

REPORT OF THE
COMPTROLLER AND AUDITOR GENERAL
OF INDIA

FOR THE YEAR ENDED 31 MARCH 1982
NO. 1 OF 1982

UNION GOVERNMENT - CIVIL

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PREFATORY REMARKS

This Report for the year ended 31 March 1992 has been prepared for submission to the President under Article 151 of the Constitution.

2. This Report (No.1) covers matters arising from the Finance Accounts of the Union Government (Civil) for 1991-92 and the results of audit of Appropriation Accounts. Matters arising from the test audit of the financial transactions of some of the Ministries and Departments of the Union Government are also included. Other Reports cover matters relating to the remaining Ministries and Departments (No.6), Scientific Departments (No.2), Railways (No.10), Defence (Nos.8 and 9), Posts and Telecommunications (No.7), Administration of Union Territory of Delhi (No.3) and Receipts of the Union Government (Nos.4 and 5).

3. This Report (No.1) includes audit review reports on the following matters:-

- (a) Contracts placed by Director General, Supplies and Disposals - Payment and Accounting.
- (b) Educational Technology Programme
- (c) National Museum
- (d) Bureau for Promotion of Urdu
- (e) Improvement of science education in schools through voluntary agencies and

(f) Grants-in-aid to Voluntary Agencies for environmental orientation to School Education.

4. The cases mentioned in this Report are among those which came to notice in the course of audit during 1991-92 and early part of 1992-93 as well as those which came to notice in earlier years but could not be covered in the previous Reports. Matters relating to the transactions subsequent to 1991-92 have been mentioned, wherever relevant.

OVERVIEW

This Volume of the Audit Report for the year ended 31 March 1992 contains 52 paragraphs including 6 reviews. The major findings are summarised below.

Accounts of the Union Government

I. Deficit

During 1991-92 the excess of revenue expenditure over revenue receipts in the Consolidated Fund of India which is termed as revenue deficit was Rs.16261 crores and exceeded the budget estimation by Rs.2407 crores. The overall deficit decreased from Rs.11347 crores in 1990-91 to Rs.6855 crores in 1991-92. The capital receipts of 3038 crores resulting from disinvestment of government equity holdings in public sector undertakings helped to keep down the overall deficit during 1991-92. The fiscal deficit came down from Rs.44632 crores in 1990-91 to Rs.36325 crores in 1991-92 and constituted 6.7 per cent of the GDP.

(Paragraphs 1.1, 1.4 and 1.6)

II. Capital expenditure

Capital expenditure as a percentage of GDP is showing a declining trend. The capital expenditure as a percentage of total expenditure (Revenue + capital) has declined from 14 per cent in 1987-88 to 11 per cent in 1991-92. During the last five years, capital expenditure grew only by 5 per cent per year as against average annual growth of 13 per cent of total expenditure.

(Paragraph 1.7)

III. Return on investment

Dividends amounting to Rs.367 crores were received during 1991-92 from public sector enterprises which was less than 1 per cent of the investment of Rs.40121 crores. Out of 238 undertakings, no dividend was received from 187

undertakings in which Rs.36189 crores were invested upto 1991-92. The dividend received from nationalised banks on an investment of Rs.2979 crores was only Rs.54.59 crores which constituted 1.83 per cent.

(Paragraph 1.8)

IV. Trend in receipts

Tax revenue accounting for Rs.62257 crores grew by 16.45 per cent in 1991-92 as compared to Rs.53456 crores in previous year. Non-tax revenue which was Rs.13832 crores in 1990-91 increased to Rs.18099 crores in 1991-92. Interest receipts of Rs.10933 crores accounted for 60 per cent of non-tax receipts of Rs.18099 crores.

(Paragraph 1.3)

V. Trend in Revenue expenditure

Revenue expenditure of the Government increased from Rs.65895 crores in 1987-88 to Rs.116091 crores in 1991-92. Interest payment accounted for 23 per cent of the revenue expenditure during 1991-92. Interest payment on internal debt increased by 105 per cent from Rs.5514 crores to Rs.11317 crores between 1987-88 to 1991-92. Corresponding increase was 177 per cent in interest paid on external debt and 169 per cent on small savings and provident fund etc. The budget estimates of major element of subsidies on food, fertilizers and export promotion was Rs.7824 crores against which the actual expenditure was Rs.9404 crores, exceeding the budget estimates by 20 per cent.

(Paragraph 1.4)

VI. Outstanding liabilities

The internal debt of the Union Government had increased from Rs.98646 crores in 1987-88 to Rs.172750 crores in 1991-92. The outstanding balance of external debt on Government account at the end of March 1992 was Rs.36948 crores at historical rate of

exchange. However, adjusted to variation liability at the end of 1991-92, the outstanding debt was Rs.109608 crores. Reckoned on this basis the total liabilities worked out to 80 per cent of GNP.

(Paragraphs 1.5 and 1.10)

VII. Loans and advances

The terms and conditions of loans given to Government owned companies/corporation, non-government institutions and local funds etc. aggregating to Rs.1311 crores have not been finalised. A sum of Rs.15612 crores (principal + interest) from public sector undertakings and others and Rs.308 crores from States and Union Territories was overdue for recovery.

(Paragraph 1.9)

VIII. Adverse Balances

Action would be required to be taken for rectification of persistent adverse balances in Finance Accounts under the Debt, Deposit and Remittance Heads.

(Paragraph 1.11)

IX. Appropriation Accounts

Out of 91 grants, in 6 grants the expenditure exceeded the amounts voted or appropriated (charged) under 'Revenue' or 'Capital' sections in the Appropriation Accounts by Rs.39.24 crores. This requires approval of Parliament by voting and appropriating the required excess grants.

The actual expenditure during 1991-92 fell short of the budget provisions in 218 cases. The net saving was Rs.25776 crores against total allocation of Rs.206351 crores which constituted 12.5 per cent. A supplementary provision of Rs.5219 crores was taken in the revenue and capital sections (excluding public debt and loans and advances) of the grants, although

there was an overall saving of Rs.6461 crores in these grants. In 10 grants, the entire supplementary provisions of Rs.26.18 crores remained unutilised.

In 9 grants the savings exceeded 50 per cent of the budget provisions. In 40 grants and 2 appropriations savings exceeded Rs.20 crores in each case.

In a number of grants/appropriations the savings were not surrendered in time as prescribed in the financial rules. Against final savings of Rs.25776 crores the amount surrendered was Rs.23890 crores out of which 98 per cent (Rs.23313 crores) were surrendered on the last day of the financial year. In 41 cases (21 voted and 20 charged appropriations) the entire savings of Rs.68.79 crores was not surrendered. In 10 cases the amount surrendered exceeded the overall savings while in 3 cases amounts were surrendered even though no savings were available.

In case of 35 sub-heads in 19 grants/appropriations, re-appropriation of Rs.278.04 crores was injudicious as the (i) final saving under sub-heads was more than the amount re-appropriated to sub-heads and (ii) final excess under the sub-heads was more than the amount re-appropriated from the sub-heads.

In three cases expenditure was incurred on 'New Service' or 'New Instrument of Service' without prior approval of Parliament or without reporting the facts to Parliament.

(Paragraphs 2.1 to 2.10)

Ministry of Agriculture

X. Avoidable expenditure on demurrage charges and interest

The Ministry of Agriculture hired a cargo ship from a foreign firm for transportation of 20,400 MT

of fertilizers from Florida to India. The cargo was to be delivered at one or two safe ports. However, after loading, the Vessel was directed to four ports in India and the Ministry could not arrange unloading of cargo within the stipulated period. As a result the owners claimed demurrage charges of Rs.25.24 lakhs (US\$ 2.09 lakhs). Out of this Rs.17.79 lakhs were paid. For the remaining Rs.8.05 lakhs, the matter was referred to Arbitration by the ship owners. Failure of the Ministry to produce evidence in support of their contention that there was mutual agreement for variation in the mode of unloading resulted in an award of cost, interest and damages to the extent of Rs.11.66 lakhs in favour of the ship owners. There was unjustified administrative delay in payment of legal expenses due amounting to Rs.9.57 lakhs resulting in an additional payment of interest (Rs.2.94 lakhs) bringing the total avoidable cost on this account to Rs.24.17 lakhs.

(Paragraph 3.1)

Ministry of Civil Aviation and Tourism
(Department of Tourism)

XI. Deficiencies in the implementation of the scheme for Yatri Niwas

Non-commissioning and non-completion of 17 out of the 31 projects within the period envisaged in the Joint Venture Scheme of the Department of Tourism to construct Yatri Niwas buildings at important places of tourist interest, led to idling of Rs.3.37 crores.

(Paragraph 4.1)

Ministry of Commerce
(Department of Commerce)

XII. Export Credit (interest subsidy) Scheme 1968

Test check of the accounts of 2783 branches of 78 banks in the country revealed that the irregularities pointed out in the earlier Audit Reports of the Comptroller and Auditor General of

India Union Government (Civil) continued to be committed resulting in irregular or excess payment of interest subsidy amounting to Rs.7.68 crores between 1st January 1987 and March 31, 1991, out of which an amount of Rs.2.66 crores was refunded by the banks to Reserve Bank of India at the instance of Audit and refund of balance amount of Rs.5.02 crores was still pending.

(Paragraph 5.1)

XIII. Payment of cash assistance

Test check of payment of cash assistance revealed cases of overpayment due to misclassification (Rs.20.32 lakhs), excess payment due to non-application of cut-off formula (Rs.16.28 lakhs), excess payment due to application of incorrect rates (Rs.13.57 lakhs), irregular payment (Rs.7.02 lakhs) and inadmissible payment (Rs.8.66 lakhs).

(Paragraph 5.2)

Department of Supply

XIV. Contracts placed by Director General, Supplies and Disposals-Payment and Accounting

The Chief Controller of Accounts, Department of Supply is responsible for accounting of payment and watching recoveries in respect of contracts placed by the Director General of Supplies and Disposals.

Test check of the records of the organisation revealed the following deficiencies:

- recoveries ranging between Rs.232.29 crores and Rs.165.83 crores from various indenting organisations during 1986-87 and 1991-92 remained unrealised.
- there were several claims pending recovery for long periods from various autonomous bodies and other parties resulting in loss of interest.

- as on 31st March, 1992, 2,376 items involving recovery of Rs.1006.90 lakhs relating to the period upto 1989-90 were outstanding in respect of recoveries specifically authorised by the purchaser or agreed to be paid by the suppliers.
- age-wise record of outstanding balances of Rs.77.14 lakhs at the end of March 1992 was not maintained.
- the outstanding amount of Rs.77.14 lakhs related to period upto March 1985.
- effective action has not been taken to pursue the outstanding recoveries amounting to Rs.1206.16 lakhs relating to the period upto 1989-90 on account of risk purchase/general damages and also due to deficiencies in supplies
- sales tax amounting to Rs.71.55 lakhs due had not been recovered from the bidders in auctions for disposal of stores.

(Paragraph 5.4)

XV. Non-recovery of excise duty paid in excess

Director General of Supplies and Disposals (DGSD), New Delhi had allowed excise duty to a supplier at the enhanced rate on the condition that benefit received by the supplier under the MODVAT scheme could be passed on to the purchasers. Though the condition was not satisfied by the supplier, excise duty of Rs.7.58 lakhs was paid in excess due to failure of DGSD to provide an effective mechanism for determination of the benefit received by him under MODVAT and for recovery thereof.

(Paragraph 5.6)

Ministry of External Affairs

XVI. Imprudent purchase of property

Government of India purchased a property at Geneva in 1989 at a cost of Rs.6.28 crores (Swiss Franc 6.37 million) for use by the Permanent Mission of India to the United Nations. The property which was initially justified for use as office premises, was purchased for use as residence of Permanent Representative of India to the United Nations, as the Cantonal Authorities would not permit the use of property, located in residential area, as an office. The property was not examined for potential use as the residence of the Permanent Representative and no justification working out its economic cost as required under Ministry's guidelines was prepared. The owner was reportedly willing to sell the property to United Nations at a substantially lower price, but no efforts were made to negotiate and obtain a competitive price.

Although the property was purchased as residence, successive officers posted as Permanent Representatives found it unsuitable for such use. The Ministry sanctioned in June 1992 a sum of Rs.2.62 crores for the renovation of the property. In the meanwhile, the property has not been utilised either as an office or as a residence.

A valuation after about 3 years of purchase indicated that the value of property had come down. Even then an offer from Swiss Federal Authority for the purchase of the property by the Cantonal Authorities at the original price was not accepted. During this period an expenditure of Rs.78.34 lakhs was incurred towards the rent for the residence of the Permanent Representative and maintenance expenditure while the property purchased for the purpose of his residence at a cost of Rs.6.28 crores remained unutilised.

(Paragraph 6.1)

XVII. Inadequate care in managing public funds

Embassy of India, Athens deposited the sale proceeds of the old chancery building amounting to Rs.84.39 lakhs in a bank in Greece without ascertaining whether interest was actually payable on this amount. Under the Greece Banking Regulations foreign missions could only open 'side accounts' in local currency which did not earn any interest. While this money was lying idle for over one year, Ministry remitted Rs.79.18 lakhs in foreign exchange for meeting Mission's expenses. This revealed lack of adequate care in handling public funds.

(Paragraph 6.2)

XVIII. Purchase of Embassy residence

A house was purchased by Government of India for use as Embassy residence at Mexico though its floor area was almost twice the norms fixed. The purchase effected for one million US dollars was on the basis of a single offer and without invitation of offers through insertion of advertisements in newspapers or from estate agents/house owners.

(Paragraph 6.3)

XIX. Loss in currency conversion

Government of India had been granting facilities for conversion of local currency to the Deutsche Mark to students studying/receiving training in the East-European countries. In October 1990, the Rouble was devalued by 300 per cent against the Deutsche Mark. However, the conversion facilities in the erstwhile Soviet Union was continued at the old rate of exchange. By not collecting at the rate of exchange at which the Mission purchased the hard currency, the Government incurred a loss of Rs.118.84 lakhs.

(Paragraph 6.4)

XX. Central Heating System of India House at London

Although the need for changing the old heating system in the 70-year old building of India House at

London has been recognised since 1984, no concrete action has been taken so far. The patch-work repairs and increase in temperature of circulating water has resulted in damage to the fabric of building material.

Even after incurring an expenditure of Rs.11.79 lakhs towards repair in piecemeal during the period 1984 to 1991, the system remained ineffective.

Expenditure on fuel had registered steep increase though the area heated through the system and its effectiveness had come down progressively over years.

(Paragraph 6.5)

**Ministry of Human Resource Development
(Department of Culture)**

XXI. National Museum

The activities of National Museum are broadly related to (i) collection, preservation and display of exhibits, (ii) documentation, (iii) secure custody of art objects.

Out of 4883 objects purchased during 1985-1992, 52 were registered antiquities whereas 496 and 4335 objects were unregistered antiquities and non-antiquities respectively. 115 art objects were not found genuine out of 3550 objects acquired during 1985-86 to 1987-88. Art objects received by way of gifts were not being evaluated. Adequate details of art objects acquired by the National Museum were not being recorded at the time of acquisition of art objects. In 4132 cases the historical importance of the art objects had not been recorded.

271 art objects were purchased for Rs.16.75 lakhs from 12 dealers in February 1987, the price of individual items was not settled and thus it was not possible to ascertain the reasonability of price paid.

In February 1986, the National Museum purchased 244 items of sculpture, out of which only 49 were fit for the collection of the Museum. The balance 195 were to be exchanged or distributed with other Museums/Institutions. However, none of these could be exchanged or distributed.

Test check of seven out of ten departments showed that out of 1,70,575 objects, 56466 were not accessioned in classified register, record photography was not done for 1,54,561 objects and 1,41,729 objects were not card indexed.

Number of art objects last identified for conservation/restoration in June 1988 was 27,808. To restore these objects, seven additional posts were provided in 1981 but progress of work done was not monitored.

The prescribed rules for sanctioning of grants to other museums were not followed.

During the period 1989-92, 1301 schools were covered under school education programme of bringing school children to the Museum against the target of 2100. Number of visitors to Museum declined from 1.89 lakhs in 1987 to 1.46 lakhs in 1991.

Out of 1405 objects sent abroad in 16 exhibitions held during 1985-92, 55 objects were damaged.

Central Advisory Board of Museums did not hold any meeting during 1989-90 and its standing committee met only once in May during 1987-88 to 1989-90.

(Paragraph 7.1)

Department of Education

XXII. Educational Technology Programme

There was delay in construction of buildings in case of Central Institute of Educational Technology (CIET) and State Institutes of Educational Technology

(SIET) which ranged from six months to three years. Equipment for Rs.1731.09 lakhs were purchased against Rs.1799.63 lakhs released by the Ministry. The supply of equipment was also delayed by one year to five years. There was delay in installation and commissioning of equipment. The composite delay in construction of buildings, supply of equipment and installation and commissioning of equipment hampered production of programmes.

In Bihar equipment costing Rs.1.65 crores and in Orissa Rs.1.53 crores have not been utilised so far (December 1992). The CIET released interest free advance of Rs.171.20 lakhs to suppliers but for delayed supply levied nominal penalty of only two per cent (Rs.4.09 lakhs).

CIET produced 608 programme during 1984-85 to 1990-91 at the rate of 1.5 programmes per month per production team. Andhra Pradesh produced only 493 out of 720 programmes targeted. Maharashtra produced 987 programmes out of 1165 and Orissa produced only 87 programmes out of 300.

Against Rs.1838.36 lakhs released during 1987-88 to 1990-91 to States for purchase of 31,129 colour TV sets, the State Governments purchased only 19,516 colour TV sets (1990-91) costing Rs.1137.15 lakhs. No TV sets were purchased in Rajasthan by March 1991. Due to non-availability of TV sets children could not avail of full benefits of the programmes. Maintenance of TV sets was poor and a sizeable number of Black and White TV sets were found to be non-functional. In Gujarat transmission time did not match with school timing. In Bihar and Maharashtra TV sets were installed in Panchayats and High Schools and therefore the children could not get benefit of the programme.

The scheme envisaged an exclusive channel on each of the 13 regional networks and on the National network each day but no decision for a separate TV channel has been taken so far.

(Paragraph 7.2)

XXIII. Bureau for Promotion of Urdu

The publication programme of the Bureau suffered from lack of proper planning and monitoring. There were considerable delays in preparation of manuscript and printing of technical glossaries, Urdu encyclopaedia, Urdu-English dictionary, English-Urdu dictionary and Urdu-Urdu dictionary. Only 21 per cent of technical glossaries published by it was made over to its sale unit for sale. Proper stock register of its publications were not maintained by the sale unit to account for the number of copies received, sold and balance in stock. Computer purchased by the Bureau in August 1989 for Rs.19.84 lakhs for modernising its printing programme was lying idle. There were delays in translation of NCERT text books in Urdu, resulting in books meant for particular academic session not being available in time. Complimentary copies of the text books in Urdu received from NCERT for distribution to libraries and schools etc., were lying in the stock of the Bureau. Weaknesses in budgetary and financial control in the Bureau resulted in large scale savings of funds provided for it. Physical verification of books in store was not conducted after 1977.

(Paragraph 7.3)

XXIV. Improvement of science education in schools through voluntary agencies

Under the scheme of "Improvement of Science Education in Schools" implemented in the Department of Education, grants to voluntary agencies were to be paid for innovative programmes for promotion of science education. Out of total grants of Rs.142 lakhs provided by the Department during 1988-89 to 1991-92, Rs.78 lakhs were provided as additional budgetary support to Government controlled autonomous bodies, leaving a small amount for non-government voluntary agencies. Grants of Rs.49.38 lakhs were provided for items and programmes which were either inadmissible or did not relate to improvement of science education. Lapses such as sanction of grants

without recommendation of State Governments, incomplete agreement bonds and weaknesses in control and monitoring of expenditure were noticed in audit. Reports of research on innovative programme for which assistance under this scheme was provided were not obtained to study their usefulness.

(Paragraph 7.4)

XXV. Grants-in-aid to Voluntary Agencies for environmental orientation to School Education

Under the scheme of "Environmental Orientation to School Education" in the Department of Education, provision for grants-in-aid to voluntary agencies was made for undertaking innovative programmes. Though the scheme provided for grants to voluntary agencies on all India basis, 90.73 per cent of total grant paid during 1988-89 to 1991-92 (Rs.182.75 lakhs), was released to only four agencies. One of the four, to whom grant of Rs.117.96 lakhs (64 per cent of total grant) was paid, worked only in a localised area in two districts of Uttar Pradesh and most of the activities for which the assistance was used by it were not connected with environmental orientation to school education. Instead of providing grants directly to the voluntary agencies and monitoring utilisation of grants the Department nominated two voluntary agencies as 'nodal' agency, thereby creating sub-disbursing agencies over which Department did not have adequate control.

(Paragraph 7.5)

XXVI. Injudicious and irregular payment of grants-in-aid

The All India Council for Technical Education (Council) established in May 1988 was paid grants aggregating to Rs.317.75 lakhs during 1987-88 to 1989-90, although there was no firm requirement of funds. The low level of expenditure against funds already allocated was not kept in view while releasing further sums resulting in accumulation of large unspent balances. Rupees 19.75 lakhs was released in March 1988 before the establishment of

the Council and without specific provision in the budget and thus attracted the limitations of New Instrument of Service prescribed by Government.

(Paragraph 7.6)

XXVII. Injudicious release of grant-in-aid resulting in idling of funds

For setting up a 'Foundation for Industrial Research' as an independent registered society in the Indian Institute of Technology, the Department released grants-in-aid of Rs.112 lakhs in March 1989. The Memorandum of Association and Regulations of the Foundation furnished by IIT in May 1990 were still under examination (June 1992) and have not yet been approved. The grant was released merely to utilise the budget provision and was injudicious.

(Paragraph 7.7)

The purpose of this report is to provide a summary of the results of the study conducted by the author. The study was designed to investigate the effects of the independent variable on the dependent variable. The results of the study are presented in the following sections.

The first section of the report describes the methodology used in the study. This includes a description of the participants, the experimental design, and the data collection procedures. The second section presents the results of the study, including the statistical analysis and the findings.

The results of the study indicate that there is a significant relationship between the independent variable and the dependent variable. The findings suggest that the independent variable has a positive effect on the dependent variable. The statistical analysis shows that the results are statistically significant at the 0.05 level. The findings are discussed in the context of the existing literature on the topic.

The study has several limitations, including a small sample size and a lack of control over the independent variable. Future research should address these limitations and investigate the relationship between the independent variable and the dependent variable in more detail.

CHAPTER I

Accounts of the Union Government

The summarised financial position of the Union Government as on 31st March 1992 emerging from the Appropriation Accounts and the statements of Finance Accounts for 1991-92 as rendered by the Controller General of Accounts is given in the following statement.

(Rupees in crores)

Liabilities		Assets	
Amount as on 31st March 1991		Amount as on 31st March 1992	Amount as on 31st March 1991
6953.30	Treasury Bills	8840.44	119051.80
66000.00	Treasury Bills converted into securities	71000.00	Gross Capital Outlay
81050.47	Other Internal Debt	92909.38	Investment in shares of companies, corporations, co-operatives, etc.
107106.95	Small Savings, Provident Funds, etc.	121499.95	49220.95
31524.97	External Debt	36948.25	Other Capital
50.00	Contingency Fund	50.00	<u>82890.32</u>
3012.70	Reserve Funds	3558.18	132111.27*
17584.13	Deposits and Advances	18338.41	Expenditure
			Loans and Advances:
			For development of
			Central projects/ schemes etc.
			40554.69
			State/Union Terri- tory Governments
			83529.29
			Foreign Governments
			1545.61
			Government servants
			<u>773.33</u>
			126402.92
			and Miscellaneous
			Suspense and Miscella- neous Balances
			2277.43
			2423.26
			15.92
			Cash Balance Investment
			15.92
			Cash balance at year end:
			General Cash Balance
			1918.99
			Cash with Departmental Offices
			1070.60
			Permanent Cash Imprest
			<u>49.61</u>
			3039.20
			114724.66
			3078.80

Liabilities		Assets	
			Deficit :
			Revenue deficit for 16260.94
			the year
			Less: Capital receipts 3038.18
			Add: Miscellaneous 415.65
			receipts (net)
			Add: Prior period 878.12
			adjustments
			Deficit as on <u>71710.65</u> 86227.18
		71710.65	31st March 1991
313282.52	353144.61	313282.52	353144.61

* Revenue expenditure of Rs.2963.84 crores (subsidy on imported fertilizers) which was charged to capital expenditure upto 1986-87 has been deducted from the progressive capital outlay of Rs.135075.11 crores as on 31st March 1992.

Note:- Proforma corrections have been made by the Controller General of Accounts in the closing balance as on 31st March 1991 under Public Debt, Loans and Advances, Small Savings, Provident Funds etc., Reserve Funds, Deposits and Advances, resulting in net increase of Rs.26.99 crores in credit balance. In addition, proforma correction has been made in progressive capital expenditure as on that date by Rs.851.13 crores leading to a net prior period adjustment of Rs.878.12 crores. For details, please refer to statements of Union Government Finance Accounts for 1991-92.

1.1 Receipts and Expenditure

The summary statements of receipts and expenditure of the Union Government for 1991-92 as reflected in the Finance Accounts are given below, alongwith figures for the previous year. The reference to statements of the Finance Accounts are given in brackets.

Consolidated Fund of India

(Rupees in crores)

1990-91		1991-92	1990-91		1991-92
Revenue Account					
84402.81	Revenue receipts Statement No.8)	99829.77	102964.17	Revenue Expend- iture (Statement No.9)	116090.71
18561.36	Revenue Deficit	16260.94			
102964.17		116090.71	102964.17		116090.71
Capital Account					
* (-) 0.32	Capital Receipts (Statement No.8)	3038.18	13387.32	Capital Expenditure (Statement No.10)	13910.60
6768.58	Loans and Advances received (Statement No.15)	7001.47	20708.37	Loans and advances paid (Stat- ement No.15)	18703.04
105652.04	Receipts from Pub- lic Debt (Statement No.14)	90586.14	81661.13	Repayment of Public Debt (Stat- ement No.14)	66418.98
3336.52				Capital Surplus	1593.17
115756.82		100625.79	115756.82		100625.79
21897.88	Total deficit in Consol- idated Fund	14667.77			

* Minus transaction represents rectification of previous year's misclassification.

The figures of expenditure for 1991-92 in the above summary are agreed with the figures of expenditure (Revenue and Capital) reflected in the Appropriation Accounts (Civil, Defence, Railways and Post and Telecommunications) as given below:-

(Rupees in crores)

Appropriation Account	Revenue			Capital		
	Expenditure from Grants and Appropriations	Recoveries	Net Expenditure	Expenditure from Grants and Appropriations	Recoveries	Net Expenditure
Civil	86891.79	1930.95	84960.84	93682.84	1380.00	92302.84
Defence	12174.68	195.22	11979.46	4906.11	0.67	4905.44
Post and Telecommunication	5680.24	643.57	5036.67	2955.53	2887.35	68.18
Railways	14380.26	266.52	14113.74	6213.16	4457.00	1756.16
Total	119126.97	3036.26	116090.71	107757.64	8725.02	99032.62

The total net expenditure figures as per Appropriation Accounts above agree with the figures in the summary of receipts and expenditure in Finance Accounts. The recoveries shown in the Appropriation Accounts generally relate to funded monies used on stores purchased in earlier years going into cost of services, included in the gross demand which is voted or appropriated. As there is no cash outgo in current year on the past credits used, they are deducted to arrive at net expenditure booked in the Finance account.

1.2 Financing of Expenditure

The revenue and capital expenditure in 1991-92 from the Consolidated Fund was partly financed out of the revenue and capital receipts as indicated in para 1.1. The net deficit in the Consolidated Fund was met out of funds borrowed into the Public Account

(payment from which are not subject to vote or appropriation of Parliament) as given below.

Reference to statements in the Finance Accounts

(Wherein transactions in Public Account are also shown) is given within brackets).

		Public Account		(Rupees in crores)	
1990-91		1991-92	1990-91		1991-92
20049.12	Net addition to interest bearing obligations like small savings, Provident Fund etc. (Statement No.14)	14393.81	---	* Net reduction in deposits received into Public Account (Statement No.13)	---
516.83	* Net addition to Reserve Funds (Statement No.13)	544.67	172.50	Net increase in advance given out of Public Account (Statement No.13)	241.95
2016.54	Net addition in deposits received into Public Account (Statement No.13)	996.25	325.47	Net increase in debit amounts lying in suspense and Miscellaneous accounts pending final booking in Consolidated Fund or Public Account Head. (Statement No.13)	495.67
235.66	Net increase in credit amount lying in Remittance accounts pending final booking in Consolidated Fund or Public Account Head (Statement No.13)	--	--	Net increase in debit amounts lying in Remittance accounts pending final booking in Consolidated Fund or Public Account Head (Statement No.13)	497.50
			422.30	Net increase in cash balance with RBI (Statement No.13)	31.84
			21897.88	Net deficit in Consolidated Fund	14667.77
22818.15		15934.73	22818.15		15934.73

*: Net of amounts lying in investment accounts, wherever accounted for in Public Account.

1.3 Revenue Receipts

(a) The revenue receipts (excluding state's shares of Income Tax and Estate Duty and Union Territories share of Estate Duty on agricultural land) during the

year 1991-92 and previous four years are given below:-

(Rupees in crores)

Year	Budget Estimates	Revised Estimates	Actual revenue receipts of Central Govt.	Actuals percentage growth over the previous year	Percentage of revenue receipts to GDP
1987-88	56246.84	58069.52	56757.60	13	19
1988-89	65167.33	65830.78	65900.23	16	19
1989-90	78283.26	78304.14	78223.53	19	20
1990-91	87768.67	86916.85	84402.81	8	18
1991-92	100249.25	100832.25	99829.77	18	18

The estimates of revenue receipts for 1990-91 and 1991-92 were relatively higher than the actuals in comparison to previous years.

