakh had been utilized out of the Fund and a balance of Rs 209.02 lakh remained unutilised.

- **VB**

➢ ***Books purchased but not catalogued***

Physical verification of books has not been conducted since 1991.

The University purchased 21366 books during the Ninth Plan period (upto 2001-02), out of which 10000 books were yet to be catalogued

(August 2002). As a result, these could not be made available to readers. The Central Library of the University had not undertaken physical verification of books since 1991. Periodical verification of these books, however, had re-started in 2000-01. Such verification was done for only 20,000 books during 2000-01 and for 30000 books during 2001-02, which constituted only five *per cent* and eight *per cent* respectively of the total stock.

➢ ***INFLIBNET- Available information and resources not shared with other academic institutions***

Information and resource sharing remained unachieved.

UGC sanctioned a special grant of Rs One crore in January 1995 to Visva Bharati for strengthening and modernising its library facility by computerising its operations and participating in the Information and Library Network (INFLIBNET) Programme. The system named GITANJALI NET was declared fully operational on the 28 December 1999. Upto 28 February 2001, Rs 113.83 lakh had been incurred on this project. The Lanplex backbone switch which managed data from different segments started giving problems from the very beginning and went out of order in January 2001. The University could not avail the warranty benefits (one year from the date of commission) and did not award annual maintenance contract to any firm. The University had to get the switch repaired at a cost of Rs 2.82 lakh to make the system operational (July 2002). However links to national and international institutions were not operational due to lack of dedicated internet connectivity. Till July 2002 the University could enter data only in respect of 4000 books out of a total of 699961 books. Thus, the objective of sharing information and available resources by the library of the University and participation in the INFLIBNET Programme remained unfulfilled.

2.2.5.4 Insufficient mobilisation of internal resources

While UGC provided full financial support to the Universities, income from fees and other resources was very limited. The Punnayya Committee opined in 1992-93 that while Government/UGC might continue to be the major funding agency, the Universities must generate internal resources, which should be sizable in course of time and must constitute at least 15 *per cent* of the total recurring expenditure at the end of five years and at least 25 *per cent* at the end of 10 years. It was instructed that various fees including tuition fee, library fee, laboratory fee, mess fee etc should be revised with immediate effect to meet all the actual recurring costs and in course of time part of the capital cost as well.

The University-wise position showing internal resources mobilised is given below:

(Rs in lakh)

Internal Resources					
Year	**AMU**	**DU**	**JNU**	**NEHU**	**VB**
1997-98	848.27	726.35	199.82	83.09	52.90
1998-99	577.78	846.08	322.09	150.64	105.00
1999-2000	604.15	1555.09	325.33	152.02	108.23
2000-01	776.92	1197.91	269.54	163.06	139.33
2001-02	-	-	434.87	-	-
Recurring expenditure					
1997-98	9182.47	6883.40	2691.27	1932.79	2218.33
1998-99	13904.94	12817.64	3662.91	2811.79	3576.78
999-2000	15419.09	12698.41	4606.04	3204.76	3994.68
2000-01	15133.26	15126.02	4590.82	3159.47	3775.64
2001-02	-	-	5034.60	-	-
Percentage of internal resources with reference to recurring expenditure					
1997-98	9.24	10.55	7.42	4.30	2.38
1998-99	4.16	6.60	8.79	5.36	2.94
999-2000	3.92	12.25	7.06	4.74	2.71
2000-01	5.13	7.92	5.87	5.16	3.69
2001-02	-	-	8.64	-	-

Information relating to internal resources mobilised by BHU, HU and PU was not made available to audit. It can be seen from the above table that the percentage of internal resources varied from 2.38 to 12.25 with reference to recurring expenditure which was much below the recommended figure of 25 *per cent.* Further tuition fee/sports fee/hostel fee/laboratory fee /library fee etc. were not revised by the Central Universities during the period reviewed by Audit (1997-98 to 2001-02). A comparison between fees currently charged by JNU and those charged by IITs would show stark differences in the fee structure :

Course	**Course fees JNU(per student p.a.)**	**Course fees IIT (per student p.a.)**
M.Sc/Engineering	Rs 235	Rs 2184
M.A	Rs 235	-
Ph.D	Rs 386	Rs 3339 (Science)

The Punnayya Committee report also suggested that the Central Universities should raise internal resources by means of consultancy, renting out infrastructural facilities and organizing short-term courses. But none of the Universities had taken any appreciable steps in this direction.

2.2.5.5 Failures in Curriculum Development for Academic Excellence

2.2.5.5.1 Non-adoption of recommendation of Curriculum Development Centres (CDC)/Curriculum developed by the Universities themselves

UGC recommendations for setting up CDCs were not implemented

In 1986 UGC set up 27 Curriculum Development Centres (CDCs) (10 in Science and 17 in Humanities and Social Sciences) at different levels to suggest measures for modernising courses and to develop alternate models with emphasis on learning. UGC was receiving recommendations from all CDCs and these were being made available to all Universities as printed documents since 1992-93. The university-wise position regarding implementation of recommendations of CDCs and the curriculum developed by the Universities themselves was as under :

- **AMU**

The University did not implement the recommendations of Curriculum Development Centre (CDC). It was stated that due to late receipt of brochure from UGC, (received in 2000-01), the provision of curriculum could not be implemented.

- **HU**

During the academic year 2001-02 the University received 26 model curriculum books from UGC and 23 relevant books were sent to the concerned schools/departments by the Academic Council (March 2002) with a request to comply with the directions of UGC. Actual implementation was however not on record.

- **JNU**

It was intimated in May 2002 by the University that revision of curriculum was a continuous and ongoing process to keep pace with the changing environment and JNU did not feel the need to consult CDCs as it had its own mechanism and expertise to upgrade its courses.

- **NEHU**

The University stated (August 2002) that it did not receive any recommendation during 1997-98 to 2001-02 from UGC. One CDC was set up by the University itself but no proposal for modernising courses was submitted by it to the Academic Council as of August 2002.

- PU

Although 54 new courses were planned to be commenced in 27 departments of the University during the Ninth Plan period, it was seen that upto the end of the academic year 2001-02, only one course had been started.

All the Universities indicated that they had not received recommendations of CDCs in time from UGC. The above position also indicates that the Universities were not obtaining prior approval from UGC before implementing/adopting the syllabi in respect of curricula developed by the Universities themselves.

2.2.5.5.2 Award of degrees without UGC's approval

Under Section 22 of the UGC Act a University can award only such degrees as are notified by UGC. In other words, a University cannot run a degree programme or award a degree unless it was notified by the UGC. But it was noticed in audit that the Central Universities were awarding degrees even before they were notified by UGC according to details given in the table below:

University	Courses
AMU	Master of Agricultural Economics and Business Mangement, Master of Finance and Control, Master of Tourism Administration, Master of Internationl Business Management, Master of Journalism and Mass Communication, Bachelor of Theology (Shia), Bachelor of Theology (Sunny), Master of Theology (Shia), Master of Theology (Sunny), Mahir-e-Jarahat (M.S. Jarahat), Mahir-e-Tib (M.D. Unani)
BHU	Master in Tourism Management, Master of Personnel management and Industrial Relations (MPMIR), M.A in Social Work, M.A in Criminology, Master of Public Administration (MPA), M.Sc in Environmental Science, M.Sc in Molecular and Human Genetics, Master of Finance& Control (MFC), LLM course in Human Rights and Duties Education
DU	Bachelor of Business Studies (BBS), B. Finance & Investment Analysis, B. Mass Media & Mass Communication, Master of Finance & Control (MFC), Master of Human Recourses & Org. Div. (MHROD), Master of International Business (MIB), M. Nursing, Master of Comparative Law (MCL), B. Applied Sc. (Electronics), B. Applied Sc. (Ford Technology), B. Applied Sc. (Instrumentation), P.G. Degree Medical Science
JNU	Master of Community Health (MCH), M. Tech. in computer science, Advanced Diploma of Proficiency in mass Media in Urdu, Diploma in population and development

Award of degrees without UGC's approval was in violation UGC Act. On this being pointed out by audit, it was stated by JNU in June 2002 that it had been apprising the UGC from time to time about the degrees being awarded and that it was not aware why UGC had not notified this under the UGC Act. The reply is not tenable in audit as it was the duty of the University to ensure that the courses were duly notified by UGC before they were introduced as regular courses for award of degrees.

No reply was available from other Universities.

2.2.5.5.3 *Lack of control over workload of teachers*

No system to monitor workload of teachers existed.

According to UGC Regulations, 1985, the total duration provided in the time-table for a teacher shall not be less than 40 clock hours a week. The timetable on working days shall be so drawn up that physical facilities are adequately utilised, and not used only for a few hours a day. Test check of records relating to workload of teachers showed complete lack of control by Universities. JNU intimated that the faculty members chalked out their own programme/schedule of work as per their needs. Inspite of repeated requests information regarding average number of hours per week for which the teachers devoted themselves to teaching/tutorial classes/practical classes/research work was not furnished by the University. The workload of teachers of NEHU was stated to be more than the normal 30 working weeks in a year. However, the University could not provide information regarding number of working hours per week. In Pondicherry University it was seen that the faculty members were working only 30 hours per week and only for 36 weeks.

2.2.5.6 *Research projects*

UGC classifies research projects as Major or Minor projects. The maximum amount of grant payable for Major projects is Rs 7 lakh and its duration is three years. They are allotted individually or jointly for intensive study of specific areas/subjects. The maximum amount of grant for Minor projects is fifty thousand rupees and its duration is two years, extendable by another six months. They are allotted to the regular teachers of the institutions/University to undertake along with teaching work for doctorate degree under approved supervision.

The University-wise position in respect of research projects was as under:

- **AMU**

No system existed for review of progress of projects. Criteria for selection of research projects were fixed by external agencies.

The University stated that to undertake the research projects, the criteria for selection were fixed by external agencies and not by the University. The teachers were submitting the proposals for research projects individually direct to UGC. The physical and financial progress reports regarding research were submitted to those agencies. Thus the University had not monitored and evaluated the outcome of the research projects.

- **DU**

29 teachers were having more than one research project at a time involving Rs 1509.64 lakh.

As against the UGC guidelines regarding assistance to a teacher for only one research project at a time, except as a co-investigator in a project, 29 teachers were having more than one research project at a time involving Rs 1509.64 lakh. Scrutiny relating to research projects funded by agencies revealed that out of 100 projects sanctioned during 1992-93 to September 2002, 65 projects involving Rs 810.36 lakh remained incomplete (September 2002) despite the expiry of their scheduled date of completion.

- **HU**

An amount of Rs 57.91 lakh was incurred over and above the grants allotted on 169 research projects.

A scrutiny of the grants register of the University revealed that an amount of Rs 57.91 lakh was incurred over and above the grants allotted/ sanctioned on 169 research projects during the period from April 1997 to March 2002. On this being pointed out, it was replied that the excess expenditure was met by drawing upon the funds of the University to avoid delay in implementation of the projects. It was also stated that the concerned project investigators and nodal/ user departments were requested to address the respective funding bodies for replenishing the shortfall in receipts. Reimbursement of the excess expenditure of Rs 57.91 lakh was awaited (August 2002).

- **JNU**

There was no centralised system to monitor the progress of projects. Rs 48.75 lakh were outstanding with investigators in respect of 156 projects.

The University could not give any information about the number of schemes completed, number of projects/schemes in which final report submitted/not submitted and publishing of research findings. It was seen that the University had no centralised system to monitor the projects executed by the different departments of the University. A test check of records of the Research Section revealed that while Rs 48.75 lakh were outstanding with Investigators in respect of 156 projects Rs 1.84 lakh was outstanding in respect of 11 projects which were closed two to five years ago.

- NEHU

The University had no mechanism to control or to oversee the progress of each research project except for management on financial aspect of the grant in terms of guidelines issued by the respective funding agency. The University did not constitute any committee to evaluate the fulfillment of the objective of the projects on the ground that performance was being watched by the funding agency. No records regarding publication of findings of research projects could be made available to Audit by the University.

- VB

No system existed to know criteria for selection of projects, their timely completion and reasons for delay.

The University had no centralised system to monitor the projects executed by different departments of the University. As a result, information regarding criteria for selection of research projects, timely completion of projects, reasons for delay in submission of reports, number of project reports published and number of abandoned projects could not be verified. The University also could not furnish any records regarding transfer of assets of the projects after completion of the same.

There was no system in vogue in any of the Universities for review of progress of projects and no project files containing complete details of the projects were maintained such as periodical progress reports, whether final reports submitted/not submitted, findings of research published or not etc. One of the objectives of setting up Central Universities was to encourage research on social, economic and cultural problems but the Universities had no control over the selection of research projects as the criteria for selection were fixed by the funding agencies concerned.

2.2.5.7 Computer centres

UGC has been assisting the Universities in setting up Computer Centres since 1970 for use in (a) research and training (b) application of computers in every field/subject and (c) examination/administration related work. The Computer Centre set up with UGC assistance, is expected to perform various functions which include consultancy/ contractual work relating to use of computer facilities and developing software on payment basis for generating revenue for upkeep/upgrading of Computer Centre facilities according to the statutes/ ordinances of the University. Such work can be carried out either independently or as a joint venture with other professionals from the public or private sector.

The irregularities noticed in the working of Computer Centres of different Universities were as under :

- **DU**

➢ **Establishment/ upgradation of the Computer Centre**

Computer centre was not functioning at its optimum level.

It was observed that the Centre had not been functioning at its optimum level as the test check of log books for the year 2001-02 revealed that the computers were put to use for only 129 days. The Centre was required to develop software, offer assistance in conducting research and to work as coordinating Centre in networking with Centres of other Universities for exchange of expertise and software. However, no such activities were ever taken up by the Centre.

- **JNU**

➢ ***Consultancy/Contractual work according to UGC Guidelines not undertaken by the Computer Centre***

Consultancy and co-ordination with other Universities was not being carried out.

During audit it came to notice that the Computer Centre had only one officer for programming and therefore, no consultancy/contractual work was being done. The centre was also required to offer assistance in conducting research and to work as coordinating centre with other Universities for exchange of expertise and software but there was no record of such activities. No details of work done or envisaged to be done were intimated to audit.

➢ ***Under utilisation of computer facilities***

Despite incurring an expenditure of Rs 92.30 lakh benefits of computerisation could not be availed.

A Campus Wide Area Networking System was set up in July 1997 at a total cost of Rs 92.30 lakh in order to create a paper-free working environment and connect various schools, library, administration and finance functions. There was no record to show how far the targets set at the time of initiation of computerization were achieved. Almost all the functions proposed to be computerized as mentioned above were being done on manual basis as of July 2002 although the staff had been given training for this purpose. It was stated by JNU in June 2002 that EDP had been partially introduced in Administration and Finance branches and that the University was planning to get a suitable package developed integrating all other major areas.

2.2.5.8 Open and distance education

As conventional methods of education are unable to meet the demands of the burgeoning student population in the country, Open and Distance Education System could be a way out. UGC guidelines envisage the running of Distance Education Wings on self-supporting basis. The University-wise position in respect of Open and Distance Education was as follows:

- **NEHU**

No action plan was prepared by the centre as of August 2002 though functioning with effect from August 1986.

The centre for distance education NEHU, Shillong, came into being by a resolution of the Academic Council in its meeting held in December 1985. The centre started functioning with effect from August 1986. No action plan was prepared as of August 2002. The University stated (August 2002) that the question of preparation of action plan did not arise since the University had not started any programme of distance education. Although no programme was started since the creation of distance education centre, one faculty member and three administrative staff (one steno, one LDC and one peon) were being entertained since 1986-87. The expenditure during the period 1997-98 to 2001-02 on the maintenance of the centre amounted to Rs 22.60 lakh. Since there was no output in the centre, the entire expenditure of Rs 22.60 lakh turned out to be unfruitful.

- **PU**

Even though the University was directed by UGC in August 2001 to stop franchising degree education through private agency, it continued to enroll students with collaboration of private institutions.

The Pondicherry University started Distance Education Wing as a self-financing institution and commenced enrolment of students from the academic year 1995-96 for various undergraduate, postgraduate and diploma courses. Rs 5 lakh and Rs 15 lakh received from Indira Gandhi National Open University towards development grant in 1998-99 and 1999-2000 respectively remained unutilised (July 2002) for the intended purpose. No grants were sanctioned by UGC for the Distance Education Wing. The receipts and expenditure of these institutions were kept separately outside the plan and non-plan accounts of the University. However, a section of staff sanctioned by UGC to the University under non-plan were utilised for full time working in these institutions which was unauthorised. The salary of the staff diverted to these institutions and debited to non-plan account but not made good from the funds of this self-financing institution resulted in overdrawal of maintenance grants from UGC to the extent of Rs 80.56 lakh for the period 1997-98 to 2000-01. The University entered into agreements with Loyola College, Chennai in July 1999 and Christ College, Bangalore, in October 1998 to conduct Distance Education courses. Accordingly five Under Graduate, Six Post Graduate and 10 P.G Diploma Courses and Three Under Graduate, Three Post Graduate and 11 Diploma Courses were offered to Loyola College and Christ College respectively. Even though the Vice-Chancellor was directed by UGC in August 2001 to stop franchising degree education through private agency /establishment with immediate effect, the University continued to enrol students for the academic years 2001-02 and 2002-03 with collaboration of the above two private institutions.

2.2.5.9 Manpower management

The ratio of non-academic staff to academic staff was beyond the acceptable norms.

In 1992-93, the Punnayya Committee recommended that the ratio between teaching and non-teaching staff should be brought to the level of 1:3. Further according to the current directions of the Ministry of Human Resource Development to UGC in December 2001 the ratio of non-academic to academic staff should be in the range of 1:1.5 to 1:2 in all the Universities. Such a ratio was to be attained within the next few years by asking concerned academic institutions to abolish 75 *per cent* of non-academic positions falling vacant during a year till the desired ratio is achieved. The position of academic staff and non-academic staff in eight selected Central Universities as on 31.03.2000 was as under :

S.No	Name of University	No of academic staff	No of non academic staff	Ratio
1	AMU	1457	5899	1:4
2	BHU	1115	5655	1:5
3	DU	662	3303	1:5
4	HU	245	1213	1:5
5	JNU	519	1444	1:3
6	NEHU	278	1446	1:5
7	PU	127	564	1:4.44
8	VB	516	1605	1:3

It is clear from the table that in all the Universities, ratio of non-academic staff to academic staff was beyond the acceptable norms. Thus, there is an urgent need to reduce the non-academic staff strength so as to achieve a ratio of 1:1.5 to 1:2 between academic and non-academic staff within the next few years as suggested by the Ministry.

2.2.5.9.1 Staffing

➢ ***Irregular grant of pay scales***

The findings of the Committee constituted by the UGC for implementation of the recommendations of the Fifth Central Pay Commission revealed that some of the institutions extended upward movement scheme and personal promotion scheme in violation of the norms and instructions of the Government of India and without approval of the competent authority. Accordingly, UGC in consultation with the Ministry of Human Resource Development decided (25 September 1998 and 02 December 1998) that the extension of revised scales of pay on the recommendations of the Fifth Central Pay Commission would be contingent upon discontinuance of personal promotion/ career growth schemes from 08 April 1998. Even so in certain cases, Delhi and Pondicherry Universities continued to operate their own schemes. In Visva Bharati, school teachers in the University Campus were granted ad hoc benefits. Audit observations are detailed in the following table:

Personal scales granted to 56 *per cent* of non-teaching staff in nine colleges resulted in an additional annual burden of Rs 98.50 lakh.

Pay scales of 134 employees were revised upwards in violation of UGC instructions.

Irregular allowance of higher pay scales to the Assistant Lecturers resulted in undue benefit of Rs 37.57 lakh to 16 Assistant Lecturers.

Name of University	Points noticed in irregular grant of pay scales
DU	(i) Despite clear instructions from UGC, scales of the employees continued to be revised upwards irregularly. As a result personal scales were granted to 56 *per cent* of non-teaching staff in nine colleges amounting to an additional average annual burden of Rs 98.50 lakh on the exchequer. (ii) Irregular pay fixation in the light of withheld EC resolutions resulted in irregular payment of Rs 18.91 lakh upto March 2002 in nine colleges. (iii) Upward movement scheme in terms of withheld EC resolution granted to 42 employees without approval of the University authorities in Kirori Mal College resulted in irregular payment of Rs 14.58 lakh upto March 2002.
PU	As per UGC observations, the cut-off date for the benefit of one upward movement to the non-teaching staff of the Central Universities was 31 December 1993, whereas the Executive Committee of the Central University, Pondicherry extended the benefit for the employees in various cadres who had completed 8 years of service as on 1.11.97, subject to approval by UGC/Ministry of Human Resource Development. Accordingly the pay scales of 134 employees in the cadre of Senior Assistants/Office Managers, Personal Assistants, typist-cum-clerks, peon-cum-watchman, mazdoor, were revised upwards. But UGC clarified in July 2000 and February 2001 that the benefit was not available for any further application after 31 December 1993 and hence directed retracing of the orders and effecting recovery. Action taken by the University was not intimated to audit.
VB	The school level teachers of Visva Bharati are designated as Assistant Lecturers. In order to regulate the pay and allowances of the Assistant Lecturers of Visva Bharati, the Ministry in consultation with the UGC, issued instruction in December 1989 to the University to redesignate the Assistant Lecturers as teachers and to follow the pay scales of Kendriya Vidyalaya teachers for them. Test check of service records of 16 of the 140 Assistant Lecturers of Visva Bharati revealed that Assistant Lecturers were appointed in a single scale of pay irrespective of their qualification, and were allowed pay scales higher than the scales prescribed for the teachers of the Kendriya Vidyalayas. Further, the pay scales were upgraded after completion of 8 years and 20 years of service as against 12 years and 24 years fixed by the Ministry. Thus, irregular grant of higher pay scales and upgradation of pay scales to the Assistant Lecturers between January 1986 and September 2001 resulted in undue benefit of Rs 37.57 lakh to the 16 Assistant Lecturers. Though this was referred to the University in November 2001, action on this matter was pending with the Karma Samiti of the University (September 2002).

➢ *Routine Re-employment of superannuated teachers*

UGC constituted a committee headed by Prof. Rastogi, to review the pay scales of University and college teachers. In its Report (May 1997), the committee recommended that re-employment of superannuated teachers must not become a routine practice. Re-employment should only be made on a selective basis, justified by institutional needs. However, scrutiny of records revealed that no such instruction had been issued by UGC till date and superannuated teachers were being re-employed in a routine manner in all the cases as detailed below:

Name of University	Position of re-employment of Teachers
DU	Scrutiny of records of the University revealed that superannuated teachers were being re-employed by the Executive Council on the recommendations of the Vice-Chancellor of the University. 85 teachers out of 100 superannuated applied for re-employment during 1997-98 to 2001-02 and they all were granted re-employment up to the age of 65 years. Data collected in respect of 65 re-employed teachers revealed that the services of these teachers were pensionable and on their superannuation they were granted pensions. However, on their subsequent re-employment they opted for CPF, consequently the University was to bear 10% of their basic pay on account of employers contribution towards CPF besides their pay and allowances on their re-employment. Data collected in respect of 65 re-employed teachers revealed that the University incurred Rs 3.30 crore on their pay and allowances (Rs 293.03) and employers contribution (Rs 37.29 lakh) towards CPF during 1997-98 to 2001-02. The records relating to 20 remaining re-employed teachers was not supplied in Audit and thus expenditure relating to them could not be worked out. Likewise scrutiny of records of nine maintained colleges of Delhi University revealed that out of 64 teachers of 9 colleges superannuated from 01.04.1998, 61 teachers had been re-employed beyond the age of 63 years in a routine manner resulting in expenditure of Rs 3.32 crores on their pay and allowances (excluding pension drawn by the individuals) upto March 2002.
JNU	Out of 35 Lecturers/Professors retired during 1997-98 to 2001-02, 34 were re-employed.
VB	Out of 44 re-employment during 1997-2002, 20 teachers were given re-employment for more than three years at a time.

Thus, failure of UGC to implement the recommendations of Rastogi Committee led to application of the provisions for re-employment in a routine manner.

➢ ***Investment of Provident Fund accumulations***

Only two *per cent* of P.F balances was invested in Central Government securities as against 35 *per cent* required under the Government of India orders.

According to the instructions issued by the Government, the investment of Provident Fund balances of the University should be made in various Government securities, National Savings Certificates etc. In the Government notification of 12 June 1998, the investment pattern from April 1998 onwards was prescribed which was to be followed by all Public Sector Institutions. In contravention of the Government instructions, JNU invested as on 31.03.2002 Rs 45.86 crore i.e., 98 *per cent* of the total investment of Rs 46.86 crore in

Public Sector Banks/Bonds as against the prescribed maximum of 60 *per cent*. Only Two *per cent* i.e., Rs 1 crore was invested in Central Government Securities as against 35 *per cent* required under the Government of India order dated 12 June 1998. It was stated by JNU in June 2002 that the surplus fund of provident fund accounts was invested based on the sanction of the Vice-Chancellor and approved by the Executive Council from time to time. The contention of JNU is not acceptable as the Government of India notification mentioned above is applicable to all the P.F Trusts in public sector institutions.

2.2.5.10 Enrolment – All India character not maintained

Universities failed to project themselves as All India/ International Universities.

A Central University should have an All India character to be reflected in admissions, appointments and the nature of their courses and programmes and they should cultivate excellence in all spheres. It is not the responsibility of a Central University to stretch its resources to meet the educational needs of all local students which should be basically met by the State Government by providing them admission in existing colleges, or if, necessary, through new colleges. Audit Review brought out that there was neither any parameter set for fulfilling this condition, nor was it a condition for viewing the overall enrolment in the Universities. As a result most Central Universities, apart from drawing upon the inherent advantage of metropolitan location, have done very little in terms of fostering their all-India character.

2.2.5.11 Youth welfare and sports

- JNU

Expenditure on salaries was more than the expenditure on sports and other activities, which indicates low priority to sports etc.

The trend of expenditure incurred on physical training, sports activities and games during 1997-98 to 2001-02 reveals that most of the expenditure was incurred on salaries which increased from Rs 5.16 lakh in 1997-98 to Rs 12.64 lakh in 2001-02 i.e. an increase of 144.53 *per cent* whereas the expenditure on equipment, events and infrastructure registered an increase from Rs 4.19 lakh in 1997-98 to Rs 4.64 lakh in 2001-2002 i.e. an increase of 10.74 *per cent* only.

2.2.5.12 Monitoring and evaluation

There was no effective monitoring system to keep watch on the functioning of different departments.

None of the Universities had set up any effective monitoring system to keep watch over the functioning of their different academic and administrative activities. The academic administration suffered from lack of control as specific purpose grants for various academic projects including research projects, remained unspent, and a host of developmental activities failed to register appropriate progress. According to Rule 151 (3) (C) of GFRs, a review of performance of the grantee institutions in respect of grants-in-aid exceeding Rs 10 lakh per annum is required to be undertaken by the sanctioning authority concerned at least once in three to five years in each case. No such review was conducted. Neither had the eight selected Central Universities ever conducted any independent review on their working.

The matter was referred to the Ministry in November 2002; their reply was awaited as of December 2002.