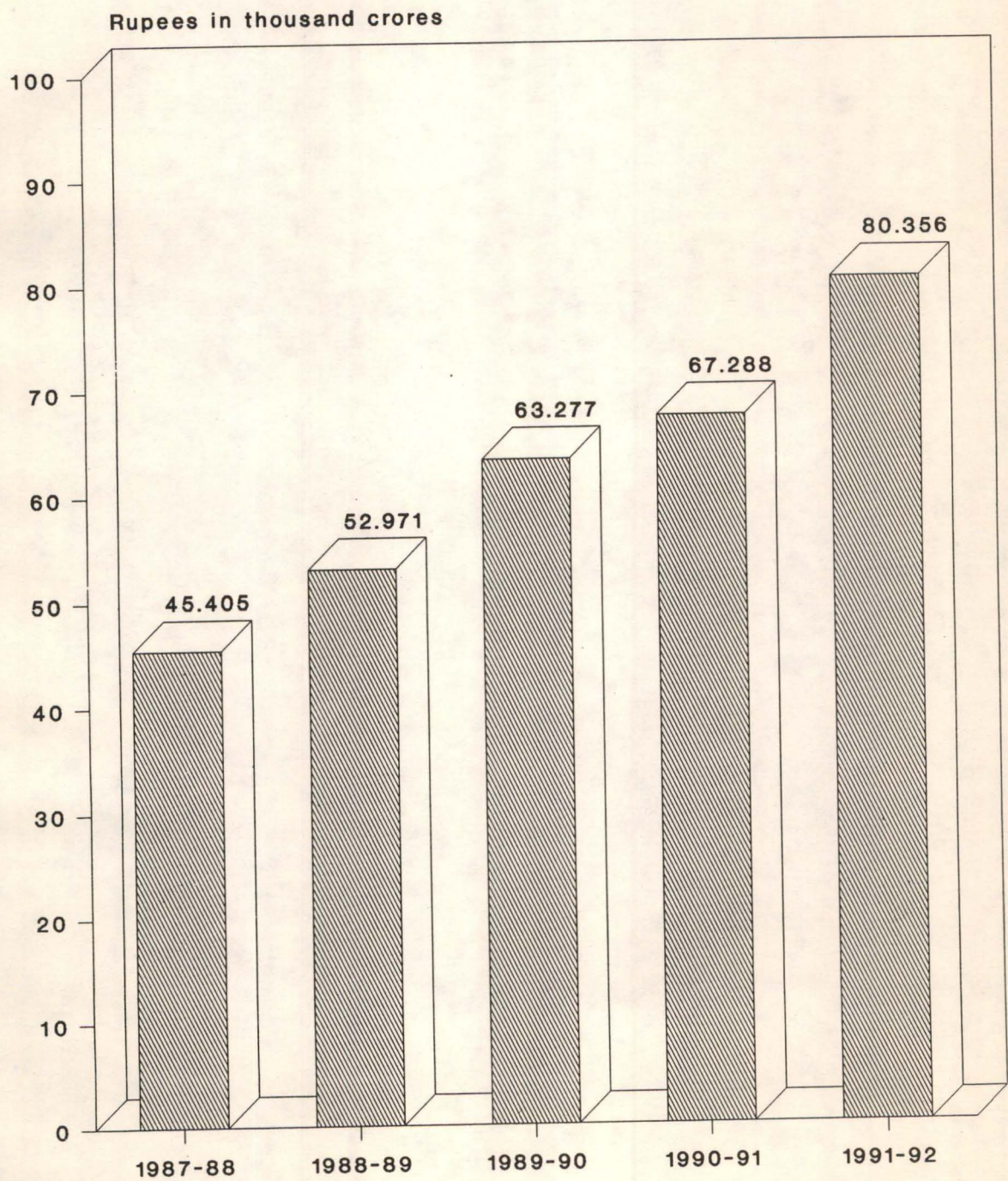
Excluding the receipts of Railways, Telecommunication, Posts and Defence, the Civil receipts were as under:

(Rupees in crores)

Year	Budget Estimates	Revised Estimates	Actuals		
			Actual receipts	Percentage growth over the previous year	Percentage of revenue receipts to GDP
1987-88	45220.01	46609.03	45405.25	12	15
1988-89	51913.06	52535.86	52971.28	17	15
1989-90	63578.33	63221.84	63276.61	19	16
1990-91	70038.75	69627.26	67287.75	6	14
1991-92	81164.88	81381.19	80355.80	19	15

The increase in the rate of growth of revenue receipts during 1991-92 is mainly due to increase in revenue from corporation tax (Rs.2518 crores) Union Excise Duties (Rs.3595 crores) interest receipts (Rs.3354 crores) Customs (Rs.1613 crores) and Petroleum concession fees (Rs.1096 crores).

Revenue Receipts



Revenue Receipts

Page 3 of 1000 Receipts

Receipt No.	Date	Particulars	Amount
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(b) The component of tax revenue in the revenue receipts (Civil) is given below:-

(Rupees in crores)				
Year	Tax revenue	Percentage growth over previous year	Gross Domestic Product	Percentage of tax revenue to GDP
1987-88	35070	14.35	294408	11.91
1988-89	41724	18.97	351724	11.86
1989-90	47714	14.36	395143	12.08
1990-91	53456	12.03	472660	11.31
1991-92	62257	16.46	541888	11.48

(Source for G.D.P.: Economic Survey)

Tax revenue as a percentage of GDP has tended to decline.

(c) In the total tax revenue, the percentage growth of direct taxes (Income Tax, Corporation Tax and Wealth Tax mainly) over the previous years had declined in 1989-90 in comparison to that of indirect taxes (Customs Duties and Union Excise Duties mainly) but there has been an increase in 1990-91 and 1991-92.

(Rupees in crores)					
Year	Direct taxes	Percentage growth over the previous year	Indirect taxes	Percentage growth over the previous year	Percentage of Direct Taxes in total tax revenue
1987-88	4161	2.34	30909	16.19	11.86
1988-89	6079	46.09	35645	15.32	14.57
1989-90	6087	0.13	41627	16.78	12.76
1990-91	6910	13.52	46546	11.82	12.93
1991-92	10248	48.31	52009	11.74	16.46

Receipts from Indirect taxes have increased by 68 per cent between 1987-88 and 1991-92, while direct tax receipts increased by 146 per cent. Receipts from indirect taxes constituted 10 per cent of GDP in 1991-92 while receipts from direct taxes were 1.89 per cent of GDP.

Further comments on tax revenue receipts (direct and indirect) are given in a separate Audit Report No.4 and 5 of 1993 on Revenue Receipts.

(d) The trend of non-tax revenue (civil) is given below:

(Rupees in crores)		
Year	Non-tax revenue (Civil)	Percentage growth over the previous year
1987-88	10334.81	4.48
1988-89	11247.20	8.83
1989-90	15562.50	38.37
1990-91	13831.62	(-) 11.12
1991-92	18098.87	30.85

The increase in non-tax revenue in 1991-92 was mainly due to increase in interest receipts Rs.3354 crores from State Governments and public sector undertakings:

(e) Interest receipts (Rs.10933 crores in 1991-92) continue to account for 60 per cent of non-tax receipts (Rs.18099 crores). The receipts on account of interest increased from Rs.5755 crores in 1987-88 to 10933 crores in 1991-92. Rs.6565 crores came from loans given to State Governments and the Union Territories. The balance of loan amounted to Rs.83529 crores at the end of 1991-92. Receipts of grants including aid material from foreign countries and international organisations was Rs.947 crores during 1991-92 (Budget estimates was Rs.868 crores).

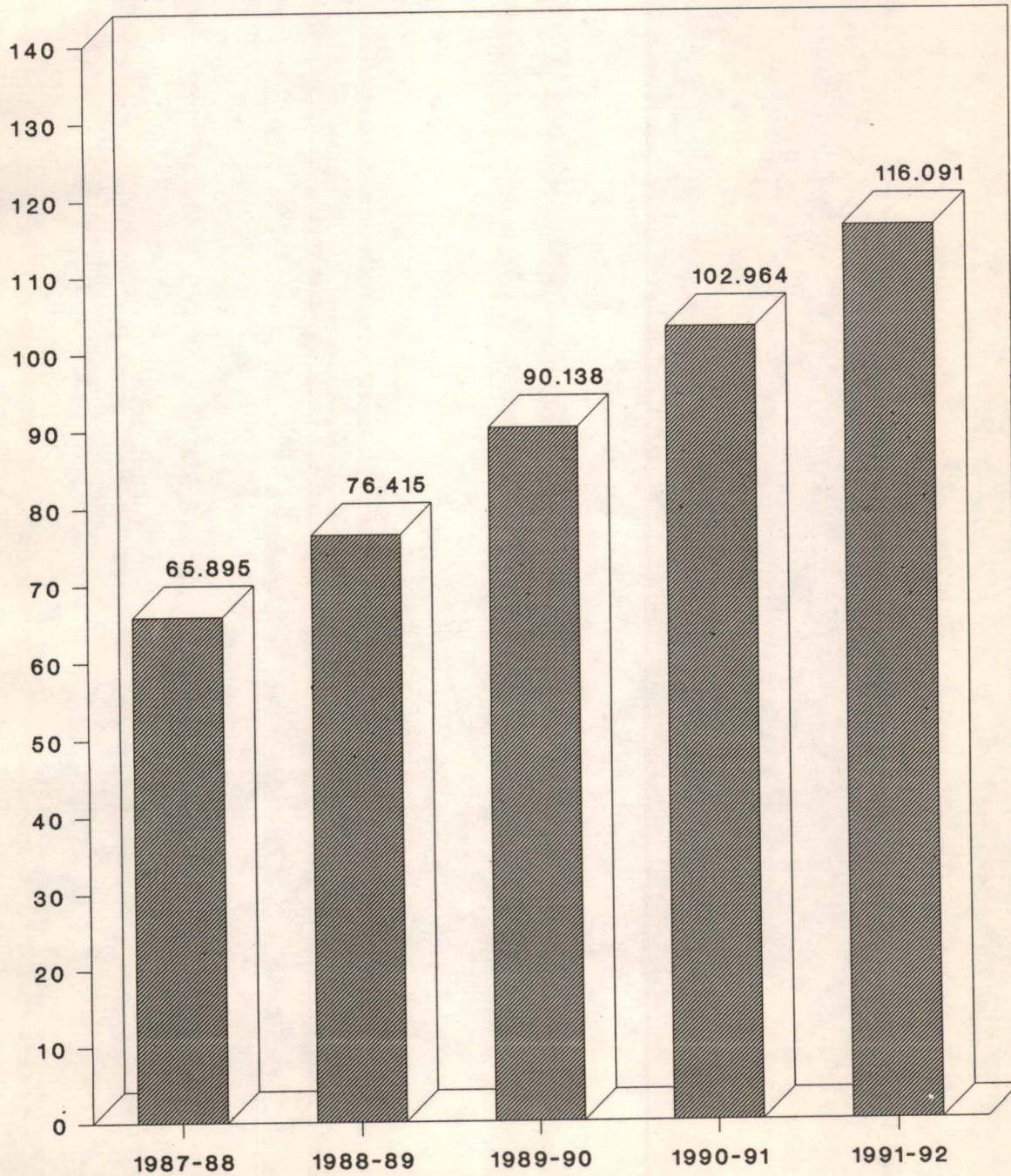
1.4 Revenue Expenditure

The growth of revenue expenditure (Plan and non-Plan) during the last five years was as given below:-

(Rupees in crores)					
Year	Revenue Expenditure			Revenue deficit	Percentage of revenue deficit to total revenue expenditure
	Plan	Non-plan	Total		
1987-88	9986	55909	65895	9137	13.87
1988-89	11212	65203	76415	10514	13.76
1989-90	12071	78067	90138	11914	13.22
1990-91	12703	90261	102964	18561	18.03
1991-92	15160	100931	116091	16261	14.01

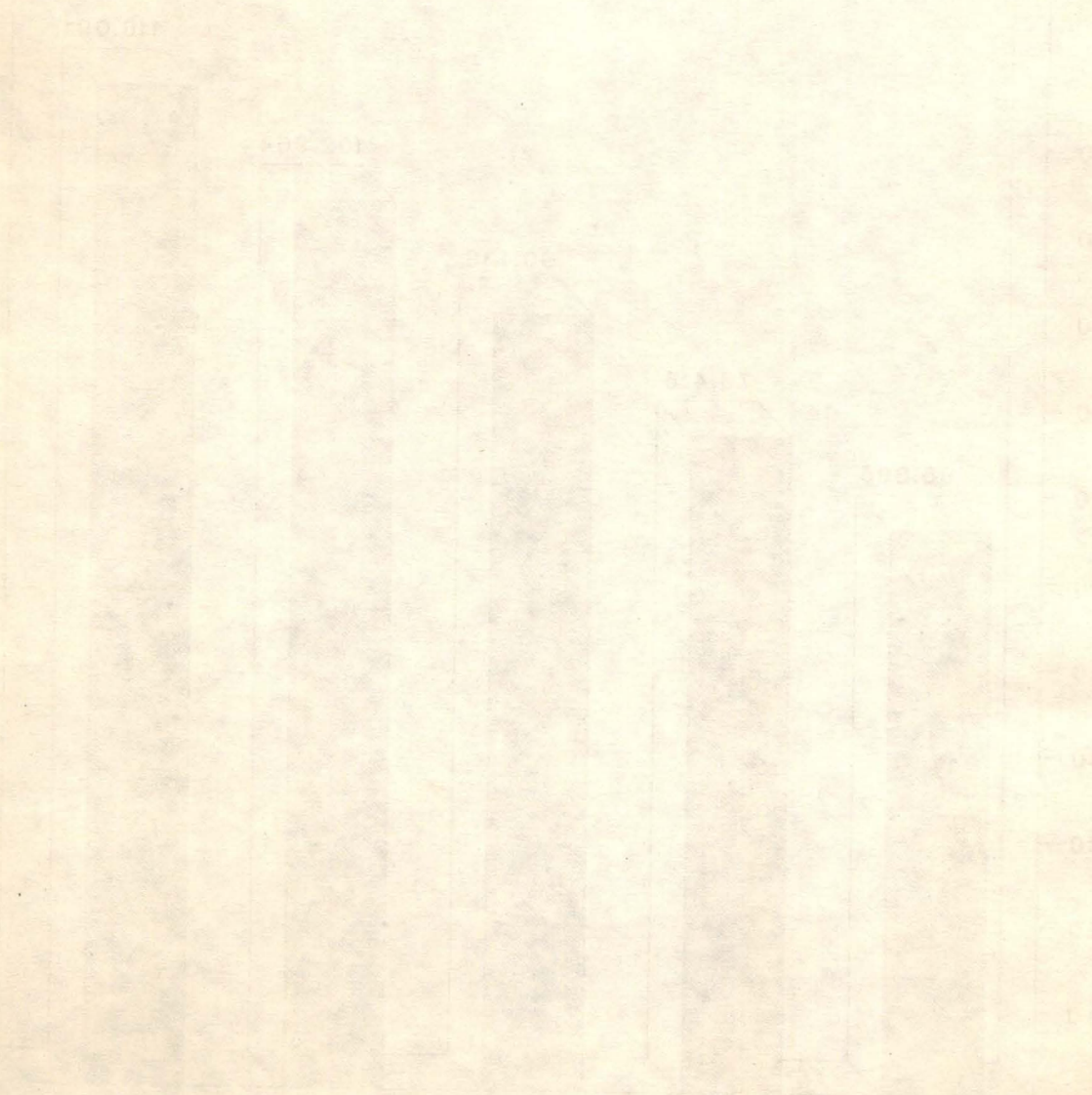
Revenue Expenditure

Rupees in thousand crores



Revenue Expenditure

Year 1990-91



Source: Government of India, Ministry of Finance, Budgetary Documents, 1990-91

The revenue expenditure (both plan and non-plan) during 1991-92 has increased by Rs.13127 crores as compared to 1990-91. The major increase was on account of interest payment (Rs.5097 crores) import of fertilizers (Rs.635 crores) grants to State Government (Rs.2497 crores) and states share of Union Excise duties (Rs.1678 crores).

The revenue expenditure as a whole increased by 76 per cent over the five year period 1987-88 to 1991-92 and non-plan revenue expenditure increased by 81 per cent during the same period.

The trend in interest payments accounting for 23 per cent of revenue expenditure during 1991-92 is given below:-

Year	Interest on				Total
	Internal Debt	External Debt	Small Savings Provident Fund etc.	Others	
1987-88	5514	977	4490	270	11251
1988-89	6913	1242	5801	322	14278
1989-90	8273	1494	7573	417	17757
1990-91	9814	1834	9413	437	21498
1991-92	11317	2704	12083	492	26596

The interest payments on internal debt increased by 105 per cent from Rs.5514 crores to Rs.11317 crores between 1987-88 to 1991-92, while the increase in interest payments on external debt and small savings and provident fund were 177 per cent and 169 per cent respectively. The interest payments to the Reserve Bank of India (included in the interest on internal debt) increased from Rs.1822 crores in 1987-88 to Rs.3789 crores in 1991-92. During 1991-92 interest payments to the Reserve Bank of India comprised 33 per cent of the interest payments on internal debt.

The table below gives item-wise expenditure on subsidy and its percentage in relation to revenue expenditure and non-plan expenditure:

Expenditure on Subsidies during 1987-88 to 1991-92
(Rupees in crores)

	1987-88	1988-89	1989-90	1990-91	1991-92
Food Subsidy	2000.00	2200.00	2476.00	2450.00	2850.00
Subsidy on indigenous fertilizers	2050.00	3000.00	3771.00	3729.73	3500.00
Interest subsidy	311.26	419.83	435.79	349.10	323.09
Assistance for export promotion and market development	962.11	1385.80	2014.34	2741.53	1753.77
Subsidy to Railways towards dividend relief etc.	173.56	207.40	232.60	283.35	311.76
Subsidy on imported fertilizers	113.84	200.70	771.10	659.33	1299.60
Total subsidies	5610.77	7413.73	9700.83	10213.04	10038.22
Total revenue expenditure	65895	76415	90138	102964	116091
Percentage of subsidies of total revenue expenditure	8.51	9.70	10.76	9.92	8.65
Non plan revenue expenditure	55909	65203	78067	90261	100931
Percentage of Subsidies to non-plan expenditure	10.04	11.37	12.43	11.32	9.95

Subsidies as percentage of the total revenue expenditure declined from 10.76 per cent in 1989-90 to 8.65 per cent in 1991-92 though in absolute terms it was of the order of Rs.10038 crores.

Actual expenditure of subsidies on food, fertilizers and export promotion was substantially

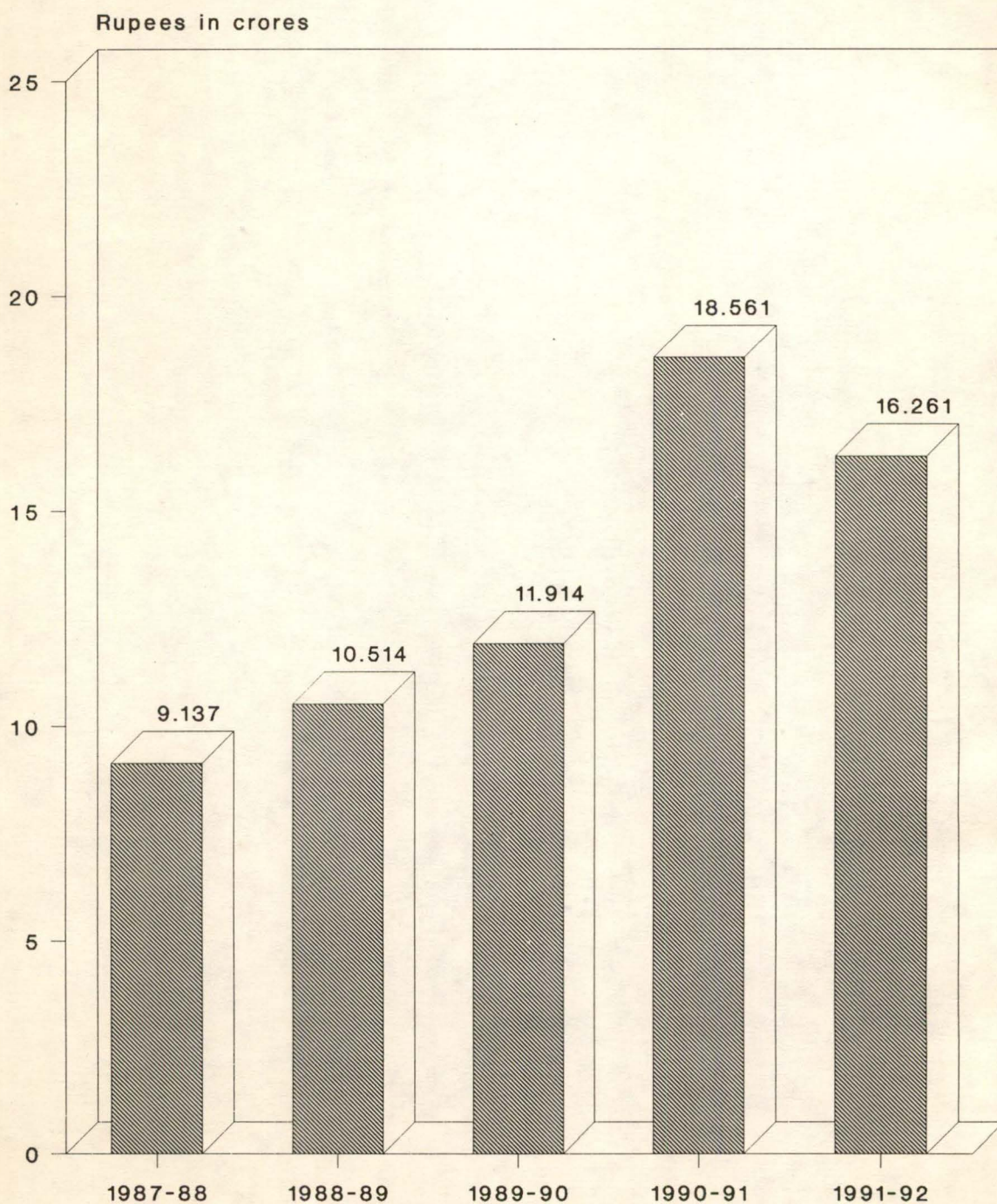
REVENUE DEFICIT

1900-1901

1901-1902

1902-1903

REVENUE DEFICIT



higher than budget estimates as the following table indicates:-

Year	Food Subsidy			Subsidy on imported fertilizers			Indigenous fertilizers			Export Promotion and Market Development			Total		
	B.E.	Actual	% increase over BE	B.E.	Actual	% increase over BE	B.E.	Actual	% increase over BE	B.E.	Actual	% increase over BE	B.E.	Actual	% increase over BE
1989-90	2200	2476	13	530	771	45	3121	3771	21	1621	2014	24	7472	9032	21
1990-91	2200	2450	11	750	659	(-)12	3250	3730	15	2316	2742	18	8516	9581	13
1991-92	2600	2850	10	1100	1300	18	2900	3500	21	1224	1754	43	7824	9404	20

From the above it may be seen that during 1991-92, actual expenditure exceeded the budget estimates by 20 per cent.

The following table shows the growth of revenue receipts and revenue expenditure (the interest receipts and interest payments included therein are given within brackets):-

Year	(Rupees in crores)				
	Revenue receipts	Increased over the previous year	Revenue expenditure	Increase over the previous year	Revenue deficit
1987-88	56758 (5755)	6426	65895 (11251)	7984	9137
1988-89	65900 (6982)	9142	76415 (14278)	10520	10514
1989-90	78224 (7691)	12324	90138 (17757)	13727	11914
1990-91	84403 (7580)	6179	102964 (21498)	12826	18561
1991-92	99830 (10933)	15427	116091 (26596)	13127	16261

The revenue deficit was estimated at the Budget stage at Rs.13854 crores whereas the actual deficit was Rs.16261 crores.

1.5 Assets and Liabilities

Assets are created mostly out of capital expenditure, resulting in tangible and intangible assets as are capable of generating revenues and returns (e.g. factories, dairies etc.) or they give service and/or reduce revenue expenditure in future

years (e.g. office building). In addition, financial assets arise from moneys invested in institutions or under-takings, outside the Government (e.g. Public Sector Under-takings, Corporations) and loans and advances given which are returnable and which generate interest receipts.

The liabilities arise in the nature of Public Debt contracted in India and abroad taken into Consolidated Fund of India and interest bearing obligations taken on in the form of Small Savings, Provident Fund monies and other deposits taken from outside Government; they are in the nature of fiduciary (or trust) monies. There are also Reserve Fund monies (interest bearing and non-interest bearing) created out of receipts and accounted for in Public Account and belonging to the Government which has taken on the obligations to use them for specified purposes. Advances are also made out of monies in the Public Account and get accounted for outside the Consolidated Fund.

The amounts lying in Suspense and Miscellaneous Accounts and Remittance Accounts are amounts pending final adjustment in account and get accounted in the Public Account outside the Consolidated Fund. They could be liabilities or assets, real or fictitious.

The Revenue (Receipts and Expenditure) Account and the capital (receipts and expenditure) Account and other account in Consolidated Fund (but other than loan and public debt accounts) are closed every year to head 'Government Account'. Thus the closing surplus or deficit in Revenue and Capital Accounts in the Consolidated Fund (other than Public Debt and loans accounts) get transferred to head 'Government Account'. The Government Account thus balances the continuing account of assets and liabilities, under Public Debt and loans account in the Consolidated Fund, the Contingency Fund and the Deposits, Advances, Funds, Suspense, Remittances etc. accounts and cash balances in the Public Account.

The total assets comprising capital investments and loans and advances etc. and the total liabilities

Over the years

1950-1955

1956-1960

1961-1965

1966-1970

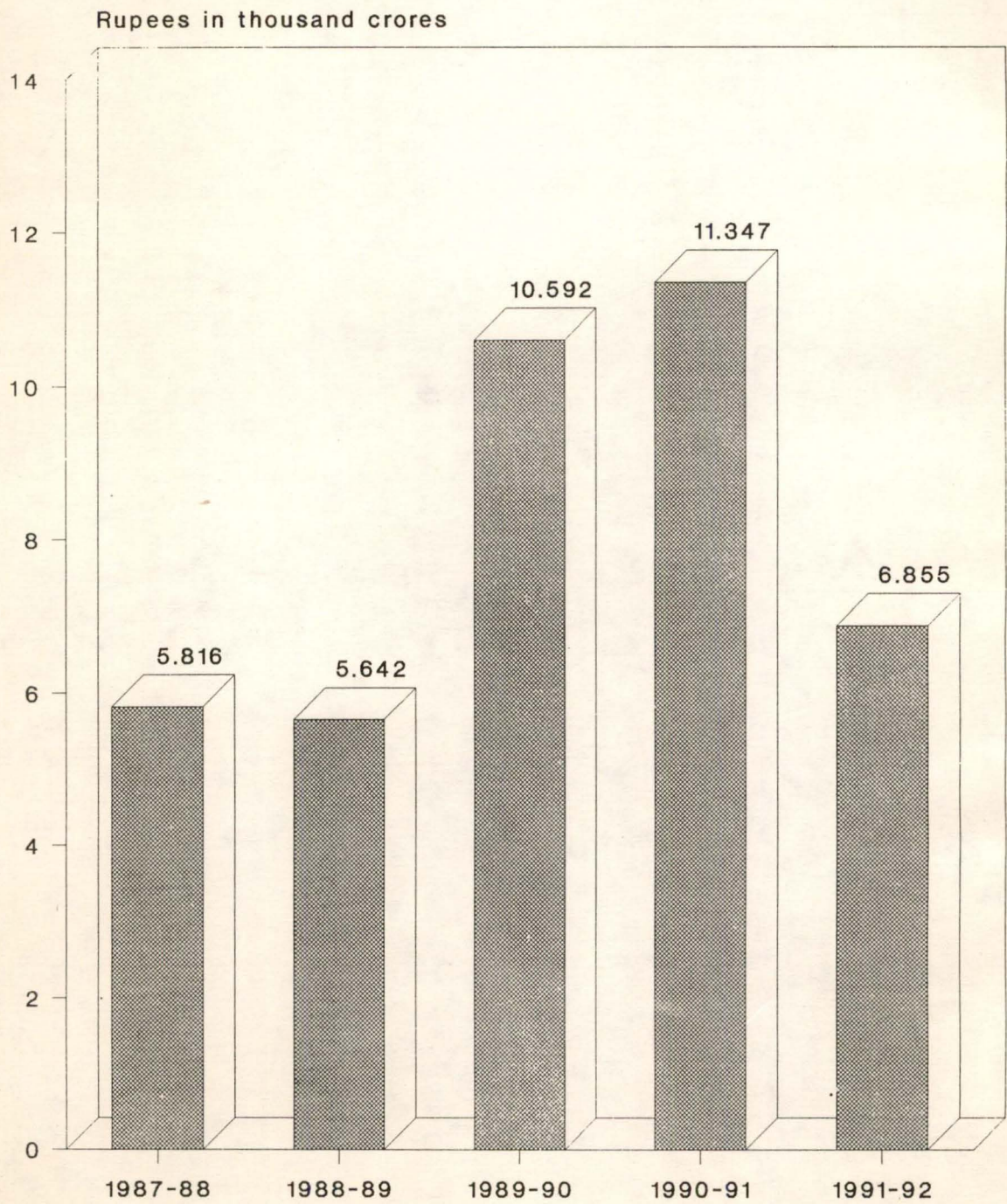
1971-1975

1976-1980

1981-1985

1986-1990

Overall Deficit



of the Union Government as at the end of the last five years were as follows:-

Year ending 31st March	Assets				Liabili- ties*
	Capital outlay	Loans and advances	Others	Total	
1988	80609	79237	4189	164035	194732
1989	91952	89390	6518	187860	229073
1990	105684	100976	7311	213971	267090
1991	119052	114725	7795	241572	313283
1992	132111	126403	8403	266917	353145

* The figures for liabilities include Contingency Fund but are not of advances.

The excess of liabilities over assets at the end of 1991-92 was Rs.86228 crores. While the assets have grown by 62.71 per cent during the five years, the liabilities have grown by 81.35 per cent. The growing gap between assets and liabilities is on account of the continuing revenue deficit.

1.6 Deficit

(a) Overall deficit: The overall deficit in the expenditure and receipts of the Government is the amount by which the total expenditure (under revenue and capital accounts) exceeds the total receipts (under revenue and capital accounts) of the Government. In this computation all capital receipts and expenditure under Public Account are taken into account. But the changes in cash balances and Treasury Bills (which are used to cover the deficit) are excluded.

The overall deficit during the years 1987-88 to 1991-92 was as under:

Year	Overall deficit
1987-88	5816
1988-89	5642
1989-90	10592
1990-91	11347
1991-92	6855

At the Budget stage the budgetary deficit was estimated as Rs.7719 crores against which actual deficit was Rs.6855 crores. Thus there was decrease in overall deficit by Rs.864 crores over the budget estimates.

The miscellaneous capital receipt of Rs.3038 crores which helped to keep down the overall deficit came from disinvestment of Government equity holdings in public sector undertaking during 1991-92 (which is being separately commented upon in Report No.14 of 1993). External debt receipts of Rs.4346 crores from World Bank and Rs.1873 crores from Government of Japan also helped to bring down the Budget deficit.