Annex I

(Referred to in paragraph 2.2.5.1)

(The position of receipts and expenditure of grants for the year 1997-98 to 2001-02)

S.No	Name of the University		Opening Balance as on 1.4.97	Grants received during 1997-98 to 2001-02	Expenditure incurred during 1997-98 to 2001-02	Closing balance As on 31.3.2002
1	AMU	(P)	(-) 400.34	4442.44	3736.14	305.96
		(NP)	Nil	70409.47	69514.72	894.75
		(O)	18.69	4721.01	4215.01	524.69
2	BHU*	(P)	(-) 428.27	6191.02	5297.07	465.68
		(NP)	(-) 201.25	105700.87	104509.60	990.02
		(O)	122.01	4624.21	4275.57	470.65
3	DU*	(P)	(-) 228.81	5262.09	4414.02	619.26
		(NP)	204.27	50009.47	47525.47	2688.27
		(O)	1737.83	55148.79	52678.96	4207.66
4	HU	(P)	N.A	1722.58	1679.54	NA
		(NP)	NA	12474.44	12207.54	NA
		(O)	NA	5261.40	3836.95	NA
5	JNU	(P)	43.05	6438.61	6208.44	273.22
		(NP)	105.67	22958.67	21927.39	1136.95
		(O)	116.19	4620.19	3834.64	901.74
6	NEHU	(P)	NA	2735.24	2140.32	NA
		(NP)	NA	14007.64	14129.45	NA
		(O)	NA	16756.07	17811.79	NA
7	PU*	(P)	2.99	2058.87	1491.87	569.99
		(NP)	13.12	4665.48	4577.26	101.34
		(O)	416.38	2164.28	1532.55	1048.11
8	VB	(P)	Nil	1261.49	704.47	557.02
		(NP)	NA	NA	NA	NA
		(O)	NA	NA	NA	NA

* represents figures upto 2000-01

MINISTRY OF HUMAN RESOURCE DEVELOPMENT

CENTRAL SOCIAL WELFARE BOARD

Department of Women and Child Development

2.3 Central Social Welfare Board

The Central Social Welfare Board was established in 1953 to serve as an instrument for promoting programmes for the welfare of women and children and to mitigate the neglect and suffering of the socially and physically handicapped sections of the society. The programmes of the Board aimed at promoting and co-ordinating social services. For this, a two-pronged strategy was devised, of creating and reinforcing a nation-wide network of NGOs and State Social Welfare Boards and of channelising welfare resources and services through these NGOs to beneficiaries at the grass-root level. State Boards have not been assigned legal status despite the PAC recommendations in this regard. Forty-nine years of existence of the Central Board has hardly made a dent on the condition of the deprived and disadvantaged sections of the society. Persistent weaknesses in the Central and State Boards have resulted in errant NGOs misusing funds. No action has been taken against such NGOs even though the programmes/ schemes failed to yield desired results for which the funds had been given to them. The technical competence of NGOs with regard to the schemes and the quality of services offered by them has never been critically examined before their selection. This has resulted in unsatisfactory delivery of services leading to a high incidence of failure of the welfare schemes. One of the main functions assigned to the Central Board at the time of its inception was to co-ordinate the social welfare activities of various Ministries/Departments of Central and State Governments. This has become redundant as there are a number of programmes/ schemes being run by different Ministries/Departments for the welfare of women, children and the handicapped parallel to those of the Central Board. It is time to reassess the need for continuance of various activities of the Central Board.

Highlights

- **Erratic funding led to large unutilised grants. Non-assignment of legal status to SSWABs and lack of control over spending agencies led to mis-utilisations and mis-appropriations. Mandatory submission of utilisation certificates was persistently ignored.**

- **The Central Board scaled down its programme of economic empowerment as only 39 Production Units were sanctioned during 1996-2002 against 537 units in 1994-95 and no grants were sanctioned under Agro-based Dairy Units after 1997. The Central Board did not fix any norms for payment of fair remunerative** wages to women beneficiaries by the NGOs assisted with Government grants. As a result there were not only vast difference in monthly wages being paid to the workers but in certain cases the wages were so low that the very purpose of economic empowerment of women was defeated.

- No records of employment of trained personnel under Vocational training Scheme were maintained by State Boards. As such achievement made under the scheme could not be evaluated. Grants received from NORAD for setting up 'Employment and Income generating-training-cum Production centers for Women' were utilised for supporting training activities only. Loss of employment orientation defeated the very purpose of the scheme.

- Entire grant of Rs 767.50 lakh received under Welfare Extension Projects (Community Development) and about 99 *per cent* of the grants received under Border Area Projects were used for paying salaries and other establishment charges of the staff and less than one *per cent* was available for implementation of the programme.

- Under the Creche Scheme, a large number of NGOs failed to contribute 10 *per cent* of the approved expenditure as matching grant. Therefore, the Central Board deducted 10 *per cent* share released by it to the NGOs, which resulted in shortage of funds. During the period of review, no training course was conducted for crèche workers as no funds were received from the Ministry under this head.

- No efforts were made to evaluate various programmes. The Research Evaluation and Statistics division of the Central Social Welfare Board was mainly involved in information management which itself was deficient. Reports required to be furnished by field officers after inspection were not furnished by many State Boards. In some State Boards, there was no data available regarding number of voluntary agencies involved in the implementation of various programmes, while in others no survey was conducted for identification of beneficiaries before implementation of any welfare programme.

2.3.1 Introduction

The Central Social Welfare Board (referred to as 'Central Board' hereafter) was set up in August, 1953 by a Resolution of the Government of India and was registered as a charitable company under section 25 of the Companies Act, 1956 in April, 1969 with the object of promoting social welfare activities and implementing welfare programmes for women, children and the handicapped through Non Government Organisations (NGOs) and bringing about their development through education, training, collective mobilization and awareness creation, income generation facilities and support services.

2.3.2 Objectives of the Board

In specific terms the main aims and objectives of the Central Board are:

- to assess, evaluate, co-ordinate and promote social welfare activities and assist organisational growth.
- to organise or support training and social work and to provide calamity relief.

The objectives of the Board thus constitute a complex body of administrative, technical, developmental and supportive measures in the ever widening sphere of social welfare.

2.3.3 Organisation of the Board including State Networks

The administrative control of the Central Board is vested with the Department of Women and Child Development, Govt. of India. The General Body of the Central Board consists of 52 members comprising of Chairman (1); Executive Director (1) of the Central Board; all Chairpersons of State/Union Territory Boards (31); Professionals (5) – one each from Law, Medicine, Nutrition, Social Work, Education and Social Development; Eminent persons (3) with extensive experience in Social Work; Representatives (8) – one each from Departments of Women and Child Development, Rural Development, Health, Education, Welfare, Labour, Finance and Planning Commission; Member Parliament (3) – two nominated by Lok Sabha and one by Rajya Sabha. The administration of the affairs of the Central Board is vested in an Executive Committee comprising 15 members. The members include a Chairman and an Executive Director of the Central Board, Chairmen of five State/UT Boards, two professionals, and one representative each from Ministries represented in the General Body excepting Labour and Planning Commission. The Executive Committee is required to meet not less than once in three months. To facilitate implementation, expansion and development of programmes, State Social Welfare Advisory Boards (SSWABs) have been set up in all States/Union Territories.

Thirty State/U.T. Boards have been formed in various States/U.Ts. Half the number of members of a State Board are nominated by the Central Board and the other half are nominated by the State Government./U.T. Administration concerned. The Chairman of the State Board is selected by the State Government in consultation with the Central Board. The State Board performs such functions as are entrusted to it by the Central Board.

2.3.4 Scope of Review

The review covers the working of the Central Board and 30 State/U.T. Boards test checked for the period 1993-94 to 2001-2002.

2.3.5 Results of Review

2.3.5.1 Management of resources

The Central Board receives grants under plan and non-plan sectors from the Ministry of Human Resource Development. The Government of Norway also provided scheme-tied financial assistance to the Central Board through the Central Government.

2.3.5.2 Flow of Funds

Funds for centralised schemes are released by the Central Board directly to NGOs whereas for partially decentralised and decentralised schemes, funds are released to the State Boards which in turn release the funds to NGOs. Centralised schemes which include Socio-economic Programme (SEP) – Production Units and Demonstration Projects (Balwadis), are supervised by the Central State Board. Decentralised schemes which include Welfare Extension Projects (Community Development) and Border Area Projects are supervised by the State Boards. Partially centralised/decentralised schemes which include SEP-Agro based Dairy Units, Condensed Courses and Vocational Training (CC and VT) NORAD, Awareness Generation Programme and Creche, are supervised both by the Central and State Boards. The expenditure incurred on State Boards' establishment is shared equally by the Central Board and the State Governments.

The receipts and expenditure of the Central Board during 1993-94 to 2001-2002 were as under:

(Rs in crore)

Year	Opening balance (Plan and Non Plan)	Receipts			Expenditure			Closing balance	Percentage of expenditure
		Non-Plan	Plan	Total	Non-Plan	Plan	Total		
1	2	3	4	5	6	7	8	9	10
1993-94	3.99	4.51	43.53	52.03	4.47	44.27	48.74	3.29	94
1994-95	3.29	4.17	52.52	59.98	4.15	50.13	54.28	5.70	90
1995-96	5.70	5.16	61.46	72.32	5.20	61.80	67.00	5.32	93
1996-97	5.32	5.95	49.07	60.34	5.17	41.09	46.26	14.08	77
1997-98	14.08	28.31	28.54	70.93	26.28	28.28	54.56	16.37	77
1998-99	16.37	20.68	36.68	73.73	20.26	26.12	46.38	27.35	63
1999-00	27.35	20.69	42.51	90.55	22.96	40.99	63.95	26.60	71
2000-01	14.50**	22.74	45.86	83.10	22.42	44.42	66.84	16.26	80
2001-02*	12.15***	27.89	39.53	79.57	27.53	38.63	66.16	13.41	83

* Unaudited figures

** 26.60(-) 12.10 adjusted=14.50

*** 16.26 (-) 4.11 adjusted= 12.15

The above table indicates that the ratio of funding by the Ministry between Non-plan and Plan was 1:12 in the year 1994-95 which deteriorated to 1:1 in the year 1997-98 which shows the high incidence of establishment expenditure and reduction in objective expenditure. This ratio remained at 1:1.5 in 1998-99, 1:2 in 2000-01 and at 1:1.5 in 2001-02. The Central Board stated (August 2001) that up to the year 1996-97 all receipts and expenditure pertaining to the programmes were erroneously shown under Plan head even though bulk of these were Non-plan allocations/ expenditure. This is not correct as the allocations were made separately. Withdrawal of large sums from the plan segment would show large-scale diversions for non-plan purposes. This has serious implications for fund management by the Central Board.

Rising trend of unspent balance during 1993-99.

It can also be seen from the table above that closing balance was rising continuously between the years 1993-94 (Rs 3.29 crore) and 1998-99 (Rs 27.35 crore) when it showed a rise of more than seven times. Thereafter it declined marginally by 2.7 *per cent* in the year 1999-2000 when it came down to Rs 26.60 crore. At the end of the year 2001-02, it stood at Rs 13.41 crore. No analysis of closing balance was done. The Central Board did not refund the unutilised grants at the end of the year to the Ministry nor did the Ministry adjust such remaining balances while releasing grants for the next year. The Central Board stated (October 2001) that a major portion of the unspent balance had been adjusted by the Ministry by the end of 2000-01. However, the details furnished by the Central Board indicated that it had an unspent balance of Rs 16.26 crore as on 31 March 2001 and Rs 13.41 crore as on 31.March 2002

2.3.5.1.2 Rush of expenditure

Note 3 below Rule 69 of the General Financial Rules stipulates that rush of expenditure particularly in the closing months of the financial year shall be regarded as a breach of financial regularity and should be avoided. It was, however, noticed that grants by the Ministry were released during the last quarter of the financial years 1993-2002 with the exception of the year 1994-95 to the extent of 43 to 67 *per cent* as shown in the table given below.

The expenditure by the Central Boards/release to State Boards/NGOs in the last quarter of the financial years varied between 37 *per cent* and 65 *per cent* of the total expenditure despite large amounts of funds being available with it as opening balance during each year as shown in the table below:

(Rs in crore)

Year	By the Ministry			Expenditure by the Central Board			
	Total Grants released to the Central Board	Grants released during last quarter	Per-centage to total grant	Opening Balance	Total expenditure/ grants released to state board/NGOs	Total grant released during Last quarter	Percentage released in the last qtr.
1993-94	46.41	21.73	47	3.99	48.75	31.54	65
1994-95	55.84	14.67	26	3.29	54.28	20.23	37
1995-96	65.79	28.07	43	5.70	67.00	36.75	55
1996-97	52.69	30.19	57	5.32	46.26	23.69	51
1997-98	55.66	26.94	48	14.08	54.56	29.43	54
1998-99	54.99	36.82	67	16.37	46.39	25.74	55
1999-00	55.75	24.64	44	27.35	63.95	35.91	56
2000-01	67.19	34.54	51	14.50	66.84	34.06	51
2001-02	66.19	32.06	48	12.15	66.16	30.11	46
Total	**520.51**	**249.66**			**514.19**	**267.46**	

Large unspent balance of Rs 35.34 crore with State Boards.

Release of large funds in the last quarter of the year resulted in a large unspent balance of Rs 35.34 crore **(Annex-I)** with the State Boards as on 31.03.2002. In one instance on 31 March 1998 itself, the Ministry released Rs 10.22 crore.

Release of funds at the fag end of the year by the Ministry has a chain reaction which finally affects the resource position of the NGOs which may have to borrow from sources which suffer from nefarious traditions of lending or temporarily suspend the welfare schemes.

The Central Board stated (October 2001) that major portion of the funds was received by it in the month of March. This should be seen in the context of the fact that large amounts of funds were available wiih it as opening balance which constituted 34 *per cent* and 42 *per cent* of its total spending during 1998-99 and 1999-2000 respectively.

2.3.5.1.3 Lack of accounting controls

The State Boards furnish annual accounts to the Central Board. The Internal Check Unit (ICU) of the Central Board is responsible for verifying the correctness of these annual accounts. The respective divisions of the Central Board also verify the correctness of the Utilisation Certificates(UCs) and accounts of the concerned schemes, furnished by the State Boards.

Absence of sound system of reconciliation of figures with State Boards.

It was noticed in audit that the Internal Check Unit did not formulate any system for verifying the correctness of accounting of funds by the State Boards. Non-reconciliation of year-wise figures of grants released by the Central Board with grants accounted for by the State Boards is a matter of grave concern considering the fact that year-wise data of grants released to the State Boards have not been compiled by the Central Board. This could lead to manipulation of figures and loss of evidence with the passage of time. Besides, it was also noticed that during 1993-2002, in respect of scheme of 'Condensed Course and Vocational Training' accounts of 82 *per cent* State Boards under one year course, 55 *per cent* under two year Condensed Course and 76 *per cent* under Vocational Training had not been verified by the Central Board. In respect of the scheme of 'Area Projects', accounts of State Boards from the year 1985-86 onwards could not be verified by the Central Board and in March 1999 the Central Board decided to leave the matter to the State Boards. The State Board of **Orissa** did not maintain details of plan and non-plan accounts of Central/State funds separately and spent the amount as per their needs. The Central Board stated (November 2001) that plan and non-plan classification was not relevant for State Boards. The reply of the Central Board is not tenable as plan and non-plan funds have to be accounted for separately in order to guard against meeting of non-plan expenditure from plan funds.

2.3.5.1.4 Outstanding Utilisation Certificates (UCs)

Annual Accounts and UCs for Rs 18.95 crore awaited.

According to the terms and conditions of the sanction of grant, the grantee institutions are required to submit annual accounts and utilization certificates within six months after close of a financial year. The Central Board monitors receipt of accounts and utilisation certificates from NGOs/State Boards in case of centralised/partially decentralised schemes. The State Boards are responsible for watching receipt of accounts and utilisation certificates from NGOs in respect of partially decentralised/fully decentralised schemes. It was noticed that as on 31 March 2002 utilisation certificates for Rs 805.79 lakh were awaited from 3446 N.G.Os at the Central Board; and in twelve State Boards, 2792 NGOs to which moneys were given by the State Boards had not submitted annual accounts and utilization certificates for Rs 1088.71 lakh as per details given below :

Outstanding Utilisation Certificates/Accounts

(Rs in lakh)

		Period	No. of NGOs	Amount
A	Central Board	1993-2002	3446	805.79
B	State Board and NGOs funded through them			
	Andhra Pradesh	1993-2000	NF*	88.88
	Chandigarh	1993-2000	24	7.26
	Haryana	1993-1999	103	37.90
	Himachal Pradesh	1982-2002	148	41.76
	Jammu & Kashmir	N.F*	NF*	89.70
	Karnataka	1993-2002	385	86.53
	Madhya Pradesh	1995-2002	41	30.94
	Maharashtra	1963-2001	669	110.22
	Nagaland	1993-2002	159	47.81
	Rajasthan	1993-2000	NF*	362.87
	Tamil Nadu	1993-2000	324	NF*
	Uttar Pradesh	1993-2001	939	184.84
	Total		**2792**	**1088.71**

*NF- Not Furnished

2.3.5.1.5 Status of State Social Welfare Advisory Boards (SSWABs)

Issue of assigning legal status to State Boards not finalised.

SSWABs have not been assigned any legal status despite PAC's recommendation in their 109th Report (Seventh Lok Sabha 1981-82) that the Central Board should urgently decide about assigning legal status to them. The Central Board stated in October 2002 that copy of the report submitted by the committee to the DWCD was still awaited in the Central Board. Non-assignment of legal status has adversely affected the working of SSWABs, resulting in lack of functional accountability.

2.3.5.2 Delivery of special services

2.3.5.2.1 Welfare Extension Projects (Community Development)

The Welfare Extension Projects were started in the Community Development Blocks during 1957 to provide integrated welfare services to children and women in rural areas. These projects, sponsored by the Central Board, were multi-purpose in nature and extended welfare services like pre-primary school

Expenditure of Rs 7.68 crore on establishment without any programme expenditure.

education, craft activities for women, social education and maternity services. The budget is shared in the ratio of 2:1 between the Central Board and the State Boards. There were 44 projects functional in five states of **Bihar, Madhya Pradesh, Maharashtra, Meghalaya and Rajasthan** from the beginning and were intended to be covered under the proposed Integarated Child Development Scheme (ICDS) of the Govt. of India (September 1975). But 41 out of 44 projects in these states were still functioning and not covered under ICDS. According to the decision taken in the meeting of the Executive Committee of the Central Board in February 1999, the present system would continue till the retirement of the last employee in each project/centre. Grant of Rs 767.50 lakh was released during 1993-94 to 2001-02 for salaries and other establishment expenses of staff employed in the projects without any programme expenditure.

2.3.5.2.2 Border Area Projects (BAP)

The border area projects were started in 1962 in border states to promote emotional and cultural integration of these areas with the country. The border area projects are multi-purpose in character and provide general medical aid, craft activities and maternity services for women besides pre-primary education, nutrition and recreational facilities for children. The scheme was being implemented in 14 states/UTs of **Andaman & Nicobar Islands, Arunachal Pradesh, Gujarat, Himachal Pradesh, Jammu & Kashmir, Lakshadweep, Manipur, Mizoram, Nagaland, Punjab, Rajasthan, Sikkim, Tripura,** and **West Bengal.**

The schematic budget for a Welfare Extension Project in Border Area (with five centres) for one year consists of three components: salary of employees, recurring expenditure for Programme Implementation Committee (PIC) and supplies to centres. From 1996-97 recurring expenditure for PIC was revised by the Ministry from Rs 14000 per project per year to Rs 28600. However, this was subsequently reduced from 1997-98 to Rs 14000 by the Board without the approval of the Ministry. Similarly the schematic budget per project per year for material supplies on various activities was revised by the Government of India from Rs 29000 to Rs 49400 from 1996-97. However, the Central Board reduced this grant towards supplies to centres to merely Rs 2400 w.e.f. 1997-98 without the approval of the Ministry.

About 99 *per cent* of expenditure on establishment and barely 1 *per cent* on programme.

In this Project too the programme component was barely one to two *per cent* of the total expenditure of Rs 44.45 crore during 1993-2002. From 1999-2000 supplies also stopped. Thus the project establishments were continuing only for maintaining the staff without any role or means of delivery.

In August 1998, the Ministry decided to amalgamate BAP with ICDS and targeted to complete the integration by March 1999. However, no modalities were determined. Further, none of the states responded to the decision.

2.3.5.2.3 Socio-economic Programme (SEP)

SEP was introduced in 1958 with a view to organising income generating units of gainful employment and self-employment and providing economically backward, physically handicapped and also socially maladjusted women of middle and low income groups with an opportunity for "work and wage" and thus to secure their rehabilitation. SEP runs in three streams (i) Production Units, (ii) Agro based Dairy Programme and (iii) Promoting Self-employment Schemes.

Production Units

Under this programme, grants up to Rs three lakh were paid to voluntary welfare institutions desirous of setting up production units. The Board's contribution was restricted to 85 *per cent*/ 40 *per cent* of the total project cost and working capital requirement respectively vis-à-vis 15 *per cent*/60 *per cent* contribution by the beneficiary institution. The institutions setting up the units were expected to replenish the working capital by sale proceeds of the products and to increase the scope by taking up new production activities with the profit earned, resulting in employment of a large number of needy women.

The Central Board sanctioned Rs 1128.57 lakh for setting up 1148 production units from 1993-94 to 2001-2002. Against this, an amount of Rs 1078.33 lakh was released. Yearwise details are as under :

(Rs in lakh)

Year	Units approved	Amount sanctioned	Amount released
1993-94	502	460.22	398.36
1994-95	537	467.67	480.47
1995-96	70	110.01	109.23
1996-97	2	4.40	28.59
1997-98	5	13.64	5.21
1998-99	5	13.20	6.46
1999-00	2	3.16	2.45
2000-01	2	3.50	1.26
2001-02	23	52.77	46.30
Total	**1148**	**1128.57**	**1078.33**

Drastic decline in performance.

As may be seen from the above table only 70 units were approved by the Central Board in 1995-96 against 537 units in the preceding year i.e. 1994-95. The performance declined considerably during 1996-2002 when only 39 production units were approved by the Central Board in a span of six years. Audit has attempted to examine the performance of this sub-scheme with reference to three parameters:

- Closed units
- Employment opportunity
- Wage earning.

These are detailed below:

Closed Units

418 production units in 22 States to which grant of Rs 3.18 crore was released, were closed down.

The production units assisted under the programme were expected to provide sustained employment to the beneficiaries. It was, however, noticed that a large number of NGOs assisted under the SEP production scheme either did not establish the production units or the production units were closed shortly after initial take off. The Central Board intimated (August 2002) that in 22 State/UT Boards, 418 production units to which grant of Rs 3.18 crore was released were closed and that eight State Boards had not furnished information regarding closed units. However, in 17 states, against 254 units stated to have been closed by the Central Board, the State/UT Boards had reported 570 units as closed, as detailed in the table below:

Sl.No.	Name of the state	No. of units assisted	No. of units closed as per the Central Board	No. of Units closed as per state Board records	Percentage of closed units (5/3)
1	2	3	4	5	6
1	Andaman & Nicobar	6	5	6	100
2	Andhra Pradesh	NF	35	36	NF
3	Chandigarh	3	3	3	100
4	Delhi	52	36	35	67
5	Gujarat	71	12	22	31
6	Himachal Pradesh	28	6	27	96
7	Jammu & Kashmir	NF	3	38	NF
8	Karnataka	92	28	67	73
9	Kerala	11	3	--	NF
10	Madhya Pradesh	NF	9	67	NF
11	Meghalaya	55	20	53	96
12	Orissa	86	NF	86	100
13	Punjab	NF	9	17	NF
14	Rajasthan	78	59	58	74
15	Tamil Nadu	NF	7	19	NF
16	Uttar Pradesh	189	19	32	17
17	West Bengal	9	NF	4	44
	Total		254	570	

(Note : N.F – Not furnished)

This reflected lack of proper coordination between the Central Board and the State Boards. The State Boards in five states/ UTs of **Orissa, Meghalaya, Himachal Pradesh, Rajasthan** and **Andaman & Nicobar Islands** attributed the high incidence of closed units to reasons such as unsatisfactory financial performance, lack of managerial experience, stiff market competition, obsolete machines, etc. The Central Board stated (November 1999) that the scheme did not mention the period for which a production unit had to remain functional and that no set procedure had been developed to deal with the defaulting organisations whose units were closed. The reply furnished by the Central Board is not in order as employment-oriented production units assisted with government funds are expected to generate sustained employment and the Central Board should have planned measures for their continued survival. The Central Board also contended (October 2001) that it was essential that the scheme should provide further funds to the organisation for replacement of old equipment. The contention of the Central Board is not correct as the production units were expected to be self-sufficient.

Employment and Wages

Socio-economic Production programme envisages that each production unit assisted under the programme would generate employment for 20-30 women. In **Maharashtra**, during 1993-94 to 2001-02 only 334 women were provided employment against the targeted 557 women with unitwise shortfall ranging from eight to 100 *per cent*. In one unit against targeted 30 women, two men were employed. In **Orissa** during 1993-2002, against the employment target of 315 women, only 155 women were employed. In **Himachal Pradesh**, out of 28 production units, 27 units were not operational. In **Jammu & Kashmir**, only three looms were installed in one unit against target of 10 looms and no woman was employed. In **Tamil Nadu**, in one unit, against the target of 30 women, only eight were working.

Generation of employment and payment of fair wages not monitored.

Besides providing employment, SEP was also to ensure payment of fair wages. Surprisingly, the Central Board has not fixed any norm for payment of wages to women workers. In two states of **Rajasthan** and **Pondicherry**, against stipulated wages/ stipend of Rs 400 and Rs 750 per month, only Rs 325 and Rs 150 per month respectively, were paid. There was no monitoring on the part of the Central Board regarding the payment of wages.

The Central Board stated (October 2001) that norms for payment of wages to women workers had not been fixed as all the beneficiaries were not devoting equal time. The Central Board's reply is not corroborated by any documentary evidence as the inspection reports sent by the field officers did not indicate working hours put in by the women workers and the Central Board had not taken any action even in those cases where actual payment was less than what was projected by the NGOs at the time of obtaining financial assistance.

Agro based Dairy Units

The agro-based scheme for dairy activities was introduced in 1975-76 with a view to securing rehabilitation of widowed, destitute, deserted and poor women whose annual income did not exceed Rs 4800. The scheme aimed at providing supplementary income to the families besides providing nutritional diet to their children. Prior to 1992, the ceiling for financial assistance was Rs 20870 per unit of five beneficiaries. It was revised by the Executive Committee of the Central Board in 1992 without approval of the Ministry. Each unit of five beneficiaries received assistance ranging from Rs 72838 to Rs 98400 depending upon area of implementation.

Excess release of Rs 9.74 crore.

It was noticed in audit that the implementation of the revised scale without approval of the Ministry resulted in excess release of Rs 9.74 crore during 1992-97. The Ministry in December 1998 restrained the Central Board from incurring any excess expenditure on the basis of revised rates. However, the Central Board totally discontinued the scheme from 1997 onwards, despite the fact that it could have implemented the scheme at pre-revised rates.

Revolving fund

The agro-based dairy scheme stipulated that the loan portion was to be recovered in 42 instalments. The information about amount of loan to be recovered was not forthcoming from any of the states. However, audit has compiled the available information of recovery of loan component as on 31.3.2002 in respect of 14 states, as shown in the table below:

(Rs in lakh)

Sl. No.	Name of State Board	Period	Loan component	Recovery by the State Boards	Loan component not recovered and its percentage to total loan component
1.	Andhra Pradesh	74-96	239.00	82.10	156.90 (66)
2.	Assam	74-98	46.21	5.53	40.68 (88)
3.	Bihar	93-96	22.85	5.31	17.54 (77)
4.	Delhi	76-95	5.75	2.39	3.36 (58)
5.	Gujarat	93-00	84.60	70.65	13.95 (16)
6.	Haryana	80-97	110.44	47.83	62.61 (57)
7.	Jammu & Kashmir	Upto 2001-02	59.39	28.43	30.96 (52)
8.	Karnataka	93-97	67.76	10.35	57.41 (85)
9.	Madhya Pradesh	93-96	60.18	15.62	44.56 (74)
10.	Manipur	74-00	50.34	6.41	43.93 (87)
11.	Orissa	75-84 (No release 93-02)	20.97	5.49	15.48 (74)
12.	Tripura	82-99	24.28	8.86	15.42 (64)
13.	Uttar Pradesh	75-97	204.56	97.63	106.93 (52)
14.	West Bengal	79-86	16.52	4.53	11.99 (73)
Total			**1012.85**	**391.13**	**621.72 (61)**

From the above table, it can be seen that out of Rs 1012.85 lakh advanced as loan in 14 states during periods ranging from 1974 to 2002, an amount of Rs 391.13 lakh (39 *per cent*) could be recovered, leaving Rs 621.72 lakh (61 *per cent*) to be recovered. More than 60 *per cent* of the loan component could not be recovered in nine states, the position being the worst in **Assam, Karnataka** and **Manipur** where this percentage of non-recovery was as high as 88, 85 and 87 respectively.

The Central Board intimated (June 2002) that as on 31.3.2002, an amount of Rs 637.07 lakh was overdue for recovery from 2875 blacklisted NGOs in 19 states/UTs **(Assam, Bihar, Chandigarh, Goa, Gujarat, Haryana, Himachal Pradesh, Karnataka, Kerala, Maharashtra, Manipur, Meghalaya, Mizoram, Pondicherry, Punjab, Tamil Nadu, Tripura, Uttar Pradesh and West Bengal).** In eight other states/UTs **(Andhra Pradesh, Delhi, Lakshadweep, Madhya pradesh, Nagaland, Orissa, Rajasthan and Sikkim)** 739 defaulter NGOs had been blacklisted. However, the information regarding amount of loan outstanding against them was not available with the Central Board. As the scheme has been discontinued, the possibility of recovery of this loan seems remote.

Poor recovery of loans affected the scheme adversely as it was envisaged in the scheme that the recovered amount of loan would be credited to a revolving fund which would be utilised for sanctioning second milch animal to the beneficiaries. A revolving fund was maintained and operated by the State Boards. It was noticed in audit that there was negligible release from the revolving fund for providing second milch animal to the beneficiaries. In nine states of **Assam, Bihar, Chandigarh, Delhi, Haryana, Himachal Pradesh, Jammu and Kashmir, Kerala** and **Lakshadweep** no amount was released for second animal. In **Delhi** the whole amount of Rs 9.29 lakh, was released for organising exhibitions and purchase of intercom which was outside the scope of the scheme. In **Gujarat** Rs 182.21 lakh was diverted from the revolving fund to other plan programmes, purchases and construction of office building.

Revolving Fund balance of Rs 11.46 crore and unspent grant of Rs 4.00 crore not retrieved from State Boards.

The Central Board stated (October 2001) that the NGOs which had bitter experience in recovery of first milch animal loans did not come forward for second milch animal resulting in funds remaining unutilised with State Boards. The Board also did not conduct any study/survey to find out the reasons for poor utilization of funds available with the State Boards in the revolving fund. Despite heavy balances lying under revolving fund (Rs 1590.44 lakh) as on 31March 2002, no instructions were issued for its proper utilisation and the funds remained blocked with the State Boards. This matter was also pointed out in the earlier Audit Report No. 9 of 1988. The Ministry stated (April 1994) in the Action Taken Note that a proposal for maintaining revolving fund at the Central Board was under its consideration. However, decision in this regard was taken as late as in March 1999. The Ministry directed the Central Board to withdraw the entire unspent amount available with the State Boards under the scheme (Rs 4.55 crore of unspent balance of first time assistance and Rs 15.90 crore balance under revolving fund) and re-distribute the amount to the State Boards on the basis of their proposals and their capacity to utilise the amount. According to the information furnished by the Central Board (June 2002) a sum of Rs 4.44 crore and Rs 0.55 crore respectively had been received from State Boards out of the balances under revolving fund and unspent grant of SEP. Thus even after the lapse of over three years from the date of clear instructions by the Ministry, a sum of Rs 11.46 crore under revolving fund and Rs 4.00 crore of the unutilised balances under SEP remained to be retrieved from the State Boards. The Central Board stated (May 2002) that the State Boards had been reminded separately.

2.3.5.2.4 Awareness Generation Programme (AGP)

The scheme was introduced in 1986-87 to generate awareness among rural and poor women of their status and rights in the family and society and to deal with social issues like community health and hygiene and organising women against injustice. A sum of Rs 10000 was given to an organisation for awareness generation camp on different topics of eight days duration which was revised during 1997-98 to five days camp or a *pro rata* allocation of Rs 2000 per one day camp.

NGOs failed to generate awareness.

During test check in two State Boards of **Bihar** and **Himachal Pradesh,** between 1993 and 2000, it was noticed that NGOs did not conduct the camps although they received the funds (Rs 17.64 lakh). In **Nagaland** the State Board released Rs 2.00 lakh to 11 societies during 1997-99 but it was not aware whether any camps were conducted.

It was also noticed during test check in **Andhra Pradesh, Himachal Pradesh, Kerala, Maharashtra** and **Orissa** State Boards, that evaluation reports of camps were not submitted though stipulated under the scheme.

In **Delhi** 53 camps were organised during 1998-2000 but the field staff visited only 22 camps and inspection report was submitted in respect of five camps only.

The Central Board debarred 2918 institutions during 1993-1997 from further funding as these were declared defaulters under AGP. An amount of Rs 363.40 lakhs stood released to these institutions for which accounts were pending.

2.3.5.2.5 Condensed Courses and Vocational Training (CC and VT) NORAD

The scheme of condensed courses of education was launched in 1958. Later on, in 1975, with the addition of another scheme of Vocational Training, the scheme was renamed CC&VT.

The scheme was started with the twin objectives of (i) opening new vistas of employment to a large number of deserving and needy women and (ii) creating a band of competent trained women required for various projects in the rural areas in the shortest possible time.

During 1993-94 to 2001-02 the Central Board sanctioned grant of *Rs* 4502.30 lakh under the scheme. In 1997-98 an external agency (Norwegian Agency for International Development-NORAD) provided financial support for the vocational training stream of the scheme. The Board received *Rs* 27.33 crore as financial assistance from NORAD (through Ministry) during 1997-2002 and the same was released to 2768 institutions.

The scheme envisaged assistance to projects sponsored by public undertakings/Corporations/Women's Development Centres of Universities/ autonomous organisations/voluntary organisations for setting up "Employment and Income Generating Training-cum-Employment-cum-production units for women." In cases, where the sponsoring organisation was not in a position to assume direct responsibility and absorb trainees as its own employees, emphasis was to be given on formation of a co-operative of women producers as a modality of employment.

The beneficiary organisation was required to maintain records of trained women who were employed and also those who were yet to obtain employment so that they could be contacted in case suitable employment opportunities arose. Quarterly progress report from the organisation during the training and six monthly reports up to five years on the employment status of the trainees were to be obtained.

Monitoring was to be done both at Central and State levels to assess the performance and also to guide the units.

Objectives of the scheme diluted.

Audit findings across many State Boards disclosed that though training was being provided under CC and VT, records of employment of the trained personnel were not being maintained resulting in non-fulfilment of the basic objective of CC and VT course. Even the assistance by NORAD had aimed at providing employment by setting up Training-cum-Income generating units. However, NORAD assistance also limited itself to providing training support only. Loss of employment orientation defeated the very purpose of the scheme. Some interesting instances relating to some State Boards are detailed below:

- During test check, it was noticed in seven State Boards of **Assam, Delhi, Haryana, Jammu and Kashmir, Karnataka Nagaland and Uttar Pradesh** that an amount of Rs 10.49 lakh was pending recovery from 26 NGOs during 1995-2002 as they had neither started the course nor refunded the grant. The Central Board stated (October 2001) that the concerned State Boards were being requested to initiate action for recovery.

- According to the scheme approved by the Ministry, the duration of condensed course of education at Middle and High school is two years. However, in respect of states of **Madhya Pradesh, Meghalaya,**

Tripura and **Uttar Pradesh,** the Central Board released grants for three years' courses, which resulted in excess release of grant to the extent of Rs 51.61 lakh. Although the Central Board stated (November, 1999) that the grants for three years' non-residential courses were released after the approval of competent authorities, no orders of the competent authority (Executive Committee of the Central Board/Government of India) could be furnished.

- In **Himachal Pradesh,** test check of records of four institutions revealed that out of 115 candidates declared successful between October 1995 and February 1999, only two women had been employed. In **Madhya Pradesh** none of the 6595 trained candidates during 1995-2002 got employment as of August 2002.

- The release of subsequent grant to an institution was subject to securing of pass percentage of not less than 50 *per cent* of the students in the previous batch. However, this condition was not fulfilled in **Haryana, Karnataka, Kerala, Maharashtra and Tamil Nadu** and an amount of Rs 32.91 lakh was released during 1993-2002 to 42 institutions which could not register the required success rate. In **West Bengal** no candidate could get through the Madhyamik level course conducted by 19 NGOs to which grant of Rs 25.32 lakh was paid and in the case of 16 other NGOs (grant Rs 22.54 lakh) only four *per cent* candidates passed.

- The Gramin Vikas Siksha Samiti, Hodal (**Haryana**), received grant of Rs 0.95 lakh for organizing a two-year primary level course during 1996-98. However, candidates enrolled were in the age group of 10 to 12 years against the eligible age group of 18-30 years. On this being pointed out the Board stated (June 2002) that the institution was being reminded again to refund the grant.

- In **Uttar Pradesh,** an expert committee noticed that most of the organisations, which had been recommended for running condensed courses were commercial schools and had no social orientation.

- An evaluation of Condensed Course of Education for Girls and Adult Women by the State Council for Educational Research and Training, **Andhra Pradesh,** brought out that out of 76 centres visited, the performance of 65 centres (86 *per cent*) was found unsatisfactory, due to reasons such as non-maintenance/non-production of records, improper utilisation of funds, NGOs running as profit-making institutions, deviation from objectives, non-availability of teaching/ learning material in 80 *per cent* of the centres, courses not based on needs of local community, unqualified staff etc.

- In **Delhi**, according to the report of a field officer, in one unit, only 10 beneficiaries/trainees were present against 23 on roll and in another unit, out of 25 candidates on roll only 13 were found present. Only 64 *per cent* of the units assisted under the scheme were inspected by the field staff.

- In **Orissa**, there was delay of one to 11 months in the release of first instalment of grant. In the case of ten institutions, the first instalment was not released even after completion of their course period. In 16 cases, the amount of first instalment far exceeded the limit of 50 *per cent*. 51 institutions had not received second and third instalments though they had completed their training programme.

Employment status of trained women not maintained.

- In order to assess how far the scheme had served its main objectives in regard to meeting the shortage of trained women personnel for work in rural areas, a record of each candidate should be maintained in an Index Card by the State Board. However it was observed that such records were maintained neither in the Central Board nor in the State/UT Boards of **Andaman & Nicobar Islands, Andhra Pradesh, Arunachal Pradesh, Assam, Gujarat, Haryana, Jammu & Kashmir, Karnataka, Kerala, Maghalaya, Orissa, Tripura, Uttar Pradesh,** and **West Bengal**. As a result of this the number of women trained and employed could not be ascertained.

Thus the VT NORAD scheme which was started with the object of providing training-cum-employment with special emphasis on employment by means of training the poor needy women in urban slums and rural areas did not achieve the objective of providing gainful employment.

The Central Board stated (October 2001) that clarification was being sought from respective State Boards as monitoring was entrusted to them and instructions had been issued to all State Boards to ensure timely release of funds.

2.3.5.3 Delivery of support service

2.3.5.3.1 Creches

The Board also provides support services for the children of working and ailing women under the Creche Scheme.

The Central Board launched the Creche Scheme in 1977-78 for providing day care services to children of 0-5 years of age belonging to migrant, casual, agricultural labourers, construction workers and also of ailing mothers of low income group. The scheme was implemented through voluntary organisations.

Unwarranted cut in funding of crèche units.

During 1993-94 to 2001-2002, the Board released grants of Rs 138.73 crore for the creche scheme. In 1993-94, the Ministry fixed the number of creche units to be sanctioned by the Board at 9738 (5315 centralised units and 4423 decentralised units). However, 9442 creche units were operational as of March 2002. 90 *per cent* of the approved expenditure was released by the Central Board /State Board and the remaining 10 *per cent* was to be contributed by the grantee institution. On observing that a large number of NGOs were not making their contribution, the Ministry directed (June 1999) the Central Board to impress upon the NGOs to comply with this condition. However, the Central Board, ignoring this directive, deducted the 10 *per cent* share from the 90 *per cent* share released by it to the grantee institutions, which resulted in shortage of funds leading to deprivation of the benefit to that extent to the needy children. Even the institutions running decentralised centres in three states of **Jammu & Kashmir, Maharashtra** and **Tamil Nadu** had not contributed their portion. Besides, a non-recurring grant of Rs 2000 per creche unit was to be released at an interval of five years to each NGO for replacement of all consumable stores. In the case of decentralised creche units, the Central Board had not released any grant upto 2000-01 though it was due for 6154 units and grants for 12 *per cent* units in seven states of **Assam, Meghalaya, Nagaland, Tripura, Arunachal Pradesh, Mizoram and Sikkim** had only been released during 2001-02. In 106 crèche centres of six states (**Andhra Pradesh, Delhi, Himachal Pradesh, Jammu & Kashmir, Maharashtra, and Orissa)**, 1423 ineligible children were admitted. In **Gujarat**, an expenditure of Rs 25.09 lakh was incurred during 1996-2000 on running of seven units in places where Anganwadi centres were also existing. The Board released during 1999-2000 a grant of Rs 37.23 lakh to 19 NGOs in the same area under the same scheme for more than five years against the decision to this effect taken in the review meeting on the functioning of the

Board, convened by Department of Women and Child Development (DWCD) in August, 1998. No action was taken to retrieve the assets offered by Rajasthan Mahila Parishad (March 98) in respect of six crèche centres closed.

Training of crèche workers not arranged.

Training of creche workers is necessary for running a creche unit. However, it was observed that during the period 1993-2002, no training course was arranged for workers of the creche units. This was attributed to non-receipt of funds under this head from the Ministry.

Periodical health checks up not ensured.

Despite allocation of 40 *per cent* towards supplementary nutrition, the Central Board had not prescribed any calorific value or the amount of protein in the food items to be supplied to creche children. Periodical health check-up of children in creches is essential to safeguard them from various infections. The Central Board requested the Ministry (June 1995) to issue directions to State Government for conducting periodical health visits to creches by doctors of Public Health Centres. However, the matter was not pursued further by the Central Board and the Ministry.

*2.3.5.3.2 **Demonstration Projects (Balwadis)***

Grant of Rs 9.51 crore released mainly for establishment expenditure.

The Programme of Balwadis in Demonstration Projects was sponsored by the Govt. of India in 1964 in a few selected community development blocks and entrusted to a special Balwadi committee formed in each State. These Balwadis provided recreation facilities, nutrition and health education to children. The entire expenditure was borne by the Central Board and the programme was organised under the supervision of the State Boards. Most of the demonstration projects were converted into Family and Child Welfare Programme and the remaining proposed to be handed over to the State Board or covered under the ICDS programme during the fifth five year plan (1977-82). Grants of Rs 950.90 lakh were released to remaining 11 projects comprising 249 centres in eleven states of **Andhra Pradesh, Assam, Gujarat, Haryana, Himachal Pradesh, Karnataka, Madhya Pradesh, Maharashtra, Orissa, Uttar Pradesh and Delhi** during 1993-94 to 2001-02. Further according to the decision taken in a meeting of the Department of Women and Child Development in August 1998, these projects were to be discontinued with immediate effect as the outreach of the scheme was very limited and similar schemes were also being implemented in the State/Central sector by other departments. The scheme was still continuing despite the decision of the Government of India. The Board in reply to an audit query intimated (October 2002) that the funds were being released to these Balwadis mainly for establishment and salaries of the employees. It was however, mentioned in the Executive Committee meeting in February, 1999 that where the State Government did not take over these projects, the present system would continue till the retirement of the last employee in each project/centre which meant that the Central Board would continue to bear the burden of establishment expenses of these Balwadis for a considerable time to come.

2.3.5.4 Working of State Boards

2.3.5.4.1 Diversion of funds by the State Boards

Large scale diversion by State Boards.

Test check of records of 17 State/UT Boards revealed that out of total grant of Rs 295.15 crore received by them, Rs 13.70 crore were not utilised for the intended purpose as tabulated below:

(Rs in crore)

Name of the State/UT Board	Grant received during 1993-2002	Funds diverted to meet exp. on salary /estt. cost	Inter programme diversion	Amount diverted
Andaman & Nicobar	3.63	0.22	0.19	0.41
Andhra Pradesh	19.19	0.20	0.07	0.27
Assam	10.15	0.40	--	0.40
Bihar	48.15	0.80	0.16	0.96
Chandigarh	1.05	0.05	0.04	0.09
Gujarat	40.87	1.82	0.10	1.92
Himachal Pradesh	7.82	0.17	--	0.17
Jammu & Kashmir	10.84	0.35	0.95	1.30
Kerala	10.66	0.63	0.14	0.77
Lakshwadeep	1.68	0.05	--	0.05
Madhya Pradesh	23.12	0.47	2.60	3.07
Maharashtra	37.93	0.22	0.51	0.73
Manipur	5.95	0.24	--	0.24
Rajasthan	13.13	0.42	0.47	0.89
Tripura	10.95	0.22	1.20	1.42
Uttar Pradesh	26.88	0.41	0.29	0.70
West Bengal	23.15	0.03	0.28	0.31
Total	**295.15**	**6.70**	**7.00**	**13.70**

It may be seen from the above table that large diversions were made by the State Boards of **Madhya Pradesh** (Rs 3.07 crore), **Gujarat** (Rs 1.92 crore), **Tripura** (Rs 1.42 crore) and **Rajasthan** (Rs 0.89 crore).

The Central Board stated (November 2001) that the State Boards were constrained to make the diversion in case of delay in release of funds by the State Government/Central Board and letters had been issued to the State Boards to recoup the diverted funds.

2.3.5.4.2 Misuse of funds by NGOs

Rs 80.48 lakh misused/mis-appropriated by NGOs.

It was noticed during test check in audit that in ten states 60 NGO's had misused/misappropriated funds aggregating Rs 80.48 lakh, out of which Rs 13.08 lakh had been recovered by two State Boards and balance amount of Rs 67.40 lakh was outstanding for recovery. State Board-wise details are as under:

Rs in lakh)

Name of the State Board	No. of NGO's	Amount misused/mis-appropriated	Amount recovered	Balance amount
Haryana	9	5.30	--	5.30
J&K	3	3.89	--	3.89
Karnataka	1	2.48	--	2.48
Kerala	9	12.16	1.92	10.24
Maharashtra	2	5.51	--	5.51
Manipur	3	1.12	--	1.12
Orissa	13	14.89	--	14.89
Rajasthan	17	23.65	11.16	12.49
Uttar Pradesh	1	8.19	--	8.19
West Bengal	2	3.29	--	3.29
Total	**60**	**80.48**	**13.08**	**67.40**

In **Gujarat** Rs 31.67 lakh were diverted for purchase and construction of office building and in **Haryana** the State Board spent Rs 9.24 lakh on hiring a guest house during 1988 to 1998 without the approval of the Central Board.

2.3.5.5 Functioning of NGOs

NGOs play a vital role in the functioning of the Central Board as all its welfare activities and programmes are implemented through them. Funds for these activities are received by NGOs from the Central Board and the State Boards for centralised and partially centralised/decentralised schemes respectively.

Test check of records of some of the NGOs by visiting their offices and at State Boards brought out many instances of neglect and mismanagement :

- In the states of **Gujarat and Maharashtra** an amount of Rs 1.58 lakh was not recovered from five NGOs which were closed/cancelled prior to 1997-98. Further an amount of Rs 30.34 lakh was released to 15 NGOs of **Karnataka, Gujarat and Maharashtra** between 1985 and 2000. However, none of these NGOs had started functioning.

- The work of five NGOs in **Maharashtra** was not found satisfactory during a field visit of staff of the Board between 1998-2001. No appropriate action was taken by the Board against these NGOs though an amount of Rs 5.53 lakh had been released to these NGOs. Ten NGOs in **UP and J&K** either did not pay stipend to the intended beneficiaries or payment was doubtful. Two NGOs in **Gujarat** were released grants of Rs 2.08 lakh during 1988-89 as first instalment for conducting course. However, neither training nor examinations were conducted by these NGOs.

- An amount of Rs 2.46 lakh released to Six NGOs in **Arunachal Pradesh** during1994-95 to 1995-96 was misappropriated by these organizations. No action except blacklisting these NGOs was taken by the Board. Six NGOs in **J&K, Maharashtra and Tamil Nadu** utilised grants for purpose other than the one for which they were sanctioned.

- One NGO in **Assam** (grant Rs 1.44 lakh), six NGOs in **J&K** and one NGO in **UP** (grant Rs 1.02 lakh) could not be located by personal visit of audit parties. Hence their existence was doubtful.

Grants released to NGOs despite adverse finding of field officers.

- Grants amounting to Rs 8.31 lakh was released to nine NGOs of **Arunachal Pradesh, Chandigarh and Maharashtra** irregularly. Out of these, grants to eight NGOs were released despite adverse findings/comments during field visits.

- Seven NGOs in **Bihar**, 20 in **Punjab** and 10 in **J&K** did not furnish/maintain the requisite records/accounts.

2.3.6 Monitoring and evaluation

The monitoring and evaluation function assumes great significance in the Board since apart from ensuring proper utilisation of grants, the technical competence of institutions with regard to the schemes and the quality of services offered by them had also to be monitored and evaluated.

Monitoring and evaluation neglected by Board.

At the Central level, the Research, Evaluation and Statistics (RES) division in the Board is responsible for research, evaluation and monitoring of programmes of the Board. It receives monthly as well as quarterly reports of performance from the State Boards and it consolidates these reports. The National Productivity Council in its report on Institutional Strengthening Study for the Board in the year 1998 pointed out that RES Division was involved mainly in information management and coordination work and less in research work. It was noticed in audit that apart from compilation work, no efforts were made by RES Division to evaluate the programmes of the Board. Besides RES, the Divisions incharge of each programme also receive inspection reports from welfare officers posted in the State Boards. It was also noticed by audit that under SEP programme, no monitoring was conducted.

At State Board level, monitoring and inspection is done by the field officers, which included project and welfare officers of the Central Board posted at State Boards. The project officers appointed by the Central Board for different states were required to provide feed back to the Central Board/State Board for the ongoing and future programmes based on field observations and to send analytical report quarterly. It was noticed that the said reports were not furnished by **Himachal Pradesh, Jammu & Kashmir, Nagaland, Orissa, Punjab, Rajasthan, Sikkim, Tripura and Andaman** and **Nicobar** State Boards.

Each institution is required to be inspected at least once in a year. However, in **Assam, Bihar, Haryana, Himachal Pradesh, Madhya Pradesh, Orissa, Andaman Nicobar** and **Lakshadweep** inspections were not regulated by any prescribed periodicity. Inspections were conducted randomly and after long intervals. In **Himachal Pradesh, Rajasthan, Tripura, Nagaland** and **Maharashtra,** the shortfall in inspections ranged between 18 and 87 *per cent*, 15 and 81 percent, 20 and 69 *per cent*; 28 *per cent* and 10 and 31 *per cent* respectively. Developmental functions were not performed by **Himachal Pradesh, Orissa** and **Uttar Pradesh** State Boards.

Database of various indicators including voluntary agencies, was not maintained in **Himachal Pradesh, Maharashtra, Mizoram, Orissa, Tripura** and **Andaman and Nicobar** State Boards. In **Assam, Kerala** and **Mizoram** State Boards, no surveys were conducted for identification of beneficiaries before implementation of any welfare programme.

Evaluation studies of programmes were not conducted in **Assam, Bihar, Haryana, Himachal Pradesh, Jammu & Kashmir, Karnataka, Madhya Pradesh, Manipur, Orissa, Sikkim, Tamil Nadu, Andaman & Nicobar, Chandigarh** and **Pondicherry** State Boards despite PAC's recommendation in their 128th Report (1978-79) that a proper method of evaluating the implementation of the programmes and their impact on society should be evolved.

Only the performance of CC and VT programme was evaluated in Andhra Pradesh in 1999. Thus it may be seen that monitoring and evaluation was the most neglected component in the implementation of programmes by the Central Board.

The matter was referred to the Ministry in November 2002; their reply was awaited as of December 2002.

Annex -I

(Referred to in Paragraph 2.3.5.1.2)
Statement showing saving/excess of grant with State Boards

(Rs in Lakh)

Sl. No.	Name of State Board	Opening balance as on 1-4-1993	Grant received		Expenditure During 1993-2002	Closing Balance	
			During 1993-2002	Total		Saving (+)	Excess (-)
1.	Andaman & Nicobar Island	5.28	363.02	368.30	349.04	19.26	
2.	Andhra Pradesh	63.80	1918.56	1982.36	1941.68	40.68	
3.	Arunachal Pradesh	7.90	852.25	860.15	841.81	18.34	
4.	Assam	10.00	1014.65	1024.65	1049.93		25.28
5.	Bihar	232.75	4815.12	5047.87	2019.10	3028.77	
6.	Chandigarh	7.89	104.96	112.85	103.91	8.94	
7.	Delhi	- 0.84	679.46	678.62	674.94	3.68	
8.	Goa	1.81	148.59	150.40	146.38	4.02	
9.	Gujarat	12.81	4087.16	4099.97	4099.35	0.62	
10.	Haryana	33.55	588.51	622.06	596.89	25.17	
11.	Himachal Pradesh	15.06	782.31	797.37	796.26	1.11	
12.	Jammu & Kashmir	34.05	1084.07	1118.12	1095.78	22.34	
13.	Karnataka	56.34	1653.69	1710.03	1657.79	52.24	
14.	Kerala	104.89	1066.44	1171.33	1162.34	8.99	
15.	Lakshwadeep	5.07	168.08	173.15	166.02	7.13	
16.	Madhya Pradesh	120.08	2311.78	2431.86	2376.44	55.42	
17.	Maharashtra	51.07	3792.96	3844.03	3913.43		69.40
18.	Manipur	14.02	594.66	608.68	601.49	7.19	
19.	Meghalaya	3.05	489.42	492.47	498.53		6.06
20.	Mizoram	16.94	585.19	602.13	591.40	10.73	
21.	Nagaland	3.34	739.65	742.99	725.55	17.44	
22.	Orissa	42.48	1545.70	1588.18	1552.03	36.15	
23.	Pondicherry	3.09	237.76	240.85	246.35		5.50
24.	Punjab	98.98	1448.30	1547.28	1515.88	31.40	
25.	Rajasthan	67.52	1313.08	1380.60	1405.91		25.31
26.	Sikkim	2.34	454.71	457.05	448.79	8.26	
27.	Tamil Nadu	37.30	1559.16	1596.46	1559.20	37.26	
28.	Tripura	13.80	1095.44	1109.24	1096.08	13.16	
29.	Uttar Pradesh	19.88	2687.70	2707.58	2631.77	75.81	
30.	West Bengal	36.78	2314.88	2351.66	2366.32	--	14.66
	Total	**1121.03**	**40497.26**	**41618.29**	**38230.39**	**3534.11**	**146.21**

Section B – Transaction Audit Paragraphs

CHAPTER III : MINISTRY OF HEALTH AND FAMILY WELFARE

Department of Health

Chittaranjan National Cancer Institute, Calcutta

3 Irregular payment of Hospital Patient Care Allowance

Extension by the Chittaranjan National Cancer Institute, of Hospital Patient Care Allowance to ineligible non-ministerial staff in contravention of the Ministry's orders resulted in irregular payments aggregating to Rs 25.73 lakh.

The Ministry of Health and Family Welfare sanctioned in 1988 payment of Hospital Patient Care Allowance to the non-ministerial Group 'C' and 'D' Hospital employees effective from December 1987. The allowance was intended only for those employees who were directly engaged in providing patient care services and employees working in research organisations were not eligible for the allowance. In contravention of the Ministry's order the Institute extended the allowance to its non-ministerial employees working in the research wing retrospectively from December 1987. This was done despite the Ministry clarifying in July 1992 that the allowance was not admissible to personnel in the Institute's research wing.

In January 1999, the Ministry revised the rate of the allowance with effect from 29 December 1998. Scrutiny by Audit of pay bills relating to the period from December 1998 onwards revealed that the Institute had paid the allowance from 29 December 1998 to the employees working in its research wing.

The irregular payments made on this account till March 2002 aggregated to Rs 25.73 lakh.

The Ministry in reply stated in November 2002 that Group 'C' and 'D' staff were often transferred from Research side to the Hospital side and vice-versa as per requirement of the Institute and as such the allowance was paid to all the staff of the Institute.

The reply is not acceptable as the Institute, though called for repeatedly, could not furnish any documents in support of deployment of employees posted at Research wing to Hospital wing and vice-versa and the irregular payment has been worked out in respect of the employees posted in the Research wing continuously during the period from December 1998 to March 2002.

CHAPTER IV : MINISTRY OF HUMAN RESOURCE DEVELOPMENT

Department of Secondary and Higher education

Jamia Millia Islamia

4.1 Grant of Non-entitled benefits

The Executive Council of the Jamia Millia Islamia granted non-entitled benefits to its staff through irregular fixation and incorrect calculation of arrears resulting in over-payment of Rs 70.17 lakh.

On 8 January 1997, the Executive Council (EC) of the Jamia Millia Islamia (JMI) University stepped up the pay scales of Lower Division Clerks/ Typists, Upper Division Clerks/ Stenographers (Grade 'D') and Technical Staff/ Instructors and placed them in the higher pre-revised scales of Rs 1200-2040, Rs 1400- 2300 and Rs 1640-2900 respectively with immediate effect to provide the benefit of higher pay scales to eligible employees under One Time Upward Movement (OUM) Scheme of the University Grants Commission (UGC).

On 30 September 1997, the EC modified its earlier Resolution and allowed the benefit of fixation of pay to these categories of staff retrospectively from 1 January 1986, or their date of appointment or their date of promotion, whichever was later, without payment of arrears for the period prior to 8 January 1997.