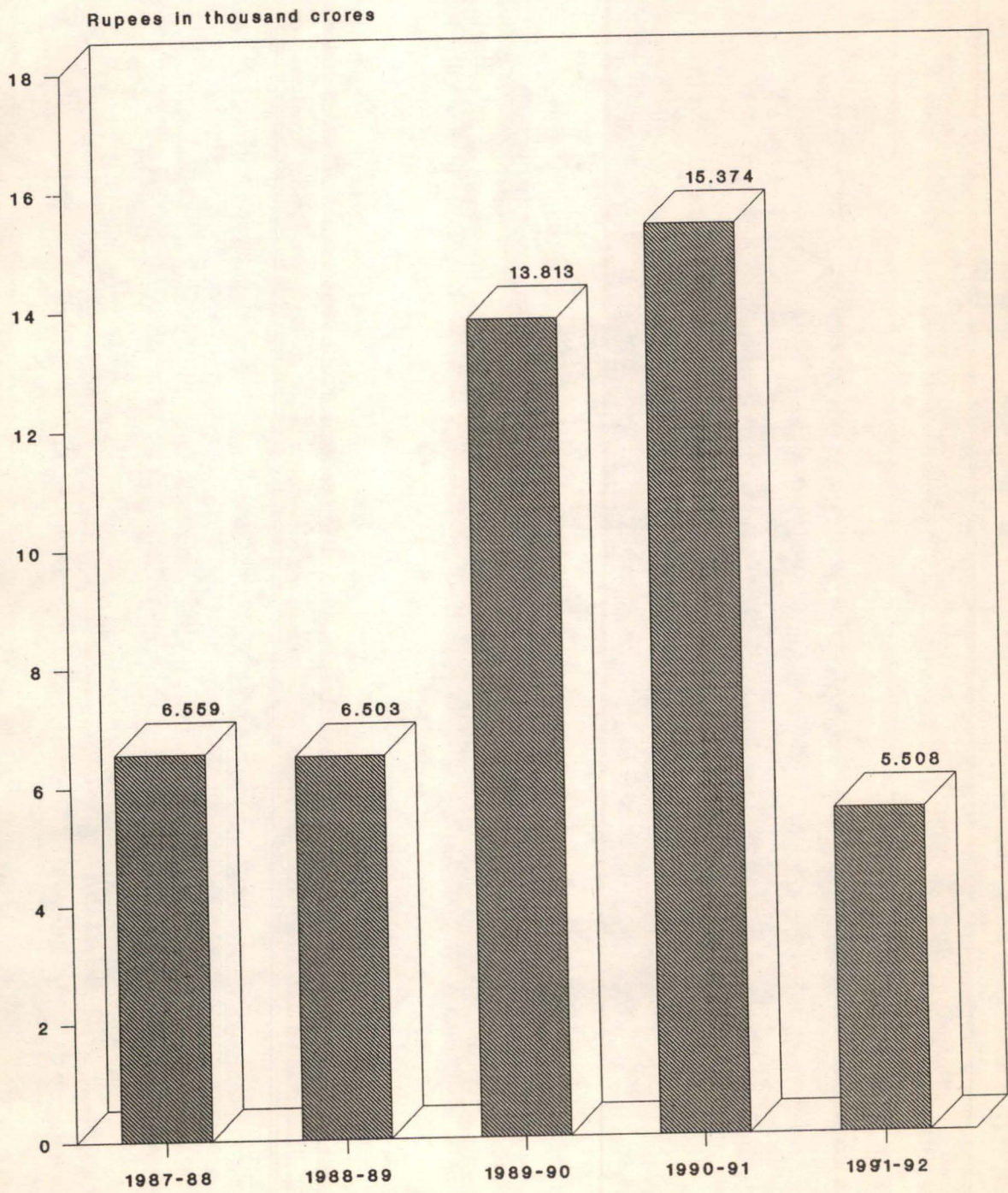
(b) Monetised deficit: The Sukhamoy Chakravorty Committee (Report 1985) observed that the traditional budget deficit (overall deficit) does not reveal the Bank credit, since a sizeable part of new issues of government securities is taken up by the Reserve Bank in the absence of adequate response from the public and the financial institutions, including banks. According to the Report, "an unambiguous and economically meaningful measure of the money impact of fiscal operations is provided by the change in Reserve Bank credit to Government". Accordingly, the concept of monetised deficit (which is also in use) is defined as the increase in net RBI credit to Government. The trend of monetised deficit at the end of the last five years is given below:-

(Rupees in crores)	
Year	Monetised deficit
1987-88	6559
1988-89	6503
1989-90	13813
1990-91	15374
1991-92	5508

(Source: Annual Report of the RBI for 1991-92)

(c) Fiscal deficit: The overall budgetary deficit (i.e. overall deficit as explained above) reflects only a part of the resource gap that is financed by issuing treasury bills (partly converted into

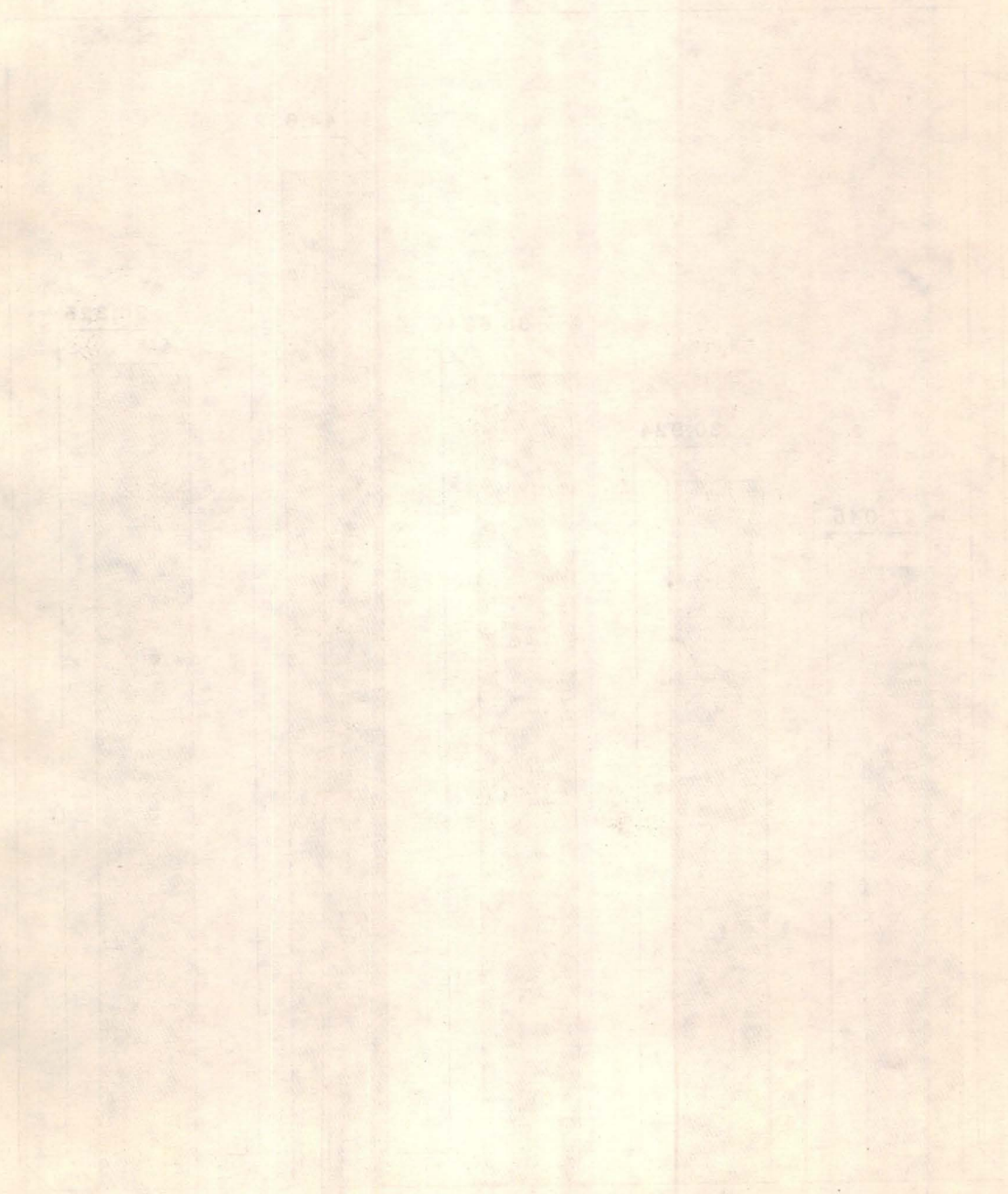
Monetised Deficit



Fossil Detail

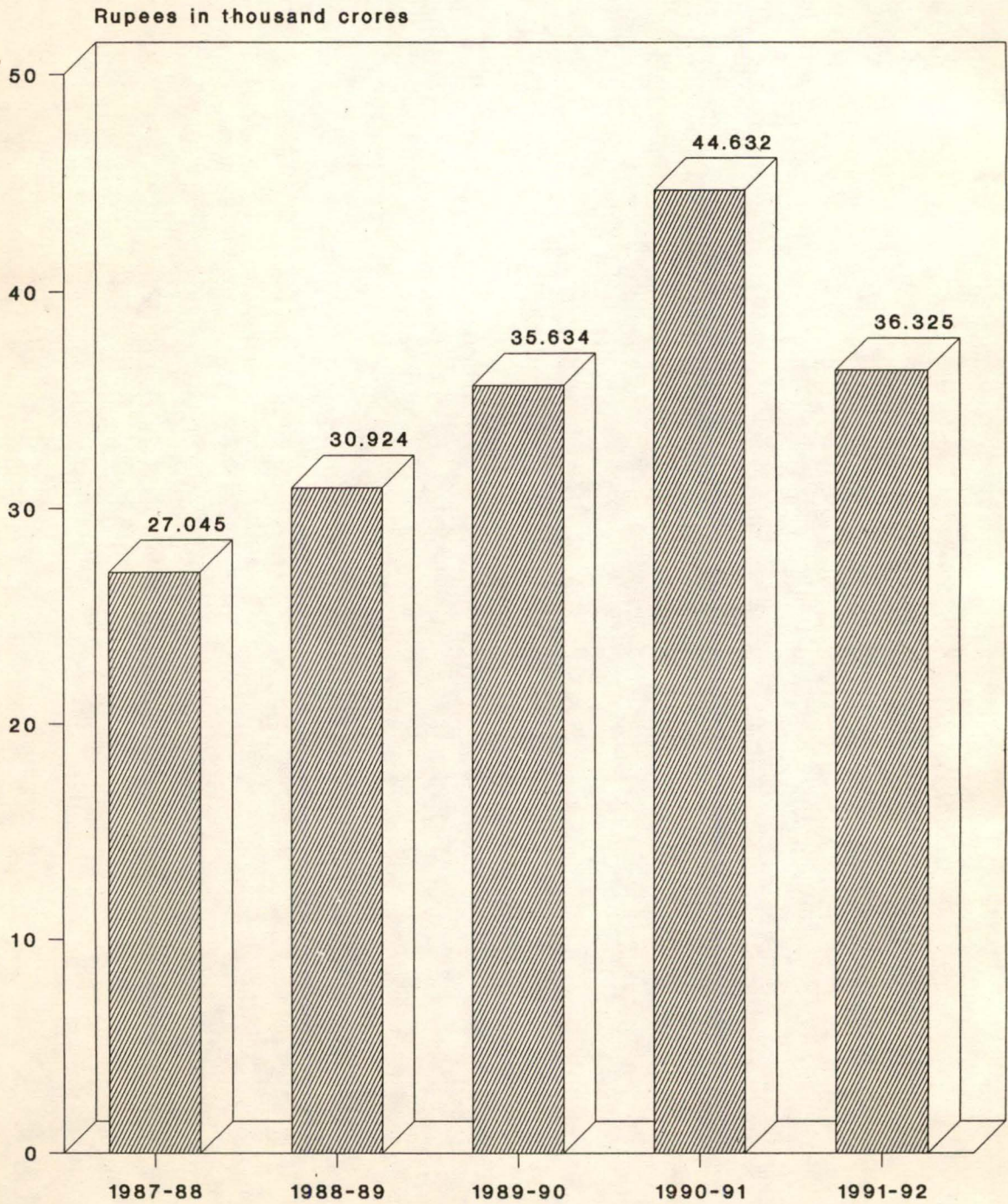
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Fiscal Deficit



securities) and withdrawals from cash balances. It views the market borrowings (Public Debt) and increases in other liabilities such as small savings and provident funds (all of which add to the burden of the Government) as having filled up the balance resource gap. But the concept of gross fiscal deficit provides a measure of macro economic imbalance. It is defined as the excess of revenue and capital expenditure (including net loans given) over the revenue receipts (including grants and aid received) on the assumption that capital expenditure of Government is to be financed from revenue surplus, ideally. It is, thus, an index of overall financial market disequilibrium caused by the fiscal (borrowing) operations of the Government. The growth of fiscal deficit over the past five years is given below:

(Rupees in crores)

Year	Fiscal Deficit	GDP at Market rate	Fiscal deficit as percentage of GDP	Overall deficit as percentage of GDP
1987-88	27045	332616	8.13	1.75
1988-89	30924	394992	7.83	1.43
1989-90	35634	442769	8.05	2.39
1990-91	44632	472660	9.44	2.40
1991-92	36325	541888	6.70	1.26

The fiscal deficit increased by 34 per cent during the years 1987-88 to 1991-92. In 1991-92 the overall deficit of Rs.6855 crores was only 19 per cent of the fiscal deficit, the balance being met by appropriating resources from the GDP, by regulating or attracting savings in the economy into Public account. Fiscal deficit has resulted in growing indebtedness both internal and external which constituted 6.7 per cent of the GDP with the onerous burden of debt servicing interest burden was 4.9 per cent of GDP and 23 per cent of Revenue expenditure during 1991-92.

While highlighting priority areas of action, the Economic Advisory Council had observed "The correction of the fiscal imbalance is central to any

viable development strategy for the short or medium term".

(d) Primary deficit: The fiscal deficit does not, however, reflect the Government's net indebtedness contracted during the year. The interest payments arise from past debts. Gross primary deficit, is therefore, a concept defined as gross fiscal deficit less net interest payments. The growth of primary deficit over the past five years is indicated below:

Year	Primary deficit (Rupees in crores)
1987-88	21549
1988-89	23628
1989-90	25568
1990-91	30714
1991-92	20663

The primary deficit indicates the extent to which fiscal actions in the year added to the indebtedness of the Government.

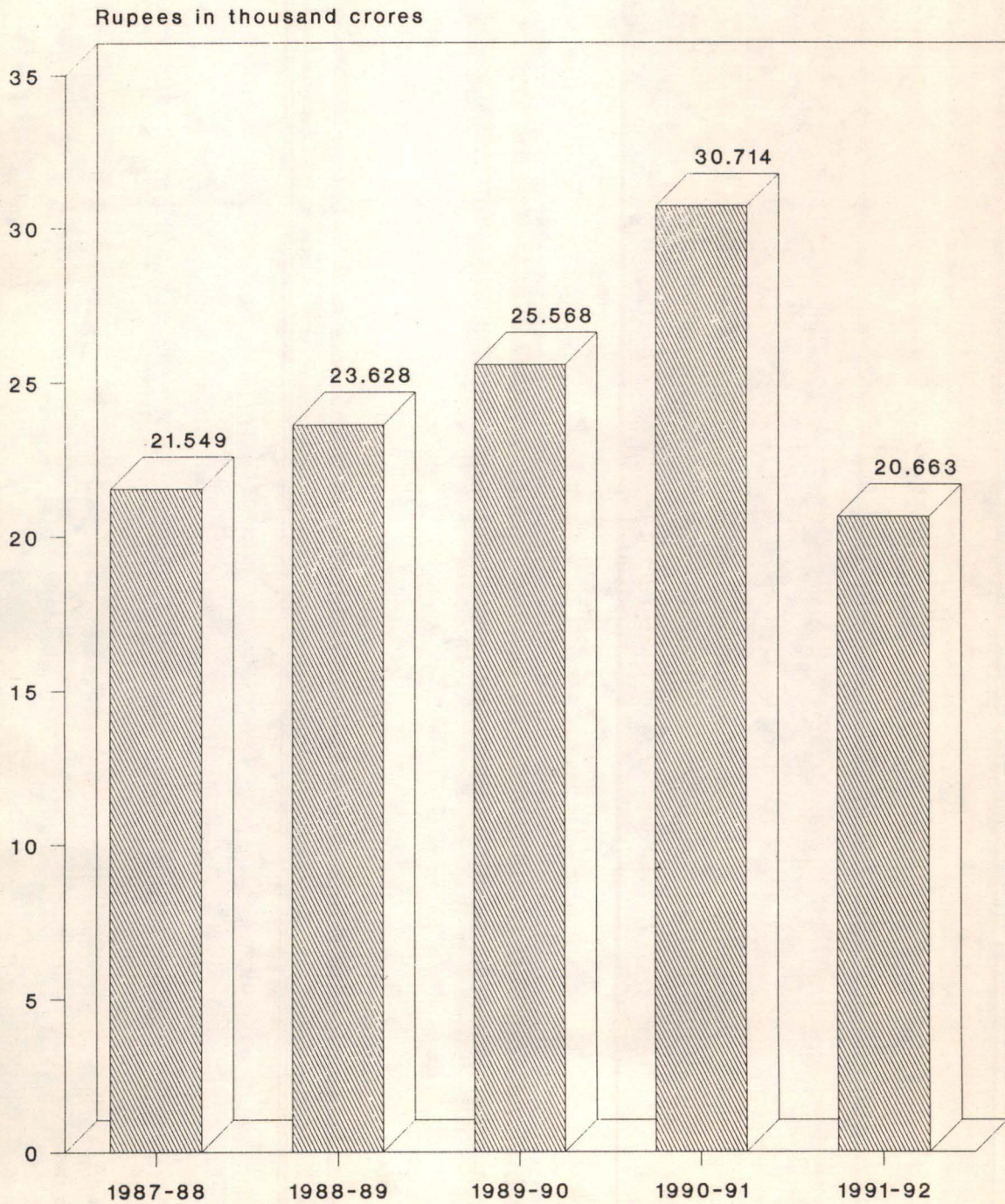
1.7 Capital Expenditure

The capital expenditure by Government in the last five years are given below:

(Rupees in crores)							
Year	Capital Expenditure	Percentage growth of Capital expenditure over the previous year	Total Expenditure (Revenue + Capital)	Percentage growth of total expenditure over the previous year	Capital Expenditure as percentage of total expenditure	G.D.P at current prices	Capital Expenditure as a percentage of G.D.P
1987-88	10523	(-) 2.5	76418	11	14	294408	3.57
1988-89	11340	7.8	87755	15	13	351724	3.22
1989-90	13400	18.2	103538	18	13	395143	3.39
1990-91	13387	(-) 0.1	116351	12	12	472660	2.83
1991-92	13911	3.9	130002	12	11	541888	2.57

The Budget estimate for 1991-92 was Rs.16937 as against the actual capital expenditure of Rs.13911 crores disclosing a shortfall of Rs.3027 crores.

Primary Deficit



Primary Detail

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The Capital expenditure as a percentage of GDP is declining. Growth of capital expenditure has been slow, showing an increase of only 32 per cent during the last five years. The Capital expenditure as a percentage of total Expenditure has declined from 14 per cent in 1987-88 to 11 per cent in 1991-92.

While growth in total expenditure (Revenue + Capital) during 1990-91 and 1991-92 was 12 per cent over the previous year the capital expenditure declined by (-) 0.1 per cent during 1990-91 and the growth was only 3.9 per cent in 1991-92 as compared to previous year. The average annual growth of total expenditure was 13 per cent during the past five years while the capital expenditure grew only by 5 per cent during the same period.

1.8 Investments and Returns

The investments by Government in statutory corporations, government companies, other Joint Stock Companies Cooperative Banks and Societies, international bodies etc. stood at Rs.49220.95 crores on 31st March 1992 as against Rs.47194.59 crores on 31st March 1991 (reference Statement No.11 of Finance Accounts). No dividend was due on Rs.717.35 crores invested in the international bodies (interest is receivable) and on Rs.3316.71 crores invested in enterprises still under construction. The dividend received on the balance of investments as at the end of years 1987-88 to 1991-92 are given below alongside investment figures and percentage of return to investment.

	(Rupees in crores)				
Investment at the end of the year	1987-88	1988-89	1989-90	1990-91	1991-92
1.	2.	3.	4.	5.	6.
1. Public Sector Undertakings & Statutory Corporations					
(i) Total Investment	26955.21	29582.88	33449.18	37134.66	40121.26
(ii) Dividend received	214.71	115.08	248.50	301.17	367.19
(iii) Percentage of dividend	0.80	0.39	0.74	0.81	0.92

1.	2.	3.	4.	5.	6.
<u>2. Reserve Bank of India</u>					
(i) Total Investments	5.82	5.82	5.82	5.82	5.82
(ii) Dividend received	210.04	210.11	210.13	210.12	350.00
(iii) Percentage of dividend	3608.93	3610.14	3610.48	3610.31	6013.75
<u>3. Nationalised Banks</u>					
(i) Total Investments	1137.00	1351.23	2090.59	2861.46	2979.01
(ii) Dividend received	45.65	0.62	55.47	50.70	54.59
(iii) Percentage of dividend	4.01	0.05	2.65	1.77	1.83
<u>4. Life Insurance Corporation of India</u>					
(i) Total Investments	5.00	5.00	5.00	5.00	5.00
(ii) Dividend received	39.46	48.03	59.82	76.18	90.04
(iii) Percentage of dividend	789.20	960.60	1196.40	1523.60	1800.80
<u>5. General Insurance Corporation</u>					
(i) Total Investments	64.50	64.50	64.50	107.50	107.50
(ii) Dividend received	16.13	16.17	20.21	26.88	26.88
(iii) Percentage of dividend	25.01	25.07	31.33	25.00	25.00
<u>6. Industrial Development Bank of India:</u>					
(i) Total Investments	495.00	540.00	637.00	703.00	753.00
(ii) Dividend received	44.17	48.84	47.85	69.58	92.64
(iii) Percentage of dividend	8.92	9.04	7.51	9.90	12.30
<u>7. State Cooperative banks and other banks:</u>					
(i) Total Investments	385.77	429.37	471.73	520.12	590.10
(ii) Dividend received	5.00	6.00	7.00	8.00	9.01
(iii) Percentage of dividend	1.30	1.40	1.48	1.54	1.53
<u>8. Cooperative Societies:</u>					
(i) Total Investments	667.38	672.65	662.42	670.06	681.91
(ii) Dividend received	4.14	3.80	40.33	31.41	41.40
(iii) Percentage of dividend	0.62	0.56	6.09	4.69	6.07

1.	2.	3.	4.	5.	6.
9. Cooperative Credit Societies:					
(i) Total Investments	0.14	0.14	0.18	0.18	0.19
(ii) Dividend received	NA	NA	NA	NA	NA
(iii) Percentage of dividend	NA	NA	NA	NA	NA
10. International Bodies:					
Total Investments	344.13	376.65	470.28	597.92	660.45
11. Under Construction:					
Total Investment	4404.07	4729.51	4588.17	4588.87	3316.71
Total Investments	34464.02	37757.75	42444.88	47194.59	49220.95
Total dividend	579.30	448.65	689.41	774.03	1031.75
Percentage of dividend	1.68	1.19	1.63	1.64	2.10

The return of around 0.92 per cent from 239 statutory corporations and Public Sector Undertakings accounting for substantial Government investment (Rs.40121.26 crores) has to be viewed against the borrowing rate of 10.2 per cent on loans taken by the Government during 1991-92.

No dividend was received from 187 Public Sector Undertakings in which Rs.36189 crores stands invested upto 1991-92. This includes an investment of Rs.2274 crores during the year 1991-92. In the progressive total of capital outlay the investment in public sector and other undertakings, included in Minor Head - 190 under all Capital Major Heads of expenditure amounted to only Rs.19477.06 crores as against the figures in Part I and Part II, of Statement No.11 of Rs.43550 crores. The difference between these two figures is yet to be reconciled by the Chief Accounting authorities in Ministries and Departments. A similar action needs to be taken on investments in Cooperative Banks, Cooperative Societies and Cooperative Credit Societies included in progressive capital outlay in Statement No.10 and also reflected in Statement No.11 of the Finance Accounts.

From the Regional Rural Banks (set up in 1975), wherein the investment was Rs.54 crores as on 31st March, 1991, no dividend has ever been received. A further investment of Rs.10.38 crores has been made during 1991-92. The dividend from Nationalised Banks was only Rs.54.59 crores against budget estimate of Rs.60 crores for 1991-92.

1.9 Loans and Advances

Details of loans advanced by the Union Government to State Governments, Union Territories, Government Corporations, Non-Government Institutions, Local Funds, Cultivators etc. during the last three years are given in Statements No.15 and 3 of the Finance Accounts.

Loans to State and Union Territory Governments: The loans advanced to State and Union Territory Governments for developmental and non-developmental purposes during 1991-92 and the previous two years as per Statement No.15 of Finance Accounts are given below:

	(Rupees in crores)		
	1991-92	1990-91	1989-90
Opening balance	74111	64242	56287
Amount advanced during the year	13199	14522	11311
Amount repaid during the year	3781	4653	3356
Closing balance	83529	74111	64242
Net increase over the previous year's balance (percentage)	13	15	14
Interest received during the year	6565	5174	4424

Receipt on account of repayment of loan from State and Union Territory Governments during 1991-92 was only Rs.3781 crores against the Budget Estimate of Rs.4154 crores and Revised Estimate of Rs.4296 crores disclosing a shortfall of Rs.373 crores (B.E.) and Rs.515 crores (R.E.). Similarly interest received

during 1991-92 was Rs.6565 crores against a Budget Estimate of Rs.6808 crores and Revised Estimate of Rs.6859 crores disclosing a shortfall of Rs.243 crores (B.E.) and Rs.294 crores (R.E.).

Loans to Other bodies: The details of loans given to various other bodies, the repayments and interest received during 1991-92 and the earlier two years are given below:-

	(Rupees in crores)		
	1991-92	1990-91	1989-90
1. Opening balance *	38487	35550	32606
2. Amount advanced during the year	4369	4468	5283
3. Amount repaid during the year (pre-period adjustments)	1528	1317 (+ 191)	2015 (+ 324)
4. Closing balance	41328	38510	35550
Loans to PSUs and other under- takings from minor heads 190 included in above)	(24082)	(22300)	(19011)

* Differs from last year's closing balance due to pre-period adjustment of Rs.23 crores.

The recovery of Principal and interest remaining in arrears from the State and Union Territory Governments as well as the Public Sector Undertaking and others at the end of 1991-92 and the previous two years are given below:

Year	(Rupees in crores)					
	State/U.T.Govts.			P.S.U.'s and others		
	Principal	Interest	Total	Principal	Interest	Total
1989-90	101.65	117.26	218.91	4627.56	4732.73	9360.29
1990-91	97.71	94.19	191.90	7838.68	8758.40	16597.08
1991-92	155.51	152.78	308.29	7305.38	8306.67	15612.05

The arrears to be recovered from the State and Union Territory Governments had increased by 41 per

cent and from PSUs and others by 67 per cent during the three years.

In Statement No.3 of Finance Accounts it is indicated that the terms and conditions of loans aggregating to Rs.1310.97 crores advanced to Government owned companies/corporations, non-Government institutions, local funds etc. have not yet been settled, some even after many years of advancing the loans. Ministries and Departments would need to finalise them without delay.

Loans to Foreign Governments:

The details of loans by Union Government to Foreign Countries during the last three years are given below:-

	(Rupees in crores)		
	1991-92	1990-91	1989-90
Opening balance	2103	1183	496
Amount advanced during the year	1135	1719	776
Amount repaid during the year	1692	799	89
Closing balance	1546	2103	1183
(Interest received under Head 0049-03-111)	(64)	(62)	(12)

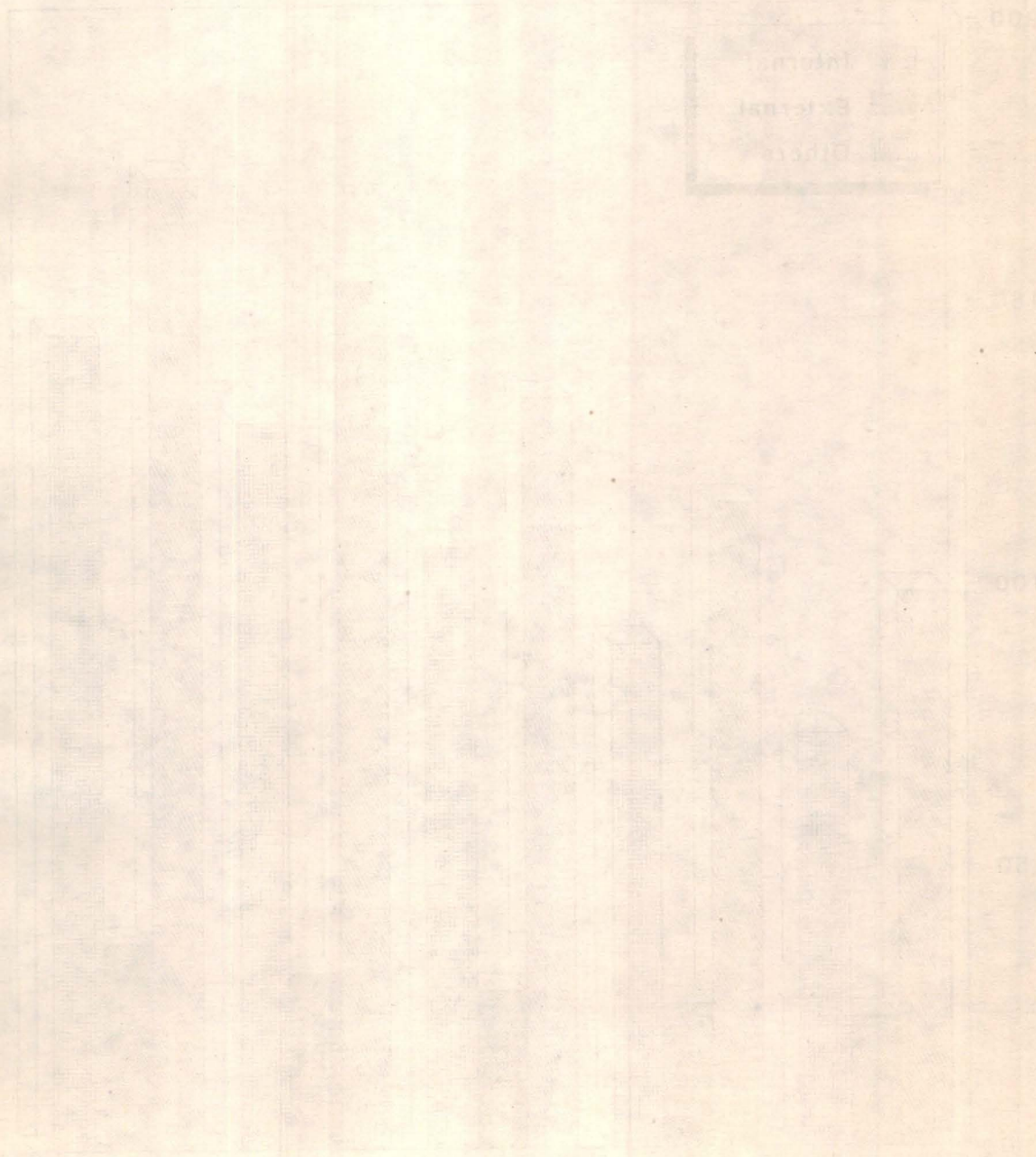
The closing balance of Rs.1546 crores includes a sum of Rs.1080 crores of technical credits to the Government of erstwhile U.S.S.R. in 1991-92 which is 70 per cent of the total loans to foreign Governments by the Union. The sharp increase in repayment of loans during 1991-92 was from erstwhile USSR (Rs.1656 crores).

1.10 Public Debt and Other Liabilities

Under Article 292 of the Constitution of India, the executive powers of the Union extend to borrowing upon the security of the Consolidated Fund of India within such limit if any, as may from time to time be fixed by Parliament by law and to the giving of guarantees within such limits, if any, as may be so fixed. No ceiling has been prescribed so far.

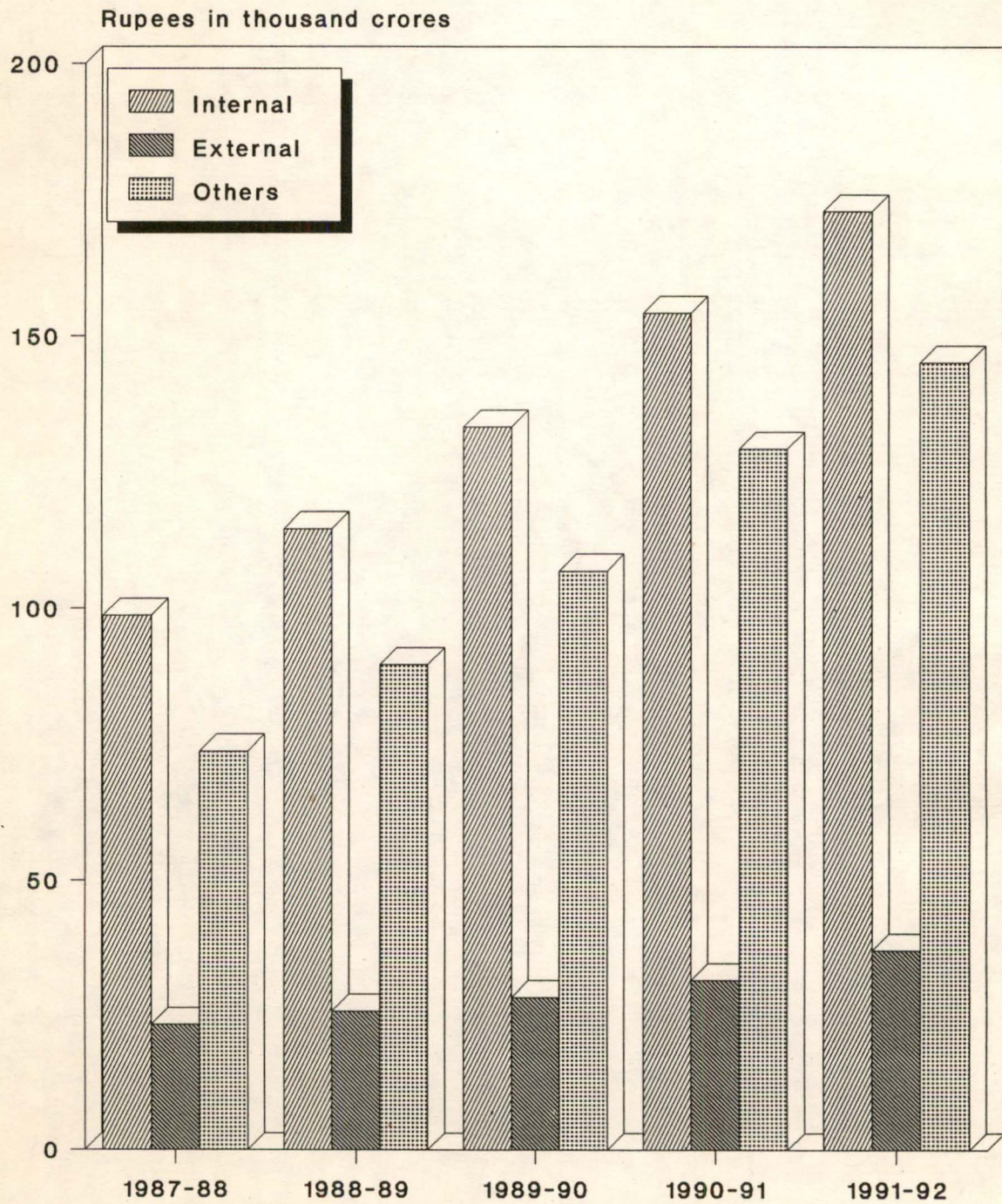
PUBLIC DEBT AND OTHER LIABILITIES

Table 1. Public Debt and Other Liabilities



Source: U.S. Treasury Department, Office of Debt Management, *Public Debt and Other Liabilities* (Washington, D.C., 1991).

PUBLIC DEBT AND OTHER LIABILITIES



The details of the total liabilities of the Union government during the five years ending March 1992 are given below:-

(Rupees in crores)							
At the end of	Internal Debt	External Debt	Total Public Debt(2+3)	Other Debts and Deposits	Total * Liabilities	Gross National Product at current prices	Percentage of total liabilities to (GNP)
1987-88	98646	23223	121869	73692	195561	291789	67.0
1988-89	114498	25746	140244	89528	229772	349105	65.8
1989-90	133193	28343	161536	106657	268193	392524	68.3
1990-91	154004	31525	185529	129029	314558	465827	67.5
1991-92	172750	36948	209698	144964	354662	535055	66.3

(External Debt in the accounts has been shown at historical rate and when adjusted for exchange variation liability at the end of 1991-92 was Rs.109608 crores)

(Source for GNP: Economic Survey)

* The figures for liabilities include advances but do not include Contingency Fund.

Thus, it will be seen that Public Debt had increased from Rs.121869 crores in 1987-88 to Rs.209698 crores at the end of 1991-92 registering an increase of 72 per cent whereas the total liabilities had increased from Rs.195561 crores in 1987-88 to Rs.354662 crores in 1991-92 registering an increase of 81 per cent.

The outstanding balance of external debt at the end of March 1992 was Rs.36948 crores at historical rate of exchange whereas at current rate of exchange worked out to Rs.109608 crores. Reckoned on this basis percentage of total liabilities to GNP would work out to 80 per cent.

The outstanding external liabilities at historical rate of exchange as a ratio of GDP was 6.8 per cent whereas at the current rate of exchange the ratio was 20.00 per cent of the GDP.

Under the head "6002-External Debt" minus balances arising from loss due to exchange variation are shown against several items in Statement No. 14 of the Finance Accounts which are yet to be reconciled and written off by the Department.

The net outgo on interest and debt service obligations after deducting interest receipts of Rs.10933 crores was Rs.15662 crores, as compared to Rs.13919 crores during 1990-91.

Treasury Bills: The treasury bills are financial instruments issued by Reserve Bank of India for raising short term loans with maturity of 91/182 days to fill in resources gap temporarily. The total gross receipts from treasury bills including treasury bills converted into securities were Rs.71178.24 crores during 1991-92 while the gross discharge were Rs.61383.17 crores resulting in a net increase in borrowings of Rs.9795.07 crores at the end of 91-92. The cumulative balance worked out to Rs.83825.96 crores at the end of 1991-92.

The growth in the cumulative balances of treasury bills over the last five years is detailed below:-

(Rupees in crores)	
At the end of financial year	Cumulative balance
1987-88	45310.99
1988-89	50839.37
1989-90	61958.49
1990-91	74030.89
1991-92	83825.96

The cumulative balance of treasury bills had increased by 85 per cent during the five years ended 31st March 1992.

Amortisation of External Debt: The amortisation payment of external debt constituted 52.2 to 67.2 per cent of the external loans received during the years as indicated below:-

(Rupees in crores)

Year	Loans received during	Repayments		Total	Net inflow	Percentage of repayments
		Princi-pal	Inter-est			
1987-88	4069.16	1145.96	976.93	2122.89	1946.27	52.2
1988-89	4015.97	1494.59	1242.08	2736.67	1279.30	68.1
1989-90	4443.22	1847.85	1493.77	3341.62	1101.60	75.2
1990-91	5339.07	2158.52	1833.63	3992.15	1346.92	74.8
1991-92	8279.27	2858.15	2704.26	5562.41	2716.86	67.2

The amortisation of external debt including interest accounted for 67 per cent of external loans received during 1991-92. The net inflow had declined from 48 to 33 per cent of loans received during the years between 1987-88 and 1991-92. The burden of interest on external debt increased by 177 per cent from Rs.976.93 crores in 1987-88 to Rs.2704.26 crores in 1991-92.

Other liabilities: Net addition from Small savings and Provident funds in 1991-92 and during the previous two years are given below:-

(Rupees in crores)

Year	Small Savings	Provident Funds
1989-90	7958	1733
1990-91	8309	2001
1991-92	5654	2258

Net addition from small savings has decreased by 29 per cent in 1991-92 as compared to 1989-90 and by 32 per cent as compared to the previous year. Growth in addition from Provident Funds was slow showing an increase of only 30 per cent as compared to 1989-90 and 13 per cent as compared to the previous year.

Net addition from small savings was estimated at Budget stage Rs.7210 crores and from Provident Funds at Rs.2060 crores during 1991-92 against the actual net addition of Rs.5654 crores and Rs.2258 crores respectively reflecting a decrease of Rs.1556 crores relating to small savings. Interest amounting to

Rs.3712 crores was paid on small savings and Rs.1347 crores on Provident Fund during the same period.

Contingent liabilities: The guarantees given by Government on obligations contracted or sums borrowed by others (including Railways) during the last five years were as follows:

(Rupees in crores)		
As on 31st March	Original Guaranteed amount	Outstanding guaranteed
1988	34014.17	27943.88
1989	40743.41	33240.41
1990	60916.79	54536.60
1991	49352.66	40394.46
1992	55062.83	46743.87

In 168 cases, Rs.219 lakhs were paid by government as a result of invoking guarantees given under Credit Guarantee scheme for small scale industries, as reported in Finance Accounts (Statement No.4).

The figures of original guaranteed amount as well as the outstanding amount guarantees as on March 1992 given in the budget documents vary from the figures shown in the Finance Accounts. The Department should take necessary corrective action to reconcile these figures.

The outstanding amount of guarantees on external loans contracted by Non-Government bodies in India, from international financial institutions, foreign governments etc. (included in External Assistance) and from foreign banks etc. (external Commercial Borrowings) are given below:

As on 31st March	Amount (Rs. in crores)
1987-88	6780.53
1988-89	10138.88
1989-90	13478.23
1990-91	20964.50
1991-92	19857.12

Note: These amounts are not adjusted for exchange rate variations

The Public debt and other liabilities assumes significance in the context of financing the budgetary deficits in revenue and capital expenditure.

1.11 Adverse Balances

In the Finance Accounts of the Union Government for the year 1991-92, adverse balances appear against 41 items under Debt, Deposit and Remittance heads. Out of these 35 items have been persisting for a number of years. The adverse balances, prima facie, are indicative of the existence of errors, omissions, misclassifications, etc. These could also be due to non-allocation of old balances consequent to the rationalisation of heads of accounts.

Action would require to be taken for rectification of the adverse balances in Finance Accounts under the Debt, Deposit and Remittance Heads and also for streamlining the accounting arrangements to check the recurrence of such balances.

CHAPTER II

Appropriation Accounts

2.1 Budget Demands and Expenditure

The summary of Appropriation Accounts (Civil) i.e. expenditure during 1991-92 against approved demands (grants and appropriations) excluding grants for Posts, Telecommunications, Railways and Defence Services given in other reports is given below:-

	Original grant/ appropriation	Supplem- entary	Total	Actual expend- iture	Variation Saving
	1.	2.	3.	4.	5.
(Rupees in crores)					
I. Revenue:					
Voted	42947.24	4246.76	47194.00	44537.80	2656.20
Charged	42291.63	927.05	43218.68	42353.99	864.69
II. Capital					
Voted	10941.27	44.35	10985.62	8055.85	2929.77
Charged	21.26	0.86	22.12	12.12	10.00
III. Public Debt					
Charged	84148.98	..	84148.98	66861.89	17287.09
IV. Loans and Advances					
Voted	5432.03	202.29	5634.32	5608.00	26.32
Charged	14993.06	154.30	15147.36	13144.98	2002.38
Grand total	200775.47	5575.61	206351.08	180574.63	25776.45

Note: In a demand for grants provision for the charged expenditure is called Appropriation and for voted is grant.

2.2 Results of Appropriation Audit

The overall saving was the net result of saving in 218 grants/appropriations and excess in six as shown below:-

	Savings		Excess		Net saving	
	Revenue	capital	Revenue	capital	Revenue	capital
	(Rupees in crores)					
Voted	2694.01 (in 83 grants)	2957.13 (in 67 grants)	37.81 (in 3 grants)	1.04 (in one grant)	2656.20	2956.09
Charged Appropriations	865.03 (in 42 approp- riations)	19299.52 (in 26 approp- riations)	0.34 (in one approp- riation)	0.05 (in one approp- riation)	864.69	19299.47

The supplementary grants and appropriations obtained during 1991-92 constituted 2.78 per cent of the original grants and appropriations.

2.3 Excess over grant/appropriation

In the revenue section, there was total excess of Rs.3781,26,820 in three grants and Rs.33,51,432 in one appropriation. Excesses in capital section amounted to Rs.103,71,330 in one grant and Rs.5,00,000 in one appropriation. These six excesses detailed below require regularisation under Article 115 of the Constitution by seeking excess grants/appropriations from Parliament.

Sl. No.	Grant	Total grant or appropriation	Actual expenditure	Amount of excess (percentage of excess)	Main reasons
1.	2.	3.	4.	5.	6.
		Rs.	Rs.	Rs.	
	Voted Grants				
	Revenue				
1.	17-Defence Pensions	183967,00,000	1839,96,29,916	29,29,916 (0.02)	Increase in the number of eligible pensioners retired after 14/8/1947 and payment of arrears of pension to pre-1964 family pension cases and relief sanctioned from 1/7/91.

1.	2.	3.	4.	5.	6.
2.	28-Pensions	54884,00,000	58134,53,771	32,50,53,771 (5.9)	Receipt of more claims than anticipated.
3.	97-Chandigarh	21231,00,000	21732,43,133	501,43,133 (2.4)	Payment to the Madhya Pradesh Government for deployment of forces at Chandigarh, failure to get the plan posts converted into non-plan and expenditure on proper and smooth water supply distribution system in the city, new setup to Chandigarh Medical College and purchase of furniture, machinery etc.
Capital					
4.	84-Nuclear Power Schemes	13799,00,000	13902,71,330	103,71,330 (0.8)	Payment of customs duty on consignments of raw material for Prototype Fast Breeder Test Reactor.
Charged Appropriations Revenue					
5.	75-Roads	15,00,000	48,51,432	33,51,432 (223.4)	More payment of grants-in-aid to State Governments for road works owing to fulfilment of time bound arbitration award and court decree.
Capital					
6.	16-Ministry of Defence	1300,00,000	1305,00,000	5,00,000 (0.4)	More payment of loans and advances to State Governments of Rajasthan and U.P. for R.C.P. water supply scheme, Jodhpur and Ranikhet.

Though excess for similar reasons had occurred in the grants of "Defence Pensions" and "Chandigarh" during the years 1985-86 to 1990-91, the excess in 1991-92 were again not foreseen nor necessary supplementary grants taken.

2.4 Saving in grant/appropriation

In 13 cases, supplementary provisions of Rs.26.18 crores were obtained in voted or charged portion of the capital or revenue section, but the final saving in these cases exceeded the supplementary provisions. The details are given in Appendix-I. They do not include cases where only token supplementary provisions were obtained.

Savings exceeded 50 per cent of the provision in the Capital or Revenue Section in 9 grants and 20 per cent of the provision in the Capital or Revenue Section in 38 grants. Details of grants where savings exceeded 20 per cent and Rs.5.00 lakhs are given in Appendix-II.

Out of the net savings of Rs.5612.29 crores under voted grants (9 per cent) and Rs.20164.16 crores under charged appropriation (14 per cent), savings in 54 grants and 3 appropriations accounted for Rs.5182.72 crores and Rs.20116.36 crores respectively (saving in each case not less than Rs.20 crores) are detailed below:

Sl. No.	Grant	Amount of savings (percentage of savings)	Main reasons
1.	2.	3.	4.
(Rupees in crores)			
	Voted Grants		
	Revenue		
1.	1-Agriculture	59.99 (2.48)	Non-receipt of proposals from fertilizer Industry/ states, late/non-approval, slow-implementation of scheme under crop husbandry, less demands of rice-Minikits, non-participation of major beneficiary agencies in the scheme of building up operational stock of seeds and economy measures.
2.	2-Other Services of Department of Agriculture and Co-operation	24.33 (17.61)	Non-release of assistance/grants to National Co-operative Development Corporation/State Governments and slow progress of the scheme/non-finalisation of the project of land reclamation and development with European Economic Comm-

1.	2.	3.	4.
			unity, less release of grants-in-aid to Centrally sponsored plan schemes due to introduction of low cost measures in revised guidelines and delay in sanctioning of the scheme of reimbursement of Central Excise Duty on HSD oil.
3.	4-Department of Animal Husbandry and Dairying	37.66 (16.95)	Non-release of assistance to National Dairy Development Board for operation flood project, non-finalisation of the scheme of assistance to co-operatives through NDDDB and non-receipt of equipments, non-approval of projects of National Project on Rinderpest Eradication externally aided component and less requirement of funds by the State Governments under Animal Husbandry.
4.	10-Ministry of Coal	25.63 (15.92)	Less contribution of Government share to the Family Pension-cum-life Assurance fund for Coal Mines.
5.	11-Department of Commerce	38.15 (1.94)	Less/non-release of funds to Trade Fair Authority of India, Tobacco Board and Indian Institute of Packaging for Technology upgradation, less receipt of proposals for release of funds from Export Promotion and Market Development Organisations, diversion of funds for payment of cash compensatory support to exporters and non payment of contributions to certain International organisations.
6.	16-Ministry of Defence	68.18 (5.46)	Less expenditure on purchase of stores than anticipated, non-filling up of vacant posts and economy measures.
7.	23-Ministry of Environment and Forest	42.37 (12.75)	Non/less-release of funds due to non/late clearance of plan schemes, revision of Paryavaran Sudhar Vahini scheme, non/late receipt of proposals from State Governments/Non-Government bodies/ Union Territories/Boards and delay in implementation of prevention and control of pollution scheme.
8.	24-Ministry of External Affairs	32.37 (5.72)	Non-finalisation of proposal of aid to Cambodia, shelving of some new projects and slow progress of some on-going projects under co-operation with other countries.
9.	27-Payments to Financial Institutions	59.14 (9.54)	(a) Less release/reimbursement of funds to National Bank for Agriculture and Rural Development, Industrial Credit and Investment Corporation and Industrial Development Bank of India (b) Non availability of break up of the

1.	2.	3.	4.
			periodic charges payable against draws under individual facilities of the International Monetary Fund, less than anticipated increase in SDR-Rupee Parity Rate.
10.	30-Transfers to State Governments	127.29 (2.27)	Release of less grants to State Governments.
11.	33-Department of Expenditure	251.66 (97.38)	Non-utilisation of lump sum provision made under grants-in-aid to State Governments for new initiatives by the Department as other Ministries/Departments were to provide for the expenditure during the year in their respective demands.
12.	37-Indirect Taxes	41.44 (10.31)	Modifications in the procurement of the crafts and non-finalisation of reward cases, non-materialisation of purchase of machinery and equipments for preventive operation and non-utilisation of provisions for computerisation project of Central Excise Department.
13.	40-Department of Health	36.16 (6.46)	Non-release of funds to North Eastern Indira Gandhi Regional Institute of Health and Medical Sciences, Shillong, non/less-release of material assistance to the State Governments/Voluntary organisations, release of less grants to State Governments for Centrally sponsored Plan scheme, less expenditure on medicines, materials and supplies and non-filling up of vacant posts.
14.	42-Ministry of Home Affairs	61.31 (19.22)	Non-clearance of project for computerisation of immigration check post records, non-filling up/sanctioning of posts, less expenditure on salaries, office expenses, non-receipt of claims from various presses and less release of grants to State Governments.
15.	44-Police	21.47 (1.13)	Less release of grants to State Governments due to non-implementation of new schemes for setting up criminal information system and less expenditure on police forces, non-receipt of debits on account of ration supplied to BSF battalions, less expenditure on salaries and office expenses, deferment of purchase of vehicles and equipments, non-commencement of training/research projects, reduction in expenditure on prevention of infiltration of foreigners scheme and non-receipt of claims for deployment of Territorial Army battalions.

1.	2.	3.	4.
16.	45- Other Expenditure of Ministry of Home Affairs	94.64 (26.35)	Non-/less-release of grants to State Governments/Union Territory Governments for relief and rehabilitation, re-opening of Ashok paper Mills Unit at Jogighopa, Assam and modernisation of prison administration, non-approval of revised estimates of Potteru Irrigation Project and schemes of North Eastern Council, less expenditure on Swatantrata Sainik Samman Pension Scheme; non-receipt of proposal for ex-gratia payment to the affected persons in Assam agitation and from Dandakaranya project for write off loans given to displaced persons.
17.	47-Department of Education	86.47 (4.8)	Non-approval of schemes of National Council for Teacher Education, New Initiative in elementary education and establishment of rural universities, less release of grants to various voluntary organisations and academic institutions and State/Union Territory Governments.
18.	50-Department of Women and Child Development	36.18 (8.25)	Less release of grants to Central Social Welfare Board/State Boards and State Governments.
19.	54-Department of Small Scale Industries and Agro and Rural Industries	40.78 (12.93)	Non/delayed approval of projects of new product and process development centres, opening of tool rooms, energy conservation programme and self employment schemes for educated unemployed youth and less release of grants-in-aid to State Governments.
20.	56-Broadcasting Services	43.38 (5.33)	Non-finalisation of some schemes of programme services, non-commissioning of some All India Radio Stations, new programmes, ban on purchase of motor vehicle, non-finalisation of software scheme, less payment to news agencies, non filling up of vacant posts and non-receipt of materials.
21.	57-Ministry of Labour	91.70 (22.29)	Less/non-release of grants-in-aid to State Governments for housing and new schemes under training of craftsman and supervisors, non filling up of vacant posts, less expenditure on travelling expenses, non-implementation of plan schemes, non-purchase of vehicles and equipments, non-opening of new dispensaries, less payment of deposit linked insurance scheme and receipt of less proposals from voluntary organisations for improvement in working condition of child/women labour.

1.	2.	3.	4.
22.	67-Department of Power	87.57 (19.21)	Proportionate reduction in budgetary support to Badarpur Thermal Power Stations, non-procurement of simulator for various institutes and non-finalisation of construction agency for National Power Training Institute, non-sanctioning of the scheme rectification of pump sets and schemes of Rajasthan State Electricity Board/Institute of Co-operative Management Gujarat.
23.	69-Ministry of Rural Development	501.29 (14.24)	Less release of grants to "Centrally Sponsored Plan Schemes", non-filling up of vacant posts, less receipt of proposals for Panchayat Development and Training and post-budget decision to effect cut on plan provisions.
24.	75-Roads	23.39 (5.8)	Non-receipt of claims from the Directorate General of Supplies and Disposals, less requirement of funds for acquisition of land to the Institute for Training of Highway Engineers, and less release of grants-in-aid to State Governments/National Highways Authority.
25.	76-Ports, Lighthouses and Shipping	25.97 (20.2)	Deferment of additional subsidy to Cochin Shipyard Limited, less payment of subsidy to Calcutta Port Trust, Shipping Corporation of India and non-filling up of vacant posts.
26.	77-Ministry of Textiles	185.08 (23.8)	Non-approval of Handloom Development Scheme, non release of funds due to non-receipt of proposal less payments to Textile committee against collection of cess on textile and textile labour Rehabilitation Fund, less release of grants-in-aid to State Governments.
27.	78-Urban Development and Housing	39.75 (13.6)	Non/less receipt of proposals for Pavement Dwellers Schemes, Integrated Development of Small and Medium Towns, Scheme for Educated Employment Generation in urban localities, non-finalisation of property tax settlements and less release of grants-in-aid to State Governments.
28.	81-Ministry of Water Resources	44.65 (13.2)	Non/late sanctioning of schemes, non-filling up of vacant posts, non-procurement/receipt of certain machinery, equipments and materials, and less release to State Governments.

1.	2.	3.	4.
29.	82-Ministry of Welfare	20.19 (4.3)	Less requirement of funds from Union Territory Administrations, National Institute for the Visually Handicapped, Dehradun, Spastic Societies; receipt of lesser bills from Tribal Co-operative Marketing Federation of India Ltd. and Artificial Limbs Manufacturing Corporation and less release of grants-in-aid to State Governments/Union Territory Governments.
30.	83-Atomic Energy	35.90 (7.4)	Rescheduling of delivery schedules for certain equipments, consumables and stores, less expenditure on materials and supplies, repairs and maintenance and office expenses, less release of grants-in-aid to Tata Institute of Fundamental Research and M/S Electronics Corporation of India Ltd. and non-filling up of vacant posts.
31.	84-Nuclear Power Schemes	60.02 (17.3)	Reduction in stock of fuel for Nuclear Power Generation, reduction in requirement and postponement of procurement of some materials for waste management facilities at Kalpakkam and Waste Immobilisation Plant at Tarapur, revision in the opening balance of inventory and less payment of interest .
32.	93-Delhi	26.70 (2.4)	Non-clearance of proposals for setting up of an apex centre near Safdarjung Hospital, non-payment of contribution to Employees State Insurance Corporation, non-implementation of scheme of development of dairy colonies and National Service Scheme; non-purchase of school materials, non-filling up of vacant posts, less purchase of vehicles, machinery and equipments, non-receipt of bills of printing and less release of grants to Municipal Corporation of Delhi, Delhi Institute of Technology.
	Capital		
33.	10-Ministry of Coal	63.53 (8.5)	Lesser payment of compensation claims of acquisition of coal bearing areas and loans to Coal India Limited.
34.	11-Department of Commerce	36.77 (37)	Non/less utilisation of Technical Credit facility by Government of German Democratic Republic and Government of Poland and economy measures.

1.	2.	3.	4.
35.	16-Ministry of Defence	28.57 (25.3)	Non/less investment in Bharat Dynamics Limited, Goa Shipyard Limited, Garden Reach Shipbuilders and Engineers Limited and less expenditure on construction works.
36.	24-Ministry of External Affairs	45.50 (68.1)	Non-release of loans due to non-utilisation of credit facility by Governments of Bangladesh, Bhutan and release of less funds for construction works.
37.	25-Department of Economic Affairs	108.75 (66.9)	Non-release of loans to Government of Zambia, Government of Surinam, Government of Namibia, Government of Seychells, Government of Vietnam and Government of Sri Lanka due to non-signing of credit agreements and non-approval of contracts, less release of loans under the Excise Relief Scheme.
38.	26-Currency, Coinage and Stamps	72.27 (38.1)	Non-finalisation of purchase of two lines of machines and for construction of prototype wagons, non-payment of installation charges and technical service charges of Bank Note Press, non-approval of modernisation proposal of Currency Note Press, less purchase of metal, less expenditure on construction work and non-procurement/import of plant and machinery.
39.	27-Payments to Financial Institutions	1484.26 (29.8)	(a) Less investment in Industrial Financial Institutions and less release of loans to public sector and other undertakings; (b) less subscription to the International Bank for Reconstruction and Development and International Monetary Fund due to non-materialisation of requirement for subscription in connection with the 9th quota review and maintenance of value claim from the World Bank.
40.	31-Loans to Government Servants, etc.	26.22 (11.87)	Less demands for advances than anticipated and economy measures.
41.	36-Direct Taxes	56.61 (47.2)	Non-acquisition of immovable properties following writ petitions pending before the Supreme Court.
42.	38-Ministry of Food	71.33 (52.3)	Less release of loans for rehabilitation/modernisation of sugar mills and cane development and less investment in Food Corporation of India.

1.	2.	3.	4.
43.	44-Police	22.15 (8.5)	Non-filling up of vacant posts, less requirement of funds for construction work and economy measures.
44.	52-Department of Heavy Industry	20.20 (6.2)	Non/less investment in Hindustan Paper Corporation and NEPA Ltd. and less payment of loans to Cement Corporation of India.
45.	54-Department of Small Scale Industries and Agro and Rural Industries	37.02 (13.1)	Less renewal of past loans of Khadi and Village Industries Commission and less investment owing to economy measures.
46.	56-Broadcasting Services	135.59 (38)	Delay in procurement of site for Regional Service Stations at Jaipur and Pondicherry, slow progress of work at different stations, non-materialisation/deferment of some schemes and non-receipt/procurement of imported equipments/transmitters and stores.
47.	67-Department of Power	152.72 (7.4)	Non/less investment in Kathalgudi Gas Turbine Project Naptha Jhakri Power Corporation, Tehri, Hydro Development Corporation, North Eastern Electric Power Corporation, non-payment of loans to Damodar Valley Corporation, less release of centre's share contribution in Sardar Sarovar Project and economy measures.
48.	74-Ministry of Surface Transport	43.25 (31.3)	Less/non-release to Central Inland Water Transport Corporation, non-sanctioning of schemes of purchase of buses by Delhi Transport Corporation and non-receipt of claims from State Road Transport Corporation.
49.	75-Roads	22.04 (4.1)	Non-receipt of claims from the States of Orissa, Nagaland and Manipur for externally aided schemes of road works on National Highways and economy measures.
50.	77-Ministry of Textiles	38.97 (21.7)	Non-release of funds to National Textile Corporation, non-approval of proposals relating to modernisation of British India Corporation and National Jute Manufacturers Corporation, some schemes and economy measures.
51.	78-Urban Development and Housing	20.36 (12.1)	Non-investment in Housing and Urban Development Corporation and less expenditure on construction of residential buildings. However the savings was partly re-appropriated by the Ministry to other Departments/Ministries construction works.

1.	2.	3.	4.
52.83-Atomic Energy		137.68 (24.9)	Non-sanctioning of some projects, delay in receipt of machinery and equipments, claims from parties and non-payment of claims of contractors, reduction of requirement of raw materials, consumables, spares, maintenance and other utilities, slow progress/non-commencement of works and reduction in the stock of feed stock materials.
53. 87-Department of Space		62.92 (58.3)	Delay in obtaining export licence, less procurement of essential items, non-finalisation/slow progress of some civil works and technical requirements, slippage in delivery schedule of imported equipments and non-delivery of computers by the I.B.M.
54. 93-Delhi		125.20 (14.4)	Non-approval of some schemes, non-payment of share capital to Delhi Financial Corporation, less release of loans to Municipal Corporation of Delhi/New Delhi Municipal Corporation and Delhi Electric Supply Undertakings, non-receipt of approval for the construction of bridges, hospitals and dispensaries buildings, non-settlement of site for women Polytechnic and non-clearance of proposal of Delhi College of Engineering, slow progress of some construction works and less release of funds for acquisition of land.
Charged Appropriations			
Revenue			
55. 29-Interest Payments		854.37 (3.1)	Less payment of interest on external and internal debts.
Capital			
56. 30-Transfers to State Governments		1974.90 (13.7)	Less payment of loans/ways and means advances and lesser requirement from State Governments.
57. 32-Repayment of Debt		17287.09 (25.85)	Lesser conversion of ad-hoc treasury bills into long dated securities, lesser encashment of compensation and other bonds, fluctuations in the rates of foreign exchange and/revision in the schedule of repayment of external debt.