Both the actions i.e. stepping up the pay under OUM and applying it retrospectively, were unauthorized. Stepping-up contravened the specific instructions of UGC issued to JMI in March 1996 asking it not to implement the OUM Scheme until a time bound concept of career advancement was introduced by the Central Government. Ostensibly the idea was to keep the career proposal of the University employees linked to the broader framework of employment prospects in the Central Government. Further, the EC of JMI was not competent to step up the pay of its employees until an ordinance to this effect was issued by the Visitor (the President of India) to modify the existing pay structure.

In February 1998, JMI sought the approval of the Visitor to its action of 8 January 1997 which was unauthorized. The Visitor condoned the omission in August 1999. However, JMI failed to bring it to the notice of the Visitor that the EC of JMI had committed a further irregularity of giving the fixation benefits with retrospective effect.

Thus the Visitor's condonation of the unauthorized stepping-up action failed to regularize the other unauthorized action of giving retrospective effect to the application of the stepped-up pay scale.

The financial implication of this irregularity emerged when the Central Government made the Fifth Pay Commission Recommendations applicable from 1.1.1996 and UGC extended this to the Central Universities. JMI employees were already waiting at the crucial date with non-entitled stepped-up pay of the higher pre-revised scale carrying in it the fixation benefits notionally accruing to them by virtue of the September 1997 decision of the EC JMI. JMI, taking advantage of the benefit of the retrospective entitlement under the Fifth Pay Commission Award, calculated the arrears due on the basis of notional pay based on the unauthorized retrospective application from 1.1.1986. This resulted in inflating the notional pay on the crucial date (1.1.1996), and payment of arrears of Rs 22.85 lakh from 1.1.96 to 7.1.97 to 232 Group C and D employees of JMI, in addition to the unauthorized higher pay benefit of Rs 47.32 lakh to 182 employees as of February 2002 (calculated from 8.1.1997 as provided in the EC JMI resolution of that date). Thus, in all, overpayment of Rs 70.17 lakh (Rs 22.85 lakh + Rs 47.32 lakh) occurred, which is accumulating further at the rate of Rs 0.86 lakh per month and is likely to continue unless corrective action is taken.

The University stated (August 2002) that EC's Resolution No. 11 of 30 September 1997 permitting fixation of pay retrospectively was brought to the notice of the Visitor before he condoned the omission (i.e. Resolution No. 6 of 8 January 1997) as one-time aberration in August 1999. However, the Ministry of Human Resource Development confirmed (June 2002) that only Resolution No. 6 dated 8 January 1997 had been condoned. Evidently the irregularities were allowed to pass with the limited objective of benefiting the JMI employees, when no such benefits were due.

The matter was referred to the Ministry in July 2002; their reply was awaited as of December 2002.

Vallabhbhai Patel Chest Institute

4.2 Irregular payment of Hospital Patient Care Allowance

In violation of Government orders the Vallabhbhai Patel Chest Institute paid Hospital Patient Care Allowance of Rs 16.25 lakh irregularly to non-entitled Group 'C' and 'D' ministerial staff.

The Government of India (Ministry of Health and Family Welfare) sanctioned (January 1988) Hospital Patient Care Allowance (HPCA) to Group 'C' and 'D' (non-ministerial) Hospital employees at the rate of Rs 80 and Rs 75 per month respectively with effect from 1 December 1987. The rates were revised to Rs 160 and Rs 150 with effect from 1 February 1997 and further to Rs 700 and Rs 695 with effect from 29 December 1998.

It was pointed out in para 9 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 1992 that the Vallabhbhai Patel Chest Institute was paying to HPCA to ministerial Group C&D staff also. The Ministry in its Action Taken Note submitted to the Public Accounts Committee stated (March 1994) that the Chairman of the Governing Body of the Institute had treated the ministerial staff working in the Institute as non-ministerial on the analogy that the ministerial posts of the same grade in the AIIMS and Government Hospitals in Delhi were declared as non-ministerial for the purpose of payment of HPCA.

Scrutiny of the records of the Institute revealed that no such approval by the Chairman of the Governing Body existed. In fact, the Director of the Institute had only proposed (April 1990) to the Chairman, Governing Body to make payment of HPCA to the ministerial staff " only provisionally" subject to an undertaking by the staff that the allowance would be refunded in case the Ministry did not approve the proposal. The Director also proposed to send the case to the Ministry for sanction/approval. The fact that the Ministry's approval for conversion of ministerial staff into non-ministerial staff for the purpose of payment of HPCA in respect of Group C and D staff was not made available to audit was intimated to the Ministry in July 1994. Yet, the Ministry did not examine the case before issue of final Action Taken Note (ATN) communicated to the Public Accounts Committee.

On this being pointed out, the Ministry stated (August 2002) that the paragraph was included in the CAG's Report for the year ended 31 March 1992 and the ATN was also submitted, and requested to drop the paragraph.

The Ministry was informed (October 2002) that persistence of an irregular practice despite the audit observation was a more serious matter. The Ministry was also requested to furnish Government's views but reply was awaited as of December 2002.

Thus persistent irregularity resulted in irregular payment of HPCA amounting to Rs 16.25 lakh during 1993-94 to 2001-02 to Group 'C' and 'D' ministerial employees of the Institute.

CHAPTER V : MINISTRY OF INFORMATION AND BROADCASTING

Prasar Bharati

5.1 Unfruitful expenditure

Failure of Doordarshan to ensure proper use of digital storage system resulted in wasteful expenditure of Rs 5.40 crore on its purchase besides overpayment of Rs 2.40 crore.

A Memorandum of Understanding (MoU) was entered into between Doordarshan (DD), and the National Films Development Corporation (NFDC) under which DD hire-purchased three AVID AIR PLAY systems (digital storage systems) from NFDC for capsuling and playback of programmes telecast on DD III and DD International. DD was required to pay service charges of Rs 15 lakh per month for the equipment to cover its depreciation, interest, operational cost, incidentals and profit margin and after its use for three years the equipment was to become the property of DD.

The equipment were installed at Pitampura, Akashwani Bhawan and Vigyan Bhawan in April, May and October 1995 respectively. However, the systems were not found suitable/useful for Doordarshan programmes and were lying unused since then.

The engineering wing of DD observed in October1996 that the equipment were useful only for transmitting programmes like promos, highlights and commercials and that nowhere in the world were transmissions being done entirely from hard disc based storage systems.

The Director General, Doordarshan, also concluded in December 1996 that it was not possible to utilise the systems properly and directed their disposal at the earliest. Accordingly, DD referred the matter to the Ministry for a final decision.

The Ministry opined in January 1997 that as the equipment was purchased at DD's initiative they would have to pay the agreed service charges on monthly basis for three years before disposal of the equipment could be attempted.

Further, scrutiny of details of payment made by DD to NFDC revealed that against Rs 5.40 crore due to NFDC towards payment of hire charges, NFDC had already adjusted Rs 2.70 crore from the amounts payable by it to DD, nevertheless, DD incorrectly made a payment of Rs 5.10 crore to NFDC resulting in an overpayment of Rs 2.40 crore.

Thus, DD incurred unfruitful expenditure of Rs 5.40 crore on hiring a system which was not useful and remained unutilised besides making overpayment of Rs 2.40 crore to NFDC.

The matter was referred to the Ministry in July 2002; their reply was awaited as of December 2002.

5.2 Irregular application of banking facility

Doordarshan's decision to allow additional Free Commercial Time with banking facility on National channels against programmes telecast on Doordarshan International Channel resulted in loss of Rs 2.31 crore .

Doordarshan fixed, in May 1995, the sponsorship fee for repeat programmes telecast on its international channel at Rs 5000 per half an hour with Free Commercial Time (FCT) of 90 seconds. It also provided additional FCT of 30 seconds to the producer, which could be banked and utilised in other national channels within a period of seven days. This limit was increased to 30 days in August 1996 when telecast fee and FCT were revised. The additional facility for repeat programmes was subsequently withdrawn in May 1997 and it was extended only to those programmes which were exclusively offered for the DD International channel, with the condition that the additional FCT should be utilised within 30 days from the date of telecast.

Audit scrutiny revealed that in violation of its own instructions, DD allowed the producers to utilise the additional FCT banked by them during the period from May 1995 to March 2002 after the expiry of the stipulated period of seven and thirty days. During this period, 12,570 seconds were encashed after the expiry of the prescribed period by invoking the banking facility in 660 episodes of outside produced programmes telecast on the National Channel. The value of airtime worked out to Rs 2.31 crore at the Spot Buy Rate of Rs 15000 per 10 seconds during the period from May 1995 to March 2002, excepting the period from December 1996 to June2001 when Spot Buy Rate at Rs 20000 was applicable.

DD stated (October 2002) that as a normal practice it did not allow utilisation of the banking facility after expiry of the stipulated time limit but during 1996 due to World Cup Cricket Telecast extension of time limit was allowed as the producers could not utilise the banked FCT. It further stated that when it was felt that the producers could not utilise the banking facility due to the reasons attributed to DD and not due to producers, the facility was allowed to be utilised after the expiry of seven days. The Department's reply is not tenable as most of the programmes quoted in the reply are not of unforeseen nature and there was always enough time to plan and determine the dates for utilisation of banking facility instead of granting extensions later on. However, in the absence of any such effort and justification for granting extension to the producers on record, the reply has to be treated as an after-thought. Further, the department's contention that there was no scope of airtime sale in 'B' category is also not based on facts as no producer surrendered his banked FCT. Some producers, in fact, requested for grant of additional FCT.

Thus allowing banking facility on national channels against programmes telecast on DD International beyond the stipulated time limit of its utilisation resulted in a loss of Rs 2.31 crore to Doordarshan.

The matter was referred to the Ministry in September 2002; their reply was awaited as of December 2002.

5.3 Incorrect interpretation of commercial rates

Incorrect interpretation of commercial rates by Doordarshan Kendra, Kolkata, resulted in undue financial benefit of Rs 2.20 crore to sponsors.

(i) DD-1 and DD-Bangla are two separate channels under Doordarshan Kendra, Kolkata (DDK) with different tariff structures as laid down in the rate card approved by the Doordarshan Commercial Service. The rate card does not mention any consolidated rates for simultaneous telecast of the same sponsored serial in both the channels.

A 5-minute sponsored programme entitled 'Aajke' was telecast simultaneously on DD-1 and DD Bangla Channels for 334 days and on DD-Bangla for 28 days between 23 February 2000 and 24 March 2001. The programme was repeated for eight days on DD-1 and DD-Bangla simultaneously and for seven days on DD-Bangla in September 2000. According to the rate card, the sponsor was to be charged Rs 5000 and Rs 2500 per telecast and 50 *per cent* extra for repeat telecasts and allowed Free Commercial Time (FCT) of 90 seconds and 105 seconds per telecast on DD-1 and DD-Bangla channels respectively, on the basis of 15 minutes of programming. Doordarshan Kendra, Kolkata however, charged sponsorship fee and allowed FCT as detailed below:

Name of the channel	Sponsorship fee charged	FCT allowed
DD-1 and DD-Bangla (simultaneously)	Rs 5000	90+90 =180 seconds
DD-Bangla	Rs 2500	105 seconds
Repeat on DD-1 and DD-Bangla simultaneously	Rs 7500	90+90 =180 seconds
Repeat on DD-Bangla	Rs 2500	105 seconds

The rate card also provides for charging sponsorship fee and allowing FCT on a *pro rata* basis. It was seen that this right was not exercised. The money value of the FCT can be arrived at on the basis of "Spot Buy Rate" (SBR) which was Rs 5000 and Rs 3000 per 10 seconds on DD-1 and DD-Bangla respectively. From the foregoing it will be seen that DDK should have charged a reduced sponsorship fee of Rs 2500 for simultaneous telecasts on DD-1 and DD-Bangla; Rs 833 for telecast only on DD-Bangla; Rs 3750 for repeat telecasts on DD-1 and DD-Bangla simultaneously and Rs 1250 for repeat telecasts only on DD-Bangla. Similarly by exercising its right to apply *pro rata* rates it should have allowed only 30 seconds and 35 seconds of FCT per telecast on DD-1 and DD-Bangla respectively instead of allowing 90 seconds each for simultaneous telecast and 105 seconds for telecast only on DD-Bangla. The money value of the excess FCT allowed, as worked out on the basis detailed above, works out to Rs 166.38 lakh and after setting off the *pro rata* reduction of Rs 9.21 lakh on account of sponsorship fee, the undue benefit to the sponsor amounted to Rs 1.57 crore.

(ii) Rainbow Productions Private Limited sponsored a 30-minute programme entitled "Mukho Mukhi" on DD Bangla Channel during prime time with effect from 31 January 2000. The duration was reduced to 22 minutes from 30 October 2000. According to the rate card of Doordarshan, the sponsor was to be charged Rs 10000 per telecast and allowed Free Commercial Time (FCT) of 210 seconds per telecast, reduced to 180 seconds from the 16th December 2000 on the basis of 30 minutes of programming.

However, the rate card also provided for charging the sponsorship fee and allowing FCT on a *pro rata* basis. It was seen that this right was not exercised. The money value of the FCT can be arrived at on the basis of "Spot Buy Rate" (SBR) which was Rs 4500 per 10 seconds during prime time, reduced to Rs 2500 per 10 seconds with effect from the 16th December 2000.

Doordarshan Kendra, Kolkata, however charged sponsorship fee and allowed FCT as detailed below :

Period		No. of telecasts	FCT per telecast (in seconds)			Value of excess FCT per 10 seconds (Rs)	Total value of excess FCT (Rs in lakh)	Fee per telecast			Total excess telecast fee (Rs in lakh)
From	To		Due	Allowed	Excess			Due (Rs)	Charged (Rs)	Excess (Rs)	
30.10.00	15.12.00	47	154	210	56	4500	11.84	7333	10000	2667	1.25
16.12.00	30.06.02	559	132	180	48	2500	67.08	7333	10000	2667	14.91
							78.92				16.16

(Total net undue financial benefit Rs 78.92 lakh minus Rs 16.16 lakh=Rs 62.76 lakh).

Thus, failure of Dooordarshan to exercise its right to charge *pro rata* resulted in undue benefit of Rs 62.76 lakh to the sponsor.

The matter was referred to the Ministry in August 2002; their reply was awaited as of December 2002.

5.4 Undue benefit to a producer

Despite categorisation of three programmes relating to Elections of January-February 1998 as Super A, Doordarshan deviated from the norms and granted undue benefit of Rs 99.35 lakh to the producer of the programmes besides non-recovery of telecast fee and interest thereon amounting to Rs 59.79 lakh.

Three Election-related programmes ('Run-up to the Polls', 'Exit Poll' and 'Live discussion on Government Formation') were telecast on the National

Channel during January to March 1998. The programmes were placed in 'Super A' category. Scrutiny of the terms and conditions of telecast showed that the producer of these programmes, TV Live India Pvt. Ltd., was not charged in accordance with the rate card and significant concessions were made in granting FCT in excess of the standard norms. An analysis given below would show that DD gave undue benefit of Rs 99.35 lakh to the producer of the programmes by not following the rate card and by fixing the rates arbitrarily:

Loss in Commercial Time

Name of the Programme	FCT allowed per slot (in seconds)	FCT admissible per slot (in seconds)	Excess FCT allowed per slot (in seconds)	No. of slots telecast	Total FCT used in excess (in seconds)	Spot Buy Rate per 10 seconds (Rs.)	Value of excess FCT allowed (Rs. in lakh)
Run-up to the Polls	120	90	30	7	210	80000	16.80
Exit Poll	150	90	60	10	595	80000	47.60
Live Discussion on Govt. formation	150	90	60	9	540	80000	43.20
						Total	**107.60(A)**

Gain in Telecast fee (Rs. in lakh)

S. No.	Name of the Programme	Telecast fee charged per slot	Telecast fee due per slot as per Rate card	Difference Loss(-) Gain (+)	No. of slots telecast	Total Loss/Gain
1.	Run-up to the Polls	2.25	3.00	(-) 0.75	7	(-) 5.25
2.	Exit Poll	3.00	3.00	-	10	-
3.	Live discussion on Government formation	4.50	3.00	(+)1.50	9	(+)13.50
					Total	**(+) 8.25 (B)**

Net Loss= A-B = 107.60 (-) 8.25 = Rs 99.35 lakh

Further, out of the net amount of Rs 66.30 lakh recoverable as telecast fee for these three programmes, Rs 33.54 lakh only was realised leaving a balance of Rs 32.76 lakh still recoverable from the producer on which interest amounting to Rs 27.03 lakh calculated at the rate of 18 *per cent* also became leviable for the period from June 1998 to December 2002 (total Rs. 59.79 lakh).

The Department stated in July 2001 that the commercial terms deviating from the established norms were finalised keeping in view the high production cost of the programmes and that additional FCT was allowed in the case of news and current affairs programmes. The reply of the department is not tenable since firstly, the producer had at no point of time brought up the matter either for grant of any concession for high production cost or for grant of additional FCT and secondly, additional FCT in any case is granted to such news and current affairs programmes which are telecast daily, and not occasionally like the present programme.

The matter was referred to the Ministry in August 2001, their reply was awaited as of December 2002.

5.5 Avoidable additional expenditure on electricity charges

Failure by All India Radio to pursue effectively the question of conversion of a temporary electricity connection provided for Soochna Bhawan into a permanent one resulted in the issue remaining unresolved for over eleven years and in All India Radio having to accept an estimated additional liability of Rs 1.85 crore on account of consumption of electricity besides the payment of load violation charges aggregating to Rs 99.54 lakh.

Delhi Vidyut Board recovers charges for electricity supplied through temporary connections at twice the rates applicable in terms of its normal tariff. It is therefore incumbent upon the head of any government institution to either obtain *ab initio* a permanent electricity connection or convert a temporary connection into a permanent one as soon as possible so that excessive payments based on the tariff applicable for temporary connections are avoided.

The Civil Construction Wing of All India Radio had taken up the construction of Soochna Bhawan at Delhi in phases. In 1989, the Delhi Administration sanctioned a load of 327 kilowatts for providing a permanent electricity connection for the building. Pending its completion and issue of the completion certificate by the Municipal Corporation of Delhi, the then Delhi Electric Supply Undertaking (Delhi Vidyut Board) initially provided a temporary electricity connection of 50 kilowatts in March 1990 primarily for the testing of various equipment and to meet the power requirements during the construction phase.

On the Civil Construction Wing requesting the Delhi Electric Supply Undertaking in April 1990 to convert the temporary connection into a permanent one, the latter advised the former to make available the completion certificate from the Municipal Corporation, details of the shunt capacitor installed, fitness certificate in respect of the lifts installed in the building, etc. so that the formalities prescribed in this regard could be completed to facilitate the release of a permanent electricity connection.

Though these requirements were conveyed in April 1990 itself, it was only nearly four years later, in February 1994, that the Civil Construction Wing informed the Delhi Vidyut Board that the bye-laws of the Municipal Corporation did not provide for issue of a completion certificate for a building which was only under construction and requested that the requirement of submission of the completion certificate be waived. Apart from issuing periodical reminders thereafter, the question of waiver did not appear to have been pursued vigorously.

Finally, the Delhi Vidyut Board agreed to dispense with the requirement of the completion certificate in May 2000. While doing so, the Board, however, pointed out that other commercial formalities were still to be completed by All India Radio. It was only more than a year later in July 2001 that the Civil Construction Wing informed the Delhi Vidyut Board about the installation of the shunt capacitor and also furnished the fitness certificate in respect of the lifts installed in the building. Thereafter, the Vidyut Board agreed to treat the temporary connection as a permanent one with effect from 13 October 2001.

As a result, conversion of the temporary electricity connection into a permanent one was delayed for over eleven years. Based on the average monthly payment of Rs 2.76 lakh on account of electricity charges, the delay in converting the temporary connection into a permanent one resulted in an estimated additional expenditure of Rs 1.85 crore during the period from April 1996 to October 2001 alone, records in respect of which were available. The additional expenditure could at least have been minimised, if not altogether avoided, had the question of waiver of the requirement of submission of the completion certificate been pursued more assiduously and the other formalities, of which the Civil Construction Wing was aware in April 1990 itself, been completed earlier.

Further, whereas a temporary electricity connection of 50 kilowatts only was obtained, the actual consumption of electricity was, on an average, 200 kilowatts or more during the period from May 1997 to October 2001. Consequently, All India Radio had to bear an additional liability of Rs 99.54

lakh as load violation charges during this period for having exceeded the sanctioned load.

The matter was referred to the Ministry in September 2002; their reply was awaited as of December 2002.

5.6 Undue benefit to a sponsor

Grant of Free Commercial Time in excess of prescribed norms to a sponsor and arbitrary reduction of Spot Buy Rate by Doordarshan resulted in loss of Rs 94.92 lakh.

As per the Rate Card valid upto 14 November 1996, sponsorship fee for DD commissioned programmes to be telecast in 'Super A' category was Rs 2.40 lakh for half an hour programme with 60 seconds of FCT and SBR was Rs 70000 per 10 seconds. From 15 November 1996, the Rate Card was revised and the sponsorship fee of this category was raised to Rs 3 lakh with 80 seconds of FCT and SBR of Rs 80000 per 10 seconds. A commissioned programme "Aakhir Kaun" was allotted to M/s. United Television for telecast in the 'Super A' slot with effect from 28 August 1996 on sponsorship fee basis. It was noticed in audit that the sponsor was allowed FCT of 90 seconds upto 14 November 1996 (for 11 episodes) and 120 seconds from 15 November 1996 (for 14 episodes) without any justification on record, against admissible FCT of 60 seconds and 80 seconds respectively. This resulted in undue benefit of Rs 67.90 lakh to the sponsor.

On this being pointed out, Doordarshan stated (July 1999) that it could increase or decrease FCT in the commissioned programmes to lure sponsors to market DD programmes which were slotted at the last moment and made available for marketing at short notice. DD further contended (October 2002) that FCT had been increased in order to give some concession to the sponsor in the DD's revenue interests as it was not getting sponsors for the programme. DD also claimed that the Ministry was approached only when the rate card was being revised in its totality and that DG, DD was empowered to revise the rate structure on case to case basis. DD's reply is not tenable as none of the justifications mentioned therein were found on record. As a matter of fact the decision to grant higher FCT to the sponsors of "Akhir Kaun" was not approved by DG, DD at any stage. DD wrongly related the increase of FCT in the instant case with an unauthorised decision (May 1995) wherein

FCT for all the commissioned programmes was increased from 60 to 90 seconds without approval of the Ministry. In fact, any alteration of principle and/or general revision of rate card is beyond the competence of DD and requires approval by the Ministry.

Apart from granting higher FCT, the sponsor was also unduly benefited by a reduction in SBR from Rs 80000 to Rs 25000, interestingly at the sponsor's request without any justification. In this regard, DD in reply to audit query (July 2002), stated that the sponsor had been billed for 575 seconds against 545 seconds of additional commercial time at the rate of Rs 25000 per 10 seconds and evidently DD gained in the process. DD failed to note that gain on charging additional 30 seconds brought DD a paltry sum of Rs 75000 at the reduced rate, while DD had lost Rs 27.02 lakh in the transaction by allowing lower SBR to the sponsor in the first place.

DD applied the unauthorised revision in rate card and granted 90 seconds of FCT against 60 seconds without approval of the Ministry. Interestingly reduction of SBR and increase of FCT from 80 to 120 seconds were neither approved by DG, DD nor by the Ministry. Thus, by granting higher FCT and lower SBR DD benefitted the Sponsor to the extent of Rs 94.92 lakh by depriving itself of its legitimate income.

The matter was referred to the Ministry in August 2002; their reply was awaited as of December 2002.

5.7 Non-collection of fee and interest for the telecast of the Tamil Serial "Janani"

Failure of Prasar Bharati to ensure recovery of dues in respect of a sponsored serial in advance following a change in the sponsor's status, compounded by the failure to suspend telecast of the serial and to invoke promptly the bank guarantees resulted in accumulation of unpaid dues amounting to Rs 85.35 lakh.

Doordarshan Kendras of Prasar Bharati enter into contracts with various accredited and registered agencies for the telecast of sponsored programmes. Such programmes can be telecast either under the Minimum Guarantee System or based on advertising spots of 10 seconds each bought for the purpose (known as "Additional Spot Buy") by the agency concerned.

Under the Minimum Guarantee System, agencies sponsoring programmes guarantee the payment of a lumpsum amount for which they are entitled to free commercial time of a fixed duration. Further, agencies offering Spot Buys beyond the Free Commercial Time are also entitled to a concession in the amount payable at the rates prescribed in this regard. While the bills in respect of sponsored programmes are to be raised against the agencies concerned on a monthly basis after deducting the admissible agency commission of 15 *per cent,* the agencies are, however, entitled to a credit facility of 60 days from the Ist of the month following the date of telecast. The standard format of agreement with the accredited agencies also provides *inter alia* that the agencies shall lose their accreditation automatically if they fail to make payment of the monthly bills by the due date on more than three occasions in a year or within 60 days after the expiry of the credit period. The accredited agencies are also liable to pay interest at 18 *per cent per annum* on bills the payment of which are not made by them within the stipulated period.

Following the successful telecast by the Kolkata Doordarshan Kendra of the tele-serial "Janani", the sponsor of the serial (Channel Eight) approached the Chennai Kendra in May 1998 with an offer to provide a Tamil version of the serial with a Tamil cast, comprising 253 episodes in all, for being telecast by the Chennai Kendra under the Minimum Guarantee System. The Kendra approved the proposal in October 1998 and telecast of the serial commenced with effect from 18 October 1999

In terms of the agreement entered into between the Chennai Kendra and Channel Eight, the latter was to pay Rs 15000 as sponsorship/telecast fee for each episode and was to be entitled to a Free Commercial Time of 180 seconds. Besides, the sponsor also offered two Additional Spot Buys of 180 seconds each per episode in respect of the first 65 episodes. Payment in respect of the Additional Spot Buys was to be computed at the rate of Rs 10000 per 10 seconds. The sponsor was also extended a concession of 35 *per cent* on the amount payable towards the first Additional Spot Buy and of 50 *per cent* on the amount payable in respect of the second Additional Spot Buy.

The Chennai Kendra had raised the related bills every month after deducting the admissible agency commission. Channel Eight also settled all bills pertaining to the first 44 episodes regularly. However, the bill raised by the Kendra on 1 February 2000 pertaining to the 45th to 62nd episodes telecast in January 2000 and due to be paid by 31 March 2000 was settled only in August

2000. In the circumstances, the agency ought to have been treated as having automatically lost its accreditation status with effect from 31 May 2000 and asked to pay the fees due in advance treating it only as a registered one. The Kendra was also entitled to discontinue the telecast of all further episodes. This was, however, not done. Instead, the Kendra telecast all the 253 episodes and continued to raise the related bills as if the agency was still accredited.

The serial was telecast up to 2 January 2001. When the final episode was telecast, no payments had been made by Channel Eight beyond the 62^{nd} episode. The arrears of telecast fee and fees in respect of the Additional Spot Buys due from the agency had consequently accumulated to Rs 58.52 lakh. No action was, however, taken by the Kendra for the realisation of the dues or for invoking the five bank guarantees, aggregating to Rs 39 lakh, furnished by the agency. It was only in August 2001 that the Kendra issued a legal notice to the agency demanding payment of dues with interest to which there was no response. Efforts made by the Kendra to invoke the bank guarantees were also unsuccessful because the period of validity of these guarantees had expired in October 2000. In April 2002, the Kendra had requested the Doordarshan Directorate at Delhi to file a suit for the recovery of the outstanding dues since the Directorate had the jurisdiction in terms of the agreement with the agency. The interest due on the payments in default aggregated to Rs 26.83 lakh as of September 2002. No claim on this account was. however, included in the monthly bills raised after August 2000.

Failure of Prasar Bharati to ensure the recovery of the dues in advance from Channel Eight after the agency defaulted in payment of the bill raised in February 2000 by treating it only as a registered agency, compounded by the failure to suspend the telecast of further episodes and to invoke promptly the available bank guarantees resulted in accumulation of dues amounting to Rs 85.35 lakh as of September 2002. The recovery of these dues in the near future is only a remote possibility in the context of the decision to file a suit in a court of law, which would involve protracted litigation.

The matter was referred to the Ministry in November 2002; their reply was awaited as of December 2002.

5.8 Misplaced concessions

Concessions amounting to Rs 74.25 lakh granted to the producer of the programme "Paramvir Chakra" for donating the net proceeds of the programme to Army Jawans' Welfare Fund, were misplaced as Doordarshan failed to ensure compliance.

DD put on air from 14 July 1999 a 45 minute programme entitled "Paramvir Chakra" in the slot of 9.30 PM to 10.15 PM on Wednesdays on repeat telecast fee basis. The slot falls in "Super A" category and the telecast fee and FCT applicable for half an hour slot were Rs 4.50 lakh and 90 seconds respectively per episode. Therefore, proportionate telecast fee and FCT for the telecast of this programme were Rs 6.75 lakh and 135 seconds per episode.

As the producer of the programme agreed to donate the net proceeds of the programme to Army Jawans' Welfare Fund, DD charged telecast fee of only Rs 6 lakh and allowed FCT of 210 seconds for each episode. Thus the producer got a concession of Rs 6.75 lakh (Rs 0.75 lakh in telecast fee and Rs 6 lakh in additional FCT of 75 seconds i.e. 210-135 valued at Rs 80000 per 10 seconds) for each episode telecast; and the total concession for 11 episodes telecast amounted to Rs 74.25 lakh.

Audit observed that there was nothing on record to show that the proceeds of the programme were credited to the Army Jawans' Welfare Fund by the producer and DD also did not pursue the matter. On checking with Army Headquarters, it came out that there did not exist any fund by the name of "Army Jawans' Welfare Fund". However, a non-public fund entitled, "Army Central Welfare Fund" was being maintained there and no donations had been received in that fund from either the firm concerned or the individual. Thus the purpose of allowing concessions of Rs 74.25 lakh was misplaced and it resulted in undue benefit being extended to the producer.

The department stated in October 2002 that normal telecast fee instead of repeat telecast fee was charged and extra FCT allowed on the request of the producer on the plea that he would deposit the net proceeds from the serial to the Welfare Fund. The department further stated that since the producer could not utilise full amount of FCT allowed to him, he could not generate additional revenue. The reply of the department is not tenable firstly because the concessions were allowed on the suggestion of DD for raising extra income for the fund and not at the request of the producer as claimed by DD.

Secondly, the gross revenue generated by the producer from the sale of 1495 seconds works out to Rs 119.60 lakh (net Rs 101.66 lakh) at Rs 80000 per 10 seconds and after payment of net sponsorship fee of Rs 56.10 lakh to DD, the producer was required to deposit, as agreed to by him, the net balance revenue of Rs 45.56 lakh into the Army Jawans' Welfare Fund which he did not. Thirdly, though the agency could utilise only 1495 seconds against the excessively allowed FCT of 2310 seconds, in the absence of any record relating to banking of FCT, the possibility of utilisation of banked FCT with any other programme could not be ruled out. Further, as the unutilised FCT of 815 seconds was booked against the producer, DD could not let any other agency market the same and deprived itself of the prospective revenue of Rs 65.20 lakh.

5.9 Infructuous expenditure attributable to non-adherence to warranty conditions

Failure of the Ranchi and Allepey Stations of All India Radio to adhere to the stipulated warranty conditions resulted in expenditure of Rs 16.79 lakh incurred on procurement of two transmitting tubes being rendered entirely infructuous.

The Station Engineer (Central Stores), All India Radio, procured two transmitting tubes at a total cost of Rs 17.67 lakh from Bharat Electronics Limited, which were supplied directly to the Radio Stations at Ranchi and Allepey.

The transmitting tube (cost: Rs 9.77 lakh) supplied to the Ranchi station on 29 April 1995 was guaranteed for 5000 hours of heater filament operation or 24 months from the date of despatch, whichever was earlier. However, if the tube failed within the first 500 hours of operation, the purchase price was to be fully reimbursed or the tube replaced free of cost. The tube failed on 16 July 1995 after having been used for 40 hours only. A claim for its free replacement was therefore lodged with Bharat Electronics Limited on 19 July 1995. However, the tube was actually sent to the supplier for investigation only on 8 January 2001, more than five years later. It appeared that the delay was attributable to the tube having been misplaced by the Station. In February 2001, Bharat Electronics Limited rejected the claim on the ground that it had become time barred in accordance with the terms and conditions governing warranty.

The second tube (cost: Rs 7.90 lakh) was received in the Allepey Station on 30 September 1995. One of the conditions of warranty was that its filament current must be checked by taking it into circuit and any damage or abnormalities in the filament current should be intimated within seven days of its receipt. The prescribed check was, however, carried out only on 9 March 1998, more than two years later when even the warranty period of 24 months had expired. Since the tube failed during this initial acceptance test, the Station preferred a claim on the supplier in April 1998. Bharat Electronics Limited rejected this claim also in May 1998 because the conditions of warranty had not been adhered to.

On these two instances of avoidable delay being pointed out in audit, the Station Engineer (Central Stores) took up the claims afresh with Bharat Electronics Limited. The claims were, however not accepted by the latter in August 2002 on the grounds mentioned by them earlier.

That a tube costing as much as Rs 9.77 lakh should have been misplaced by the Ranchi Station and even the initial acceptance test of the second tube costing Rs 7.90 lakh should have been conducted only after expiry of the warranty period by the Allepey Station would indicate that the question of rectification of the defects or free replacement of the tubes was not pursued with a sense of urgency and seriousness. In the result, the expenditure of Rs 16.79 lakh (excluding five *per cent* payment withheld by the Central Stores) incurred on their procurement had been rendered entirely infructuous.

The matter was referred to the Ministry in July 2002. While their reply was awaited as of December 2002, the Station Engineer (Central Stores) stated (September 2002) that the matter was being investigated.

5.10 Industrial Power used for domestic consumption

Diversion of industrial power for domestic consumption resulted in domestic consumers being subsidised to the extent of Rs 13.08 lakh.

The Superintending Engineer (SE), High Power Transmitter (HPT), Kingsway Camp, Delhi, has been purchasing electricity in bulk from the Delhi Vidyut Board (DVB) at the prevailing industrial rate, which ranged between Rs 2.40 per unit in April 1997 and Rs 3.40 per unit in March 2002, for running of transmitters and relay of programmes. Out of this industrial supply, electricity was being supplied at domestic rate to 89 staff quarters. The cost of electricity domestically consumed but paid for at the higher industrial rate including fuel adjustment charges, worked out to Rs 20.06 lakh between April 1997 and March 2002. As against this, an amount of Rs 6.98 lakh only was recovered by the SE at domestic rates, from the occupants of the quarters.

The SE, HPT had not obtained separate connections for domestic consumers as of September 2002. Had appropriate steps been taken to provide electricity to the staff through such individual connections as should normally have been done, the additional expenditure of Rs 13.08 lakh in the form of subsidy could have been avoided.

The Ministry stated in October 2002 that the quarters were now over 60 years old and their wiring was in dilapidated condition which required an expenditure of approximately Rs 25 lakh on rewiring. It further stated that separate domestic connections would have entailed expenditure of approximately Rs 24.30 lakh on additional demand charges for the period of five years under observation. The reply is not tenable since firstly, repair of the dilapidated wiring was even otherwise essential and could not be set off against the avoidable expenditure under observation and secondly, additional demand charges work out to Rs 0.24 lakh only and not Rs 24.30 lakh as stated by the Ministry.

5.11 Payment to Casual Artists: non-recovery of tax at source

Failure on the part of the Central Production Centre of Doordarshan to adhere to the legal provision relating to deduction of tax at source resulted in non-recovery of Income Tax amounting to Rs 11.65 lakh from Casual Artists.

In terms of Section 194-J of the Income Tax Act, 1961, any person, not being an individual or a Hindu Undivided Family, who is responsible for paying to a resident any sum by way of fees for professional services shall, at the time of credit of such sum to the account of the payee or at the time of payment thereof in cash or by issue of cheque or draft or by any other mode, whichever is earlier, deduct an amount equal to five *per cent* of such sum as income tax. Such deduction is, however, not to be made if the amount so paid during a financial year does not exceed twenty thousand rupees.

Contrary to the unambiguous legal provisions, the Director, Central Production Centre, Doordarshan, failed to deduct income tax at the prescribed rate from 307 casual artists during the three year period from 1996-97 to 1998-99 notwithstanding the fact that they were paid fees for professional services in excess of Rs 20000 in the aggregate, during each financial year. This resulted in non-recovery of income tax aggregating to Rs 9.03 lakh.

Further, whereas the Centre deducted income tax at source from the fees paid to 237 casual artists during 1999-2000 and 2000-01, this was done after deducting the first Rs 20000. This was incorrect because the relevant Section of the Act does not envisage such deduction and exemption from deduction of tax at source is applicable only in cases where the payment in any financial year does not exceed Rs 20000. This mistake resulted in less deduction of income tax at source to the extent of Rs 2.62 lakh.

Non-adherence to the clear and unambiguous legal provisions thus resulted in income tax aggregating to Rs 11.65 lakh not being deducted at source.

The matter was referred to the Ministry in November 2002; their reply was awaited as of December 2002.

CHAPTER VI : MINISTRY OF LABOUR

Employees' Provident Fund Organisation

6 Irregularities in disposal of seized assets

Though a revival package to enable a Government Company to settle its dues to the Employees' Provident Fund Organisation was under active consideraton of Government and the Central Provident Fund Commissioner had also specifically directed that the Company may be permitted to settle its dues after approval of the revival package, the Regional Provident Fund Commissioner at Kolkata acted with undue haste in auctioning three serviceable vessels of the Company based on the valuation of a local auctioneer. This resulted in realisations at much lower than their real market value and was not in the financial interests of the Government, employees or the Company, giving rise to serious doubts about the bonafides of the transaction.

In terms of the provisions contained in the Employees' Provident Fund Scheme, 1952, the Employees' Provident Fund Organisation had permitted the Central Inland Water Transport Corporation Limited, a Government Company under the administrative control of the Ministry of Shipping, to administer its own Provident Fund Scheme for its employees. This dispensation was, however, withdrawn in July 1999 on account of the Company's failure to remit the Employees' Provident Fund Organisation contributions aggregating to Rs 5.74 crore recovered from its employees, to reconstitute the Board of Trustees of the Fund on expiry of the term of the earlier Board and its other acts of omission and of commission.

In consideration, however, of the fact that the Company had been declared a sick unit in the mean time and that a revival package was under the consideration of Government, it was permitted to liquidate the arrears of Provident Fund contributions and allied dues in monthly instalments of Rs 15 lakh each. The Company was unable to adhere even to this payment schedule in the absence of any budgetary support from the Government. At the instance of the Ministry of Shipping, the Headquarters office of the Employees' Provident Fund Organisation at New Delhi, therefore, directed its Regional Office at Kolkata in May 2000 to permit the Company to settle its dues after the revival package was approved by the Government.

This specific directive notwithstanding, the Regional Office attached the movable and immovable properties of the Company in February 2001. Though a revival package providing for payment of Rs 6.50 crore to the Employees' Provident Fund Organisation was also approved by the Government subsequently in June 2001, the Regional Office nevertheless decided to auction three vessels of the Company in June 2001 in order to recover part of the dues.

The Regional Office fixed a reserve price of Rs 16.50 lakh for these vessels based on the valuation provided by a local auctioneer who had based his assessment merely on visual inspection of the vessels. The basis on which the auctioneer was selected was, however, not ascertainable from the records of the Regional Office. The Company objected to the reserve price on the ground that the vessels had completed only half their prescribed operational life and were therefore fit for being effectively utilised for another 14 to 15 years and that the vessels had therefore been grossly undervalued.

Pointing out that certain prospective buyers who were ship-owners themselves or were engaged in the hotel industry had already evinced interest in buying the vessels with the objective of operating the vessels either for the transportation of cargo or the establishment of a floating hotel, the Company requested the Regional Office in August 2001 to revise the reserve price to Rs 176 lakh based on their serviceability and market value. The company even offered to buy the three vessels on payment of the reserve price of Rs 16.50 lakh as notified by the Regional Office.

Initially, the Regional Office agreed to defer the auction of the vessels and asked the Metal Scrap Trading Corporation (MSTC) Limited, another public sector undertaking, to value these vessels. In response, MSTC Limited informed the Regional Office in September 2001 that the high power disposal committee of the Central Inland Water Transport Corporation Limited had already determined the floor prices of the vessels that were to be disposed of and a further valuation of the vessels was consequently not necessary. Instead, MSTC Limited offered to dispose of the three vessels on behalf of the Regional Office through open tender or public auction.

Instead of accepting this offer and ignoring the valuation determined by the high power disposal committee, the Regional Office proceeded with the auction of the three vessels based on the significantly lower reserve price of Rs 16.50 lakh. The vessels were sold to a private firm which was the highest bidder in the auction for a total price of Rs 21 lakh in October 2001, though the Central Inland Water Transport Corporation Limited had also offered to buy these vessels on payment of a Rupee more than the highest bid of Rs 21 lakh received in the auction. However, only two of the vessels had been handed over to the successful bidder as of June 2002; the third vessel had not been delivered till then because of a dispute that had arisen between the buyer, the Company and the Regional Office in regard to the incidence of sales tax liability.

Audit scrutiny revealed that the Regional Office decided not to engage the services of MSTC Limited for disposal of the vessels on the somewhat tenuous ground that this would not be in conformity with the provisions of the Act (The Employees' Provident Fund and Miscellaneous Provisions Act, 1952). However, the Act only specifies that properties that are attached for recovery of dues shall be disposed of by public auction and it does not prohibit an outside agency being engaged for the purpose. In view of the fact that MSTC Limited had also offered to dispose of the three vessels on behalf of the Regional Office through public auction and that it had also accepted the floor prices determined by the high power disposal committee of the Central Inland Water Transport Corporation Limited, its association with the auction could conceivably have resulted in realisation of a higher price for the vessels. This would have ensured (i) realisation of higher sale proceeds by the Employees Provident Fund Organisation (ii) liquidation of the liabilities of the Central Inland Water Transport Corporation Limited to a greater extent; and (iii) earlier settlement of the employees' provident fund dues utilising the higher sale proceeds.

The haste with which the Regional Office attached the properties of the Company ignoring the specific directive of its Headquarters Office at New Delhi, accepted the valuation of a local auctioneer in preference to that of the high power disposal committee and decided not to accept the offer of MSTC Limited as well as that of the aggrieved Company raises serious doubts about the bonafides of the entire transaction, which was not in the financial interests of the Government, employees or the Company. It was only in September 2002 that the Regional Provident Fund Commissioner informed the Central Provident Fund Commissioner at New Delhi of the developments relating to the recovery of the Company's dues. Significantly enough, the Company had also liquidated its entire liabilities on this account on approval of the revival package by the Government.

The matter was referred to the Ministry in September 2002; their reply was awaited as of December 2002.

CHAPTER VII : MINISTRY OF SHIPPING

Chennai Port Trust

7.1 Non-recovery of charges for dredging from licensees

Failure of Chennai Port Trust to either stipulate specifically the rate at which the charges for deterioration of the depth attributable to the spilling of cargo handled in two berths leased to two licensees would be recovered from them or to evolve an appropriate methodology for determination of these charges resulted in non-recovery of the necessary charges as envisaged in the relevant agreements to the detriment of its financial interests.

In February 1998 and March 1998, the Chennai Port Trust agreed to lease two berths (JDV and JDI) in Jawahar Docks respectively to a company[1] and a partnership firm[2] for a period of 20 years. The agreements with the licensees provided, *inter alia,* the following:

(a) The licensees shall pay, in advance at the commencement of each year, a maintenance dredging charge at the estimated rate of Rs 11 lakh *per annum*, the charge on this account being subject to escalation at the rate of 10 *per cent* compounded annually[3].

(b) For deterioration of the depth due to spillage of cargo handled in the berths, necessary charges shall be recovered from the licensees for carrying out the necessary dredging to maintain the required draft[4].

(c) Whenever the berths are not utilised by the vessels of the licensees, they shall be utilised by the Board of Trustees as deemed fit and any idle period due to non-occupancy of the licensees' vessels may be utilized by the Board for accommodating vessels other than those of the licensees[5].

According to the information furnished to Audit by the Hydrographic Division of the Port's Civil Engineering Department, which was responsible for

[1] ACT India Limited
[2] Ege-Seramic (Malaysia) & T Arumaidurai, Chennai
[3] Article III (g)
[4] Article III (o) (11)
[5] Article III (d)

monitoring the scheduled depts in the channels, docks, berths, etc., the Port's dredger "Pride" was deployed on 13 occasions between July 1998 and March 2001 for dredging a quantity of 25,175 cubic metres at JDI leased to the partnership firm. Similarly, the dredger was also deployed on nine occasions during the same period for dredging a quantity of 18,150 cubic metres at JDV leased to the other Company. The dredging was stated to have been necessitated on account of heavy spillage of coal handled by the licensees at these two berths.

Scrutiny in audit of the records relating to the recovery of various charges from the licensees, however, revealed that the necessary charges had not been recovered from the two licensees as specifically stipulated in Article III (o) (11) of the agreements and that the annual maintenance dredging charges envisaged in Article III (g) alone had instead been recovered from them.

The rate at which the charges for deterioration of the depth attributable to the spilling of cargo handled in the berths were to be recovered from the two licensees not having been specified in the agreements, it had not been possible in audit to compute the revenue foregone by the Port Trust on this account. However, based on the proportionate quantity of coal handled by the vessels of the two licensees in relation to that handled by other vessels and the unit rate prescribed in respect of the dredger deployed for the purpose, this would work out to Rs 106.20 lakh.

On the omission being pointed out, the Port Trust stated (October 2001 and April 2002) that, while it was mandatory for it to maintain the requisite draft, the quantum of cargo spillage attributable solely to the licensees could not be quantified because the berths were also utilised by vessels other than those of the licensees. The Port Trust added that the annual maintenance charges stipulated in the agreements would be adequate to take care of all dues owing from the licensees who had also taken adequate measures to avoid spilling of cargo and to retrieve such spilt cargo when necessary.

While generally endorsing the views expressed by the Port Trust, the Ministry stated (July 2002) that Article III (o) (11) dealing with deterioration in the depth due to spillage of cargo was incorporated in the agreements only for emphasizing that the dredging maintenance charges stipulated in Article III (g) were to be paid by the licensees and that no other charges were to be collected on account of dredging because the spillage in a particular berth could not be identified with any particular vessel or user.

However, in terms of Article III (g) of the agreements, the licensees would, in any case, have been liable to pay the applicable charges for the maintenance dredging necessitated by siltation, which, according to the Hydrographic Division of the Port Trust itself, would normally arise only once in two years. These charges cannot obviously be considered adequate compensation for the dredging operations undertaken due to the spilling of coal on as many as 13 occasions in respect of JDI and on nine occasions in respect of JDV within a span of 33 months. If, as stated, the intention was not to recover any additional charges on this account, there was no rationale for incorporating an additional clause for the purpose in the agreements. Therefore, the only logical interpretation of Article III (o) (11) would be that the intention, indeed, was to recover additional charges for any dredging occasioned by the spilling of cargo and that this was, in fact, a conscious additional safeguard incorporated in the agreements to facilitate recovery of the cost of interim dredging operations over and above the normal maintenance dredging.

Further, it had been specifically agreed that any idle period due to non-occupancy of the berths by the licensees vessels could be utilised by the Board of Trustees for accommodating other vessels. In the circumstances, the Port Trust should have adequately safeguarded its financial interests in terms of the agreements by stipulating specifically the rate at which the charges for deterioration of the depth attributable to the spilling of cargo handled in the berths would be recovered from the two licensees or, in the alternative, by evolving an appropriate and mutually agreed upon methodology for their determination.

Cochin Port Trust

7.2 Infructuous expenditure on pre-monsoon dredging

Pre-monsoon dredging costing Rs 9.99 crore taken up by Cochin Port Trust to assess the behaviour of the channels without ascertaining its necessity proved to be futile.

Cochin Port Trust carries out regular post-monsoon maintenance dredging of channels for a period of nearly three months, commencing from September each year. In June 1998, the Port Trust invited global tenders for post-monsoon maintenance dredging during the years 1998-99 and 1999-2000 and accepted the lowest offer of Rs 29.91 crore for each year of M/s Van Oord

ACZ. The agreement with the firm also provided for undertaking pre-monsoon dredging to maintain the depth as close to the design draft as possible at the same rate. On completion of the post-monsoon dredging undertaken during September 1998 to January 1999, the Chief Engineer (CE) of the Port Trust asked the firm to commence pre-monsoon dredging with effect from 29 January 1999. The proposal for the pre-monsoon dredging was placed before the Board on 4 June 1999 after the commencement of the work. The firm completed the work in July 1999 at a cost of Rs 9.99 crore. In September 1999, the firm commenced the regular post-monsoon dredging for 1999-2000 also.

Audit scrutiny revealed that the pre-monsoon operation involving expenditure of Rs 9.99 crore by the Port Trust was a futile experiment due to the following:

(i) Pre-monsoon dredging was not attempted at any time earlier or even later in the history of the Port Trust. Though it was taken up on an experimental basis to assess the behaviour of the channels, the Port Trust did not conduct preparatory work to ascertain the probability of its success. It was done in haste without awaiting the prior approval of the Board of Trustees.

(ii) According to the CE, the draft available in the channel after monsoon period was one metre deeper than the draft during the corresponding period in previous years. The drafts available on 25 May 1999, i.e. before dredging, at Mattancherry and Ernakulam channels were 9.20 metre and 10.50 metre whereas those available on 31 July 1999, i.e. after dredging, were 8.50 metre and 10.60 metre respectively. This would show that the draft available at Ernakulam channel remained the same and that of Mattancherry channel decreased after pre-monsoon dredging. The contention of the CE was, therefore, not correct.

The matter was referred to the Ministry in July 2002; their reply was awaited as of December 2002.

Kolkata Port Trust

7.3 Infructuous expenditure

Failure to phase out an anchor vessel resulted in infructuous expenditure of Rs 2.91 crore.

The anchor vessel Bheem, of the Kolkata Port Trust, more than 30 years old, was prone to frequent breakdowns. In view of its high operational and maintenance cost attributable to the deployment of excessive manpower and obsolete machinery, the Chairman of the Port Trust directed in July 1993 that the vessel be phased out.

Instead of initiating action for condemnation and disposal of the vessel already past its economic life, the Port Trust laid it up for survey repairs in November 1994. But repairs were not undertaken because these were found to be not economically viable. By March 1999, the condition of the vessel became alarming due to accumulation of water inside the vessel. Thus, the vessel could neither be repaired and made operational since 1994 nor was it phased out as directed by the Chairman of the Port Trust.

The vessel was finally condemned in October 2000. The tender for sale of the vessel was opened in November 2001. The offer of Rs 20.20 lakh was accepted by the Port Trust on 18 January 2002 and acceptance was conveyed to the buyer on 19 January 2002 stipulating the last date of payment as 12 February 2002. Meanwhile, the vessel sank at the Kidderpore Docks on 22 January 2002 owing to continuous accumulation of water. The buyer did not make payment within the stipulated period. Since the Port Trust did not have the necessary infrastructure for salvaging the vessel, it remained submerged (October 2002) and the sale value of Rs 20.20 lakh was not realised.

It was seen in audit that during the period from November 1994 to March 2002 the Port Trust incurred expenditure aggregating to Rs 2.91 crore on the salary of the crewmembers, stores, fringe benefits and general expenses for maintenance of the vessel though it remained idle all along.

Thus inordinate delay in phasing out the anchor vessel resulted in infructuous expenditure of Rs 2.91 crore.

Kolkata Port Trust stated (September 2002) that although the Chairman of the Port Trust directed phasing out of the anchor vessel in the year 1993, there were still considerable activities under the Mooring section and the vessel was placed for in-house repairs at the end of 1994 on expiry of her survey certificate. But due to non-availability of a dry dock slot in course of her waiting it was decided on a further review to condemn the vessel finally in October 2000.

The phasing out of the vessel was considered in view of her economic non-viability and the delay in condemnation resulted in considerable avoidable expenditure.

The matter was referred to the Ministry in July 2002; their reply was awaited as of October 2002.

7.4 Wasteful expenditure

Kolkata Port Trust failed to take effective steps for utilising the cranes in operations and this resulted in wasteful expenditure of Rs 1.85 crore.

In order to equip the docks with an adequate number of modern cranes, Kolkata Port Trust procured six 3-tonne capacity Electric Level Luffing wharf cranes at a cost of Rs 1.85 crore in March 1985. The cranes were commissioned at Kidderpore Docks 27, 28 and 29 during 1986-87. The economic life of the cranes was estimated as 20 years.

It was seen in audit that inspite of operational requirement the cranes were not put to use due to some inherent defects. Although the matter was taken up with the supplier during the guarantee period, the defects were not rectified for reasons not on record and the cranes remained unutilised. In November 1993 the Port Trust administration enquired from the user department (the Traffic Department) about the reasons for non-functioning of the cranes and directed them to book the cranes for traffic operation. The cranes were accordingly requisitioned by the user department for operations between December 1993 and April 1994 but on no occasion were the cranes made available as they were out of commission. Consequently, the user department discontinued booking of the cranes from May 1994. In June 1994 the cranes were considered surplus to requirement and proposed for disposal. The cranes were, however, not disposed of (October 2002).

In September 1997, at the instance of the Ministry, the Chairman of the Port Trust directed that the scope of their utilisation at other ports/berth be examined. Accordingly the matter was taken up (March 1998) with the manufacturer for revamping/modification/repairing and recommissioning of the cranes apart from increasing the capacity of the cranes. The capacity of the cranes was not increased by the manufacturer nor were the cranes revamped at any point of time. In October 2001 the condemnation committee proposed for disposal of all the cranes. The cranes were thus condemned in February 2002. The Port Trust thereafter enquired (August 2002) about the requirement of the cranes at other ports and sought their confirmation by 15 September 2002. Only Tuticorin Port Trust indicated within the stipulated time that their port did not require such cranes. The cranes were yet to be finally disposed of (October 2002).

Thus the failure of the Port Trust to take effective steps for utilising the cranes in operations resulted in wasteful expenditure of Rs 1.85 crore.

The Port Trust stated (September 2002) that efforts were made on several occasions to utilise the cranes for port operations but failed due to some inherent defects in the cranes. The Port Trust failed to take effective steps to get the defects rectified by the manufacturer within the guarantee period or even subsequently and utilise the cranes gainfully.

The matter was referred to the Ministry in August 2002; their reply was awaited as of December 2002.

7.5 Infructuous investment on establishment of a maritime museum

Acquisition by the Port Trust of a vessel that was not structurally sound for establishing a prestigious floating maritime museum conceived as a gift to the city of Kolkata and its conversion in an unregistered condition and without carrying out the essential survey repairs would not appear to have been prudent. Resultantly, the museum itself had to be dismantled and the vessel disposed of and investments aggregating to Rs 50.48 lakh were rendered largely infructuous.

Based on the approval accorded by the Ministry of Shipping to its proposal to establish a Maritime Museum and Training Centre, the Kolkata Port Trust acquired a paddle steamer "P.L. Ganga" from the Central Inland Water Transport Corporation Limited in November 1991 at a cost of Rs 27.30 lakh (inclusive of sales tax of Rs 2.30 lakh). It was recognised at the time of procurement of the vessel that it would need to be dry docked to facilitate essential repairs to the hull prior to its conversion into a museum.

Ultrasonic thickness tests conducted during August 1992 revealed that there was an alarming reduction at various places in the thickness of the hull plates that would be submerged under water. However, the necessary repairs to the hull plates were not carried out after dry docking the vessel while it was being converted into a museum. The vessel's survey certificate also expired in August 1993 which was not renewed in the absence of the necessary survey repairs. Consequently, the vessel remained unregistered.

Nevertheless, the conversion of the vessel to serve the purpose of a museum and training centre was completed in the mean time along with certain minor repairs and its beautification at a total cost of Rs 40.42 lakh. The museum was also opened to the public in August 1993 after mooring the vessel at the Man-o-War Jetty in the river.

The museum was, however, closed in February 1994 so as to avoid the risk of keeping an unregistered vessel open to the public in the river and the vessel was shifted inside the dock. Though the condition of the underwater hull plates continued to be alarming and a cause for concern, the necessary repairs after dry docking the vessel were not carried out even thereafter. Instead, the vessel was placed at the Kidderpore Dock and the museum was again opened to the public in February 1995 after regulating, for safety reasons, the number of visitors to be allowed on board at a time and restricting the duration of their stay. It was finally closed to visitors from September 1998 because the vessel had sprung leaks.

Whereas as many as 6822 persons on an average had visited the museum every month during the initial period of seven months when the vessel was moored in the river at the Man-o-War Jetty, the average number of visitors dwindled to a mere 121 per month during the subsequent period of 43 months when the vessel had been berthed at the Kidderpore Dock, which was a restricted area, entry to which had to be regulated by the issue of special permits. This would indicate that the museum was virtually non-functional during the latter period.