2.5 Surrender of funds

Savings in a grant or appropriation are to be surrendered to the Government immediately after these are foreseen without waiting for the last day of the year. Savings should also not be held in reserve for possible future excesses.

In the Accounts for 1991-92 it was noticed that against final saving of Rs.25776.45 crores, the amount surrendered was Rs.23889.80 crores out of which 98 per cent (Rs.23313.27 crores) were surrendered on the last day of the financial year. This shows that there was no effective control and monitoring of expenditure.

In 21 voted grants and 20 charged appropriations, the entire saving amounting to Rs.66.45 crores and Rs.2.34 crores respectively were not surrendered.

In 8 voted grants and 2 charged appropriations, the amount surrendered exceeded the overall savings. Further in case of two voted grants and one charged appropriation, Rs.28.83 crores were surrendered although the expenditure exceeded the grant/appropriation and no savings were available for surrender.

(A) Surrender of funds more than available savings:

Sl. No.	Grant	Amount of Savings	Amount surrendered
1.	2.	3.	4.
	Revenue-Voted	(Rupees in lakhs)	
1.	3-Department of Agricultural Research and Education	1966.02	2096.94
2.	16-Ministry of Defence	6817.62	7921.24
3.	63-Ministry of Petroleum and Natural Gas	85.54	474.00
4.	67-Department of Power	8756.66	9138.00

1.	2.	3.	4.
5.	68-Department of Non-Conventional Energy Sources	1487.91	1493.41
	Capital-Voted		
6.	44-Police	2214.53	2856.05
7.	69-Ministry of Rural Development	8.14	8.15
8.	95-Dadra and Nagar Haveli Revenue-Charged	141.59	144.83
9.	78-Urban Development and Housing	7.91	9.90
10.	82-Ministry of Welfare	200.45	200.67

Except in the case of grant no. 95-Dadra and Nagar Haveli the amounts were surrendered on the last day of the year.

(B) Surrender of funds inspite of overall excess expenditure

Sl. No.	Grant	Amount of excess expenditure	Amount surrendered
		(Rs. in lakhs)	
	Revenue-Voted		
1.	28-Pension	3250.54	2663.10
	Capital-Voted		
2.	84-Nuclear Power Scheme	103.71	20.00
	Capital-Charged		
3.	16-Ministry of Defence	5.00	200.00

The surrenders, when the actual expenditure exceeded the grant/appropriation shows that there was no proper control and monitoring of expenditure.

Savings were partly surrendered in many cases. Details of major variations where savings greater than 20 per cent and amounted to more than Rs.1.00 crore were not surrendered are given in Appendix III.

2.6 Injudicious re-appropriation

A grant or appropriation for charged expenditure is distributed by sub-heads or standard objects (called primary units) under which it shall be accounted. Re-appropriation of funds can take place between primary units of appropriation within a grant or appropriation before the close of financial year to which such grant or appropriation relates. Re-appropriation of funds should be made only when it is known or anticipated that the appropriation from the unit to which funds are to be transferred will not be utilised in full or that savings can be effected in the appropriation of the said unit.

During test check of the accounts for 1991-92, it was observed that in the case of 35 sub-heads in 19 grants/ appropriations, re-appropriation amounting to Rs.27804.17 lakhs was injudicious in-as-much as (i) the original provision under the sub-head to which funds were transferred by re-appropriation was more than adequate and consequently final saving under the sub-head was greater than the amount re-appropriated to that sub-head; or (ii) the original provision from which funds were transferred was inadequate and the final excess under that sub-head was greater than the amount re-appropriated. This was indicative of lack of adequate control over expenditure. Details are given in Appendix IV.

2.7 Recoveries in reduction of expenditure

The demands for grants are for the gross amount of expenditure i.e. inclusive of recoveries arising from use of stores etc. procured in the past or expenditure transferred to other departments or Ministries. While appropriation audit is done by comparing gross expenditure against gross amount of grant, the excess recoveries indicate under estimation of recoveries and the shortfall in recoveries indicates failure to use past assets or pass on expenditure.

In the revenue section against estimated recoveries for Rs.1613.87 crores, actual recoveries were Rs.1930.95 crores. In the capital section against estimated recoveries for Rs.1105.49 crores, actual recoveries were Rs.1380.00 crores. Grantwise details of major variations involving more than 20 per cent of the original estimates and not less than Rs.5.00 crores are given in Appendix V.

2.8 Reserve Funds

In the Finance Accounts for 1991-92, the balances under the Reserve Funds (excluding Telecommunications and Railways) at the beginning and end of the year and the receipts into and withdrawals from the funds during the year are given as under:-

Head of Account	Opening Balance	Receipts	Withdr- awals	Closing Balance
1.	2.	3.	4.	5.
(Rupees in crores)				
Reserve Funds not bearing interest excluding Railways Funds				
8224-Central Road Fund	21.69	9.18	9.09	21.78
8225-Roads and Bridges Fund	43.49	20.00	1.00	62.49
8226-Depreciation/Renewal Reserve Fund for Government Commercial and non-Commercial undertakings	94.08	93.94	64.24	123.78
8229-Development and Welfare Funds				
Sugar Development Fund	496.62	137.57	50.19	584.00
Industrial Development Fund	73.70	..	9.15	64.55
Mines Welfare Fund	22.53	9.12	8.12	23.53
National Biotechnological Core Fund	3.25	3.25

1.	2.	3.	4.	5.
Customs and Central Excise Welfare Fund	12.81	-10.52*	0.31	1.98
Performance Award Fund	3.54	7.92	..	11.46
Customs and Central Excise Special Fund for acquisition of Anti-smuggling equipments.	2.77	9.90	0.29	12.38
Other Development and Welfare Fund	33.70	12.28	10.93	35.05
	648.92	166.27	78.99	736.20
8235-General and other Reserve Funds for Commercial Departments/undertakings	176.96	273.93	234.29	216.60
General Insurance Fund	81.91	8.93	0.59	90.25
Other Funds (excluding Railway and Telecommunications Fund)	18.12	0.03	..	18.15
	276.99	282.89	234.88	325.00
Total non-Interest Bearing Funds	1085.17	572.28	388.20	1269.25
Reserve Funds bearing interest excluding Telecommunications and Railway Funds				
8115-Depreciation and Renewal Reserve Fund for Commercial, non-Commercial Government Departments/Undertakings	346.80	30.57	1.60	375.77
8121-General and other Reserve Fund for Commercial Government Departments/Undertakings	29.37	-34.08*	..	-4.71*

1.	2.	3.	4.	5.
General Insurance Fund	0.02	0.02
General Reserve Fund Electricity	12.97	12.97
Total interest bearing Funds excluding Tele-communications and Railway Funds	389.16	-3.51	1.60	384.05
Grand Total	1474.33	568.77	389.80	1653.30

* The Controller General of Accounts has mentioned that the minus transactions are under investigation.

In respect of some reserve funds created by different Ministries/Departments and deposits kept with Government by non-Government bodies, explanatory notes have been given in the Appropriation Accounts (Civil). Amounts deposited into and withdrawn from the funds for use on a service are included in the grants or appropriations. Also the figures in addition to the above funds/deposits for the year 1991-92 are given below:-

	Rs. in crores
Opening balance	302.15
Receipts	324.79
Payments	263.42
Closing balance	363.52

There were no transactions from/to into 'Civil Aviation Development Fund', Personal injuries (Compensation) Fund, 1965, Personal injuries (Compensation Insurance) Fund, 1972, Central Coal Mines Renewal Reserve Fund. The 'Depreciation Reserve Fund for Government Medical Stores Depots' was to be credited annually by transferring the amount of depreciation calculated with reference to the life and obsolescence of different groups of assets, charging the Major Head "4210"-Capital Outlay on Medical and Public Health-Medical Depots". During 1991-92 the Ministry of Health neither made any provision for such transfer nor credited any amount

to the Fund. The Ministry's reply that no request for allotment of funds was received by MSO(HQ) from various depots hence the provision was not made and no funds were transferred, is not tenable. Further no expenditure has been incurred out of the Fund since its creation.

The optimal utilisation of all Reserve Funds and deposits need to be looked into by the Chief Accounting Authorities in respective Ministries and Departments.

2.9 Unauthorised re-appropriation of funds

On the recommendations of the Public Accounts Committee, Government has prescribed that any order for re-appropriation which has the effect of increasing the budget provision under a sub-head by more than 25 per cent of the budget provision or rupees one crore, whichever is more shall be reported to Parliament alongwith the last batch of supplementary demands for the financial year and if such re-appropriation is made after the last batch of supplementary demands, prior approval of the Ministry of Finance (Department of Expenditure) should be obtained by the Financial Advisor of the Department.

On test check of accounts for the year 1991-92, it was observed that in six cases as detailed below the re-appropriation exceeded the twin limits of rupees one crore and 25 per cent of the sanctioned provisions, but the Ministries/Departments neither reported the augmentation to Parliament nor obtained the prior approval of Department of Expenditure. However on being pointed out by Audit the ex-post-facto approval of Department of Expenditure was obtained.

Sl. No.	No. and Name of Grant	Major Head	Sub Head
1.	28-Pension	"2235"-B-Social Security and Welfare	B.1(2)-Deposit Linked Insurance Scheme-Government Provident Funds
2.	36-Direct Taxes	"2020"-A-Collection of Taxes on Income and Expenditure	A.6(1)- Charges Transferred from Income Tax
3.	50-Women and Child Development	"3601"-C-Grants-in-aid to State Governments	(i) C.2(1)(3)-World Bank Assisted ICDS Programmes (ii) C.2(1)(4)-(Externally Aided -component) World Bank Assisted ICDS Programmes Project I
4.	60-Ministry of Mines	"2853"-B-Non-Ferrous Mining and Metallurgical Industries	(i) B.1(5)-Survey and Mapping (ii) B.1(6)-Mineral Exploration

2.10 Expenditure on 'New Service/New Instrument of Service'

On the recommendations of the Public Accounts Committee, Ministry of Finance has prescribed financial limits for different categories of expenditure beyond which the expenditure constituted New Service/New Instrument of Service and required prior approval/report to Parliament. Test check of accounts for 1991-92 revealed that the following cases of expenditure attracted the limits prescribed for New Service/New Instrument of Service in which prior approval of Parliament was not obtained nor was the expenditure reported to Parliament.

- (i) Ministry of Textiles (Grant No.77-Ministry of Textiles)

Ministry had incurred expenditure of Rs.21.83 crores towards subsidy on controlled cloth to National Textiles Corporation against the Budget Provision of Rs.15.00 crores. The additional expenditure of Rs.6.83 crores which was in excess of the prescribed limit of Rs.10 lakhs, was met by re-appropriation within the grant without prior approval of Parliament. The Ministry's reply that the approval

of the Secretary (Expenditure) was obtained because there was no opportunity to obtain the vote of Parliament through Supplementary Demands for the additional expenditure met by re-appropriation as the last date for sending the supplementary proposals already expired, is not tenable.

(ii) Ministry of Health and Family Welfare (Grant No.40-Department of Health)

Department of Health had paid grants-in-aid of Rs.511.33 lakhs against the budget provision of Rs.400.00 lakhs to the National Institute of Communicable Diseases. The additional payment of Rs.111.33 lakhs in excess of the prescribed limit of 10 per cent of the budget provision, was made without prior approval of Parliament.

(iii) Ministry of Home Affairs (Grant No.93-Delhi)

Delhi Administration had paid Rs.1274.00 lakhs towards special loan to M.C.D. against the budget provision of Rs.100.00 lakhs. The additional payment of Rs.1174.00 lakhs was met by reappropriation within the grant without reporting the facts to Parliament.

CHAPTER III

Ministry of Agriculture

3.1 Avoidable expenditure on demurrage charges and interest

The Ministry of Agriculture, Department of Fertilizers, New Delhi hired (February 1985) a cargo ship 'Nasbon' from a foreign firm for transportation of 20400.526 M.T. Diammonium Phosphate (DAP) from Port Tampa, Florida (USA) to India. According to the agreement, the cargo was to be delivered at one or two safe ports of India. The contract further provided that demurrage @ US \$3500 per day or pro-rata would be paid in the event of the vessel being detained longer than the time allowed for loading and unloading.

After having loaded 20400.526 M.T. DAP at Port Tampa on 14th March 1985, the vessel was directed to four ports in India (Dahej, Mandvi, Kandla and Bedi) during March to June 1985 whereas the contract stipulated only two ports for unloading of the cargo. Further, the Ministry of Agriculture could not arrange unloading of the cargo within the stipulated period as a result of which the owners claimed demurrage charges of US \$2.09 lakhs (Rs.25.24 lakhs). Out of this, only part payment of US \$1.47 lakhs (Rs.17.79 lakhs) was made by the Ministry in February 1986.

For balance payment of demurrage amounting to US \$0.62 lakh, the ship owners referred the matter in January 1986 to Arbitration at London wherein demand was also raised for interest on the belated payment of demurrage already received, cost of bunkers consumed in moving the ship to third and fourth ports of discharge and extra expenses incurred at Kandla and Bedi ports.

The Arbitrators observed (January 1988) that the Ministry of Agriculture was in breach of the agreement by ordering the vessel to discharge at four

ports in contravention of the provisions of the contract. It was, however, argued by the Ministry before the Arbitrators that as the plans of unloading the cargo at Dahej and Mandvi ports had gone astray, there came to be a mutual agreement between both the parties for variation in the mode of performance of the contract so as to embrace four ports rather than two and that there was, thus, no breach of contract. But no documents in support of the said mutual agreement were produced before the Arbitrators by the Ministry. Consequently, the Arbitrators awarded (January 1988 and April 1988) that Ministry would pay to the claimants demurrage of US \$0.62 lakh (Rs.8.03 lakhs), cost of the award, interest on belated payment of demurrage as also the legal expenses of the ship owners. Payment of demurrage, interest and cost of award aggregating to Rs.11.66 lakhs was made by the Mission during June-July 1988.

As regards legal expenses of ship owners on Arbitration, the India based solicitors of the ship owners approached the Ministry in December 1989 for payment of £ 22939.95 towards cost of Arbitration. In March 1990, Ministry wrote to the Mission at London to examine the claim of the ship owners. No further action was taken in the matter by the Ministry till 15th July 1991 when the Ministry intimated the Mission at London that the ship owners had filed an application in Delhi High Court for recovery of £22939.95 with interest from 19th July 1989 at 15 per cent per annum. Payment of £30,000 (Rs.12.51 lakhs), including interest, was made by the Mission in August 1991. Avoidable payment of interest amounted to £7060.05 (Rs.2.94 lakhs). While explaining delay in making payment, the Mission stated (July 1991) that Ministry's letter of March 1990 was not received by them.

On the matter being referred to them, the Ministry of Agriculture stated (February 1993) that the ship was moved to four ports due to bad weather conditions at the first two ports and labour unrest at the third port. But the Ministry did not intimate

the reasons for not producing before the Arbitrators, the documentary evidence in support of the 'mutual agreement' between both the parties for variation in the mode of unloading of cargo so as to embrace four ports instead of two ports mentioned in the charter party agreement.

Ministry further stated that no amount was awarded by the Arbitrators towards freight for moving the ship from second port to third port and subsequently to the fourth port. The reply, however is not consistent with the facts, as a sum of US \$1789 was awarded by the Arbitrators towards cost of bunkers consumed in moving the vessel from Mandvi to Kandla and Kandla to Bedi port. Besides, a sum of US \$7532 was awarded on account of pilotage, tugs, lighthouse dues, travelling and survey etc. at third and fourth ports. Both these payments were made to ship owners in addition to the payment towards extra demurrage and interest thereon.

As regards avoidable payment of interest amounting to £7060.05 (Rs.2.94 lakhs), the Ministry stated that the Taxing Master's Certificate was sent to High Commission of India, London in March 1990 for examination and advice in the matter but no reply was received from the Mission till July 1991 when the Mission was again requested to expedite the clarification. However, according to Mission's records Ministry's letter of March 1990 was not received in London and they came to know of the matter only in July 1991. Reasons for not pursuing the matter with the Mission during March 1990 to July 1991 were not intimated by the Ministry.

Ministry's failure to produce before Arbitrators the evidence regarding mutual agreement with ship owners for variation in the mode of unloading the cargo at four ports as also delay in making payment of legal expenses, resulted in avoidable expenditure of Rs.24.17 lakhs.

3.2 Unfruitful investment

A mention was made in paragraph 67 of the Report of the Comptroller and Auditor General of India for the year ending March 1987 about the very low capacity utilisation of a 1000 litres Elecstor plant, capable of filling 2000 pouches (1/2 litre and 200 ml) per hour procured by Delhi Milk Scheme (DMS). The machine was procured in March, 1983 at a cost of Rs.38.29 lakh to increase the level of distribution of Milk by about 10,000 litres of sterilised milk per day. It was also mentioned in the Report that the investment had not augmented the packing capacity since the utilisation of capacity had declined from 8.21 per cent in 1985-86 to 5.34 per cent in 1986-87.

In their action taken note submitted in February 1989 the Ministry had stated that the under-utilisation of the capacity was caused by the fact that DMS did not have the requisite spare parts for a period of six months during 1986-87.

Further audit scrutiny revealed that during the next five years 1987-92 also, the capacity utilisation ranged between 4.9 to 5.4 per cent only. Ministry stated (July 1992) that after the plant was put into production many infirmities, complexities and vexatious issues emerged which were not earlier anticipated. Thus the plant did not perform up to the technical standard guaranteed by the manufacturer with the result that the investment of Rs.38.29 lakhs on the plant had largely remained unfruitful. The plant is now used for producing sweetened milk and not sterilised milk as originally envisaged.

Ministry stated (January 1993) that the possibilities of using the plant for packing of standardised milk, double toned milk etc. were also being explored and it would take sometime before final decision could be taken by DMS to increase the capacity utilisation of the plant.

CHAPTER IV

Ministry of Civil Aviation and Tourism (Department of Tourism)

4.1 Deficiencies in the implementation of the scheme for Yatri Niwas

Department of Tourism launched a scheme in March 1985 to construct inexpensive Yatri Niwas buildings at important places of tourist interest to meet the requirements of middle income tourists, both international and domestic. This was a joint venture scheme to be implemented in collaboration with the State Governments which were to provide land, water supply, electricity, etc. The cost of construction of Yatri Niwas was to be borne by the Department. After construction, the buildings were to be handed over to the State Governments concerned for management.

A token provision of Rs.one lakh was made in the last year of Sixth Five Year Plan, and a provision of Rs.10 crores was made during the Seventh Plan. The Department sanctioned the scheme for the construction of 31 Yatri Niwas buildings at an estimated cost aggregating to Rs.11.07 crores during the Seventh Five Year Plan without obtaining the approval of the Expenditure Finance Committee as required under delegation of Financial Powers Rules. Funds to the extent of Rs.8.35 crores were released to the State Governments during the plan period.

Test check of records in audit revealed that out of 31 projects, 14 were completed and commissioned during the Seventh Plan. One was completed but was yet to be commissioned in September 1992. Work on five had not started (June 1992) even after lapse of three to six years from the date of sanction of the projects due either to change of executing agency or non-transfer of funds to the new executing agency. This resulted in idling of Rs.50 lakhs.

Of the projects on which work had not been started, in one case construction of Yatri Niwas at

Tura (Meghalaya) was sanctioned at a cost of Rs.39.87 lakhs and Rs.25 lakhs was released to the State Government in two instalments in July 1988 and December 1991. The second instalment of Rs.15 lakhs was released without insisting on quarterly progress reports as contemplated in the sanction. It was reported by tourist office that "not a single brick had been laid on site". In another case of construction of Yatri Niwas at Palam, New Delhi, Rs.5 lakhs was released without ascertaining the availability of suitable site for construction of Yatri Niwas. Thus, in both these cases the release of the grant was injudicious.

In the remaining 11 projects for which Rs.287.02 lakhs had been released, six projects remained incomplete after more than five years, four projects after more than four years but less than five years while one project has remained incomplete after about 2¹/₂ years from the date of sanction.

Thus, besides the fact that the scheme was not approved by the competent authority, Rs.3.37 crores, released for the projects were lying blocked due to non-commencement of some schemes and non-completion of some others. The monitoring of scheme by the department was also inadequate.

The matter was reported to the Ministry in September 1992; their reply has not been received (October 1992).

CHAPTER V

Ministry of Commerce (Department of Commerce)

5.1 Export Credit (interest subsidy) Scheme 1968

The Export Credit (interest subsidy) Scheme 1968 was introduced in June 1968 as an export promotion measure. Under the scheme, export credit of various kinds like packing credit or pre-shipment credit, post shipment credit and term loans are allowed by banks for prescribed period at interest rates not exceeding the ceiling rates prescribed by the Reserve Bank of India (R.B.I.) from time to time. Government paid interest subsidy at three per cent from 1st August 1986 (1.5 per cent upto 31st July 1986) to banks provided repayment of credit is made according to the prescribed manner and banks do not charge interest at rates exceeding those prescribed by the Reserve Bank of India. The scheme was discontinued with effect from August 6, 1991.

The exporter desirous of availing of the export credit facility enters into an agreement with the Industrial Development Bank of India (IDBI) and foreign buyer. The instalment and due dates of their repayments are stipulated in advance. Each instalment is to be treated as an independent unit for watching realisation of the proceeds. The payment has to be received from the foreign importer within six months from the due date of the instalments as stipulated in the agreement, failing which no subsidy is admissible on the credit facility provided.

From January 1987 to December 1991 a total subsidy of Rs.761.70 crores was paid of which Rs.670.28 crores was paid to public sector commercial banks and Rs.91.42 crores to other banks.

Mention was made in paragraph 27, 14 and 7 of the Reports of the Comptroller and Auditor General of India for 1975-76, 1982-83 and 1987-88 Union Government (Civil) respectively of the various irregularities and excess payments in the

disbursement of interest subsidy totalling Rs.225.26 crores to the public and private sector banks during 1968-69 to December 1986.

Test check conducted in audit of the accounts of 2783 branches of 78 banks disclosed that the irregularities resulting in irregular or excess payment of interest subsidy amounting to Rs.7.68 crores between January 1987 and March 1991. Of this amount Rs.3.75 crores pertained to packing/preshipment credits Rs.3.04 crores to post shipment credits, Rs.0.42 crore to export credit facility (term loans) and Rs.0.47 crore to other items. On being pointed out by Audit Rs.2.66 crores was refunded by the banks to R.B.I. upto 30th September 1991. The balance amount of Rs.5.02 crores was yet to be refunded.

The Department in their Action Taken Note on paragraph 7 of the Audit Report for 1987-88 had stated (September 1990) that concerted efforts were being made at all levels, including suitable training programmes and seminars for the benefit of the staff deployed on the job, for preventing recurrence of such excess/irregular claims by the banks. The Ministry stated (October 1992) that excess/ineligible subsidy paid to the banks was being recovered from their pending claims with the RBI if they failed to settle the pending Audit observation.

5.2 Payment of cash assistance

(a) *Overpayment due to misclassification:* An order for the supply of 41 portable steel bridges (galvanised) to Bangladesh for an f.o.b. value of Rs.3.44 crores was secured by Government of India Undertaking in December 1989. It exported, in a part shipment, 20 bridges for f.o.b. value of Rs.1.64 crores during February 1991. Technical characteristics of the exported product indicated in the Duty Exemption Entitlement Certificates issued by the Department of Revenue showed that the item was fabricated with high tensile, mild steel and forging quality raw steel. The product was, thus,

classifiable against Sr.no 35 (A) of the Cash Compendium pertaining to Engineering Goods Group under "fabricated steel structural" and was entitled to Cash Compensatory Support (CCS) at the rate of 8 per cent of f.o.b. value.

The Undertaking claimed CCS at the rate of 20 per cent after classifying the product as "steelforgings- all types (including carbon/alloy/stainless steel)" under item no 56 of the Compendium. The Joint Chief Controller of Imports and Exports (JCCIE) New Delhi wrongly admitted the claim of the Undertaking and paid CCS amounting to Rs.32.77 lakhs thereby resulting in an over payment of Rs.19.66 lakhs.

Further, the export was made on February 25, 1991. However, complete application after removing all deficiencies was submitted on February 18, 1992. There was thus a delay of 5 months beyond the permissible period of 6 months, in submission of the application by the company. A cut of 5 per cent on the admissible amount of CCS leviable under the rules for such late submission amounting to Rs.0.66 lakh was also not levied. Thus, the overpayment to the Undertaking amounted to Rs.20.32 lakhs.

The overpayment was pointed out to the JCCIE in September 1992. Files relating to the export of balance 21 bridges was not produced to Audit despite a specific request.

The matter was reported to the Ministry in October 1992; their reply is awaited (November 1992)

(b) *Non-application of cut off formula:* A firm was granted an advance licence for the import of raw material worth cif value of Rs.316.30 lakhs with an export obligation of Rs.460 lakhs. It exported 2.25 lakh kgs. of 'Amprol plus' to USSR during May to July 1988. The licence stipulated that the cut off rate for the purpose of Cash Compensatory Support (CCS) entitlements would be 6.5 per cent or normal rate as per CCS instructions whichever was less. Despite the

clear provisions restricting the CCS payment to 6.5 per cent the Joint Chief Controller of Imports and Exports (JCCI&E) Bombay admitted and paid in August 1988 CCS at the rate of 15 per cent on the fob value of exports worth Rs.191.50 lakhs made in 17 shipments, resulting in excess payment of Rs.16.28 lakhs to the exporter.

On the matter being pointed out in audit in March 1991, recovery of Rs.2.71 lakhs was ordered by the JCCI&E in July 1991. Recovery order for a further sum of Rs.4.52 lakhs involved in five shipments was issued by the JCCI&E in September 1992.

The matter was reported to the Ministry in October 1992, their reply has not been received (November 1992).

(c) Payment at incorrect rate:

(i) According to the instruction issued by the Government of India in October 1979, in cases where the advance licence for a value higher than the permissible rate of import replenishment as per Import Policy of Government of India, was issued, the level of Cash Compensatory Support (CCS) was to be brought down to the original ratio of import replenishment and CCS so that the CCS on value-added basis remained the same.

A test check of CCS payments made by the Joint Chief Controller of Imports and Exports (JCCIE), Calcutta revealed that an exporter who exported 2 ferry vessels worth Rs.74.50 lakhs in May 1985 was allowed an advance licence for import at a higher rate of 50 per cent of the f.o.b. value against the normal permissible rate of 20 per cent and was allowed CCS at 15 per cent without making a corresponding reduction in the rate of CCS from the normal 15 per cent to 9 per cent under the Government of India Orders of October 1979. This resulted in an excess payment of Rs.4.47 lakhs at the rate of 6 per cent of the f.o.b. value of Rs.74.50 lakhs. Further CCS of Rs.0.68 lakh was also overpaid at the rate of

15 per cent of f.o.b. value worth Rs.4.53 lakhs, even though no claim had been preferred by the exporter to the foreign buyer.

Thus, failure on the part of the Department to pay CCS at the correct rate payable on value added basis and in making payment for the claim not submitted resulted in an overpayment of CCS of Rs.5.15 lakhs.

The matter was reported to the Ministry in August 1992, their reply has not been received (October 1992).

(ii) Test check of the accounts of the Joint Chief Controller of Imports and Exports (JCCIE) Calcutta revealed that cash assistance of Rs.18.05 lakhs at the rate of 15 per cent of f.o.b. value was incorrectly allowed to two exporters of silver mica capacitor plates for their exports between August 1986 to August 1987. As the correct rate for cash assistance for this item, according to the orders applicable during the relevant period, was 8 per cent of f.o.b. value, there was excess payment of Rs.8.42 lakhs which was recoverable from the exporter. JCCIE admitted the excess payment in December 1991 and stated that action was being taken for recovery from the firm. Recovery was awaited (February 1993).

The matter was reported to the Ministry in September 1992; their reply has not been received (February 1993).

(d) *Irregular payment:* Suppliers are entitled to additional cash compensatory support (CCS) in lieu of Terminal Excise Duty (TED) in respect of supplies of raw materials, components etc. made to Oil and Natural Gas Commission (ONGC) for their on/off shore drilling operations which are treated as "Deemed Exports".

Test check in Audit revealed that firm 'A' supplied Sodium Carboxymethyl Cellulose Cellpro L.D.O. to the ONGC during October 1984 to October

1985 and received from them Rs.77.97 lakhs as the cost of stores which included central excise duty of Rs.7.02 lakhs.

Joint Chief Controller of Imports and Exports (JCCIE) Ahmedabad had also paid additional CCS in lieu of Central Excise Duty for the same amount to the firm by way of proceeds of the claims of Central Excise Duty rebate preferred by the latter. Thus, the firm had received the sum of Rs.7.02 lakhs twice, once from the ONGC and a second time from Jt.CCIE, by way of reimbursement of additional CCS in lieu of CED paid by the exporter. Reimbursement of the ineligible amount of Rs.7.02 lakhs admitted and paid by the JCCIE, was pointed out by Audit in June 1992. The excess payment was yet to be recovered (August 1992).

The matter was reported to the Ministry (August 1992); their reply has not been received (November 1992).

(e) *Inadmissible payment:* The Import Policy for 1980-81 provided for a scheme of "Registration of Export Contracts" under which the registered exporters were eligible to the benefit of cash compensatory support (CCS) on their exports at the rates prevailing on the date of contract as against the date of actual export, if the contract was registered with the authorised dealer in foreign exchange (i.e. a scheduled bank) within 45 days from the date of contract. This benefit was admissible only for three years from the date of execution of contract in the case of export of engineering (industrial machinery) goods.

According to the instructions issued by the Government of India in October 1979, in cases where advance licence was issued for a value higher than the permissible rate of import replenishment as per Import Policy of Government of India, level of the CCS was to be brought down to the original ratio of import replenishment to CCS so that the CCS on value-added basis remained the same.

Test check revealed the following cases:

(i) An exporter entered into a contract on 17th June 1980 with a foreign buyer of industrial machinery and registered the contract with the authorised dealer in foreign exchange on 10th July 1980. The exporter delivered the supplies in a number of shipments, some shipments having been made even beyond the period of three years from the date of contract and claimed CCS for such period at the rate prevailing on the date of contract viz; 12.5 per cent of the f.o.b. value instead of 12 per cent in contravention of the instructions contained in the scheme. This was allowed by the Joint Chief Controller of Imports and Exports (JCCIE) Calcutta. Further, the exporter who was entitled to an import replenishment licence at the rate of 5 per cent and 10 per cent during 1982-83 and 1983-84 respectively was provided with an import licence at 22.19 per cent of the f.o.b. value of export. In terms of the policy, the rate of CCS was to be brought down to 10 and 11 per cent of the f.o.b. value against the normal rate of 12.5 per cent and 12 per cent during the above period which was erroneously allowed by JCCIE.

The overpayment to the exporter on both the above counts amounted to Rs.5.94 lakhs, which was pointed out to the JCCIE in December 1991. Recovery has not been effected so far (August 1992).