In consideration of the fact that the vessel was very old and unsafe and that repairs would also be uneconomical, the Port Trust decided in March 1999 to transfer all the exhibits on board the vessel to the Science City Complex and to establish the maritime museum in that complex on one-time payment of grant-in-aid of Rs 75 lakh to the Science City authorities. Accordingly, the floating museum was dismantled and the exhibits were transferred to the Science City Complex in December 1999. The vessel was also disposed of in January 2002 resulting in a realization of Rs 44 lakh to the Port Trust.

As against expenditure aggregating to Rs 96.35 lakh incurred on the acquisition of the vessel (Rs 27.30 lakh), its conversion (Rs 40.42 lakh) and on maintenance of the museum and of the vessel till its disposal in January 2002 (Rs 28.63 lakh), the revenue realized from visitors to the museum amounted to Rs 0.94 lakh only.

While admitting that the survey repairs to the vessel were not carried out and had become overdue since August 1993, the Port Trust stated (September 2002) that these had not been undertaken because of the large financial implications to the extent of Rs 50 lakh involved in such repairs and that the vessel was nevertheless maintained in a state of reasonable safety for the interest of the visiting public. The Port Trust added that the maritime museum, which was a unique one of its kind, was a gift from the Trust to the city of Kolkata and was not established merely to earn revenue.

It is not denied that the objective of establishing the museum was a laudable one and that the intention was not to earn revenue. However, having conceived the project as a prestigious one, and having been aware of the critical structural condition of the vessel even at the time of its acquisition, its conversion into a museum in an unregistered condition and without carrying out the essential survey repairs would not appear to have been prudent. It would appear *prima facie* that the suitability of the vessel for the intended purpose was not established adequately before arriving at decisions in regard to its acquisition and conversion. In the result, the prestigious floating museum, which was conceived as a gift to the city, had to be dismantled and the vessel disposed of and the net investments aggregating to Rs 50.48 lakh were rendered largely infructuous in the final analysis.

The matter was referred to the Ministry in November 2002; their reply was awaited as of December 2002.

Kandla Port Trust

7.6 Short recovery of compensation for delay in completion

Erroneous interpretation, by the Port Trust, of the terms of a contract relating to levy of compensation for delay in completion, in all respects, of the Eighth Cargo Berth resulted in short recovery of Rs 1.90 crore and in the contractor deriving an unintended benefit.

In December 1996, the Kandla Port Trust entrusted the construction of the Eighth Cargo Berth in the Port to AFCONS Infrastructure Limited at the tendered cost of Rs 40.98 crore. The work was stipulated to be completed by 16 February 1999.

The agreement concluded for the purpose provided *inter alia* that the Conditions of Contract stipulated in the tender documents and the correspondence exchanged before the issue of the letter of acceptance by which the Conditions of Contract are amended, varied or modified in any manner shall be deemed to form and be read and construed as part of the agreement.

The Conditions of Contract initially forming part of the tender documents provided *inter alia* that, while the work shall be proceeded with due diligence throughout the stipulated period of the contract, the contractor shall pay as compensation an amount equal to one *per cent* of the "amount of the contract value of the work" for every week that the work remains incomplete and is not handed over, provided that the total amount of compensation payable in terms of this clause shall not exceed 10 *per cent* of the "contract value". This clause was, however, modified by means of a letter issued to all the intending tenderers in March 1996 to provide that the compensation for delay in completion of the work beyond the stipulated date of completion or such extended period, as the case may be, shall be recovered at the rate of one-fourth *per cent* of the "value of contract' per week, subject to a maximum of five *per cent* of the "contract value". This condition was accepted by AFCONS Infrastructure Limited in March 1996.

The work was completed in all respects only on 16 November 1999 as against the stipulated date of 16 February 1999. The completion schedule was, however, extended by two months without levy of any compensation after taking into account the delay caused by a cyclone in June 1998 which was not attributable to the contractor. Compensation for the belated completion of the work was consequently recoverable for the period from 17 April to 16 November 1999. Instead of computing the liability with reference to the total value of the contract (Rs 40.98 crore), this was incorrectly computed only with reference to the value of the work remaining incomplete after 16 April 1999. In the result, as against Rs 3.18 crore restricted to the maximum amount of Rs 2.05 crore (five *per cent* of the "contract value") recoverable on this account, the Port Trust recovered a sum of Rs 0.15 crore only from the contractor, leading to short recovery of Rs 1.90 crore.

The Port Trust stated (May 2001) as follows:

- According to the General Conditions of Tender and the clarifications given during the pre-bid meeting, the contractor was required to pay as compensation an amount equal to one-fourth *per cent* of the contract value of every week that the work remains incomplete and not handed over, subject to a maximum of five *per cent* of the contract value.

- Levy of compensation for delay was within the powers of the Chief Engineer, while the Chairman of the Port Trust was competent to waive or reduce the total amount of compensation.

- The value of work remaining incomplete as on 16 April 1999 worked out to Rs 1.94 crore and compensation at the rate of one-fourth *per cent* on this amount per week, equivalent to Rs 15.03 lakh was imposed on the contractor in terms of the relevant clause relating to compensation for delay.

The reply is, however, not acceptable, in view of the following :

- The General Conditions of Contract as modified by the clarification of March 1996, which has also been referred to in the reply, stipulated clearly that the compensation shall be determined not with reference to the value of the work remaining incomplete after the stipulated or extended period but only with reference to the "contract value". This has also been admitted by the Port Trust.

- Though the Chief Engineer had recommended extension of the completion schedule up to 16 November 1999 without levy of any compensation, this was not approved by the Chairman in April 1999 on the ground that the delay in completion of the work was significant and was primarily attributable to the contractor. The Chief Engineer was therefore asked to suggest the quantum of penalty.

- In November 1999, the Chief Engineer decided, in exercise of delegated powers, to regularise the extension granted up to 16 November 1999 without levy of compensation. This decision was, however, overruled by the Chairman on the ground that powers for levy of compensation for delay were delegated to the Chief Engineer only subsequently and that these were not applicable in the present case.

The Chief Engineer was, therefore, asked again to suggest the quantum of compensation.

- Accordingly, levy of compensation of Rs 13.99 lakh only was proposed by the Chief Engineer.
- While the relevant provisions of the agreement read with the modified General Conditions of Contract for the purpose of determining the quantum of compensation were cited correctly by the Financial Adviser and Chief Accounts Officer of the Port Trust, he, however, erroneously computed the amount due on this account as Rs 15.03 lakh, not with reference to the total contract value, as it ought to have been done, but only on the basis of the value of the work remaining incomplete (Rs 1.94 crore) as on 16 April 1999.

Thus, the erroneous interpretation of the terms of the contract resulted in the contractor deriving an unintended benefit of Rs 1.90 crore.

The matter was referred to the Ministry in April 2002; their reply was awaited as of December 2002.

Mormugao Port Trust

7.7 Loss due to under utilisation of Reach stacker

A hired Reach stacker was under-utilised during the years 1997-98 to 2001-02 resulting in loss of Rs 2.26 crore.

The Mormugao Port Trust (MPT) entered into an agreement for hiring one Reach stacker on 'BOOT (Build, Own, Operate Transfer) basis for a period of

10 years with M/s ABG Heavy Industries Limited. Under the terms of contract, the Port was to pay Rs 60.39 lakh *per annum* as hire charges in addition to actual fuel charges @ 18 litres per hour of use. The Reach stacker was deployed in April 1997.

At the time of entering into this agreement, the Port was handling 3383 TEUs (Twenty Equivalent Units) utilising a 50 T capacity tyre-mounted crane and 2 Tractor trailers deployed by the stevedores. Anticipating further increase in the container traffic at the Port, consequent upon the gauge conversion of the railway, the Port had invited open tenders for hiring the Reach stacker.

The following table gives the extent of use of the Reach stacker, revenue earned and expenditure on hiring the stacker.

Year	No. of containers handled by the Port	Number handled by Reach stacker	Amount received (Rs in lakh)	Expenditure incurred (Rs in lakh)			Loss
				Hire charges	Fuel	Total	(G-D)
A	B	C	D	E	F	G	H
1997-98	3361	400	7.54	60.39	0.65	61.04	53.50
1998-99	4047	523	17.95	60.39	1.26	61.65	43.70
1999-00	6601	699	14.88	60.39	0.61	61.00	46.12
2000-01	6220	2828	7.64	60.39	1.28	61.67	54.03
2001-02	6247	6247	35.31	59.14	4.73	63.87	28.56
Total			**83.32**			**309.23**	**225.91**

Although there was a marginal increase in the number of containers handled by the Port, the Reach stacker could not be utilised to the optimum extent as anticipated by the Port. During the period 1997-2002, the Port incurred expenditure of Rs 309.23 lakh on the Reach stacker. However, the revenue that was earned by utilising the Reach stacker was only Rs 83.32 lakh resulting in a loss of Rs 225.91 lakh to the Port.

The Port stated that the non-utilisation of the Reach stacker was not solely due to reduction of container traffic, but was also due to deployment of private cranes by the stevedores. The Port further stated that the decision to hire the Reach stacker was taken as a part of Port development and infrastructure facilities. Further, under the recommendations of the Ministry of Shipping, the Port had to go for projects on 'BOOT' basis.

The reply of the Port is not tenable in view of the fact that the Port was already aware of the operations of the private cranes at the time of procurement.

The matter was referred to the Ministry in June 2001. The Ministry stated in December 2001 that even at the time of hiring the equipment, it was envisaged that the Reach stacker would be used as a standby crane and therefore its utility was bound to be low. However, it was necessary to provide this equipment under the control of the Port as a basic infrastructure to continue with container traffic. The Ministry's reply is not tenable since if the utilisation of the Reach stacker was expected to be only nominal, the Port could have gone in for outright purchase of the same. As per the existing agreement, the Port would be paying Rs 603.90 lakh to M/s ABG @ 60.39 lakh *per annum* as the hire charges as against its cost of Rs 132.82 lakh in March 1997. The Ministry however, also admitted that an enquiry had been launched for fixing responsibility concerning hiring of the Reach stacker vis-à-vis its procurement.

Mumbai Port Trust

7.8 Avoidable expenditure

Managerial negligence in Mumbai Port Trust resulted in avoidable expenditure of Rs 1.52 crore on storm gate and a loss of revenue of Rs 26.48 lakh.

The Indira Dock of Mumbai Port Trust is provided with a lock system consisting of two sets of water gates viz. inner and outer lock gates. This system provides for maintaining water inside the dock at the prescribed level to facilitate entry and exit of the ships round the clock without depending upon the tide. A storm gate protects the inner and outer lock gates during stormy weather when the sea becomes very rough. The storm gate and lock gates are operated with the help of two hydraulic oil cylinders provided for each of them.

In June 1996 in unprecedented cyclonic stormy weather, one of the oil hydraulic cylinders of the west leaf of the outer lock gate was reported to have burst open and a crack was noticed, making the cylinder unsuitable for further use. Immediately the gate was put on wire ropes operation and subsequently an old hydraulic cylinder was refitted in position to make it operational. In order to replace the damaged cylinder and also to have one spare cylinder in stock to take care of such exigencies, the Chairman of the Port Trust sanctioned procurement of two new oil hydraulic cylinders in June 1997 i.e.

one year after the incident. The indent for them was however placed only in February 1999 after a gap of 19 months. There was nothing on record to show the reasons for delay. Supply orders were placed in March 2000 with the condition to complete the supply in 18 weeks. The procurement of the new cylinders was not complete even as of April 2001 when the cylinder of inner lock gate was completely damaged and needed replacement. As spare cylinder was not available to replace the damaged cylinder, the Port Trust preferred to remove the cylinder fitted to the storm gate and fit it to the inner lock gate. Thereafter, the storm gate was operated on wire ropes in the absence of its cylinder, even though the Port was aware that monsoon would generally arrive in the second week of June and operating the gate on wire ropes was not safe.

In May 2001 due to unforeseen early arrival of monsoon, the storm gate which was operated on wire ropes fell into the sea. The absence of the cylinder as well as the lack of maintenance of the storm gate was responsible for the collapse. The enquiry report of the Deputy Chief Surveyor, Government of India, on the incident stated that "if the spare unit was available, the question of removing the unit from the storm gate leaf would not have been considered. If the gate was operated on hydraulic unit, the question of failure of gate would not have arisen, and also there is no system of organised maintenance of any equipment". Consequently, shipping movements of eight vessels were affected for a period of 13 days and the Port had to forego berth hire charges amounting to Rs 21.08 lakh. Further, a refund of Rs 5.40 lakh had also to be made in respect of three more vessels.

The Port Trust incurred expenditure of Rs 80 lakh on salvaging the storm gate from the sea and Rs 72 lakh on its repairs in May and June 2001 respectively in order to make it functional.

Thus failure to take timely remedial measures resulted in avoidable expenditure of Rs 152 lakh and loss of revenue of Rs 26.48 lakh. The loss was attributable to non-procurement of essential spare cylinders till April 2001 even though the Port was aware of their requirement as early as July 1996 and sanction was obtained in June 1997 for their procurement.

The matter was referred to the Ministry in June 2002; their reply was awaited as of December 2002.

New Mangalore Port Trust

7.9 Loss due to non-collection of arrears of wages paid to dock workers

Non-collection of dues from stevedores resulted in an avoidable expenditure of Rs 1.97 crore.

The cargo handling workers in the employment of the New Mangalore Port Listed Workers Management Committee (a private agency of Port Users) were brought under the employ of the New Mangalore Port Trust (NMPT) in January 1990 in terms of the 'New Mangalore Port Cargo Handling Workers (Regulation of Employment) Scheme 1990'. According to the provisions of the scheme, the Port Trust was to maintain and supply the registered pool of cargo-handling workers at the prescribed rates to the licensed stevedores for all cargo-handling operations within the port area. The wages, allowances and incentives payable to the workers and staff under the scheme were recoverable from the indenting stevedores on the basis of actual number of days of deployment of such labourers.

In August 2000, the Ministry clarified that the revised rates of pay and allowances to Class III and IV employees of all the major port trusts were to be made applicable to dock workers also consequent on wage settlement reached by the Wage Revision Committee with effect from January 1997. The arrears of pay and allowances (at monthly rate) aggregating to Rs 5.34 crore from January 1998 to August 2000 were paid to the dock workers out of port funds.

The Port Trust informed all the stevedores concerned and port users in August 2000 to take note of the revision of pay and allowances and arrange for remittance of the additional sum arising out of payment of arrears to dock workers.

It started to recover the wages from the stevedores based on the revised wages from September 2000 onwards, but did not recover additional sums on account of the arrears relating to the period from January 1998 to August 2000, disbursed out of port funds. The arrears of wages recoverable from the stevedores for the period from January 1998 to August 2000 on the basis of actual deployment/booking of dock workers worked out to Rs 1.97 crore.

The Port Trust had not taken any action to recover the arrears as of December 2000 as effected by other ports. Meanwhile the Tuticorin Port

Trust had already recovered arrears amounting to Rs 10.69 crore by way of additional cargo levy. Further, the Paradip Port Trust had also started effecting the recovery of arrears of Rs 2.75 crore by way of levy of special surcharge at the rate of Re 1 per metric tonne.

The failure of NMPT to take appropriate action resulted in non-recovery of Rs 1.97 crore.

The matter was referred to the Ministry in June 2002; their reply was awaited as of December 2002.

CHAPTER VIII : MINISTRY OF SMALL SCALE INDUSTRIES AND AGRO AND RURAL INDUSTRIES

Central Tool Room and Training Centre, Kolkata

8.1 Incorrect determination of machine hour rates

Adhoc enhancement of machine hour rates by the Central Tool Room and Training Centre unrelated to actual increase in various elements of cost resulted in medium and large industrial units being subsidized contrary to the Centre's avowed objective of promoting small scale industries.

The Central Tool Room and Training Centre was established at Kolkata with the objective of manufacturing tools for sale primarily to the small scale industries and providing machining facilities and advanced technology to them. The Centre seeks to ensure the rapid growth of the small scale sector in the field of tool engineering.

Sales of moulds, fixtures and tools constituted the Centre's main source of income. In determining the selling prices, it would be necessary to compute the cost of production, which is normally done on the basis of the prescribed hourly rates in respect of the machines involved in the manufacture of different tools and fixtures. Direct labour, depreciation, cost of consumables, electricity consumption, cost of repairs and maintenance and overheads would form the basis for the computation of these hourly rates.

In order to ensure that the selling prices are realistic and bear relation to the actual cost of production, it will be essential to revise the machine hour rates periodically. This implies the maintenance of appropriate and complete cost data which would also take into account the changes introduced from time to time in tariffs, entitlements of employees to pay and allowances, etc. Instead of determining the machine hour rates based on reliable cost data, the Governing Council of the Centre decided in October 1996 that these rates may henceforth be increased with effect from 1 April every year by five *per cent* over the rates in force in the previous year and proposals involving increase beyond the ceiling of five *per cent* alone be submitted to it in future. No records were, however, made available to audit clarifying the basis on which it was decided to increase the hourly rates uniformly every year by five *per cent.*

While sales to the small scale industrial units were to be made based on the cost of production as determined from time to time, the Governing Council decided in September 1998 that the machine hour rates for industrial units other than registered small scale units shall be 25 *per cent* more than the rates approved for the small scale industries.

Though revised machine hour rates for the year 1998-99 should have been made effective from 1 April 1998 in terms of the decision of the Governing Council, the Centre revised these rates only in November 1998. On this occasion, the rates for various machines used by the Centre were arrived at after taking into account the costs of various elements of production.

However, a similar exercise based on different elements of cost was not undertaken for determining the machine hour rates applicable for the years 1999-2000 and 2000-01. Instead, the hourly rates of the immediately preceding year were enhanced uniformly by five *per cent*, in most of the cases, presumably based on the October 1996 decision of the Governing Council.

Audit undertook an exercise to determine the machine hour rates that would have been applicable for these two years based on the principles adopted by the Centre in November 1998. This revealed that had the hourly rates been computed after taking into account the different elements of cost, as was done earlier, the hourly rates for various machines would be higher than the rates actually adopted by the Centre, the percentage variation ranging from 27.30 to 124.00 in respect of the individual machines. A few illustrative instances are tabulated below:

Sl. No	**Name of the machine**	**Percentage variation in machine hour rate charged and machine hour rate realisable.**	
		1999-2000	**2000-2001**
1.	**CNC Milling**	72.31	69.51
2.	Turning	57.65	63.33
3.	Shaping	57.50	62.35
4.	Fitting	57.14	66.67
5.	Design (CAD)	76.47	70.00
6.	Power Press	118.95	124.00
7.	Injection Moulding	66.18	67.33

Audit scrutiny further revealed that though the objective of the Centre was to assist the small scale sector, the sales to units other than registered small scale industries constituted 92.40 *per cent* and 83.66 *per cent* of the total sales respectively during 1999-2000 and 2000-01.

Failure to take into account the actual increases in different elements of cost in determination of the machine hour rates resulted in the products of the Centre being sold at prices that were unrelated to the actual cost of production. This, in turn, affected adversely the revenue realisation of the Centre, the implications of which could not be precisely quantified owing to the non-availability of relevant details.

While admitting that an exercise to determine the actual cost of production based on various elements of cost was undertaken only during November 1998 and that the hourly rates so determined had been subsequently enhanced uniformly by five *per cent*, the Centre stated (July 2002) that the fixed costs on account of salaries of employees had increased drastically after implementation of the recommendations of the Fifth Pay Commission and that the selling prices, on the other hand, had to be quoted after taking into account the competitive environment in which it had to function. The Centre added that it was evolving a costing policy after considering the actual increase in the elements involved in the cost of production.

The Ministry stated (July 2002) that the market conditions and particularly the supply and demand position of the end products had also to be kept in mind while fixing the machine hour rates, apart from the element of cost of production and that the production units are often constrained to maintain prices at lower levels to attract customers and increase, in the process, their sales realisations.

No doubt, according the information furnished by the Ministry, the actual sales realisations from the sale of tools, moulds, etc had increased from Rs 133.55 lakh in 1997-98 to Rs 179 lakh (provisional) in 2001-02. It would, however, appear that the intention of the Governing Council was not to enhance the hourly rates uniformly by five *per cent* every year without actually taking into account the actual increases in the elements of cost. Such a determination was essential particularly in the context of the increase in fixed costs following the implementation of the Pay Commission's recommendations. Further, while enhancing the machine hour rates uniformly by five *per cent*, the market conditions and the supply and demand position were also apparently not taken into account.

Besides, bulk of the production of the Centre having been sold only to units other than those in the small scale sector, the determination of machine hour rates based on what would *prima facie* appear to be only an adhoc approach resulted in the Centre subsidizing the medium and large industrial units to the detriment of its primary objective of promoting small scale industries.

Khadi and Village Industries Commission

8.2 Idle investment on acquisition of flats

Failure of the Khadi and Village Industries Commission to ascertain in advance the formalities to be complied with to enable the handing over of the flats proposed to be acquired for its staff at Kolkata resulted in investments aggregating to Rs 76.14 lakh remaining unfruitful since December 1996 and not serving the intended purpose.

In May 1996, based on a request of the Khadi and Village Industries Commission, the West Bengal Housing Board earmarked for sale to the Commission 10 ready-built residential flats in the Housing Board's Matkal-Nimta Project (provisional price : Rs 1.70 lakh per flat) and 24 flats then under construction in its Thakurpukur Project (provisional price : Rs 2.80 lakh per flat), possession of which was proposed to be given within a period of two years. These flats were intended to be used as staff quarters.

The Commission accepted the offer in October 1996. The price of the ready-built flats at Matkal-Nimta having been fixed at Rs 1.90 lakh per flat in the meantime, payment of Rs 19.00 lakh was also made to the Housing Board for the 10 flats. Subsequently, against the Housing Board's demand for payment of Rs 67.20 lakh in respect of the flats in the Thakurpukur Project, the Commission deposited a sum of Rs 57.14 lakh as part payment towards their provisional price in December 1996. While doing so, the status of construction of these flats was not ascertained. No formal agreements were also executed with the Housing Board.

In June 1997, the Housing Board informed the Commission that it would be shortly handing over the responsibility for maintenance and management of the common areas and facilities of the Matkal-Nimta Housing Project to a co-operative society formed by the allottees and that, since an organisation could not become a member of a housing co-operative society in terms of the existing rules, it should obtain nominal membership of the society to facilitate the execution and registration of the deed of conveyance in respect of the 10 flats allotted to the Commission.

On the Commission approaching the State Government for approval to become a member of the housing co-operative society, the Co-operation Department accorded the necessary permission initially in July 1999, exempting the Commission from the relevant restrictive provisions in the Rules read with the provisions of the West Bengal Co-operative Societies Act, 1983. This approval was, however, withdrawn by the Department in January 2000 on the Assistant Registrar of Cooperative Societies pointing out that the provisions under which the Commission had been exempted had been incorrectly applied and that an organisation such as the Khadi and Village Industries Commission could not be permitted to become a member of a co-operative housing society.

The Commission therefore requested the Housing Board in February 2000 to either hand over possession of the 10 flats in the Matkal-Nimta Project within 15 days or to refund the amount of Rs 19.00 lakh already paid on this account along with interest and penal interest of 18 *per cent* and 12 *per cent* respectively. Though the Housing Board issued a Possession Order in respect of these flats in February 2000 itself, this was, however, again subject to the Commission obtaining membership of the co-operative housing society. The request not having been acceded to by the State Government, the question of obtaining possession of the flats remained unresolved.

Similarly, while 13 of the 24 flats in the Thakurpukur Project were ready for being handed over to the Commission in March 2000 and the remaining 13 flats were also completed in August 2001, the co-operative housing society formed by the allottees had informed the Commission in November 1999 that membership of the society was necessary for taking possession of the flats. Though the Commission approached the Co-operation Department for issue of a special order to enable it to obtain membership of the society, an impasse having been reached in respect of the flats in the Matkal-Nimta Project, possession of these flats also could not be handed over.

In this milieu, the investments aggregating to Rs 76.14 lakh remained unfruitful for over five years and did not serve the intended purpose. On account of its inability to obtain possession of the flats, the Commission also continued to incur expenditure on payment of House Rent Allowance to those employees who could otherwise have been allotted these flats.

The matter was referred to the Ministry in September 2001. While their reply was awaited, the Commission stated (October 2001) that when the Housing Board offered the flats for sale, the requirement of having to obtain membership of the co-operative housing societies had not been stipulated and it was only subsequently in June 1997 that it was advised in this regard to enable the execution and registration of the deed of conveyance and that the Commission was in no way responsible for the State Government deciding to withdraw the approval accorded in July 1999. The Commission added that the issue of handing over possession of the flats was again taken up with the State Government and the dispute about the membership in the co-operative housing societies appeared to have been resolved, subject to its agreement to pay a sum of Rs 7.00 lakh as registration fee, and that the Finance Secretary of the State Government was requested in September 2001 to exempt the Commission from payment of the fee.

While further developments in this regard were awaited as of June 2002, the argument that the Commission was not aware of the requirement about membership of co-operative housing societies is not acceptable. Considering the fact that the West Bengal Co-operative Societies Act had come into effect in the year 1983 itself, the Commission ought to have been aware of the restrictive provisions contained therein and of the applicability of the enabling provisions relating to exemptions or it should at least have ascertained *ab initio* the formalities required to be complied with before resorting to investments of a large magnitude. That this was not done is indicative of the failure of the Commission to adequately safeguard its financial interests.

The matter was referred to the Ministry in June 2002; their reply was awaited as of December 2002.

CHAPTER IX : MINISTRY OF TEXTILES

Indian Jute Industries Research Association

9 Idle plant and equipment

Placement of faulty purchase order by the Indian Jute Industries Research Association and lack of effective follow up action and operating a plant at a jute mill without either entering into any formal agreement or considering the viability of running the plant in the jute mill resulted in plant and equipment costing Rs 45.66 lakh remaining idle. The objectives of the projects also could not be achieved.

(i) The Indian Jute Industries Research Association placed a purchase order on a firm in August 1996 for import of a Colourtec Dyeing Machine for recipe formulations for bleaching, dyeing and finishing of jute and jute-blended textiles and also for the preparation of data bank to be used for computerised colour match system at a cost of £ 29603 equivalent to Rs 17.39 lakh.

Though the proforma invoice furnished by the firm specified that installation and commissioning would not be done unless specifically ordered and paid for, the Association did not incorporate the requirement of installation and commissioning in the purchase order in spite of the fact that the Association did not have the required expertise to handle such sophisticated equipment.

The terms and conditions of sale specified that the suppliers were not responsible for installation and commissioning of the unit but were liable only in respect of manufacturing defects, provided a written complaint was lodged within fourteen days of occurrence.

The equipment was received in February 1997 at a total cost of Rs 17.68 lakh. It developed some technical errors during a trial run in March 1997 and therefore could not be commissioned. In May 1997, three months after delivery, the Association approached the manufacturer for rectification of errors but neither followed it up with the firm nor took any further action for commissioning the unit. The warranty of the machine expired in December 1997. The machine was lying unused as of June 2002.

Thus, placement of faulty purchase order and lack of effective follow-up action resulted in equipment costing Rs 17.68 lakh remaining idle for more than five years apart from non-fulfillment of the objectives for which it was procured.

ii) To establish the techno-economic viability of steam explosion technology for producing very fine jute fibres from raw jute, to develop the technology of producing tailor-made jute fibres and for technology transfer to the manufacturers, the Association procured a pilot model of a steam explosion plant in October 1998 with funds provided under the United Nations Development Project (UNDP). The total cost, including charges for installation at the premises of Kinnison Jute Mill under the control of the National Jute Manufacturers Corporation (NJMC), a Government of India undertaking, in January 1999 was Rs 27.23 lakh. The plant was operated from July 1999 without either entering into any formal agreement with the jute mill or considering the viability of running the plant in the jute mill. During the period of operation of the plant from July 1999 to November 1999, only 300 kgs of raw jute was treated and handed over to two other jute mills for further processing. The Association shut down the plant in December 1999 as the mill personnel objected to the visits of engineers and experts from other mills for frequent repairs and modification of the plant. Further, infrastructural facilities like soft water for boiler and workshop services were not available at the mill. In January 2000, the Association decided to shift the plant to their premises which had the necessary infrastructure to carry out detailed experiments more effectively than at the mill. The plant was dismantled and shifted to the Association's premises in April 2000 at a cost of Rs 0.75 lakh and reinstalled in August 2000. Due to recurrent mechanical problems the plant functioned intermittently till November 2001. Thereafter it became non-functional and remained so, as of June 2002.

Thus, operating a plant at a jute mill without either entering into any formal agreement or considering the viability of running the plant in the jute mill, resulted in idling of the plant, on which Rs 27.98 lakh had been incurred, apart from non-fulfillment of the objectives for which it was procured.

As a result of placement of faulty purchase order and operating a plant at a jute mill, without entering into any formal agreement, plant and equipment costing Rs 45.66 lakh remained idle.

The matter was referred to the Ministry in July 2002; their reply was awaited as of December 2002.

CHAPTER X : MINISTRY OF URBAN DEVELOPMENT AND POVERTY ALLEVIATION

Department of Urban Development

Delhi Development Authority

10.1 Award of works at higher rates

Award of work by the Chief Engineer beyond the stipulated rates of Work Advisory Board resulted in loss of Rs 1.94 crore to DDA.

The Delhi Development Authority (DDA) decided to construct 2304 HIG/MIG/LIG houses in Vasant Kunj. 960 HIG, 416 MIG and 480 LIG Multistoried Houses were to be constructed in four groups, each consisting 240 HIG, 104 MIG and 120 LIG houses. Tenders for groups I and II were invited in July 2001 at an estimated cost of Rs 33.80 crore and Rs 33.57 crore respectively and for groups III and IV in August 2001 at an estimated cost of Rs 34.45 crore and Rs 34.22 crore respectively. The justified rates worked out by the Chief Engineer for considering the reasonableness of rates as per standard formula for these groups were Rs 40.27 crore, Rs 40.03 crore, Rs 41.00 crore and Rs 40.70 crore which were 19.14 *per cent*, 19.27 *per cent*, 19.03 *per cent* and 18.95 *per cent* above the estimated cost respectively.

The Works Advisory Board (WAB) decided in November 2001 that Chief Engineer (SWZ) and Chief Engineer (Electrical) should negotiate with the respective lowest tenderers to bring down the rates to the maximum extent so that negotiated rates should be 7.5 *per cent* below the justified rates.

As recommended, 7.5 *per cent* below the justified rates worked out to Rs 37.25 crore, Rs 37.03 crore, Rs 37.92 crore and Rs 37.64 crore which were 10.20 *per cent*, 10.32 *per cent*, 10.10 *per cent* and 10.03 *per cent* above the estimated cost for the four works respectively. However, in contravention of WAB decision, the Chief Engineer (SWZ) awarded the works after negotiation at the negotiated tender amount of Rs 37.73 crore, Rs 37.51 crore, Rs 38.41 crore and Rs 38.13 crore which were 11.64 *per cent* (19.14 minus 7.5), 11.76 *per cent*, 11.52 *per cent* and 11.45 *per cent* above the estimated cost and higher than the ceiling fixed by WAB. The award of works at higher rates was due to wrong calculation of maximum justified amount. The Chief Engineer reduced 7.5 *per cent* from the justified percentage used to arrive at justified rate instead of reducing 7.5 *per cent* from the justified cost. This resulted in award of work at higher rates according to the details given below:

(Rs in crore)

		Groups			
		I	**II**	**III**	**IV**
A	Estimated cost	33.80	33.57	34.45	34.22
B	Tendered amount	40.66	40.54	40.77	39.77
	Percentage use to arrive at justified cost (above estimated cost)	19.14 *per cent*	19.27 *per cent*	19.03 *per cent*	18.95 *per cent*
D	Justified cost	40.27	40.03	41.00	40.70
E	Amount 7.5 *per cent* below justified rates	37.25	37.03	37.92	37.64
F	Negotiated tendered cost	37.73	37.51	38.41	38.13
G	Difference(F-E)	0.48	0.48	0.49	0.49
	Total difference	**Rs 1.94 crore**			

Thus, award of work by the Chief Engineer at rates beyond the stipulated justification of rates of the WAB resulted in loss of Rs 1.94 crore to DDA.

The matter was referred to the Ministry in September 2002; their reply was awaited as of December 2002.

10.2 Avoidable additional payment on account of cost escalation

Failure of the Delhi Development Authority to adhere to codal provisions and ensure unhindered execution of works by two contractors resulted in avoidable expenditure of Rs 74.63 lakh on account of escalation in the cost of labour and materials.

Rules envisage that the Delhi Development Authority should not issue tender notices unless all tender documents including complete set of architectural and structural drawings and sites are available. The Authority is also responsible for supplying the necessary documents, drawings and stipulated materials to the contractors according to the schedule agreed upon in the contracts and for ensuring adequate coordination with various agencies involved for the unhindered and timely execution of works[1].

[1] Paras 17.3.1, 4.21 and 4.24 of the CPWD Manual Volume II.

Earlier Reports of the Comptroller and Auditor General of India have highlighted instances of avoidable payments on account of cost escalation to contractors, attributable to inadequate preparatory work done by the Delhi Development Authority[2].

The Authority entrusted the following three works to contractors in July 1997 and September 1993 without ensuring these essential requirements before finalising the relevant contracts resulting in the works not being completed as stipulated:

Sl. No.	Particulars of works	Tendered cost (Rs in lakh)	Date of completion		Extent of delay in completion (in months)
			Scheduled	Actual	
1.	Construction of 304 SFS houses at Vasant Kunj in two groups				
	Group-I = 152	349.74	30-07-1999	30-06-2001	23
	Group-II =152	348.19	30-07-1999	30-06-2001	23
2.	Construction of 104 SFS houses in Sheikh Sarai	248.15	19-06-1995	31-01-2000	55

The slippages in the completion schedules in these three cases were primarily attributable to the Authority for the reasons shown below :

Sl.No.	Reasons	Vasant Kunj[3]		Sheikh Sarai (Months)
		Group I (Months)	Group II (Months)	
1.	Non availability of site	9	17	55
2.	Delay in supply of various drawings	12	8	--
3.	Delay in issue of stipulated material	3	3	--
	Total	**24**	**28**	**55**

Consequently, the contractors claimed additional payments, representing the difference in the cost indices of labour and materials on account of the delays attributable to the Authority. Payments aggregating to Rs 11.65 lakh,

[2] Para 12.3 of Audit Report No.4 for the year ended March 1998.
(ii) Paras 12.4 and 12.5 of Audit Report No.4 for the year ended March 1999.
(iii) Paras 11.3, 11.4 and 11.5 of Audit Report No.4 for the year ended March 2000.
(iv) Paras 13.2, 13.4, 13.5 and 13.6 of Audit Report No.4 for the year ended March 2001.
[3] There was overlapping period in the hindrances.

Rs 26.25 lakh and Rs 36.73 lakh were resultantly made by the Authority on account of cost escalation in respect of these three contracts upto 30 June 2001 and 31 January 2000 respectively. These payments totalling Rs 74.63 lakh could have been avoided had the Authority adhered to the codal provisions and ensured the timely availability of the sites, drawings and materials.

The matter was referred to the Ministry in September 2002, their reply was awaited as of December 2002.

10.3 Double allotment of flats resulting in loss

Avoidable loss of Rs 24.38 lakh on account of double allotment due to non-maintenance of property registers.

The housing wing of Delhi Development Authority allots the flats constructed by the Authority to registrants through computerised draw of lots. As and when it is decided to hold a draw of a particular category of flats, the housing wing indicates the list of vacant flats in different localities. Accordingly, equal number of registrants is drawn from the priority list and draw is taken out for specific flats.

During test check of records for the period 1998-2001, double allotment in seven cases was noticed. These double allotments occurred on account of poor maintenance of property records and incorrect entry of property information while carrying out the computerised draw.

Subsequent fresh allotment was made after the lapse of more than a year as detailed below:

	Cases						
	I	II	III	IV	V	VI	VII
Date of allotment to original allottee	29.03.86	*	26.02.93	07.06.88	23.03.89	26.02.93	02.12.93
Date of allotment of same flat to another allottee	20.09.91	20.09.91	19.06.96	20.09.91	06.09.90	06.06.95	06.03.95
Date of allotment of another flat to the second allottee	20.10.99	24.03.00	19.10.00	14.10.99	13.06.99	07.02.00	05.05.00

* Date not made available by Authority in spite of repeated reminders.

As there was an extended time gap between the original and subsequent allotment, Authority charged the current cost of flats from the allottees. The allottees protested and one of them moved the High Court. The Court ordered in August 1993 that the cost prevailing at the time of original allotment needed to be charged from the allottees as there was no fault on their part.

In view of the court decision, the Authority resolved in November 1993 that in all such cases alternative flats allotted would be charged at the old rates prevalent at the time of original allotment. It was also decided to take disciplinary action against the erring staff, however, no action was initiated till December 2002.

As a result, in seven cases of double allotment, Authority had to charge old cost as per the above resolution amounting to Rs 33.55 lakh. The cost of these seven flats at the time of alternative allotment worked out to Rs 57.93 lakh.

Thus, non-maintenance of property records and inclusion of flats already allotted, in subsequent draws, resulted in double allotment and a loss of Rs 24.38 lakh.

The matter was referred to the Ministry in September 2002; their reply was awaited as of December 2002.

CHAPTER : XI

11 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 (PAC) 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. In their Ninth Report (Eleventh Lok Sabha) presented to the Parliament on 22 April 1997, PAC desired that submission of pending ATNs pertaining to Audit Reports for the years ended March 1994 and 1995 be completed within a period of three months and recommended that ATNs on all paragraphs pertaining to the Audit Reports for the year ended March 1996 onwards be submitted to them duly vetted by Audit within four months from the laying of Reports in Parliament.

A review of the position of receipt of ATNs on paragraphs included in Audit Reports (Autonomous Bodies) upto the period ended 31 March 2001 (**Appendix-VIII**) revealed that the Ministries did not submit remedial/corrective ATNs in respect of a large number of paragraphs inspite of above instructions. Out of 125 paragraphs on which ATNs were required to be sent, final ATNs in respect of 59 paragraphs were awaited while ATNs in respect of 66 paragraphs had not been received at all.

Out of 66 paragraphs on which ATNs were awaited, 36 paragraphs pertaining to Reports for the years ended March 1989 to March 1994 relate to the Ministry of Urban Development and Poverty Alleviation.

(H.P. DAS)
Director General of Audit
Central Revenues

New Delhi
Dated: 25 April 2003

Countersigned

(VIJAYENDRA N. KAUL)
Comptroller and Auditor General of India

New Delhi
Dated: 25 April 2003

APPENDIX - I

(Referred to in paragraph 1.1)

Grants/loans received during 2001-2002 by central autonomous bodies audited under sections 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	2740.00	Nil
2.	National Co-operative Development Corporation, New Delhi	1586.60	4900.00
3.	National Centre for Management of Agricultural Extension, Hyderabad	635.51	Nil
4.	National Oil Seeds and Vegetable Oil Development Board, Gurgaon	500.00	Nil
5.	Veterinary Council of India, New Delhi	91.65	Nil.
		5553.76	**4900.00**
	Chemicals and Fertilizers		
6.	National Institute of Pharmaceutical Education and Research, Mohali	1680.00	Nil
		1680.00	**Nil**
	Commerce		
7.	Agricultural and Processed Food Products Export Development Authority, New Delhi	4775.00	Nil
8.	Coffee Board (General Fund Accounts), Bangalore	4550.00	Nil
9.	Coffee Board (Pool Fund Accounts), Bangalore	3750.00	500.00
10.	Export Inspection Agency, Chennai	49.54	Nil
11.	Export Inspection Agency, Cochin	24.19	Nil
12.	Export Inspection Council, Kolkata	585.19	Nil
13.	Marine Products Export Development Authority, Kochi	3520.00	Nil
14.	Rubber Board, Kottayam	7950.00	Nil
15.	Spices Board, Kochi	1834.50	Nil

Sl. No.	Ministry /Name of Body	Grant	Loan
16.	Tea Board, Kolkata	7012.16	Nil
17.	Tobacco Board, Guntur	Nil	Nil
		34050.58	**500.00**
	Defence		
18.	Himalayan Mountaineering Institute, Darjeeling	151.60	Nil
19.	Jawahar Institute of Mountaineering and Winter Sports, Pehalgam	27.26	Nil
20.	Nehru Institute of Mountaineering, Uttarkashi	29.32	Nil
		208.18	**Nil**
	External Affairs		
21.	Indian Council for Cultural Relations, New Delhi	4162.00	Nil
22.	Indian Council of World Affairs, New Delhi	134.36	Nil
		4296.36	**Nil**
	Finance		
23.	Insurance Regulatory and Development Authority of India	Nil	Nil
24.	Securities and Exchange Board of India, Mumbai	Nil	Nil
		Nil	**Nil**
	Food and Consumer Affairs		
25.	Bureau of Indian Standards, New Delhi	194.00	Nil
		194.00	**Nil**
	Health and Family Welfare		
26.	All India Institute of Medical Sciences, New Delhi	27138.00	Nil
27.	Central Council for Indian Medicine, New Delhi	68.34	Nil
28.	Central Council for Research in Ayurveda and Siddha, New Delhi	2590.51	Nil
29.	Central Council for Research in Unani Medicine, New Delhi	1529.52	Nil
30.	Central Council for Research in Yoga and Naturopathy, New Delhi	223.72	Nil
31.	Central Council of Homoeopathy, New Delhi	56.50	Nil

Sl. No.	Ministry /Name of Body	Grant	Loan
32.	Central Council of Research in Homoeopathy, New Delhi	766.00	Nil
33.	Dental Council of India, New Delhi	28.00	Nil
34.	Indian Nursing Council, New Delhi	42.00	Nil
35.	Medical Council of India, New Delhi	58.00	Nil
36.	Morarji Desai National Institute of Yoga & Naturopathy, New Delhi	250.00	Nil
37.	National Board of Examination, New Delhi	20.00	Nil
38.	National Illness Assistance Fund, New Delhi	30.00	Nil
39.	National Institute for Mental Health and Neuro Sciences, Bangalore	3813.00	Nil
40.	National Institute of Ayurveda, Jaipur	966.70	Nil
41.	National Institute of Health and Family Welfare, New Delhi	1006.49	Nil
42.	National Institute of Naturopathy, Pune	80.00	Nil
43.	National Institute of Orthopaedically Handicapped, Kolkata	336.80	Nil
44.	National Trust for Welfare of Persons with Austism, Cerebral Palsy, Mental Retardation and Multiple Disabilities	4200.00	Nil
45.	Pharmacy Council of India, New Delhi	11.00	Nil
46.	Post Graduate Institute of Medical Education and Research, Chandigarh	12364.00	Nil
47.	Rashtriya Ayurveda Vidyapeeth, New Delhi	50.54	Nil
		55629.12	**Nil**
	Human Resource Development		
48.	Aligarh Muslim University, Aligarh	14968.80	Nil
49.	All India Council for Technical Education, New Delhi	10861.81	Nil
50.	Allahabad Museum Society, Allahabad	178.00	Nil
51.	Assam University, Silchar	2215.29	Nil
52.	Auroville Foundation, Auroville	153.80	Nil

Sl. No.	Ministry /Name of Body	Grant	Loan
53.	Baba Saheb Bhimrao Ambedkar University, Lucknow	360.00	Nil
54.	Banaras Hindu University, Varanasi	14220.93	Nil
55.	Board of Apprenticeship Training, Chennai	1236.36	Nil
56.	Board of Apprenticeship Training, Kanpur	495.90	Nil
57.	Board of Apprenticeship Training, Mumbai	568.36	Nil
58.	Board of Practical Training, Kolkata	202.55	Nil
59.	Central Institute of Budhist Studies, Leh	267.85	Nil
60.	Central Institute of Higher Tibetan Studies, Sarnath, Varanasi	480.97	Nil
61.	Central Tibetan Schools Administration, New Delhi	1158.00	Nil
62.	Eastern Zonal Cultural Centre, Kolkata	48.90	Nil
63.	Gandhi Samriti and Darshan Samiti, New Delhi	255.00	Nil
64.	Indian Council of Historical Research, New Delhi	528.00	Nil
65.	Indian Council of Philosophical Research, New Delhi	424.37*	Nil
66.	Indian Council of Social Sciences Research, New Delhi	3097.32	Nil
67.	Indian Institute of Advanced Studies, Shimla	562.80	Nil
68.	Indian Institute of Information Technology, Allahabad	1470.00	Nil
69.	Indian Institute of Management, Bangalore	1140.00	Nil
70.	Indian Institute of Management, Indore	1200.00	Nil
71.	Indian Institute of Management, Kolkata	1086.11	Nil
72.	Indian Institute of Management, Kozhikode	1450.00	Nil
73.	Indian Institute of Management, Lucknow	1100.00	Nil
74.	Indian Institute of Technology, Chennai	11750.00	Nil
75.	Indian Institute of Technology, Guwahati	9018.00	Nil
76.	Indian Institute of Technology, Kanpur	8595.00	Nil
77.	Indian Institute of Technology, Kharagpur	7062.50	Nil
78.	Indian Institute of Technology, Mumbai	9150.00	Nil

* Rs 2 lakh received from PHISP

Sl. No.	Ministry /Name of Body	Grant	Loan
79.	Indian Institute of Technology, New Delhi	8872.18	Nil
80.	Indian Museum, Kolkata	760.00	Nil
81.	Indira Gandhi National Centre for Arts, New Delhi	5000.00	Nil
82.	Indira Gandhi National Open University, New Delhi	5406.00	Nil
83.	Indira Gandhi Rashtriya Manav Sangrahalaya, Bhopal	615.78	Nil
84.	Jamia Millia Islamia, New Delhi	3924.24	Nil
85.	Jawaharlal Nehru University, New Delhi	7893.87	Nil
86.	Kendriya Hindi Shikshan Mandal, Agra	1035.00	Nil
87.	Kendriya Vidyalaya Sangathan, New Delhi	56442.94	Nil
88.	Khuda Baksh Oriental Public Library, Patna	137.67	Nil
89.	Lal Bahadur Shastri Rashtriya Sanskrit Vidyapeeth, New Delhi	631.34	Nil
90.	Lalit Kala Academy, New Delhi	514.13	Nil
91.	Sant Longowal Institute of Engineering and Technology, Longwal	1300.00	Nil
92.	Mahatma Gandhi Antarashtriya Hindi Vishwavidyalaya	665.75	Nil
93.	Maulana Azad College of Technology, Bhopal	446.25	Nil
94.	Maulana Azad National Urdu University, Hyderabad	757.06	Nil
95.	Motilal Nehru Regional Engineering College, Allahabad	1190.00	Nil
96.	National Bal Bhavan Society, New Delhi	570.29	Nil
97.	National Commission for Women, New Delhi	417.00	Nil
98.	National Council for Promotion of Sindhi Language, Vadodra	20.00	Nil
99.	National Council for Promotion of Urdu Language, New Delhi	850.00	Nil
100.	National Council for Teachers Education, New Delhi	450.00	Nil
101.	National Council of Rural Institutes, Hyderabad	Nil	Nil
102.	National Council of Science Museum, Kolkata	1604.37	Nil
103.	National Culture Fund, New Delhi	6.00	Nil

Sl. No.	Ministry /Name of Body	Grant	Loan
104.	National Institute of Educational Planning and Administration, New Delhi	429.91	Nil
105.	National Institute of Foundary and Forge Technology, Dhanbad	405.66	Nil
106.	National Institute of Industrial Engineering, Mumbai	1566.00	Nil
107.	National Museum Institute of History of Art Conservation and Museology, New Delhi	67.00	Nil
108.	National School of Drama, New Delhi	892.25	Nil
109.	Nehru Memorial Museum and Library, New Delhi	576.00	Nil
110.	North Central Zone Cultural Centre, Allahabad	167.12	Nil
111.	North Eastern Hill University, Shillong	3946.40	Nil
112.	North Eastern Regional Institute of Science and Technology, Nirjuli Itanagar	2000.00	Nil
113.	North Zone Cultural Centre, Patiala	122.52	Nil
114.	Pondicherry University, Pondicherry	1498.35	Nil
115.	Project of History of Indian Science , Philosophy and Culture, New Delhi	165.44	Nil
116.	Raja Ram Mohan Roy Library Foundation, Kolkata	913.00	Nil
117.	Rampur Raza Library Board, Rampur	213.00	Nil
118.	Rashtriya Sanskrit Sansthan, New Delhi	265.33	Nil
119.	Rashtriya Sanskrit Vidyapeeth, Tirupati	319.52	Nil
120.	Regional Engineering College, Hamirpur	375.00	Nil
121.	Regional Engineering College, Kozhikode	1070.00	Nil
122.	Regional Engineering College, Kurukshetra	375.00	Nil
123.	Regional Engineering College, Rourkela	883.18	Nil
124.	Regional Engineering College, Srinagar	552.00	Nil
125.	Regional Engineering College, Warangal	668.50	Nil
126.	Regional Institute of Technology, Jamshedpur	1144.75	Nil
127.	Sahitya Academy, New Delhi	624.00	Nil
128.	Salarjang Museum Board, Hyderabad	740.00	Nil
129.	Sangeet Natak Akademi, New Delhi	1068.50	Nil

Sl. No.	Ministry /Name of Body	Grant	Loan
130.	Sardar Vallabh Bhai Regional College of Engineering and Technology, Surat	683.00	Nil
131.	School of Planning and Architecture, New Delhi	724.20	Nil
132.	South Central Zone Cultural Centre, Nagpur	54.02	Nil
133.	South Zone Cultural Centre, Thanjavur	38.08	Nil
134.	Sports Authority of India, New Delhi	11886.00	Nil
135.	Technical Teachers Training Institute, Bhopal	740.00	Nil
136.	Technical Teachers Training Institute, Chandigarh	740.00	Nil
137.	Technical Teachers Training Institute, Chennai	591.00	Nil
138.	Technical Teachers Training Institute, Kolkata	370.00	Nil
139.	Tezpur University, Tezpur	1625.32	Nil
140.	University Grants Commission, New Delhi	149956.00	Nil
141.	University of Hyderabad, Hyderabad	4901.97	Nil
142.	Victoria Memorial Hall, Kolkata	276.25	Nil
143.	Visvesvaraya Regional College of Engineering, Nagpur	731.25	Nil
144.	West Zone Cultural Centre, Udaipur	153.54	Nil
		399335.55	**Nil**
	Industries		
145.	Khadi and Village Industries Commission, Mumbai	21499.00	200.00
146.	Coir Board, Kochi	1402.00	10.00
		22901.00	**210.00**
	Information and Broadcasting		
147.	Press Council of India, New Delhi	218.71	Nil
148.	Prasar Bharati, New Delhi	9707.60	13930.00
		9926.31	**13930.00**
	Labour		
149.	Central Board of Workers Education, Nagpur	1976.00	Nil
150.	Employees Provident Fund Organisation, New Delhi	Nil	Nil
151.	Employees State Insurance Corporation, New Delhi	Nil	Nil

Sl. No.	Ministry /Name of Body	Grant	Loan
152.	V.V. Giri National Labour Institute, Noida	514.97	Nil
		2490.97	**Nil**
	Law		
153.	National Judicial Academy, New Delhi	2227.67	Nil
154.	State Legal Services Authority, Chandigarh	45.00	Nil
		2272.67	**Nil**
	Mines		
155.	Indian School of Mines, Dhanbad	1650.00	Nil
		1650.00	**Nil**
	Power		
156.	National Power Training Institute, Faridabad	1049.00	Nil
		1049.00	**Nil**
	Railways		
157.	Centre for Railway Information Systems, New Delhi	1625.83	Nil
		1625.83	**Nil**
	Rural Areas and Employment		
158.	Council for Advancement of People's Action and Rural Technology, New Delhi	3000.00	Nil
159.	National Institute of Rural Development, Hyderabad	1305.00	Nil
		4305.00	**Nil**
	Social Justice and Empowerment		
160.	Ali Yavar Jung National Institute for the Hearing Handicapped, Mumbai	773.84	Nil
161.	Animal Welfare Board, Chennai	1755.65	Nil
162.	Central Wakf Council, New Delhi	140.00	Nil
163.	Institute for Physically Handicapped, New Delhi	499.05	Nil
164.	National Institute of Mentally Handicapped, Secunderabad	566.50	Nil
165.	National Institute of Rehabilitation Training and Research, Olatpur	1127.41	Nil
166.	National Institute of Visually Handicapped, Dehradun	639.27	Nil

Sl. No.	Ministry /Name of Body	Grant	Loan
167.	Rehabilitation Council of India, New Delhi	465.03	Nil
		5966.75	**Nil**
	Shipping		
168.	Chennai Dock Labour Board, Chennai	Nil	Nil
169.	Chennai Port Trust, Chennai	Nil	5301.00
170.	Cochin Port Trust , Cochin	Nil	Nil
171.	Jawahar Lal Nehru Port Trust, Nahavaseva	Nil	Nil
172.	Kandla Dock Labour Board, Kandla	Nil	Nil
173.	Kandla Port Trust, Gandhidham	Nil	Nil
174.	Kolkata Dock Labour Board, Kolkata	Nil	Nil
175.	Kolkata Port Trust, Kolkata	Nil	Nil
176.	Mormugao Port Trust, Goa	Nil	Nil
177.	Mumbai Dock Labour Board, Mumbai	Nil	Nil
178.	Mumbai Port Trust, Mumbai	Nil	Nil
179.	New Mangalore Port Trust	Nil	Nil
180.	Paradip Port Trust, Paradip	Nil	Nil
181.	Seaman's Provident Fund Organisation, Mumbai	Nil	Nil
182.	Tuticorin Port Trust, Tuticorin	Nil	Nil
183.	Vizag Dock Labour Board, Vishakapatnam	Nil	Nil
184.	Vizag Port Trust, Vishakapatnam	Nil	Nil
		Nil	**5301.00**
	Telecommunications		
185.	Telecom Regulatory Authority of India, New Delhi	1400.00	Nil
		1400.00	**Nil**
	Textile		
186.	Central Silk Board, Bangalore	10942.00	Nil
187.	Jute Manufactures Development Council, Kolkata	1700.00	Nil
188.	Textile Committee, Mumbai	1799.00	Nil
		14441.00	**Nil**

Sl. No.	Ministry /Name of Body	Grant	Loan
	Tourism and Culture		
189.	Asiatic Society, Kolkata	412.50	Nil
190.	Centre for Cultural Resources and Training, New Delhi	671.48	Nil
191.	Delhi Library Board, New Delhi	527.56	Nil
192.	Kalakshetra Foundation, Chennai	246.14	Nil
		1857.68	**Nil**
	Urban Development & Poverty Alleviation		
193.	Delhi Urban Arts Commission, New Delhi	113.00	Nil
194.	Rajghat Samadhi Committee, New Delhi	141.00	Nil
		254.00	**Nil**
	Water Resources		
195.	Betwa River Board, Jhansi	Nil	Nil
196.	Brahamputra Board, Guwahati	2031.00	Nil
197.	Narmada Control Authority, Indore	Nil	Nil
198.	National Water Development Agency	1400.00	Nil
		3431.00	**Nil**
	Total	**574518.76**	**24841.00**

APPENDIX - II

(Referred to in paragraph 1.1)

Bodies audited under sections 19(2) and 20(1) of the CAG's (DPC) Act 1971, whose accounts/information for 2001-2002 not received as of December 2002

Sl. No.	Ministry/Name of Body
Commerce	
1.	Export Inspection Agency, Delhi
2.	Export Inspection Agency, Kolkata
3.	Export Inspection Agency, Mumbai
Health and Family Welfare	
4.	Chittaranjan National Cancer Institute, Kolkota
5.	National Institute of Homoeopathy, Kolkata
Home Affairs	
6.	National Human Rights Commission, New Delhi
Human Resource Development	
7.	Central Agricultural University, Imphal
8.	Delhi University, New Delhi
9.	Dr. B.R. Ambedkar Regional Engineering College, Jallandhar
10.	Indian Institute of Information Technology and Management, Gwalior
11.	Lakshmibai National Institute of Physical Education, Gwalior
12.	Malviya Regional Engineering College, Jaipur
13.	Nagaland University, Kohima
14.	National Book Trust, New Delhi
15.	National Council of Educational Research and Training, New Delhi
16.	National Institute of Adult Education, New Delhi
17.	National Institute of Public Co-operation and Child Development, New Delhi
18.	National Open School, New Delhi
19.	Navodaya Vidyalaya Samiti, New Delhi