The matter was referred to the Ministry in August 1992; their reply has not been received (October 1992).

(ii) An Indian exporter entered into a contract with a foreign buyer on 19th March 1981 and registered it in a Scheduled Bank on 2nd May 1981. The exporter effected a number of shipments against this contract after three year period from the date of contract and claimed payment of CCS on these exports at the rate of 12.5 per cent of f.o.b. value of export prevailing on the date of contract instead of the admissible rate of 12 per cent prevailing on

the date of actual exports. The claims were paid by the Joint Chief Controller of Imports and Exports (JCCIE) Calcutta between July 1984 and October 1985 resulting in excess payment to the extent of Rs.2.72 lakhs which was recoverable from the exporter.

The matter was reported to the Ministry in July 1992, their reply has not been received (October 1992).

5.3 Follow up on Audit Reports

The Lok Sabha Secretariat issued instructions (April 1982) to all the Ministries requesting them to furnish notes indicating remedial/corrective action taken by them on the various paragraphs contained in the Audit Reports as soon as they were laid on the Table of the House duly vetted by Audit. Such notes were required to be submitted even for paragraphs which were not selected by the Public Accounts Committee for detailed examination.

A review of the Audit Reports for the years 1984-85 to 1988-89 revealed that the Ministry had not submitted remedial/ corrective action taken notes on the following paras inspite of repeated instructions.

Audit Report Number and year	Para No.	Caption
1.	2.	3.
1986-87 No.1 of 1988	10	"Irregularities in payment of CCS".
1986-87 No.1 of 1988	11	"Cash assistance for export of frozen fish frozen lobstertails and whole cooked lobsters".
1987-88 No.1 of 1989	8	"Cash compensatory support on export of leather footwears".
1988-89 No.13 of 1990	8	"Irregular payment of cash assistance on export below minimum export price".
1988-89 No.13 of 1990	9	"Cash assistance for the export of printed books".

1.	2.	3.
1988-89 No.13 of 1990	10	"Cash assistance for the export of Sodium Cyanide".
1988-89 No.13 of 1990	11	"Inadmissible cash assistance against a time-barred claim".
1988-89 No.13 of 1990	13	"Cash compensatory support on leather shoe uppers".

Department of Supply

5.4 Contracts placed by Director General, Supplies and Disposals - Payment and Accounting

5.4.1 Introduction

The Director General of Supplies and Disposals (DGS&D) under the Department of Supply is the Central Purchase Organisation of the Government of India. The services of this Organisation are also utilised by State Governments, Local bodies, Quasi public bodies, statutory corporations, Public Sector Undertakings. The Office of the Chief Controller of Accounts is the Departmental Accounts Organisation who is responsible for the payments and accounting of transactions for supply of stores purchased through the Central Purchase Organisation. All payments for supply of stores are initially made on bills passed after cent per cent check. These initial payments made to the suppliers are recovered subsequently from the Accounts Officers of the indenting organisations by claiming re-imburements from them.

5.4.2 Organisational set up and functions

The Supply Accounts Organisation functions under the overall charge of the Chief Controller of Accounts who is assisted by the Controllers of Accounts at New Delhi and Calcutta and Deputy Controllers of Accounts at Bombay and Madras. The Controllers/Deputy Controllers are assisted by Pay and Accounts Officers.

The Organisation is responsible for :

- (i) Pre-check payment and accounting of bills preferred against contracts placed by DGS&D and his regional offices and raising of claims against Accounts Officers of the indenting departments/organisations for re-imburement;

(ii) Check and accounting of proceeds of surplus stores disposed off through the Disposal Wing of the D.G.S.& D.; and

(iii) payment to clearing agents at ports for imported stores.

5.4.3 *Scope of Audit*

The system of making payments of bills against purchase orders placed on contractors by the Director General, Supplies and Disposals Organisation and maintenance of connected accounts records was reviewed in Audit with reference to transactions for the period from 1986-87 to 1991-92.

5.4.4 *HIGHLIGHTS*

- The Government suffered loss of interest due to non-reimbursement of claims for long period from the Central/State Government Undertakings.
- Arrears of dues amounting to Rs.165.83 crores were due for recovery from the indenting departments in New Delhi office.
- Follow up action to reconcile the differences between monthly figures of Broadsheets of Suspense items and monthly accounts was not taken. This is necessary to ensure the correctness of Accounts.
- Outstanding balances of Rs.77.14 lakhs under "Security Deposits" at the end of March, 1992 have not been analysed.
- The outstanding balances in the "Registers of Withholding Payments" have not been pursued effectively for settlement.

- There were arrears in linking of Advance payment bills with corresponding balance payment bills since 1988-89. Non-linking of such payments may result in non detection of irregular payments.
- Sales tax amounting to Rs.71.55 lakhs remained unrecovered/unadjusted.
- Outstanding objections pointed out during the Inspection conducted by the Chief Controller of Accounts (Department of Supply) remained unsettled.
- Outstanding Audit objections involving Rs.2.62 crores as on 31st March 1992 remained unsettled for want of effective action by the Department.

5.4.5 *Outstanding dues*

(a) *From Government and Non-Government bodies*

The payments for the cost of stores purchased for Central and State Governments and some of the non-Government indentors/autonomous bodies are adjusted by the Pay and Accounts Officers of the Department of Supply by claiming re-imburement against Accounts Officers of the consignee departments at weekly intervals. Rules provide that till details of such transactions are available, these should be temporarily booked by the Pay and Accounts officer Department of supply, under a 'Suspense' head '8658 - Suspense Accounts - PAO Suspense' for facilitating obtaining of re-imburement. On receipt of the necessary details the appropriate adjustments are to be made and the 'suspense' head cleared.

It was observed that the departmental instructions mentioned above were not being followed. The department did not pursue realisation of old dues in many cases with the Accounts Officers of the concerned departments of the Central/State Governments, Public Sector Units, Autonomous Bodies,

etc. The cumulative net debit balance was to the extent of Rs.165.83 crores as on 31st March, 1992 under "P.A.O. Suspense" in the books of the Delhi office of Chief Controller of Accounts. This represents amounts to be recovered from other parties being payments made for the stores supplied. A comparative position of these outstanding balances from 1986-87 to 1991-92 is as under :

Year	Amount outstanding (in crores of rupees)
1986-87	232.29
1987-88	215.55
1988-89	157.25
1989-90	221.18
1990-91	164.75
1991-92	165.83

Since all transactions are required to be settled in cash before 31st. March each year, there should normally be no balance outstanding under "P.A.O. Suspense" at the close of year. Balances remaining unsettled may become difficult to be recovered with the passage of time.

The Chief Controller of Accounts (Supply) stated (February 1993) that the outstanding had been brought down to Rs.31.98 crores on 31st December 1992.

(b) Non-reconciliation of differences between figures of Suspense Registers and Detailed Book

All payments to suppliers of stores are made initially by the Chief Controller of Accounts (Department of Supply) and classified under PAO Suspense. The amounts are subsequently recovered from the Accounts Officers of the concerned indenting Departments/Consignees adjusting the 'PAO Suspense' head. The payments and receipts are entered and totalled weekly in the Outward Claim Registers for effecting weekly settlements. For watching clearance and settlement of outstanding claims a register termed as Broadsheet of PAO Suspense (Suspense Register) is maintained and closed monthly. The monthly figures of Payments and Receipts in the

"Suspense Registers" should tally with the figures booked in the monthly accounts i.e. Detailed Book in order to verify correctness of accounting. In case, the difference remains un-reconciled it should be carried over progressively from month to month on a memorandum of reconciliation till it is reconciled. It was, however, observed that such differences were not worked out in most of the Suspense Registers maintained by the Chief Controller of Accounts (Department of Supply). In the following test checked cases in Audit, it was seen that memorandum of reconciliation of progressive differences were not worked out since 1988-89 and were also not brought forward which indicated that follow up action to settle the differences was not taken.

PAO Suspense Sub-head.	Progressive Difference		Remarks
	Debit	Credit	
	Amount in Rupees		
Agriculture, Cochin.	1348583.00	Nil	The differences in all these cases related to the period prior to 1988-89 and were not brought forward subsequent to that period in a memorandum of reconciliation which indicated that follow up action to clear these differences were not taken. Suspense Registers were not closed monthly during 1991-92.
Border Security Force.	1147439.12	36287.79	
Central Reserve Police Force.	(-)374983.12	26533.00	

The Department replied that the differences were very small when compared to the volume of payments made by them. The fact remains that the differences reflect the amounts were claimed from unrelated departments and unless these were reconciled, the dues would not be recovered.

(c) *From Central/State Public Undertakings*

(i) The Public Accounts Committee (vide Para 81 of Audit Report - 1965-66) mentioned about the magnitude of the outstanding dues from the Public Sector Undertakings resulting in substantial loss of interest and desired that the procedure of making

recoveries from the Undertakings should be streamlined so as to ensure payment within a period of 7 days of the receipt of demand. The Committee also suggested that in case the parties continued to default in making timely payments, the post deposit facilities i.e. exemption from making advance deposits, might be withdrawn. In the following cases, test checked in Audit, it was seen that large amounts as indicated below were pending recovery for more than 7 years.

Sl No.	Name of Post Deposit Parties.	Outstanding amount as on 31-03-1992. (In lakhs of Rupees.)	Period from which outstanding
1.	Rajasthan State Electricity Board, Jaipur.	366.00	All the amounts awaited re-imburement since 1985-86.
2.	Bharat Heavy Electricals Ltd.	15.37	
3.	National Airport Authority.	95.24	
4.	Lok Tak Hydro Electricity Project, Manipur.	65.80	
5.	Oil and Natural Gas Commission, Dehradun.	67.83	

The Department stated (February 1993) that they were expecting re-imburement from Rajasthan State Electricity Board, Jaipur in the next few months. No reply/information was furnished in respect of remaining cases.

(ii) In the following cases, there were outstanding claims against Public Sector Undertakings/Autonomous Bodies pertaining to the period prior to 1985-86.

Sl. No.	Name of Public Sector Undertaking/ Autonomous Body etc.	Amount of outstanding claims (in lakhs of Rupees)
1.	V.P.T., Visakhapatnam.	3.37
2.	N.C.E.R.T., New Delhi.	1.90
3.	P.P.C. Amjhore.	1.60
4.	C.C.I. New Delhi.	0.57
5.	Ashoka Hotel.	0.51
6.	N.I.C. Nagandi.	0.37
7.	F.A.C.T., New Delhi.	0.16
8.	H.F.C., Durgapur.	0.16
9.	F.C.I. New Delhi	0.31
	Bombay	3.49
	Calcutta	0.92
	Sindri	2.89
		7.61
10.	Indian Oil Corpn.	
	Calcutta	0.30
	New Delhi	0.01
		0.31
11.	N.M.D.C., Baila Dilla	0.18
	Khetri.	0.04
	Panni	0.05
		0.27
12.	H.O.C., Rasayani.	0.13

The Department stated that they had withdrawn post deposit facilities in most of the cases and old irrecoverable balances would be considered for write off after another final attempt is made by them. Further progress is awaited (February 1993).

5.4.6 Outstanding Balances under Security Deposits

The Central Purchase Organisation obtains deposits from contractors as security for the due performance of contract which is refunded on completion of the supplies. These transactions are accounted for in the records of the Chief Controller of Accounts where receipts (credits) and refunds (debits) are entered in "Register of Security Deposits". Monthly totals of receipts and refunds

entered in this Register are reflected in "Broadsheet of Security Deposits". The monthly figures of Broadsheet should tally with the figures booked in the Accounts. The reasons for the difference, if any, should be analysed and the differences carried forward from month to month till it is finally reconciled. Similar registers for transactions of other Miscellaneous Deposits (Deposits other than Security Deposits) e.g. Earnest money deposits etc. are also maintained in "Broadsheet of Miscellaneous Deposits". It was observed that there was progressive difference of Rs.3,30,409/36P. (Credit) in the Broadsheet of "Miscellaneous Deposits" and Rs.67,764.04 P (credit) in the Broadsheet of Security Deposits at the end of March 1992 which were not reconciled since 1976-77. Non-reconciliation of these differences may involve fraudulent payments lying undetected.

It was further observed that:

- (i) Broadsheets of Security Deposits were not closed monthly. These were in arrears which ranged from 2 months to 64 months at the end of March 1992.
- (ii) Age-wise record of outstanding balances of Rs.77.14 lakhs (net Credit) at the end of March 1992 was not maintained in order to verify deposits due for being lapsed.

5.4.7 *Outstanding items in Objection Book*

All cases of cancellation of contracts at the risk and cost of contractors due to failure of delivery of stores or any part thereof within stipulated period or where the contractor repudiates the contract before its expiry which may result in incurring of additional expenditure on repurchase and recovery on account of such repurchase losses/liquidated damages are noted in a Register viz. "Objection Book". Items in the Objection Book are

required to be cleared as early as possible. It was, however, observed that there were 2070 items of objections on account of Risk Purchase losses/liquidated damages which were outstanding at the end of 31st March 1992. The year-wise break-up of these outstanding items is given below :-

Year	Number of Items.
Upto March 1985	1455
1985-86	192
1986-87	151
1987-88	138
1988-89	106
1989-90	28
1990-91	(Not compiled by the department)
1991-92	(Not compiled by the department)
Total	2070

(a) The department had not arrived at the amount to be recovered in these cases from the defaulting contractors. With the passage of time chances of recoveries will become remote, involving risk of loss to Government. Although the Department stated (February 1992) that the Directorate General of Supplies and Disposals was required to take necessary action for settlement of these cases yet these cases were not found to have been taken up with the DGS&D for appropriate action.

(b) Under the rules, the Department was required to send half-yearly statement of items outstanding for more than six months to the DGS&D. These statements were not sent since March, 1990. The Department stated (February 1992) that reports were being compiled and would be sent shortly. Further progress is awaited (January 1993).

(c) The pace of clearance of outstanding items was very slow as per details given below which indicated that no effective follow up action was taken.

Year	Opening Balance in number of items	Additions	Clearance	Closing balance in items
1985-86	1455	318	126	1647
1986-87	1647	221	70	1798
1987-88	1798	147	9	1936
1988-89	1936	136	30	2042
1989-90	2042	28	Nil	2070
1990-91	Not compiled by the Department			
1991-92	Not compiled by the Department			

The Department stated (February 1992) that closing balance of outstanding items worked out to 1618 as against 2070 shown by audit. However, records reconciling the difference were not made available. The Department added that majority of items could not be settled because these were quite old for which the related records were not readily traceable. The possibility of closing such items was stated to be under examination by the Department. Final action was awaited (January 1993).

5.4.8 Demand Registers

Departmental instructions require that all recoveries either specifically authorised by the Purchase Officers or agreed to by the suppliers are recorded in the Demand Registers and the recoveries are to be watched through periodical review of these items. Upto 31st March 1992 - 2376 items involving recovery of Rs.1006.90 lakhs were outstanding. The year-wise details are given below :

Year	Number of Items	Amount (In lakhs of Rupees)
Upto March 1985	2091	779.8
1985-86	66	43.5
1986-87	48	20.5
1987-88	52	55.6
1988-89	79	38.4
1989-90	40	69.1
1990-91	Not Compiled by the department	
1991-92	Not Compiled by the department	
Total :-	2376	1006.9

A review of the Demand Registers revealed that:

(a) Follow up action for enforcing the recoveries was not taken. Since more than 75 per cent of the outstanding recoveries related to the period prior to 1984-85 chances for realisation in such cases have become remote. The Department stated (February 1992) that the items are outstanding due to non-receipt of bills from the suppliers and upto date list of the outstanding items in the Demand Registers would be prepared for effecting recovery. Further progress is awaited (January 1993).

(b) A quarterly report of outstanding items for more than six months was also not found to have been furnished to the Director General, Supplies and Disposals after September 1990. The Chief Controller of Accounts (Supply) stated (February 1992) that report for periods subsequent to September 1990 would be sent shortly. Action in this regard is yet to be taken (January 1993).

The Department further stated (February 1992) that the recoveries could not be effected for want of claims from the suppliers. Steps were not taken by the Chief Controller of Accounts (Supply) in consultation with the Director General, Supplies and Disposals for considering alternate means to recover the outstanding government dues from the contractors.

5.4.9 *Registers of Withholding Payments*

Instructions are received from the Purchase Officers for suspension of payments to a firm on account of demands for risk purchases, general damages, liquidated damages and also from the consignees due to deficiencies/shortages of supplies. All such instructions are noted in a Register termed as "Register of withholding payments" and on receipt of any bill from the concerned firm the payments to the extent of such amounts are withheld.

The details in the Registers indicated that 1760 items involving an amount of Rs.1206.16 lakhs were

outstanding as on 31st March 1992. Year-wise details of these items are given below:

Year	Number of Items.	Amount (In lakhs of Rupees)
Upto March 1985	701	244.40
1985-86	228	172.33
1986-87	235	112.03
1987-88	172	175.45
1988-89	235	197.30
1989-90	189	304.65
1990-91	Not Compiled by the department	
1991-92	Not Compiled by the department	
Total -	1760	1206.16

The Department stated that the main reason for these outstanding items was that the firms against whom recoveries were pending, had not submitted their bills. These facts were not found to have been reported to the Director General, Supplies & Disposals for enabling him to consider alternate means for recovery from the defaulters.

5.4.10 Linking of bills for advance payments with corresponding balance payments

According to departmental instructions, it is essential to link all advance payments with balance payments due. For this purpose a quarterly review of all advance payments with reference to the original entries in the Payment Registers should be conducted. Such a review is necessary to detect payments against malpractices in the claims of the contractors viz. fraudulent Railway Receipts, sub-standard/short-supply of stores etc. Where the corresponding bill for the balance payment has not been received for no obvious reasons within two months from the date of payment of advance bills, reference should be made to the consignee enquiring from them whether they received the full supplies and returned the relevant Inspection Notes duly receipted to the firms. The number and date of the reference should be noted in the remarks column of the Payment Register. On

receipt of the consignee's reply stating that full stores have been received, a suitable note is kept against relevant entry in the Payment Register. If consignee desires some recovery on account of short receipt of stores or otherwise a note thereof is kept in the Payment Register.

Records of the Department revealed that the work of linking the advance payments with corresponding balance payments was not being done. On being pointed out by Audit the work was taken up by the Department and the Payment Registers were reviewed for payments made by 31st March 1988. Out of the 7808 Payment Registers, 1563 were outstanding for review. Further progress for linking of the advance payments made after 1st April 1988 is awaited (January 1993).

5.4.11 Accumulation of unadjusted balances pertaining to advance payment of Sales Tax

Departmental instructions provide that it will be the responsibility of the Director General of Supplies and Disposals to work out the amount of sales tax on selling price of surplus/obsolete stores and make necessary recoveries from the parties concerned. The amount of Sales Tax thus recovered is deposited in the Reserve Bank of India for remitting the same to the Chief Controller of Accounts (Department of Supply), New Delhi. Cases were noticed where credits for the amount of Sales Tax deposited in the Bank were not received and Chief Controller of Accounts (Supplies) making payment to the Sales Tax authorities of the concerned State Governments in order to avoid payment of penal interest. Subsequent adjustment of such payments are watched through a Register called "Objection Book of Sales Tax". It was observed that a sum of Rs.71.55 lakhs was lying unsettled at the end of March 1992 in the Objection Book of Sales Tax Register as per following details :

Year	Number of Items	Total unadjusted amounts (Rs.)
1977-78	2	1336711.90
1978-79	2	697994.00
1984-85	1	2928.75
1988-89	5	5528.00
1989-90	9	80047.50
1990-91	8	3602547.00
1991-92	4	1429476.00
Total :-		7155233.15

Out of above, 4 items are more than 15 years old. Sales Tax in respect of these items amounting to Rs.20.34 lakhs relating to the period 1977-78 and 1978-79 was not realised from the successful bidders by the Director General of Supplies and Disposals but was paid by the Chief Controller of Account (Supply) to the respective Sales Tax authorities on the basis of sanctions issued by the Director General, Supplies and Disposals. In order to clear the unadjusted items in the Objection Book, the Director General, Supplies and Disposals directed the Chief Controller of Accounts (Supply) to pass on the debit to the concerned Stockholder but the Chief Controller of Account (Supply) did not comply in the absence of prior concurrence of the Department whose stores were auctioned for acceptance of debits. The case was closed by the Director General, supplies and Disposals but items remained unadjusted in the Objection Book of the Chief Controller of Account (Supply). Thus the Government suffered loss of Rs.20.34 lakhs in these four cases.

Further, progress in respect of other 27 items amounting to Rs.51.21 lakhs is awaited (February 1993).

5.4.12 Internal Audit

The Chief Controller of Accounts, Department of Supply is responsible for conducting Internal Audit as per procedure laid down in their Internal Audit Manual.

During the year 1991, 352 objections against 5 Units were outstanding for settlement as detailed below:

Name of Units	Number of items/objections pending settlement						
	1986	1987	1988	1989	1990	1991	TOTAL
Stores Section	44	--	26	1	1	1	73
Non-Stores	57	4	1	15	6	14	97
Bombay Office	--	--	14	16	23	7	60
Madras Office	3	6	18	--	4	--	31
Calcutta Office	5	--	--	74	--	12	91
Total :-	109	10	59	106	34	34	352

Further progress in clearance of these objections is awaited (February 1993).

5.4.13 Outstanding Audit Objections

The Central Test Audit Sections of the office of the Principal Director of Audit, Economic and Service Ministries, New Delhi are responsible for the audit of stores payment made by the Chief Controller of Accounts (Supply), New Delhi. Objections raised by the Central Test Audit Sections are sent periodically to the office of the Chief Controller of Accounts (Supply), in the form of Audit Notes for comments, the replies of which are required to be sent on the fourth day of their receipt.

As on 31st March 1992, 1396 Audit Notes pointing out irregularities involving Rs.262.06 lakhs awaited settlement. Year-wise break-up is as under :

Year	Opening Balance		Additions		Clearance		Closing Balance	
	Number of Audit Notes	Value in lakhs of Rs.	Number of Audit Notes	Value in lakhs of Rs.	Number of Audit Notes	Value in lakhs of Rs.	Number of Audit Notes	Value in lakhs of Rs.
1987-88	653	35.18	198	21.49	29	5.20	822	51.47
1988-89	822	51.47	175	42.47	9	6.19	988	87.75
1989-90	988	87.75	157	61.54	15	6.43	1130	142.86
1990-91	1130	142.86	106	45.83	13	4.73	1223	183.96
1991-92	1223	183.96	197	101.82	24	23.72	1396	262.06

The Department stated (February 1992) that the objections were under verification with reference to the departmental records and records maintained by Audit. Final action is awaited (February 1993).

5.5 Non-recovery of risk purchase loss

Directorate General, Supplies and Disposals (DGSD) placed an order in December 1989 on a rate contract on firm 'A' for the supply of 160 MTs of duplicating paper at a total cost of Rs.18.12 lakhs excluding sales tax, with the date of delivery up to 30th June 1990.

Supplies were not made by the firm and the order was cancelled in October 1990 at the firm's risk and expense, treating 30th June 1990 as the date of breach.

In response to an advertised tender enquiry to effect repurchase, DGSD accepted the lowest offer of Rs.27.16 lakhs given by a registered and untried firm 'B' and placed an order on it stipulating delivery by 15th April 1991. The supplies were completed on 28th March 1991.

DGSD served interim demand notice on firm 'A' in February 1991 for the recovery of Rs.8.32 lakhs inclusive of sales tax.

According to departmental instructions the formal demand notice could be issued on materialisation of risk purchase and after issue of such notice administrative action for with-holding of amount of extra expenditure was to be taken. Departmental instructions also required that before the notice for recovery of risk purchase loss was issued, it was advisable to have the case examined by the Ministry of Law as to whether general damages were to be claimed in the alternative.

Though nearly two years had elapsed since effecting the risk purchase, neither had action been

taken for recovery for risk purchase loss from firm 'A', nor had the DGSD initiated any legal/arbitration proceedings.

The matter was reported to the Ministry in September 1992; their reply has not been received (October 1992).

5.6 Non-recovery of excise duty paid in excess

Director General of Supplies and Disposals (DGSD), New Delhi placed an order on a firm in March 1986 for the supply of 12.5 Kms, 3 x 185 Sq.mm. stranded circular-aluminium conductor at a total cost of Rs.58.41 lakhs by 30th June 1986, exclusive of excise duty which was payable at the rates applicable at the time of supply. The rate of excise duty in March 1986 at 10.5 per cent of the price of stores was mentioned in the A.T.

DGSD issued an amendment letter in June 1986 refixing the date of delivery as 31st August 1986 and also enhancing the rate of excise duty to 25 per cent. It was further laid down that the excise duty shall be paid subject to the condition that the credit if any, received by the supplier under the MODVAT scheme would be passed on to the purchaser on the basis of his certification to this effect on each bill. This enjoined on the supplier the responsibility to pass on the credit received by it under the MODVAT Scheme and did not make provision for enabling the DGSD to recover the amount from the supplier, once the additional excise duty had been paid to him.

Since the final decision regarding refund of MODVAT rebate was not taken by the Department the DGSD withdrew the amendment of June 1986 relating to the enhancement of the rate of excise duty in February 1987. In the meanwhile Rs.13.78 lakhs had been paid to the firm as excise duty between October and November 1986. Out of this Rs.7.99 lakhs had become recoverable due to the withdrawal of enhanced excise duty computed at the difference of Rs.14.5 per

cent (between the two rates of excise duty) of the cost of materials. An amount of Rs.0.41 lakh only could be recovered from the firm's pending bills till March 1988 and the balance amount of Rs.7.58 lakhs remained recoverable. Firm did not respond to the demand notice sent by DGSD in September 1991 to refund the balance.

DGSD stated (August 1992) that it had decided to refer the dispute for arbitration and necessary action in this regard was being taken.

Thus, the failure of DGSD to provide for an effective mechanism for the determination of the benefit received by the supplier under the MODVAT scheme and for the recovery thereof from the firm resulted in excess payment of Rs.7.58 lakhs to the firm.

The matter was reported to the Ministry (September 1992); their reply has not been received (November 1992).

5.7 Follow up on Audit Reports

The Lok Sabha Secretariat issued instructions (April 1982) to all the Ministries requesting them to furnish notes indicating remedial/corrective action taken by them to the Ministry of Finance (Department of Expenditure) on the various paragraphs contained in the Audit Reports as soon as they were laid on the Table of the House duly vetted by Audit. Such notes were required to be submitted even for paragraphs which were not selected by the Public Accounts Committee for detailed examination.

A review of the Audit Reports for the period 1984-85 to 1988-89 revealed that the Department had not submitted remedial/corrective action taken notes on Audit Para No. 20 of the Report of the Comptroller and Auditor General of India for the year ended 31st March 1989 (No.13 of 1990) Union Government (Civil) on 'Purchase of tent store fly'.

The Department stated (December 1992) that the remedial/corrective action taken note could not be finalised as relevant purchase files were with the UPSC in connection with certain disciplinary proceedings and efforts were being made to finalise the action taken notes as early as possible.

CHAPTER VI

Ministry of External Affairs

6.1 Imprudent purchase of property

The Permanent Mission of India at Geneva is housed in a rented accommodation of 630 sq.metres since June 1976. In December 1988, the Permanent Representative (PR) of the Mission (who is of the rank of an Ambassador) initiated a proposal for purchase of a suitable accommodation to house the offices of the mission. The reasons advanced for this action were as follows:-

- (a) There was an immediate need for additional accommodation for the GATT Wing which was being expanded;
- (b) The present accommodation of the Mission was located in an unimpressive side-road;
- (c) The present accommodation was inadequate for the officers, staff and various other amenities if computed on the basis of the entitled scale of accommodation.

After shortlisting a few properties, a residential property located at 6, Rue de Pregney was found suitable for housing the offices of the Mission. The property was located next to the U.N. Offices and the location was considered commanding. However, as the property was located in a residential zone, permission from the Cantonal Authorities of Geneva was necessary to locate offices in this building. Efforts were made by the Mission to secure such permission but it was unequivocally refused by the Cantonal Authorities. It was then decided (July 1989) to purchase this property as residence of the Ambassador at a cost of SFr 6.3 million (Rs.6.19 crore). In addition to this the Mission also spent a sum of SFr 0.07 million (Rs.8.91 lakhs) on legal fees and registration charges (August 1989).

In the month of June 1990, the new Ambassador reported that the property acquired by the Government needed considerable renovation before it could be occupied. He also forwarded (July 1991) an estimate of SFr 5.05 million (Rs.7.17 crore) for such renovation. The Government in the meanwhile directed (February 1991) the Mission to continue the efforts to secure permission to use the property as office. They also directed that various items of renovation may be classified according to their priority.

There was again a change in the incumbency of the Ambassador in the month of August 1991. The new Ambassador, after all the efforts, came (September 1991) to the conclusion that he could not anticipate any permission from the Cantonal Authorities for using the property as office premises in the foreseeable future. He, however, stated (September 1991) that as a result of Mission's persuasion, the Federal Government of Switzerland was willing to ensure that the Cantonal Authorities purchased it from the Government of India at the same price which was paid for acquiring the property.

The Ministry of External Affairs, however, advised (May 1992) the Ambassador that the property should be used as the residence of the Ambassador after essential renovation. A property team was deputed by the Ministry in May 1992 and an estimate of SFr 1.6 million (Rs.2.62 crores) was sanctioned (June 1992) by the Ministry for the renovation of the property. In terms of the agreement entered into with the Architect, the work was to be completed by April 1993. In the meanwhile the property has remained unoccupied since August 1989. Scrutiny of the various aspects of this transaction in Audit revealed:-

(i) Incorrect computation of Economic Cost of Property: In terms of the guidelines issued by the Ministry of External Affairs in August 1986, the purchase of a property is economically viable if the price of the property is within the total rent payable over the next thirteen years based on the

present rent compounded annually by the rate of increase during the last ten years. In the instant case, the purchase of this property for use as office was justified by the Mission on the ground that the purchase consideration and cost of modification put together (SFr 8 million) would be about the same as the rent that would be payable for next 13 years (the economic cost of SFr 7.8 million). The computation of economic cost was, however, faulty on the following counts:

- (a) Rent required to be paid had been computed for 1050 sq.m. whereas utilisable space including proposed use of basement was only 919 sq.m.
- (b) The average increase in rent for the past 10 years had been taken as 6 per cent as against the actual increase of 5.14 per cent.
- (c) Rent required for 25 garages had been taken into account though only 9 garages were rented by the Mission and there was no plan to hire or build additional garages in the purchased property.

The economic cost taking into account the above factors worked out to SFr 6.15 million as against the proposed expenditure of SFr 8 million. Hence, purchase of this property even for use as office was not justified, on the basis of the criterion of economic viability laid down by the Ministry of External Affairs.

The contention advanced in support of justification of the proposal for purchase that the residual life of the 100-year old property would be much more than 25-30 years was also not based on any professional advice.

(ii) Lack of justification: The purchase even otherwise was not justified because:-

- (a) When it was clear that re-zoning of the property from residence to office would not be permitted, it was decided to purchase the property as

residence of the PR. The property had not been examined for potential use as PR's residence and no justification, as normally required for purchase of properties in such cases, was even worked out. In any case, the economic cost of the property based on the rent paid for the existing residence and assuming the same rate of increase would work out to SFr 3.41 million only and hence purchase of this property as residence was not economically viable at all.

- (b) Ministry accorded approval for purchase of property as residence even though they were aware that this property was not suitable as a residence. This view had been reiterated by the PR in June 1990.
- (c) Though purchased as residence, its eventual use was seen as office despite clear indication that permission to use as office would not be given. This also underscored the fact that the property was not justified as residence of PR.
- (d) Though Mission was aware that it was customary to contract the purchase conditional on grant of permission to use as office, this was not resorted to.
- (e) Mission was also aware that it was too large a property and investment of SFr 6.5 million was not justified for its use merely as a residence of the Ambassador (PR).

(iii) Valuation and the price paid

- (a) Mission had paid SFr 6.3 million towards the price of the property though they were aware that the owners were willing to sell this property to United Nations for SFr 4.5 million. Geneva Cantonal Authorities had also found the price quoted as too high.

(b) The professional evaluation of the property in March 1992 (after about 3 years of its purchase) indicated the value as SFr 5.75 million only.

(iv) Utilisation of the property

The property acquired in August 1989 has not been put to the intended use so far. It was stated by the Mission in July 1992 that the Annexe had been utilised as residences of Chauffeur and security guard and one floor the main building had been used as accommodation for shorter intervals. Meanwhile, Mission continued to pay the rent towards Embassy residence to the extent of SFr 0.54 million (Rs.74.19 lakhs) and incurred a maintenance expenditure of SFr 0.03 million (Rs.4.15 lakhs) on the property.

To sum up,

The proposal was not economically viable in terms of the guidelines issued by the Ministry.

Decision to purchase the property as residence and for eventual use as office was imprudent in the absence of permission from Geneva Cantonal Authorities for being used as office.

Though it was known that the owner was willing to sell the property to the United Nations at a price which was SRr 1.8 million lower, no efforts were made by the Mission to negotiate and obtain a competitive price.

Though the professional evaluation of the property after about three years (March 1992) indicated that the value (SFr 5.75 million) had, in fact, come down, an offer from Swiss federal authorities to buy back the property at the purchase price was not accepted by the Ministry.

Apart from the expenditure of SFr 0.57 million (Rs.78.34 lakhs) towards rent paid for PR's residence and maintenance expenditure, non-utilisation of the property resulted in an investment of SFr 6.37

million (Rs.6.28 crore) remaining unfruitful for the past three years.

6.2 Inadequate care in managing public funds

Embassy of India, Athens had purchased (May 1988) a five-storeyed building at Athens at a cost of Rs.194.44 lakhs with the stipulation that three floors thereof would be used as Chancery and two floors would be converted into two duplex flats for two representational grade officers. Irregularities in the purchase and delay in utilisation of the building for the intended purpose was commented upon in paragraph 26.7.6 of the Report of the Comptroller & Auditor General of India for the year ended 31st March 1989- No. 13 of 1990, Union Government (Civil).

In July 1990, Ministry's approval for sale of the old chancery building at a price of 80 million Greek Drachmas (Rs.84.39 lakhs) was conveyed to the Mission with a directive that Government of Greece may be approached for permission to repatriate the sale proceeds of the building to India. In the event of such permission not being granted, the Ministry expressed willingness to consider utilisation of that amount to purchase flats for officers/staff of the Mission. In September 1990, Ministry wrote to the Mission to finalise the sale on priority basis and deposit the sale proceeds in an interest bearing account, pending permission of Government of Greece for repatriation of the amount to India.

Accordingly, Mission deposited (September 1990) 80 million Drachmas with the National Bank of Greece requesting them to open a separate interest bearing saving account in the name of Embassy of India, Athens. In the course of audit in November 1991, it was, however, seen that no interest on the saving account had been realised by the Mission.

On enquiries from the Bank by the Mission in November 1991, it came to light that under the Banking Regulations in force in Greece the foreign Missions could only open 'side accounts' in local

currency and these accounts do not earn any interest. When this money was idle, the Ministry remitted (during the period October 1990 to October 1991) a sum of Rs.79.18 lakhs, in foreign exchange, for meeting the expenses of the Mission. It was only in March 1992 that the Ministry allowed the Mission to utilise the sale proceeds of 80 million Drachmas for normal expenses of the mission.

When the matter was brought to the notice of the Mission it was stated (September 1992) that 80 million Drachmas had been deposited with the Greek Bank with written instructions to open an interest bearing saving bank account. The Bank accepted Mission's letter but informed the Mission after a period of one year that according to Greek law the Diplomatic Missions were not entitled to any interest on their side accounts. Mission further stated that ignorance on the part of Bank and delay in informing the Mission after one year can be explained only by the National Bank of Greece and there was nothing that the Mission could do in view of the law of the land. However, the stand taken by the Mission was untenable as the rate of interest should have been settled unambiguously with the Bank before depositing the large amount of 80 million Drachmas (Rs.84.39 lakhs). Had this been done, the money could have been utilised much earlier towards normal expenses of the Mission instead of remaining idle. The case also revealed lack of adequate care in handling public funds.

6.3 Purchase of Embassy residence

In August, 1988, Embassy of India, Mexico proposed to the Ministry purchase of a built up house situated at "Juan O' Donoju No.120, Col.Lomas Virreyes, Mexico City" with a plot area of 1789.06 sq.mts. and built up area of 1050 sq.mts. The proposal stated that the property constructed in 1971-73, was in perfect condition and did not require any modifications or repairs for the next couple of years. No additional expenditure would, therefore, be

involved. According to the Mission the owner had initially demanded US \$1,800,000 but finally agreed to US \$1,000,000. In addition an amount of US \$157,614 was to be borne by the Mission towards registration fees out of the total US \$246,197 payable for registration. The owner was also willing to leave the entire furniture of the house for an additional cost of US \$150,000. While forwarding the proposal the Mission also mentioned that details of a couple of other houses would be sent to the Ministry as soon as the proposals for these were received in writing.

The Ministry after getting further details from the Mission intimated (December, 1988) that the plinth area of the property - 1050 sq.mts. was over two times the norm of 500 sq.mts and added that the proposal would not be justified even in terms of future expansion. The Mission was, therefore, advised to make detailed enquiries on alternate possibilities in the 500-600 sq.mts. range and also send precise estimate of the total maintenance costs and other recurring expenditure. The Mission, while intimating the Ministry (January 1989) that the owner had agreed to bear the entire amount of US \$246,197 towards tax, did not furnish the precise estimate of the total maintenance called for. Nor did the Mission furnish details of enquiries made and responses received on other houses in the 500-600 sq.mts. range.

The Ministry did not approve (February, 1989) the purchase as the house was too large for Embassy Residence and advised the Mission to locate suitable property within 600 sq.mt. range. Instead of sending an alternate proposal, the Mission informed the Ministry (March 1989) that they had succeeded in persuading the owner of the house to give the entire furniture without any additional cost and the cost of the house would be one million U.S. Dollars inclusive of the furniture. It was also stated that they had located a couple of houses comparatively smaller in size but the cost of each house was more than one million US dollars and pleaded that on all counts the

house was an excellent bargain even though its area exceeded the limits set by the Ministry. In reply, the Ministry directed (March, 1989) the Mission to obtain structural soundness and economic costs reports for the building at a cost not exceeding US \$2000.

Based on the reports and recommendations of Minister (POL) of Embassy of India, Washington, the proposal for the purchase of property was approved by the Ministry on 22 May, 1989. The property was purchased at One Million US Dollars and registered in the name of the Embassy of India, Mexico on 9 August, 1989.

After the purchase, the Mission incurred a sum of Rs.3.43 lakhs on repairs of the building, purchase/repair of furniture etc. at the Embassy residence in addition to normal repairs and maintenance without any prior intimation to or sanction of the Ministry. Expenditure of Rs.1.03 lakhs was also incurred for payment of wages of the gardener and purchase of plants, seeds and soil for the garden and cleaning material for the swimming pool at the newly acquired residence without Ministry's prior sanction.

The case reveals that:

(i) no advertisement in the local newspapers was ever inserted to invite proposals from house owners; estate agents etc. for acquiring the built up property.

(ii) though no space norms were fixed by the Ministry for the residences of Heads of Mission, proposals for purchase of embassy residences beyond 600 sq.mts. range were not being agreed to by the Ministry. The property with total built up area of 1050 sq.mts. almost twice the 600 sq.mts. range was purchased without adequate justification except that other properties in the approved range of area were stated to cost more than US \$1 million. However, this was not tenable as no negotiations were held with

other property owners. This is further supported by the fact that the property purchased was originally quoted at US \$2.11 million inclusive of furniture. This price was brought down to US \$1 million after negotiations.

(iii) No precise estimate of the total maintenance costs, taxes and other recurring expenditure was forwarded to the Ministry to permit a proper evaluation of the proposal.

The Ministry stated (November 1992) that though no publicity was given through the local dailies, a number of houses were seen by the Head of Mission before settling on this property. This contention of the Ministry was, however, not borne by any documented fact. Offers could have been received had the requirement of the Mission been given adequate publicity. A second/alternate offer received from another real estate agent was also not considered by the Mission on the grounds of its area being larger, its unsuitable location and insufficient time for finalisation etc. Thus the whole consideration was on a single proposal. The formal sanction for the purchase is yet to be accorded (November, 1992).

6.4 Loss in currency conversion

From the academic year 1978-79, the Government of India had granted conversion facility of a maximum amount ranging from DM 111 (Deutsche Marks) to DM-250 to all categories of Indian students studying in the Soviet Union (USSR) depending on the period of study. This facility had been extended to cover their expenses for visiting Research Institutes/Laboratories attending seminars and meetings and buying books and equipment etc.

In November 1990, three rates of exchange were fixed for Rouble due to its devaluation. These were:

Currency	Roubles admissible		
	At Official rate of exchange	At Commercial rate of exchange	At Special rate of exchange (for tourists)
DM 100	36.74	110.22	367.40

A test check in audit revealed that while DM was available to the Government of India at the prevailing commercial rate, the conversion facility was being allowed to the students at a different rate of exchange involving the following loss:

Duration of study	Roubles fixed for buying the DMs admissible	Rouble which should have been collected (at Commercial rates)	Loss
3-6 months	43	122	79
6-9 months	64	184	120
9-12 months	96	276	180
(Upto April, 30 1991)			
(From May 1, 1991)	130	276	146

Thus the Government incurred a loss ranging from 79 to 180 Roubles per student. The total loss worked out to Roubles 3.80 lakhs (Rs.118.84 lakhs) for 2150 students of various categories between February 1991 to June 1991.

Ministry stated (September 1991) that the conversion facility granted was not a commercial activity of the Mission and as such commercial rate could not be applied. It was further stated that the facility was allowed as the stipends of the students had not been increased. The reply was not tenable in view of fact that the Government was purchasing DM only at the prevailing commercial rate of exchange and as such the same rate should have been applied while selling DMs to the students. Further, the Government themselves decided to discontinue the

facility in May 1991 on the ground that it was being misused.

6.5 Central Heating System of India House at London

'India House' housing the offices of the Indian High Commission in London is a listed historical building in the United Kingdom. Though the maximum life span of the Central Heating System of the building installed in 1920s was 20-25 years, this had not been replaced since installation. In 1982, one of the two boilers used for heating was replaced. In June 1984, the maintenance contractor of the heating system submitted a report on the condition of the heating system along with recommendations for refurbishment or renewal. It was recommended in the report that the incidence of breakdown would increase as also the cost of rectification. Though phased renewal of the plant was recommended, only the second boiler and heating pumps were replaced then (April 1985).

Meanwhile, as the system was not effective, mission decided (March 1985) to change the entire heating system and addressed certain firms to send estimates for a completely new system. This was not pursued allegedly on grounds of lack of response. One firm 'A' had, however, examined and recommended a new heating system (1985). This was, not acted upon.

In January 1987, Mission noted that the heating system was in a run-down condition and not safe for the building structure. In order to make up the loss of effectiveness, even against experts' advice, the water temperature was increased to 70°C as against the normal temperature of 40°C thus rendering it harmful to the fabric of building material. Repair of the burst pipes had caused damage to the stone slabs. These had to be replaced by look-alike wooden slabs due to scarce availability and prohibitive cost of the stone slabs. Even after thus overloading the system, only one floor was sufficiently warm in winter. On other floors heating had to be supplemented by electric and gas heaters.

Consequently, Mission addressed (April 1987) four consulting Engineers to furnish their scale of fee for giving a preliminary report and also installation of a new system. One firm 'A', however, submitted (July 1987) a report recommending installation of a new heating system and electrical installations at an estimated cost of Pounds 1.25 millions (Rs.248.75 lakhs). An amount of Pounds 1012 (Rs.0.20 lakh) was paid (October and December 1987) to firm 'A' for their report.

As the report submitted by firm 'A' was stated to be preliminary in character, in April 1988, the Mission with the approval of the Ministry, engaged firm 'B' for preparation of a detailed survey report at a cost of Pounds 11,500 (Rs.3.11 lakhs). The terms of reference to firm 'B' did not, however, indicate the specific details required in the report. In their report (October 1988), firm 'B' gave an estimate of expenditure for Pounds 1.65 million (Rs.394.35 lakhs). On examination of the report, Ministry pointed out several inadequacies and concluded that it was not sufficiently detailed for decision-making. Ministry also stated that the earlier report costing Pounds 1012 had more details than the subsequent one costing Pounds 11500. In October 1989, the Ministry directed Mission to reformulate its proposal. Mission informed (May 1991) the Ministry that inadequacies were pointed out to firm 'B' who stated that they had considered all the options and did not suggest any modification to their report.

In the meantime, the heating system had been failing quite often creating crisis situations. During the period June 1984 to February 1992, Mission incurred an expenditure of pounds 50,288 (Rs.11.79 lakhs) towards repair of the system. This was in addition to the regular maintenance expenditure during the period. The fuel costs for running the system from 1987 to 1991 also ranged from Pounds 15,206 to Pounds 30,921.

In May 1991, Mission also stated that the heating system had become totally ineffective in the basement, groundfloor and seventh floor and on other floors also there was enormous amount of heat loss.

In April 1992, mission stated that they had obtained two other reports on the heating and electrical installations from firms 'C' and 'D' respectively without incurring any expenditure thereon. These were reported to be comprehensive and put together estimated to cost only Pound 0.81 million (Rs.338 lakhs). A decision on these reports is yet to be taken.

Summing up:

- The heating system in the present form had long outlived its life and was in a run-down condition. Instead of taking remedial steps the system was overloaded endangering the fabric of the building.
- Lack of timely remedial steps rendered the system totally ineffective forcing the Mission to seek costly alternatives. Even after incurring an expenditure of Pounds 50,288 (Rs.11.79 lakhs) towards repair in piecemeal, the system remained ineffective. Heating had to be supplemented with gas and electric heaters at additional cost.
- Expenditure on fuel had registered steep increase though the area heated through the system and its effectiveness had come down progressively over years.
- Failure to frame clear terms of reference resulted in various project reports commissioned being considered by the Ministry to be not detailed enough to take a decision on the Central Heating System. In the process, the expenditure of Pounds 12,512 (Rs.3.31 lakhs) incurred thereon was rendered infructuous.

6.6 Excess payment of garden maintenance grant

Indian Foreign Service Pay, Leave, Compensatory Allowance (PLCA) Rules stipulate that where the residence of the officer of Mission is a property leased by the Government, the lease shall be arranged in such a way that the maintenance of lawns and hedges is the responsibility of the lessor and the expenditure on such maintenance is included in the rental payable for the house. Where this is not possible, the expenditure on maintenance can be incurred by the Mission subject to the condition that the rental payable for the house is fixed at a figure the difference between which and the ceiling rental permissible in respect of the residence of that officer is sufficient to cover the expenditure on the maintenance authorised. Such expenditure is to be incurred in accordance with the instructions issued by the Ministry (May 1986).

Certain Indian Missions had paid the garden maintenance grant to the officers though such grant together with the actual rent paid this had exceeded the ceiling prescribed from time to time. This was in contravention of the Rules stipulated and had resulted in extra expenditure. One of the Missions had contended that the delegation of powers issued by the Ministry in May 1986 for incurring expenditure on garden maintenance did not impose any restriction. This was not tenable as the said orders only regulated the garden maintenance expenditure wherever due and was only supplementary to the Rules already in force.

Thus, failure to restrict the expenditure on maintenance of garden and rent of the leased residences at Bonn, Brussels and Geneva to the ceiling prescribed, resulted in an extra expenditure of Rs.11.54 lakhs between September 1988 to July 1992.

The matter was reported to the Ministry in July 1992; their reply has not been received (December 1992).

6.7 Irregular hiring of residential accommodation

An apartment for the Counsellor/First Secretary was constructed in 1979 within the Chancery premises of the Embassy of India, Mexico. The apartment befitted the status of a representational officer. Mission's file regarding details of accommodation was not made available to Audit though requested for (September, 1991).

The apartment was occupied from June, 1979 onwards by officers of Counsellor rank. A Counsellor after residing in the apartment for six months from September, 1988 considered the residence to be not befitting his status and requested the Head of Mission (HOM) for shifting him to a suitable rented accommodation. An alternate accommodation was rented for him at a monthly rate of US \$1600 (Rs.23,648) under HOM's powers with effect from April 1, 1989. The necessary initial approval of the Ministry for renting of residence was not obtained. The rent was subsequently raised to US \$1800 p.m. from April 1, 1990. On his transfer to another Mission the rented accommodation was vacated on November 7, 1990. No intimation regarding vacation of the apartment in Chancery premises by the Counsellor was sent to the Ministry.

Instead of allotting the Chancery apartment to another Representational Grade (RG) Officer, one Personal Assistant (PA) who was residing in a rented premises at US \$375 per month from April 1988 onwards was shifted to the vacant Chancery apartment from April, 1989 itself. The arrangement of renting another accommodation for Counsellor resulted in the Mission incurring extra expenditure of Rs.3.97 lakhs (\$24,600) for the period from April 1, 1989 to November 10, 1990.

After the Counsellor was relieved in November, 1990,, the substitute First Secretary who arrived in Mexico in May, 1991 was allowed to hire residential accommodation @ US \$2600 (\$2400+200 condominium charges) per month. He moved into the accommodation

on June 16, 1991 where he still continues to reside. Hiring of accommodation for the First Secretary instead of accommodating him in the Chancery premises resulted in further extra expenditure of Rs.5.75 lakhs (\$22, 488) towards rent from June 16, 1991 to June 15, 1992.

Thus the total extra expenditure on rentals for hiring residential accommodation for Counsellor/First Secretary, by ignoring the apartment specially built for the officer of his rank in the Chancery premises worked out to Rs.9.72 lakhs (\$47,088).

When this was pointed to the Mission in December, 1991 it stated (June 1992) that since no repairs were undertaken after the construction of chancery apartment its condition deteriorated slowly and the former Ambassador found that the apartment was not fit for representational purposes. In order to ensure that Government's liability for hiring of an alternative accommodation remained within the overall budgetary allocations the Ambassador had decided to allot the Chancery apartment to a PA. The facts of the case were also brought to the notice of the Foreign Service Inspectors (FSIs) when they visited Mexico in February, 1992 and on their advice the Mission had sent (March, 1992) a comprehensive proposal to the Ministry for essential repairs to the apartment to make it suitable for number two officer of the Mission. Their reply was still awaited (October, 1992). The Mission also stated that as soon as the essential repairs were carried out, the number two officer would be required to shift there. The net extra expenditure was indicated (October 1992) by the Mission as US \$38,083 (Rs.7.65 lakhs) after assuming savings in rent of the accommodation of the Personal Assistant and cost of repairs of the Chancery apartment.

The reply is indicative of proper action not being taken in time by the Mission. Essential repairs were not undertaken from time to time as part of normal maintenance. Not doing so and instead

irregularly issuing an alternative accommodation resulted in the extra expenditure. Further, the Mission failed to seek the required approval of the Ministry at the appropriate time. In fact, the matter was intimated to the Foreign Service Inspectors and the Ministry duly after it was printed out by Audit.

Ministry's reply to the observation was still awaited (October 1992).

6.8 Construction of additional floor to the Chancery building

The Consulate at San Francisco proposed to the Ministry, in December 1987, construction of an additional floor to the Chancery building at an estimated cost of US \$2,50,000. It was mentioned in the proposal that permission from the local city authorities and approval of State Department would be required. The Ministry suggested appointment of an architect and accordingly a local firm 'A' was reappointed at a fee of 12 per cent of the actual cost of construction. In March 1988, the Bureau of Building Inspection, City and County of San Francisco (Bureau) intimated the Architect that foreign Consulates were generally exempt from local jurisdiction.

The Bureau added that the city of San Francisco would issue permits and provide inspection services on these facilities when applications were filed and fees paid so that people who frequented these premises might be provided with minimum standards to which they were entitled by applicable codes. The Architect, while forwarding the letter did not feel qualified to make a recommendation either way on whether to apply for the building permit or not. The Consulate, on receipt of this letter, did not, however, get the issue clarified either from the Embassy of India, Washington D.C. or any legal expert. In April 1989, the Ministry accorded approval to the construction with the following cost ceiling:-

<u>Item</u>	<u>Amount approved</u>
(i) proposed construction	US \$2,18,400
(ii) Architect's fee	@ 12% of actual cost
(iii) Payment of city charges	@ 1% of cost of construction
(iv) Post construction interior work, furniture, setting, intercom etc.	US \$35,000

Following regular tender procedure, the Consulate decided (July, 1989) to entrust the work to contractor 'B' at the negotiated price of US \$2,93,040. This was approved by the Ministry in September, 1989. The architect's fee was to be 12 per cent of the originally approved cost of US \$2,18,400 with an additional fee of US \$2,500 for the preparation of drawings on the basis of revised features. An agreement was thereafter entered into between the Consulate and the Contractor 'B' in October, 1989 with a performance bond.

The work which commenced in October 1989 had to be suspended next month on order from the City and County Planning Department, necessitated by the protests of the residents in the neighbourhood terming the construction work as unauthorised.

Work of the value US \$1,22,788 was already done by then and of which US \$1,05,652 was paid to the contractor.

The Department of City Planning, San Francisco, while ordering to stop the work, contended that the project had no approval and that the work was continuing unauthorisedly and advised the Consulate to comply with the codal provisions. On the advice of the ministry, legal advice was sought by the Consulate which involved a total cost of US \$5,921.

On submission of application for permission thereafter, the City authorities gave approval to the construction of the third floor on the consulate building in April 1990 subject to the fulfilment by the Consulate of several conditions like increasing rear set back involving dismantling of the rear wall and erecting a new one, changing the facade etc. as also imposing other restrictions involving considerable additional cost. The additional items of work due to modification/changes involved an amount of US \$48,593, besides a total sum of US \$10,921 defrayed towards cost of study of earthquake code, increase in architect's fee and legal services. The work which resumed in May 1990, was completed in November 1990 at a total cost of US \$3,99,723 including a sum of US \$5,250 on construction of parking space with a reduced useable area.

Formal approval to the cost was accorded by the Ministry ex-post-facto in October 1991. Had the procedural requirements as per city codes been followed and U.S. State Department approached through the Embassy of India, Washington DC before taking up the construction work, the additional expenditure to the tune of US \$54,277 (Rs.8.90 lakhs) as shown below could have been avoided.

<u>Item</u>	<u>Expenditure (US \$)</u>
i) Removal of back wall and related work carpentry, plumbing, roofing	6,095
ii) Change of front elevation Relocate 2 windows, add one new window at left and three windows at right. Rebuild parapet, roofing work and new overhang at third floor	12,765
iii) North wall, East wall and conference room exterior wall-add new cedar shingles and paint exterior painting for all new construction	18,665
(iv) Architect's fee	10,831
(v) Legal service fee	5,921

The Consulate, stated (December 1991) that the situation arose from the wrong advice of the city authorities. This stand is not tenable as the Consulate was aware even in December 1987 that prior approval of the US State Department as well as permission of the local city authorities would be required. Non compliance with the codal requirements of the local authorities and failure to consult in advance the US State Department entailed an avoidable expenditure of US \$54,277 (Rs.8.90 lakhs) besides delaying the completion of the construction.

6.9 Fraudulent medical reimbursements

Provisions of the Assisted Medical Attendance (AMA) Scheme require that all claims for refund admissible under the AMA Scheme should be accompanied by receipted bills with necessary certificate by the approved doctor and all receipts for hospitalisation and other charges and cost of medicine. However, the Mission in Washington has been making reimbursements of medical expenses without insisting on payee's receipts. Only photocopies of cheques purportedly issued by the claimants were relied upon as proof of payment. This system is fraught with the risk of reimbursement of payments not actually made as the case discussed below reveals.

Test check of claims by Audit revealed instances of interpolation of figures, alterations and overwriting in the claims of an Assistant who was himself dealing with preaudit of all medical claims including his own. For instance, bills of the doctor for \$35 were changed to \$335 in one case, to \$535 in another case, bill for \$170 was found altered to \$770 and in some cases there were interpolations for additional amounts. These alterations/interpolations inflated the amounts in the claims. These were not detected either while passing the bills or making payments after pre-audit. The Mission was requested by Audit (June 1991) to investigate all his claims.

The investigation disclosed that the official had defrauded the Mission to the extent of \$16,830 (Rs.2.69 lakhs) in 22 bills preferred by him during September, 1988 to January, 1991. The above could have been avoided had the Mission insisted on proof of payment like receipts from the doctor or paid cheques (in USA such processed cheques are returned to the drawee after payments). The Mission also did not take elementary precaution of not permitting an individual to handle his own case for reimbursement claims.

The matter was reported to the Ministry in December, 1991. The Ministry intimated (December 1992) that the official had come back to India on posting before the fraud was detected and, therefore, the amount could not be recovered from him in foreign exchange. However, the official had since paid back Rs.5.15 lakhs which was on the basis of (i) the amount payable as per official exchange rate at the time of defalcation plus (ii) the differential between the commercial rate on the date of deposit plus (iii) 25 per cent of the amount at (i) towards penalty. Suitable disciplinary action against the official, who had now retired, in the form of reduction or withholding of pension was under contemplation. The Ministry added that the Mission at Washington had stopped accepting photo-copies of cheques issued and instead were now accepting doctor's bills as a paid stamp or a receipt issued by the doctor/hospital. No official was also being allowed to handle his own reimbursement claim.

The case clearly indicates the need for the Ministry to issue comprehensive instructions to all the Missions abroad on preferring and handling of reimbursement claims to ensure a sound system being followed by all. Such instructions should, inter alia, stipulate the nature of proof of payment to be obtained.

6.10 Negligence in attending to a legal case

Embassy of India, The Hague had rented a flat in 1950 for use as residence of an officer of the Mission. No lease deed clearly spelling out the amount of rent and other charges such as service and heating charges, was signed by the Mission. However, the rent paid during 1950 to 1984 was accepted by the Management without raising any questions.

In July 1984, there was a change in the Management who took a stand that heating and service charges were payable over and above the rent already paid and thus, demanded arrears of these charges from the year 1982. They also demanded increase in rent with effect from 1st July 1984. On referring the matter to Rental Commission by the Management, the rent was increased (June 1985) by 3 per cent retrospectively with effect from 1st July 1984, assuming that the rent paid was exclusive of heating and service charges. It was noticed in audit that the hearing before the Rental Commission was not attended by the Mission's representative for contesting the Management's claim despite having been informed of the date of hearing in writing by the Rental Commission.

Thereafter, the Management demanded payment of arrears of heating and service charges amounting to Rs.3.41 lakhs. When this matter came up (February 1988) before the Rental Commission, the representative of the mission pleaded that the rent was inclusive of heating and service charges and that in the last 37 years monthly rent was paid without any separate payment for heating and service charges. However, Mission's contention was rejected by the Rental Commission on the ground that in their last hearing in June 1985 the increase was granted considering the rent to be bare rent and therefore, they would not propose to deviate from their earlier decision. The Mission also sought legal advice which was that the only remedy available was to contest the decision in a court of law. Ministry approved (August

1988) payment of arrears of heating and service charges. Payment of Rs.3.37 lakhs was made (April 1989) to the Management for the period upto surrendering of the flat in September 1987. A fee of Rs.0.08 lakh was paid (August 1988) to the legal expert.

The Mission's default in not having signed the lease deed and in not contesting the Management's claim before the Rental Commission at the time of increase in rent in June 1985 resulted in avoidable expenditure of Rs.3.45 lakhs to Government.

6.11 Overpayment of Municipal Taxes

Under the provisions of Vienna convention the properties owned or leased by diplomatic missions in the United Kingdom (U.K.) are exempt from all national, regional and municipal dues and taxes, except such as represent payment for specific services rendered. The services provided by the local Boroughs in U.K. are classified as under:

- A. Non-beneficial services such as Education, Police, Housing, Public Libraries and Public Health, etc. (80 per cent of the total municipal charges)
- B. Beneficial services such as Main Drainage and Sewerage, Fire services, Removal of Refuse, Highways and streets, Parks, Pleasure Grounds and Public Health (20 per cent of the total Municipal charges).

According to the laid down procedure for payment of the municipal dues levied by the local authorities on the properties of diplomatic missions, the total amount is initially paid to the local authorities by the Treasury Valuer of Her Majesty's Government. The beneficial portion (20 per cent) of the municipal charges only is later on paid by the Missions to the Treasury Valuer. As such Missions are not required to pay the municipal charges direct to the local Boroughs.

However, it was noticed that the Borough of London had reported (April 1987) to the High Commission of India, London that municipal taxes amounting to {15277.94 in respect of Mission's properties in the Borough, were not paid despite their eight letters sent to the Mission during November 1982 to August 1986. The Borough also advised that in case of non-receipt of payment in 14 days' time the Bailiff would be instructed to distrain at the properties and remove goods and chattels to the value of the outstanding amount.

With a view to avoid likely inconvenience, the Mission paid (1st May 1987), {15277.94 directly to the Borough and decided to settle the liability in due course with the Treasury Valuer. Subsequently, the details of payment of {15277.94 were obtained from the Borough in November 1987 which indicated that an amount of {11118.46 was paid in excess to the Borough. But the Mission did not take any action till November 1991 to obtain refund of the overpaid amount from the Borough. In November 1991, i.e. after a lapse of 4 years, Mission requested the Inspector of Rates (formerly named as Treasury Valuer) to refund the amount of {11118.46 paid in excess to the London Borough of Brent in May 1987. In reply to an audit query, the Mission intimated (November 1992) that adjustment of the overpaid amount had been made by the Inspector of Rates in the schedule of the municipal dues for the period 1.4.1988 to 31.3.1989 received by the Mission in August 1992.

Verification of Mission's reply, however, revealed that a sum of {9629.56 (Rs.5.19 lakhs) only had been adjusted in the above stated bill after a lapse of more than 5 years. The balance amount of {1488.90 (Rs.0.80 lakh) was yet to be adjusted (November 1992).

The case indicates lack of financial control/monitoring in the Mission. The case was referred to the Ministry in October 1992, their reply has not been received (November 1992).