Sl. No.	Ministry/Name of Body
20.	Nehru Yuvak Kendra Sangathan, New Delhi
21.	North East Zone Cultural Centre, Dimapur
22.	Viswa Bharati, Shantiniketan
	Mines
23.	Coal Mines Provident Fund Organisation, Dhanbad
	Shipping
24.	Tariff Authority of Major Port, New Delhi
	Textile
25.	National Institute of Fashion Technology, New Delhi
	Social Justice and Empowerment
26.	National Commission for Backward Classes, New Delhi
27.	National Commission for Minorities, New Delhi
	Urban Development & Poverty Alleviation
28.	Delhi Development Authority, New Delhi
29.	National Capital Region Planning Board, New Delhi

APPENDIX - III

(Referred to in paragraph 1.1)

Grants received during 2001-2002 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 Co-operative Union of India, New Delhi	360.00
2.	National Council for Co-operative training, New Delhi	1240.00
3.	National Horticulture Board, Gurgaon	10271.86
4.	Small and Marginal Farmers Development Agency, Dimapur	N.A.
	Commerce	
5.	Engineering Export Promotion Council, Kolkata	382.19
6.	Indian Institute of Foreign Trade, New Delhi	300.00
7.	Shellac Export Promotion Council, Kolkata	28.49
8.	Sports Goods Sport Promotion Council, New Delhi	91.55
9.	Engineering Export Promotion Council, New Delhi	516.00
10.	Federation of Indian Export Organisation, New Delhi	559.00
	External Affairs	
11.	Research and Information System for non elignet and other development countries	137.00
	Industries	
12.	Central Pulp and Paper Research Institute, Saharanpur	487.00
13.	Khadi and Village Industries Commission, Dimapur	Nil
14.	National Productivity Council, New Delhi	614.00
15.	National Institute for Entrepreneurship and Small Business Development	Nil
16.	Cashew Export Promotion Council of India, Kochi	95.23
17.	Central Footware Training Institute, Chennai	30.00
18.	Central Manufacturing Technology of Institute	1200.00
19.	Central Tool Room Training Centre, Kolkata	N.A

Sl. No.	Ministry/Name of Body	Grant
	Information and Broadcasting	
20.	Children Film Society of India, New Delhi	337.14
21.	Indian Institute of Mass Communication	507.20
22.	Satyajeet Ray Film and Television Institute, Calcutta	N.A
	Health and Family Welfare	
23.	Lala Ram Swaroop Institute of Tuberculosis and Allied Diseases, New Delhi	1435.00
24.	National Institute of Biologicals	385.00
25.	New Delhi T.B Centre	90.00
26.	Pariwar Sewa Sansthan	17.67
	Human Resource Development	
27.	Sports Authority of India, Dimapur	N.A
28.	Indian Society for Technical Education, New Delhi	210.25*
29.	Maulana Abul Kalam Azad Institute of Asian Studies, Kolkata	61.25
30.	Ram Krishna Mission, Institute of Culture, Kolkata	N.A
31.	West Bengal Schedule Caste/Schedule Tribe and Minority Association Calcutta	N.A
	Petroleum and Chemicals	
32.	Central Institute of Plastics Engineering Technology, Hyderabad	N.A
	Planning	
33.	Indian Statistical Institute, Kolkata	N.A
	Telecommunication	
34.	Electronics and Computer Software	893.83
	Textiles	
35.	Indian Jute Industries Research Association, Kolkata	N.A
36.	National Centre for Jute Diversification	308.00
	Tourism	
37.	Institute of Hotel Management and Catering Technology, Kovalam	171.00
38.	Institute of Hotel management Catering and Nutrition	N.A

* Grant received from AICTE

Sl. No.	Ministry/Name of Body	Grant
39.	Institute of Hotel Management Catering Technology and Applied Nutrition, Kolkota	N.A
	Rural Areas and Development	
40.	District Rural Development Agency, Pondicherry	945.43
	Social Justice and Empowerment	
41.	Andhra Pradesh Mahila Samta Society, Hyderabad	130.00
42.	Centre for Studies in Social Science, Kolkata	N.A
43.	Libenshilfe Visakhapatnam, Association for the mentally handicapped	63.48
	Urban Development and Poverty Alleviation	
44.	National Institute of Urban Affairs	144.00
	Water Resources	
45.	National Institute of Hydrology, Roorkee	589.45
	Total	**22601.02**

APPENDIX - IV

(Referred to in paragraph 1.1)

Bodies audited u/s 14(1) and 14(2) of CAG's (DPC) Act, 1971 whose accounts/information not received for 2001-02 as of 31 December 2002

Sl. No.	Ministry/ Name of Body
	Agriculture and Co-operation
1.	Indo German Nilgiries Development Agency-Udhagmandalam
2.	National Co-operative Consumer Federation, Bhiwani
3.	National Council for Co-operative
	Commerce
4.	National Institute for Enterpreneurship and Small Business Development
	Chemical and Fertilisers
5.	Central Institute of Plastics Engineering Technology, Chennai
6.	Central Institute of Plastics Engineering Technology, Hyderabad
7.	Central Institute of Plastic Engineering and Technology, Mysore
	Civil Aviation
8.	Indira Gandhi Rashtriya Udan Academy, Raibareli
	Finance
9.	National Institute of Public Finance and Policy
10.	Indian Instrument Centre, New Delhi
11.	National Council of Applied Economic Research, New Delhi
	Food Processing Industries
12.	Paddy Processing Research Centre Thanjavur
	Health and Family Welfare
13.	Gandhigram Institute of Rural Health and Family Welfare Trust, Ambathurai Dingigual District
14.	Parivar Seva Santhan, New Delhi
15.	Pasteur Institute of India coonoor
	Human Resource Development
16.	All India Women Conference, New Delhi
17.	Association of Indian University
18.	Bhagavathula Charitable Trust Gelamonchili Visakahapatnam

Sl. No.	Ministry/ Name of Body
19.	Bharat Gyan Vigyan Samiti, New Delhi
20.	Bharat Scouts and Guides, New Delhi
21.	Dr. Ambedkar Foundation, New Delhi
22.	Indian Council of Education, New Delhi
23.	Indian National Trust for Cultural Heritage
24.	Indian Statistical Institute, Kolkata
25.	Maulana Azad Education Foundation
26.	National Gandhi Museum, New Delhi
27.	Punjab University, Chandigarh
28.	Rajeev Gandhi National Institute of Youth Development, Sriperumbudur
29.	State Resource Centre for Adult Education, Hyderabad
Industries	
30.	Automotive Research Association of India, Pune
31.	Central Institute of Tool Design, Balanagar, Hyderabad
32.	Fluid Control Research Institute Palakkad
33.	Indian Diamond Institute, Surat
34.	Indian Institute of Packaging, Mumbai
35.	Institute for studies in Industrial Development
36.	National Institute of Small Industries Extension Training, Hyderabad
37.	Quality Council of India, New Delhi
Labour	
38.	Central Instructional Media Institute-Guindy, Chennai
39.	Child Labour Abolition Support Scheme Society , Vellore
40.	Smile Project Society, Salem
Personnel, Public Grievances and Pension	
41.	Central Civil Services Sports and Cultural Board, New Delhi
42.	Grih Kalyan Kendra, New Delhi
43.	Indian Institute of Public Administration, New Delhi
Planning	
44.	Institute of Applied Manpower Research, New Delhi

Sl. No.	Ministry/ Name of Body
	Power
45.	Central Power Research Institute Bangalore
46.	Centre for Wind Energy Technology, Chennai
47.	Energy Management Centre
	Rural Area and Development
48.	District Rural Development Agency, Car Nicobar
49.	District Rural Development Agency, Port Blair
50.	DRDA, Nilgiris
51:	DRDA, Coimbatore
52.	DRDA, Cuddalore
53.	DRDA, Dharmapuri
54.	DRDA, Dindigul
55.	DRDA, Erode
56.	DRDA, Kancheepuram
57.	DRDA, Kanyakumari
58.	DRDA, Karur
59.	DRDA, Madurai
60.	DRDA, Nagapattinam
61.	DRDA, Namakkal
62.	DRDA, Perambalur
63.	DRDA, Pudukottai
64.	DRDA, Ramnathapuram
65.	DRDA, Salem
66.	DRDA, Sivaganga
67.	DRDA, Thanjavur
68.	DRDA, Theni
69.	DRDA, Thiruvallur
70.	DRDA, Thiruvannamalai
71.	DRDA, Thiruvanur
72.	DRDA, Tiruchirapalli
73.	DRDA, Tirunelveli
74.	DRDA, Tuticorin

Sl. No.	Ministry/ Name of Body
75.	DRDA, Vellore
76.	DRDA, Villuperam
77.	DRDA, Virudhunagar
	Social Justice and Empowerment
78.	All India Association for Social Health in India, New Delhi
79.	Andaman Adim Janjati Vikas Samiti, Port Blair
80.	Andhra Pradesh Mahila Samatha Society, Hyderabad
81.	Bhartiya Adim Jati Sewak Sangh, New Delhi
82.	Central Manufacturing Technology, Vellore
83.	District Rehabilitation Centre, Vijayawada
84.	District Rehabilitation Centre, Vijayawada
85.	Harijan Sewak Sangh, New Delhi
86.	Indian Council for Child Welfare, New Delhi
87.	Institute of Economic Growth
88.	Manasika Vikasa Kendra Vijayawada
89.	Mavasika Visaka Kendram Vijaywada
90.	Rashtriya Sewa Samiti, Tirupati
91.	Shoshan Unmoolan Parishad, New Delhi
92.	Social Welfare Advisory Board, Port Blair
93.	Zilla Vikalangula Sangam, Vinu Konda
	Surface Transport
94.	National Institute of Training for Highway Engineerings, New Delhi
	Textiles
95.	Bombay Textile Research Association
96.	Handloom Export Promotion Council, Chennai
97.	Handloom House, Hyderabad
98.	Handloom House, Visakhapatnam
99.	Khadi Village Industries Board, Port Blair
100.	South India Textile Research Association, Coimbatore

Sl. No.	Ministry/ Name of Body
	Tourism
101.	Institute of Hotel Management Catering Technology and Applied Nutrition, New Delhi
102.	Institute of Hotel Management Catering Technology and Applied Nutrition , Hyderabad
103.	Institute of Hotel Management Catering Technology and Applied Nutrition , Chennai
	Urban Development and Poverty Alleviation
104.	Building Material Technology Promotion Council, New Delhi
105.	National Institute of Urban Affairs
	Youth Affairs and Sports
106.	Indian Olympic Association, New Delhi
107.	Sri Aurobindo Society, New Delhi
108.	Youth Hostel Association of India, New Delhi

APPENDIX - V

(Referred to in paragraph 1.1)

Delay in submission of annual account for the year 2000-2001 by autonomous bodies

Sl. No.	Name of the autonomous body	Date of receipt of accounts
(A)	**Delay of three to six months**	
1.	Bal Bhawan society	21.12.2001
2.	Coal Mines Provident Fund Organisation	15.10.2001
3.	Coffee Board General Fund	16.10.2001
4.	Indian Council for Cultural Relations	15.10.2001
5.	Indian Council of Philosophical Research	19.11.2001
6.	Indian Council of Social Science Research	18.10.2001
7.	Indian Council of World Affairs New Delhi	14.12.2001
8.	Indian Institute of Management, Indore	22.10.2001
9.	Indira Gandhi National Centre for Arts	22.10.2001
10.	Indira Gandhi National Open University	14.12.2001
11.	Sant Longowal Institute of Engg. And Technology	15.10.2001
12.	Mahatma Gandhi Antarrashtriya Hindi Vishwavidyalaya	12.12.2001
13.	National Culture Fund	30.10.2001
14.	National Inst. of Pharmaceutical Education and Research	1.10.2001
15.	National Instt. of Adult Education	19.10.2001
16.	National Museum of Natural History Art and Culture	9.10.2001
17.	North Central Zone Cultural Centre, Allahabad	10.10.2001
18.	Post Graduate Instt. of Medical Education and Research	10.10.2001
19.	Rashtriya Sanskrit Sansthan	6.11.2001
20.	Securities Exchange Board of India, Mumbai	31.12.2001
21.	South Central Zone Culture Centre, Nagpur	15.10.2001
22.	Sports Authority of India	20.12.2001
23.	Telecom Regulatory Authority of India	19.11.2001
(B)	**Delay of over six months**	
1.	Coffee Board (Pool Fund Accounts)	11.11.2002
2.	Delhi University	1.5.2002
3.	Lakshmibai National Instt. of Physical Education	9.5.2002
4.	National Illness Assistance Fund	21.1.2002
5.	National Council of Rural Instt. Hyderabad	13.2.2002
6.	National Trust for Welfare of Persons	14.3.2002
7.	Nehru Yuvak Kendra Sangathan	1.4.2002
8.	South Zone Cultural Centre, Thanjavur	7.7.2002

APPENDIX - VI

(Referred to in paragraph 1.1)

Non-submission of Annual Account for the year 2000-2001 by Autonomous Bodies as of 31 December 2002

Sl. No.	Name of the autonomous body
1.	Babasaheb Bhimrao Ambedkar University
2.	Central Agricultural University
3.	Indian Instt. Of Technology Guwahati
4.	Nagaland University
5.	National Commission for Backward Classes
6.	National Commission for Minorities
7.	North East Zone Cultural Centre, Dimapur
8.	Prasar Bharati

APPENDIX - VII

(Referred to in paragraph 1.2)

Outstanding utilisation certificates

(Rs in lakh)

Ministry/Department	Period to which grants relate (upto March 2000)	Utilisation Certificates outstanding in respect of grants released upto March 2000,which were due by September 2001; position at the end of March 2002	
		Number	Amount
Agriculture and Cooperation	1990-91	3	11.25
	1991-92	8	16.50
	1992-93	1	2.50
	1996-97	10	10.62
	1997-98	17	40.78
	1998-99	16	105.07
	1999-2000	36	53647.79
		91	**53834.51**
Andaman and Nicobar Administration	1999-2000	10	180.80
		10	**180.80**
Atomic Energy	1988-89	2	2.96
	1991-92	1	2.51
	1992-93	1	0.37
	1994-95	3	2.22
	1995-96	1	1.19
	1996-97	14	15.90
	1997-98	21	44.03
	1998-99	21	60.39
	1999-2000	44	190.78
		108	**320.35**
Consumers Affairs and Public Distribution	1983-84	3	1.62
	1985-86	1	0.37
	1987-88	1	3.00
	1988-89	1	3.70
	1989-90	2	11.50
	1994-95	1	4.00
	1996-97	1	100.00
	1997-98	1	11.00
	1999-2000	2	100.00
		13	**235.19**
Environment and Forest	1981-82	15	5.79
	1982-83	21	41.00

Ministry/Department	Period to which grants relate (upto March 2000)	Utilisation Certificates outstanding in respect of grants released upto March 2000,which were due by September 2001; position at the end of March 2002	
		Number	Amount
	1983-84	90	58.50
	1984-85	143	229.80
	1985-86	121	495.40
	1986-87	74	533.77
	1987-88	290	8909.92
	1988-89	359	2543.18
	1989-90	549	194.23
	1990-91	70	123.30
	1991-92	91	1539.88
	1992-93	232	3026.11
	1993-94	64	74.18
	1994-95	142	1204.24
	1995-96	12	24.50
	1996-97	485	15815.12
	1997-98	612	9852.58
	1998-99	431	463.09
	1999-2000	542	10070.42
		4343	**55205.01**
(ii) Ocean Development	1983-84	8	101.52
	1984-85	22	22.66
	1985-86	45	40.26
	1986-87	23	27.20
	1987-88	3	175.04
	1988-89	66	59.25
	1989-90	95	106.42
	1990-91	17	227.46
	1991-92	27	124.51
	1992-93	8	3.00
	1993-94	16	40.20
	1994-95	10	160.47
	1995-96	53	58.77
	1996-97	54	152.82
	1997-98	84	925.95
	1998-99	96	1354.95
	1999-2000	72	2814.65
		699	**6395.13**
External Affairs	1991-92	2	2.00
	1997-98	5	31.67
	1998-99	4	12.08

Ministry/Department	Period to which grants relate (upto March 2000)	Utilisation Certificates outstanding in respect of grants released upto March 2000,which were due by September 2001; position at the end of March 2002	
		Number	Amount
	1999-2000	16	562.98
		27	**608.73**
Finance	1996-97	1	31.38
Economic Affairs*	1997-98	1	16.27
	1999-2000	7	214.64
		9	**262.29**
Food Processing Industries	1991-92	4	60.28
	1992-93	13	101.15
	1993-94	14	98.79
	1994-95	16	134.42
	1995-96	20	202.19
	1996-97	21	234.09
	1997-98	12	196.34
	1998-99	22	375.80
	1999-2000	113	1444.06
		235	**2847.12**
Health and Family Welfare	1980-81	2	1.46
(i) Health	1982-83	1	0.62
	1983-84	2	24.80
	1984-85	5	29.26
	1985-86	8	2.47
	1986-87	5	5.39
	1987-88	4	0.54
	1988-89	10	2.45
	1989-90	21	47.28
	1990-91	5	5.71
	1991-92	5	0.97
	1992-93	1	0.15
	1993-94	38	1532.19
	1994-95	26	1201.89
	1995-96	84	3193.30
	1996-97	130	2453.39
	1997-98	189	7302.07
	1998-99	131	13250.27
	1999-2000	435	28318.09
		1102	**57372.30**

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

Ministry/Department	Period to which grants relate (upto March 2000)	Utilisation Certificates outstanding in respect of grants released upto March 2000,which were due by September 2001; position at the end of March 2002	
		Number	Amount
(ii) Family Welfare	1982-83	4	2.95
	1986-87	2	9.45
	1987-88	3	4.13
	1989-90	7	17.35
	1990-91	8	13.00
	1992-93	2	7.79
	1993-94	34	178.89
	1994-95	72	102.87
	1995-96	126	966.39
	1996-97	149	1324.69
	1997-98	93	2300.93
	1998-99	108	5461.99
	1999-2000	113	19698.82
		721	**30089.25**
Human Resource Development	1986-87	169	473.02
(i) Women and Child Development	1987-88	252	789.65
	1988-89	372	1174.61
	1989-90	408	3008.84
	1990-91	351	1319.76
	1991-92	385	1888.37
	1992-93	427	2486.72
	1993-94	575	3385.47
	1994-95	640	3217.37
	1995-96	393	1862.72
	1996-97	693	2956.83
	1997-98	447	2304.93
	1998-99	415	7315.18
	1999-2000	410	3606.78
		5937	**35790.25**
(ii) Youth Affairs and Sports	1987-88	20	10.04
	1988-89	103	76.00
	1989-90	153	63.00
	1990-91	185	100.00
	1991-92	135	114.00
	1992-93	386	700.00
	1993-94	381	1028.00
	1994-95	256	483.00
	1995-96	349	1007.00
	1996-97	393	4636.00

Ministry/Department	Period to which grants relate (upto March 2000)	Utilisation Certificates outstanding in respect of grants released upto March 2000,which were due by September 2001; position at the end of March 2002	
		Number	Amount
	1997-98	279	1896.00
	1998-99	560	12205.00
	1999-2000	848	4582.00
		4048	**26900.04**
(iii) Education			
(A) Secondary and Higher Education	1977-78	50	96.14
	1978-79	147	109.11
	1979-80	55	83.38
	1980-81	40	96.30
	1981-82	48	144.94
	1982-83	62	152.10
	1983-84	68	209.33
	1984-85	92	351.20
	1985-86	218	1183.41
	1986-87	95	442.80
	1987-88	339	2531.36
	1988-89	425	2562.13
	1989-90	284	3068.96
	1990-91	51	122.61
	1991-92	154	1157.67
	1992-93	201	2293.23
	1993-94	252	3367.45
	1994-95	127	5477.26
	1995-96	150	6935.35
	1996-97	158	11979.41
	1997-98	222	12035.10
	1998-99	236	6826.54
	1999-2000	1018	33490.25
		4492	**94716.03**
(B) Elementary Education and Literacy	1978-79	2	0.50
	1979-80	18	5.66
	1980-81	3	0.57
	1982-83	8	7.68
	1983-84	19	8.27
	1984-85	53	27.09
	1985-86	55	37.17
	1986-87	78	53.63
	1987-88	22	29.63
	1988-89	68	92.59

Ministry/Department	Period to which grants relate (upto March 2000)	Utilisation Certificates outstanding in respect of grants released upto March 2000,which were due by September 2001; position at the end of March 2002	
		Number	**Amount**
	1989-90	90	151.76
	1990-91	42	316.75
	1991-92	33	138.15
	1992-93	38	690.77
	1993-94	52	1288.31
	1994-95	92	2879.13
	1995-96	140	6204.62
	1996-97	168	82220.74
	1997-98	175	47690.66
	1998-99	201	7299.71
	1999-2000	464	75098.72
		1821	**224242.11**
(iv) Culture	1982-83	2	0.45
	1983-84	4	0.53
	1984-85	10	2.07
	1985-86	3	0.61
	1986-87	8	2.57
	1987-88	5	1.37
	1988-89	14	3.00
	1989-90	14	3.00
	1990-91	74	13.00
	1991-92	96	812.00
	1992-93	806	3278.00
	1993-94	771	5611.00
	1994-95	477	1379.00
	1995-96	520	4164.00
	1996-97	736	3568.00
	1997-98	728	3870.00
	1998-99	602	6935.00
	1999-2000	713	2924.00
		5583	**32567.60**
Home Afffairs	1999-2000	3	287.82
RPAO (I.B. Shillong)		**3**	**287.82**
Industry			
(i) Department of Industrial Policy and Promotion	1999-2000	5	145.65
		5	**145.65**
(ii) Small Scale Industries and Agro and Rural Industries	1996-97	1	20.00

Ministry/Department	**Period to which grants relate (upto March 2000)**	**Utilisation Certificates outstanding in respect of grants released upto March 2000,which were due by September 2001; position at the end of March 2002**	
		Number	**Amount**
	1997-98	2	49.00
	1998-99	5	246.00
	1999-2000	5	41.78
		13	**356.78**
Information and Broadcasting	1982-83	1	4.22
	1983-84	2	3.37
	1995-96	1	600.00
	1996-97	1	279.50
		5	**887.09**
Information Technology	1999-2000	12	991.00
		12	**991.00**
Labour	1979-80	1	0.01
	1982-83	2	0.13
	1985-86	6	1.81
	1987-88	4	3.19
	1988-89	3	6.58
	1989-90	11	10.53
	1990-91	14	19.29
	1991-92	8	26.59
	1992-93	3	0.71
	1993-94	10	32.07
	1994-95	5	5.61
	1995-96	36	191.84
	1996-97	259	466.04
	1997-98	6	5.28
	1998-99	44	126.43
	1999-2000	62	348.72
		474	**1244.83**
Non-Conventional Energy Sources	1983-84	3	13.17
	1984-85	1	2.19
	1993-94	1	2.43
	1994-95	4	22.18
	1995-96	22	33.93
	1996-97	32	48.47
	1997-98	34	62.26
	1998-99	24	106.66
	1999-2000	21	326.80

* Does not include Child Labour cell

Ministry/Department	Period to which grants relate (upto March 2000)	Utilisation Certificates outstanding in respect of grants released upto March 2000,which were due by September 2001; position at the end of March 2002	
		Number	Amount
		142	**618.09**
Personnel, Public Grievances and Pensions			
Personnel and Training	1996-97	1	2.30
	1997-98	1	5.00
	1998-99	2	413.00
	1999-2000	4	21.00
		8	**441.30**
Planning and Statistics	1990-91	4	2.15
Planning Commission	1991-92	4	2.45
	1992-93	2	1.22
	1994-95	2	31.35
	1995-96	1	4.55
	1996-97	5	2.57
	1997-98	5	254.86
	1998-99	3	4.43
	1999-2000	12	32.00
		38	**335.58**
Rural Development	1997-98	4	197.06
	1998-99	15	1532.41
	1999-2000	29	4850.43
		48	**6579.90**
Space	1976-77	1	0.05
	1979-80	2	0.21
	1980-81	1	0.38
	1981-82	1	0.03
	1982-83	9	2.87
	1983-84	5	0.75
	1984-85	12	2.23
	1985-86	4	1.05
	1986-87	11	3.95
	1987-88	6	4.98
	1988-89	1	0.05
	1989-90	3	3.08
	1990-91	4	5.64
	1991-92	1	1.24
	1992-93	1	1.01
	1993-94	2	1.28
	1994-95	8	11.07

Ministry/Department	Period to which grants relate (upto March 2000)	Utilisation Certificates outstanding in respect of grants released upto March 2000,which were due by September 2001; position at the end of March 2002	
		Number	Amount
	1995-96	6	1.95
	1996-97	12	23.44
	1997-98	5	14.05
	1998-99	23	92.95
	1999-2000	31	82.17
		149	**254.43**
Surface Transport	1999-2000	1	100.00
Commerce & Textile		**1**	**100.00**
Development Commissioner	1978-79	9	52.49
of Handicrafts, Delhi	1979-80	6	18.64
	1980-81	3	4.30
	1982-83	6	5.93
	1983-84	1	0.53
	1984-85	4	2.06
	1985-86	4	2.30
	1986-87	3	2.05
	1987-88	2	2.53
	1988-89	1	0.25
	1989-90	6	4.99
	1990-91	2	3.55
	1991-92	3	7.47
	1992-93	17	36.30
	1993-94	18	103.30
	1994-95	55	45.47
	1995-96	80	382.01
	1996-97	38	185.29
	1997-98	57	206.68
	1998-99	52	410.97
	1999-2000	83	499.83
		450	**1976.94**
Tourism	1996-97	1	6.00
	1997-98	4	136.00
	1998-99	5	804.03
	1999-2000	8	812.62
		18	**1758.65**
	1983-84	4	1.20
Urban Development	1984-85	5	1.82
	1985-86	11	6.00
	1986-87	4	1.36

Ministry/Department	Period to which grants relate (upto March 2000)	Utilisation Certificates outstanding in respect of grants released upto March 2000,which were due by September 2001; position at the end of March 2002	
		Number	Amount
	1987-88	4	4.35
	1988-89	13	6.74
	1989-90	11	10.57
	1990-91	15	35.50
	1991-92	7	14.01
	1992-93	22	84.60
	1993-94	51	1912.08
	1994-95	61	101.05
	1995-96	46	430.74
	1996-97	26	919.94
	1997-98	18	4619.30
	1998-99	48	4732.56
	1999-2000	67	7029.34
		413	**19911.16**
Water Resources	1985-86	1	1.27
	1986-87	3	27.01
	1987-88	4	11.89
	1988-89	3	8.80
	1989-90	7	11.46
	1990-91	3	7.17
	1991-92	1	10.29
	1992-93	1	0.03
	1993-94	1	0.25
	1994-95	1	5.13
	1995-96	4	22.66
	1996-97	1	4.71
	1997-98	3	8.90
	1998-99	11	29.69
	1999-2000	18	77.76
		62	**227.02**
Grand Total		**31080**	**657682.95**

APPENDIX - VIII

(Referred to in Paragraph No.11)

Outstanding Action Taken Notes as of October 2002.

Sl. No.	Name of the Ministry/Department	Report for the year ended March	Due	Not received at all	Under corresp-ondence
1.	Commerce	2001	1	1	--
2.	Finance (Department of Revenue)	2001	2	--	2
3.	Health and Family Welfare	1999	2	2	--
		2000	1	–	1
		2001	1	--	1
4.	Human Resource Development (Department of Culture)	1997	1	--	1
		1998	2	--	2
		2000	2	2	–
		2001	2	2	–
	Department of Elementary Education and Literacy	2001	1	--	1
	Department of Secondary and Higher Education	1997	2	–	2
		1999	1	--	1
		2000	8	--	8
		2001	11	3	8
	Department of Women and Child Development	2000	1	--	1
5.	Information and Broadcasting	1997	4	--	4
		1998	6	--	6
		1999	1	--	1
		2000	3	--	3
		2001	9	--	9

Sl. No.	Name of the Ministry/Department	Report for the year ended March	Due	Not received at all	Under corresp-ondence
6.	Labour	1998	1	–	1
		1999	3	–	3
		2000	4	4	--
		2001	1	1	--
7.	Law Justice and Company Affairs	1998	1	–	1
8.	Rural Development	2000	1	1	–
9.	Shipping	2001	5	5	–
10.	Small Scale Industries	2000	1	1	–
11.	Social Justice and Empowerment	1999	1	--	1
		2001	2	--	2
12.	Textile	2000	1	1	--
13.	Tourism and Culture	2001	1	1	--
14.	Urban Development and Poverty Alleviation	1989	1	1	–
		1990	5	5	–
		1991	8	8	–
		1992	9	9	–
		1993	12	12	–
		1994	1	1	–
		2001	6	6	–
Total			**125**	**66**	**59**