6.12 Follow up on Audit Reports

The Lok Sabha Secretariat issued instructions (April 1982) to all the Ministries requesting them to furnish notes indicating remedial/corrective action taken by them to the Ministry of Finance (Department of Expenditure) on the various paragraphs contained in the Audit Reports as soon as they were laid on the Table of the House duly vetted by Audit. Such notes were required to be submitted even for paragraphs which were not selected by the Public Accounts Committee for detailed examination.

A review of the last five years' Audit Reports revealed that the Ministry has not submitted (January 1993) remedial/corrective action taken notes on the following paras in spite of repeated instructions:

Audit Report Number and Year	Paragraph Number	Caption
1.	2.	3.
No.1 of 1989	29	Avoidable expenditure on residential telephone
No.13 of 1990	26	Purchase and construction of properties for Indian Missions abroad.
-do-	27	Infructuous expenditure on lease of accommodation for an embassy residence
-do-	28	Extra expenditure due to delay in placing an order.
No.1 of 1991	26	Counsular Services rendered by some Indian Missions abroad.
No.1 of 1992	11.1	Follow up on Accounts
-do-	11.2	Adjustments to be made in Finance Accounts.
-do-	11.4	Inadequate planning and Management of Contract Works
-do-	11.5	Avoidable expenditure

1.	2.	3.
No.1 of 1992	11.6	Avoidable extra expenditure on works.
-do-	11.8	Overpayment to an architect.
-do-	11.10	Avoidable extra expenditure.

CHAPTER VII

Ministry of Human Resource Development (Department of Culture)

7.1 National Museum

7.1.1 Introduction

The National Museum, New Delhi was established in 1949. Its activities broadly relate to (i) collection, preservation and display of exhibits, (ii) documentation, (iii) secure custody of rare art objects and antiquities (iv) conducting education/special seminars (v) publication of art books/educational literature and (vi) organising special art exhibitions. Besides, the National Museum, New Delhi was to implement the scheme for financial assistance to various museums from October 1985, which was hitherto being implemented by the Department of Culture.

To improve the working of museums including National Museum and to define their role, the Ministry adopted (i) Estimate Committee Report (Fourth Lok Sabha) (1967-68) (ii) Dr. Randhawa Committee Report (1968-69) and (iii) Dr. Motichandra Committee's Report (1970). Besides, for providing regular forum to review progress and solve problems of museums the Ministry in 1987 reconstituted the Central Advisory Board of Museums set up in 1956 and constituted its Standing Committee to monitor the progress on its recommendations.

7.1.2 Scope of Audit

A test check of records of the National Museum for the period 1985-86 to 1990-91 was conducted under Section 13 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. Results of audit are given in the succeeding paragraphs.

7.1.3 *Organisational set up*

The National Museum functions as a subordinate office of the Department of Culture, Ministry of Human Resource Development. Director General is in overall charge of the Museum and is assisted by the Deputy Director and an Assistant Director. The National Museum has ten arts collection departments each under the control of Keeper/Deputy Keeper. In addition it has 14 service departments to carry out its various cultural activities.

To provide guidelines relating to the working of the National Museum, an advisory committee was constituted by the Department of Culture in November 1984. The committee required to meet at least once a year, met only twice between 1985-90.

The following committees were formed by the Department of Culture to assist the Museum in its various activities:

- (i) Publication Committee
- (ii) Art Acquisition Committee (A.A.C.)
- (iii) Grants-in-aid Committee

7.1.4 *Highlights*

- 4883 objects purchased for Rs.664.38 lakhs during 1985-86 to 1991-92 included 52 objects classified as antiquities under the Antiquity and Art Treasurers Act 1972. The balance 496 and 4335 objects were un-registered antiquities and non-antiquities and came under the purview of Decorative Arts and ethnographical objects.
- 271 art objects purchased for Rs.16.75 lakhs from 12 dealers (out of which 11 were from Delhi) the price of individual items was not settled and there was no basis to determine that correct price was paid.

- Payment of Rs.60.81 lakhs to 19 persons for purchase of 78 art objects included 16 persons who had not offered their objects for sale to the Museum.
- Out of 115 objects found not genuine, 85 were returned to the owners after a period ranging from 6 to 36 months and more.
- The Museum has 10 collection departments. Test check of seven departments showed that out of 1,70,575 objects 56466 objects were not accessioned in classified register, record photography was not done for 1,54,561 objects and 1,41,729 objects were not card indexed.
- Number of art objects identified for conservation/restoration in June 1980 was 27808. No comprehensive study for identification of damaged objects was done afterwards.
- The prescribed rules for sanctioning of grants to other museums were not followed.
- Out of 9 deluxe publications brought out during 1986 to 1990 five publications were not approved by the Publication Committee.
- Only 1301 schools were covered under the School Education Programme of bringing school children to the Museum during 1989-92 against the target of 2100.
- Number of visitors to Museum declined from 1.89 lakhs in 1987 to 1.46 lakhs in 1991.
- 55 objects were damaged in 16 exhibitions held abroad.
- Display of objects in six additional galleries was delayed for more than 5 years due to delay in completion of second phase of the building.

7.1.5 Budget allocation and expenditure

Budget allocations provided to National Museum and its expenditure during 1985-86 to 1990-91 were as follows:-

Year	(Rupees in lakhs)						
	Budget allocation		Total	Expenditure		Total	Savings(-) Excess(+)
	Revenue	Capital		Revenue	Capital		
1985-86	157.50	nil	157.50	219.12	nil	219.12	(+) 61.62
1986-87	232.50	nil	232.50	323.53	nil	323.53	(+) 91.03
1987-88	242.22	2050.00	2292.22	300.02	nil	300.02	(-) 1992.20
1988-89	274.17	2050.00	2324.17	257.02	108.00	365.02	(-) 1959.15
1989-90	340.80	2050.00	2390.80	352.98	nil	352.98	(-) 2037.82
1990-91	468.40	2000.00	2468.40	369.09	nil	369.09	(-) 2099.31

Rupees 2050 lakhs under capital head in each of the three years 1987-88, 1988-89, 1989-90 and Rs.2000 lakhs in 1990-91 were provided for purchase of Nizam's jewellery. No expenditure was incurred for the purpose. Museum stated in December 1992 that excess amount under revenue head was sanctioned each year for purchase of art objects in the revised Budget and no expenditure was incurred under capital as the case of acquisition of Nizam's Jewellery was not finalised.

7.1.6 Acquisition of art objects

7.1.6 (a) The collections of Museum were augmented by way of purchases, gifts and receipt of confiscated objects under the Antiquity and Art Treasurers Act, 1972. Purchases were made on the recommendations of Art Acquisition Committee (AAC) constituted by the Department of Culture from time to time. Procedure for purchase of objects (to be followed by AAC) and terms of reference of this committee were, however, not prescribed.

7.1.6 (b) The AAC met once only for a period of 3 to 4 days at the National Museum each year and the selection of objects for acquisition on all days of the meeting was made by AAC, after inviting offers with the approval of the Chairman, through

advertisements in newspapers one month in advance of the scheduled date of meeting of AAC. Offers were generally invited for specific categories of objects like historical weapons, rare coins/jewellery, sculptures, textiles, paintings, manuscripts etc.

For selection of objects the AAC was divided into various groups with two or three experts. These subgroups were assisted by the technical staff of the concerned section of the Museum. Art objects so selected by the sub-groups were placed on each day before the full committee for evaluation and negotiation of prices. On acceptance of the prices by the dealers, art objects were accepted for acquisition by the National Museum and acceptance forms were prepared, which were signed by the members of the AAC present and the dealers concerned. Ministry on receipt of minutes of the meetings accorded financial sanctions and payments to the sellers were made accordingly.

The members of the AAC felt in February 1986 that the procedure followed for acquisition of art objects did not ensure acquisition of superior quality objects at competitive rates as selection was not made after examining all the objects available under particular category during the scheduled period of one meeting. Accordingly it was decided by AAC in February 1987 to call for joint meeting of the National Museum Advisory Committee and AAC to formulate policy of acquisition of works of art for the development of National Museum. No such joint meeting of the aforesaid committee has however been held so far and policy for acquisition of works as contemplated has not been formulated.

7.1.6 (c) The National Museum has not drawn a plan for acquisition. The purchases from specified categories of objects were limited to the periods for which objects were offered for sale. Thus no proper system existed for identifying priority area of purchase for acquisition of art objects within the available resources. The Museum stated in December

1992 that priority area for acquisition was identified and notified in the Press advertisements. These advertisements, however, revealed that while including names of different civilisations/races, the gaps within the periods of a civilisation were not specified for acquisition of objects of the relevant period.

7.1.6 (d) Initially the objects displayed in an exhibition held in the Rashtrapati Bhawan in 1949 were transferred to the National Museum. The entire collection of central Asia brought by Sir Aurel Stein was transferred to the Museum in 1958. The Indus valley collection of antiquities was also given to it in 1958 by the Archaeological Survey of India. It had 2.02 lakhs objects (March 1992) in its 10 Collection Departments. Art objects acquired by the Museum during 1985-86 to 1991-92 were as follows:

Year	Number of objects purchased	Cost (Rs. in lakhs)	Number received as gifts	Number received from other sources	Total
1985-86	343	20.48	-	-	343
1986-87	1174	131.64	36	1	1211
1987-88	845	82.83	82	80	1007
1988-89	1044	186.51	-	197	1241
1989-90	1059	129.85	15	28	1102
1990-91	159	76.74	-	-	159
1991-92	259	36.33	6	-	265
Total	4883	664.38	139	306	5328

Museum stated in December 1992 that number of objects purchased, gifted to it, and received from other sources during 1985-86 to 1989-90 were 5837, 1073, and 122 respectively. The difference in the figures adopted by them and Audit was attributed to the latter taking the objects accessioned against one serial number as one unit whereas the Museum had taken all the parts of objects as different units.

The following comments are made regarding acquisition of art objects:

(i) Review Committees on reference by the museum observed that 115 art objects were not genuine out of 3550 objects acquired during 1985-86 to 1987-88. In 85 out of 115 cases, the delay in returning the art objects to the dealers ranged from six to more than thirty six months.

(ii) The Director General had ordered, in March/April 1988, withholding of payment of Rs.6.79 lakhs for 33 ivory/bone/bead/jewellery objects acquired during 1987-88 pending re-examination. Museum stated in December 1992, that as these objects were not found genuine, the same were returned to respective dealers. Records of the transactions were not produced to Audit.

(iii) Art objects acquired by way of gifts were not being evaluated by the AAC or any other agency to ascertain their conformity with the scope of collections of the National Museum.

(iv) In the absence of any policy for acquisition, The Archaeological Survey of India suggested in 1985 to the National Museum that works of art not registered under the existing Antiquity and Art Treasurers Act, 1972, should not be acquired by the National Museum. However the AAC decided in February 1986, that the unregistered objects of art which eminently deserved to be acquired should be acquired to safe guard the national heritage, and owners be advised to register their antiquities with the Archaeological Survey of India. A scrutiny of General Accession Register revealed that out of 4883 objects purchased during 1986 to 1992, only 52 were registered antiquities whereas 496 and 4335 objects were un-registered antiquities and non antiquities respectively. In June 1988 Museum informed the Department of Culture, that the Director General, Archaeological Survey of India would be requested to depute its registering officer in future to the meetings of the AAC so that un-registered antiquities if any purchased were registered on the spot. A perusal of the minutes of the meeting of the AAC held

in 1989 and 1990 however, revealed that such antiquities were not registered on the spot. The Museum stated in December 1992 that art objects acquired by it were not necessarily required to be registered with the Archaeological Survey of India and that non antiquities acquired by the Museum came under the purview of Decorative Arts and ethnographical objects.

(v) Adequate details of art objects acquired by the National Museum i.e. number of folios of manuscripts, particulars of base material, weight of precious metals/stones, etc. were not being recorded at the time of acquisition of art objects. In 4132 cases, the historical importance of the art objects had not been recorded. Although the AAC directed in December 1987 that the relevant details should be given in the Acceptance Form, this was not done. Museum stated in December 1992 that only precious objects such as jewellery were invariably weighed and from 1992 relevant details are noted in the acceptance forms.

7.1.6 (e) Test-check showed the following lapses in purchase:

(i) On the recommendation of the AAC, 271 art objects worth Rs.16.75 lakhs were purchased from 12 dealers in February 1987. 11 of these dealers were from Delhi and objects purchased were items like wooden mask, Textiles, Ivory figure etc. which did not reveal their historical value. The AAC did not recommend the price of each item but only a consolidated amount of Rs.16.75 lakhs for all the items taken together was recommended. The consolidated amount so fixed was allocated by the National Museum in consultation with the art dealers and payment was made to them accordingly. Thus the price of individual art objects was not settled and there was no basis to determine that appropriate price was paid for the individual objects.

(ii) As per condition laid down in advertisements art objects were either to be

delivered in advance or were to be brought personally by owners for evaluation by the AAC. Seventy eight art objects costing Rs.60.81 lakhs received from 10 owners were recommended for purchase by sub-groups of AAC during March 1989 and August 1989. However, payments were made in the name of 16 persons who had not submitted the art objects for assessment which was irregular. Museum while giving reply explained system of Purchase but did not furnish specific reply why payments were made in the name of persons who had not submitted art objects (December 1992).

(iii) According to the guidelines issued by the Department of Culture in February 1978, rare paintings and antiquities, important paintings and works of artists of fame, bronzes, major stone sculptures were ordinarily not to be loaned out. Notwithstanding these guidelines. one antiquity was sold (value recovered not on record) to Ministry of External Affairs in September 1986 and another 8 in January 1989 to Indian Embassy at Washington for Rs.0.61 lakh. These 8 antiquities were evaluated in July 1988 by the Evaluation and Expert Committee. The export permit was issued by the Archaeological Survey of India, in November 1988 for permanent display of eight antiquities in the Indian Embassy Residence, Washington, U.S.A. The Ministry of Culture subsequently (April, 1990) informed National Museum that no object bought ab-initio for Museum could be transferred. No action has yet been taken to arrange return of antiquities from USA. Museum stated in December 1992 that Department of Culture in April 1990 issued instructions for purchase by National Museum, art objects for other public agencies which will be strictly followed in future and the sale in these cases will be got regularised from the Department.

(iv) In February 1986, on the recommendation of the AAC the National Museum decided to purchase 244 items of sculpture registered under the Antiquities and Art Treasurers Act, 1972 at a cost of Rs.5 lakhs. The purchase was approved by the Ministry in February

1987. A sub committee of the AAC observed in January 1986, that 49 sculptures could be considered fit, for acquisition and useful for study purpose and the remaining 195 sculptures could be used by National Museum for exchange with other museums or for distribution to similar institutions. To avoid lapse of funds during 1986-87, the objects were irregularly accessioned in GAR during February 1987 prior to their actual receipt in the Museum. 241 objects were brought to the Museum in November 1987 and payment of Rs.5 lakhs was released in, January, 1988 after recovering proportionate value of 3 objects not brought to the Museum. Out of 192 objects none could be exchanged.

7.1.6 (f) *Physical verification of art objects:* Randhawa Committee (1968-69) recommended complete verification of art objects of Salarjung Museum at intervals of three years. The Department of Culture did not prescribe periodicity for conducting physical verification of art objects of central museums. It, however, stated in June 1990 that central museums were directed to conduct physical verification of their objects. Information regarding complete physical verification conducted during 1985-86 to 1989-90 was not furnished. Physical verification of 3 out of 10 collection sections completed during June, 1989 to September, 1990 revealed that 729 out of 8606 objects of decorative art section could not be verified till September, 1990. Museum stated in December 1992 that Physical verification which is generally completed within five years is sometimes delayed due to extra work load of exhibitions held abroad. The physical verification of art objects of Anthropological, Precolumbian, Western Art and Numismatics and Epigraphy departments besides bronze sculptures was completed.

7.1.7 *Documentation*

In order to keep track of art objects, minimise chances of pilferage, provide adequate details during display, publish museum exhibits and impart education

to various sections of society about cultural heritage of the country, art objects were required to be documented within one year of their acquisition by giving their description, size, material, source and date of acquisition etc. The Museum stated that it followed international norms prescribed by the UNESCO and International Council of Museums for documentation of art objects.

Art objects were recorded in GAR and photographed after marking with accession number by the Central registration department for record. Detailed accessioning and photography was done by the respective collection departments which were required to prepare index cards, photo albums, and furnish two copies of index card to the central registration department for arranging the same accession number/subject wise.

The details of art objects transferred by the central registration department to different collection departments after accessioning and record photography during 1985-86 to 1990-91 was as under:

Year	Number of art objects acquired	Time taken to send the art objects to different collection departments		Number of art objects transferred after 12 months	Number of art objects returned to their owners as not genuine
		within 6 months	within 6 to 12 months		
1985-86	343	294	-	-	49
1986-87	1211	794	398	-	19
1987-88	1007	976	10	-	21
1988-89	1241	1092	71	78	-
1989-90	1102	26	1053	23	-
1990-91	159	159	-	-	-
Total	5063	3341	1532	101	89

Reasons for delay in transfer of object to collection departments were not intimated (December 1992).

No record to indicate the number of art objects documented at different stages of documentation, was maintained. It was observed that only 8 out of 10

departments had sent two copies of index cards of 8504 art objects to the Central Registration Department. According to National Museum, two (Archaeology and Anthropology) out of ten collection departments had 17410 art objects in stock in December 1989. Out of these 500 objects had not been accessioned in classified register, record photography had not been done for 3900 objects, 7880 objects had not been card indexed and for 14860 art objects typing of index cards and pasting of contact size photographs had not been done. Further, of the stock of 1,53,165 objects (July 1992) in five other Collection Departments, 55966 objects had not been accessioned in classified register, record photography had not been done for 1,50,661 objects and 1,33,849 objects had not been card indexed. Museum in December 1992 stated that work of preparation of Index cards for Central Department could not progress due to shortage of staff and that work of classified accessioning includes the proper identification, decipherment of inscription etc. which took time.

7.1.8 *Display of exhibits*

Museum authorities being the custodian of priceless art objects are to act as bridge between the exhibits and spectators. Area for display, and the frequency at which the display of art objects is changed, play a major part in attracting visitors to the museum.

The National Museum had 35 display galleries/verandahs/corridors etc. in which 9382 objects were on display in July 1992. As many as 6063 objects were displayed in 12 areas, none of which had air conditioning and humidity control. Museum stated in December, 1992 that only objects made of inorganic material were displayed in areas which are not air-conditioned and the temperature and humidity are recorded when required to take remedial measures.

In 7 collection departments having 159660 objects, 7370 objects were on display before December

1985. 232 objects were removed and 356 were added for display during the period 1986 to March 1991 and 7494 objects were on display in March 1991 out of 1,62,422 objects. The number of objects displayed did not increase significantly during 1986 to 1990 nor were the art objects changed at periodical intervals. Museum stated that masterpieces often remain on display and recent acquisitions are sometimes displayed for a limited period.

7.1.9 *Preservation*

7.1.9 (a) It is imperative that museum exhibits are preserved to maintain their value. Restoration of damaged objects is also required to make them worthy of display. Expenditure of Rs.122.12 lakhs was incurred on preservation during 1985-92 against the allocation of Rs.142.10 lakhs.

7.1.9 (b) *Identification of art objects for preservation:* Art objects needing preservation/restoration were to be identified by laboratory staff by visiting collection departments. After examination, condition reports and treatment charts of damaged objects were prepared and got approved from the head of the laboratory. Details of treatment given were maintained by the laboratory in the index cards. After treatment, the objects were returned to the concerned departments along with details of treatment given.

In June 1980 27,808 objects were identified for preservation/restoration. The laboratory was assessed to have an estimated capacity for restoration of 1000 art objects annually. Keeping in view the large pendency of preservation work 7 additional posts were sanctioned in July 1981 under Plan for the laboratory. The National Museum stated in May 1992 that it had not assessed the upgraded capacity for restoration by any formal method. Objects restored out of 27808 objects identified in June 1980 were not intimated (September 1992).

No comprehensive study was conducted after 1980 for identification of objects which needed preservation restoration. In July 1987 one Assistant Chemist was deputed to examine objects which required immediate preservation. The Assistant Chemist examined 354 objects of two departments during July 1987 to October 1988 out of which 125 objects were found damaged. No action for restoration of these objects was taken as the treatment required was not proposed by the examiner. Museum in December, 1992 stated that the time consumed in conservation and treatment depends on various factors like nature of objects, treatment required/process of cleaning, restoring and strengthening. Hence no short cut seems possible as it may have adverse effect on the objects.

7.1.9 (c) During 1985-86 to 1991-92 only 2217 art objects were received in the laboratory from various collection departments for restoration out of which 1997 against the assessed capacity of more than 6000 were restored till May 1992. The time taken in returning 1956 objects after treatment was as under:

	Number of art objects

Upto 6 months	1546
6 to 12 months	178
13 to 24 months	131
25 to 36 months	94
37 to 48 months	7

Total	1956

Test check of register for receipt of objects and their return after restoration revealed that the balances of such objects were never worked out and physical verification of such objects in stock was not done.

The National Museum attributed (December 1992) the delay in treatment of art objects to the prolonged and delicate treatment required to those objects and certain distraction to other works considered relatively urgent.

7.1.9 (d) *Physical Verification:* The physical verification of the laboratory stores was not being conducted annually and the same was last conducted in 1986-87. The National Museum stated, in September 1990, that the same could not be conducted due to non-availability of staff. According to information furnished by National Museum in October 1991, physical verification of laboratory stores however was in progress.

7.1.10 *Financial assistance for re-organisation and development of other museums*

7.1.10 (a) The implementation of the scheme of grant of financial assistance to various museums including private museums in India was transferred by the Department of Culture to the National Museum in October 1985. Grants for construction of museums buildings, laboratories, libraries, publications and purchase of art objects and equipments were admissible under the scheme.

The National Museum was assisted by an Expert Committee constituted by the Department of Culture for scrutiny of applications for assistance from museums which were required to be submitted through the concerned State Government. The table below shows the budget allocations and disbursements made during 1986-87 to 1991-92.

(Rupees in lakhs)			
Year	Budget allocation	Disbursement	Saving (-) Excess (+)
1986-87	30.00	28.69	(-) 1.31
1987-88	30.00	14.25	(-) 15.75
1988-89	30.00	21.07	(-) 8.95
1989-90	30.00	19.15	(-) 10.85
1990-91	30.00	20.09	(-) 9.91
1991-92	45.00	43.54	(-) 1.46
Total	195.00	146.79	(-) 48.21

The National Museum attributed the savings to less receipt of applications for grants from museums/institutions during 1987-88 to 1989-90.

7.1.10 (b) The grantee institutions were required to furnish audited accounts and utilisation certificates within a period of one year from the date of sanction of grant and any amount remaining unspent should be refunded to Government. Information regarding amounts actually utilised by the grantee institutions and amounts refunded, if any, was not furnished by the National Museum. The prescribed register, index cards and respective files were also not complete.

7.1.10 (c) A test check of grants-in-aid files of 37 museums/institutions to whom grants were sanctioned by the expert committee and instalments of grants were released during 1986-87 to 1989-90 revealed as under:-

(i) The scheme required that the grantee institutions should submit their applications through the concerned State Government and applications sent to the National Museum directly were not to be entertained. The State Government was required to record its recommendation on the application and also certify that the project for which assistance was applied and recommended was necessary for the development/expansion of the institution and also give *inter alia* results of inspection, if any, carried out and the assistance provided by the State Government. In 17 cases grants amounting to Rs.8.30 lakhs were released (against sanctioned grants of Rs.12.96 lakhs) but the applications of these were not received through the respective State Governments. Museum stated in December 1992 that application from State Governments are either not received or are received late. In such cases expert committee decides *exparte* on the standing of the institution.

(ii) The first instalment of grants for construction of buildings and libraries was to be released after ensuring that the grantee had spent 50 per cent of its share of cost, but first instalment of grants for construction and grants for library

amounting to Rs.0.85 lakh and Rs.0.22 lakh in 6 and 2 cases respectively were disbursed without ensuring that the grantee had utilised 50 per cent of its share.

(iii) In 28 cases utilisation certificates for grants amounting to Rs.17.10 lakhs and in 31 cases, statements of account for Rs.17.45 lakhs were not on record. It was further noticed that due to late receipt of utilisation certificates, second instalment for Rs.6.93 lakhs in 18 out of 87 cases was released after a period ranging between 1 to 3 years, subsequent to the release of first instalment of Rs.23.04 lakhs during 1986-87 to 1989-90 against sanctioned grant for Rs.71.47 lakhs. Balance of Rs.41.50 lakhs was still to be released till August, 1991. Museum stated (December, 1992) that the amount released by it was not sufficient to complete the work at one time which delayed receipt of utilisation certificates. The reply of the Museum is not correct as utilisation certificates were to be furnished by the institutions only in respect of amounts released by the Museum to them.

7.1.11 Publications:

7.1.11 (a) The National Museum incurred expenditure of Rs.33.62 lakhs on publication during 1985-92 against the allocation of Rs.57.14 lakhs. It is assisted by an Expert Committee constituted from time to time by the Department of Culture which advised it on publications.

7.1.11 (b) In 1980 the publication committee recommended bringing out 42 publications during 1980-81 to 1984-85 against which 10 were published during 1980-81 to 1982-83. Another four were published during 1987 to 1989. The National Museum stated, in June 1990, that the remaining 28 could not be published due to non submission of manuscripts by the authors. The assignments of writing manuscripts in these cases were not terminated after expiry of two/three years as prescribed by the publication committee in September 1980.

The National Museum had proposed (1983) a target of 10 deluxe publications to be brought out during the Seventh Five Year Plan, without specifying their titles. Out of the nine publications actually brought out, titles of only four were approved by the publication committee during 1980 to 1988 (1980: 2, 1981: 1 and 1988: 1). Titles of the remaining five publications were not submitted for approval to the publication committee. These five deluxe publications were, however, brought out with the approval of the Ministry. Museum stated in December 1992 that titles of publications in certain cases could not be decided or got approved from the Publication Committee as sometimes a publication is brought out for a special occasion without advance planning.

7.1.11 (c) No proper record regarding allotment of work to authors, time allowed, receipt of manuscripts etc. was maintained by the National Museum. A scrutiny of files relating to nine deluxe publications brought out by the National Museum revealed as under:

(i) The time allowed to the authors for submission of manuscripts was not available in any case. In five cases the dates of allotment and in six cases the dates of submission of manuscripts were also not available.

(ii) Cost of printing of deluxe publications exceeded Rs.20,000 each in all the nine cases, in contravention of the guidelines issued by the Department of Culture in June 1987, Museum did not invite open tenders in any case to secure better competitive rates and allotted the work based on limited tenders after receipt of No Objection Certificate from the Directorate of Printing.

(iii) In two out of three cases for which complete information was available, time allotted to printers was 6 and 24 months more than that specified for printing by the Directorate of Printing. The delay in printing by the printers vis-a-vis the time allotted in these three cases ranged from 3 to 30

months but in no case penalty as prescribed in the notice inviting tenders was levied. In six other cases the period of delay in printing by the private printers over and above the time specified for printing by Directorate of Printing ranged from 10 to 59 months. Museum stated that delay was attributed to (i) return of publication in certain cases for improvement of binding. (ii) frequent break downs and (iii) staff remaining busy in International exhibitions. The reply is not convincing as such delays could be avoided by proper planning.

(iv) The stock register was not maintained properly as sale account of publications was not properly recorded therein. The stock position as in March 1990, intimated by the Museum in respect of 7 publications indicated that large number of copies had remained unsold as indicated below:-

Year of Publications	Number of deluxe publications	Number of copies printed	Number of copies in stock as on 31st March 1990	Sale price of publications in stock (Rupees in lakhs)	Number of copies distributed free
1985-86	3	7000	2395	4.92	3
1986-87	1	3000	2694	7.68	6
1987-88	2	5000	3965	9.99	12
1988-89	1	5000	3280	4.10	210
Total	7	20000	12334	26.69	231

3260 copies of the publication published during 1988-89 were in stock at the end of March, 1992. Museum had not intimated stock position of remaining 6 publications (June, 1992).

According to the guidelines issued by the Ministry in October 1986, not more than 1000 copies of a publication were to be got printed at the first instance. In case of 7 out of 9 publications the number of copies printed exceeded the prescribed limit. Museum stated in December, 1992 that Print run of each deluxe publication was decided by the Competent authority in National Museum or Department

of culture and that efforts are being made to boost the sale of publications.

(v) According to the instructions issued by the Ministry in May 1983, only 55 copies of a publication could be distributed free of cost to specified V.I.P.'s/libraries/institutions etc. Against this the number of copies earmarked for free distribution ranged from 200 to 500 in seven out of nine publications. As the prices of publications was fixed after taking into account the number of copies earmarked for free distribution, this resulted in extra financial burden.

(vi) No regular programme for exchange of publications with other museums in the country existed. Museum stated in December, 1992 that Museum exchanges with those museums/institutions which also reciprocate as Museum publications are quite costly. Names of such institutions however, have not been intimated.

(vii) The National Museum Advisory Committee in November 1985 and March 1987 recommended sale of unsold publications at reduced rates. No action was taken in this regard.

(viii) Annual physical verification of stock had not been conducted. The National Museum stated, in December 1992, that the same was in progress. It further stated that for paucity of space, Publication Stores were shifted number of times which hampered its physical varification in the past.

7.1.12 *Education/special seminars*

7.1.12 (a) *School Education programme*: Target to cover 700 schools of Delhi in a year during Seventh Plan period was fixed. No annual targets for bringing school children to the museum, however, were specifically prescribed.

Information regarding number of schools covered during 1985-86 to 1988-89 was not maintained by the

National Museum. During 1989-1992, 1301 schools were covered against target of 2100 schools. The number of school children visiting the National Museum had declined from 80,042 children in 1985-86 to 25,469 children in 1990-91. The National Museum attributed, (December 1992) the decline to various law and order problems in the city and stated that schools were to organise trips to Museum within their budgetary provision as such targets were not fixed by it. However, Museum on its part is writing to all schools in Delhi thrice a year to send their wards to them. Though a National Museum, this activity was confined to Delhi only.

Dr. Moti Chandra Committee (1970) suggested setting up of a Liaison or co-ordination committee consisting of Director of Education and representatives of various schools administrations to select subjects for students and programmes for children. No such committee was constituted by the National Museum.

7.1.12 (b) *Mobile Exhibition bus*: The exhibition bus owned by the National Museum visited daily slums, outlying district schools and different monuments of Delhi. The bus made 107 visits in 1985-86, 38 visits in 1986-87 and 79 visits in 1987-88. The bus remained mostly out of order from August 1988 to May 1989 and thereafter it was transferred to the Central Industrial Security Force unit looking after the security of the National Museum. Thus the purpose for which the mobile exhibition bus was acquired by the National Museum was not achieved. Museum stated in December 1992 that three posts have now been surrendered.

7.1.12 (c) *Educational literature*: The accounts records relating to the publication of educational literature were neither produced for audit scrutiny nor information regarding particulars of educational literature published, number of copies published, distributed free and sold, amounts realised and in

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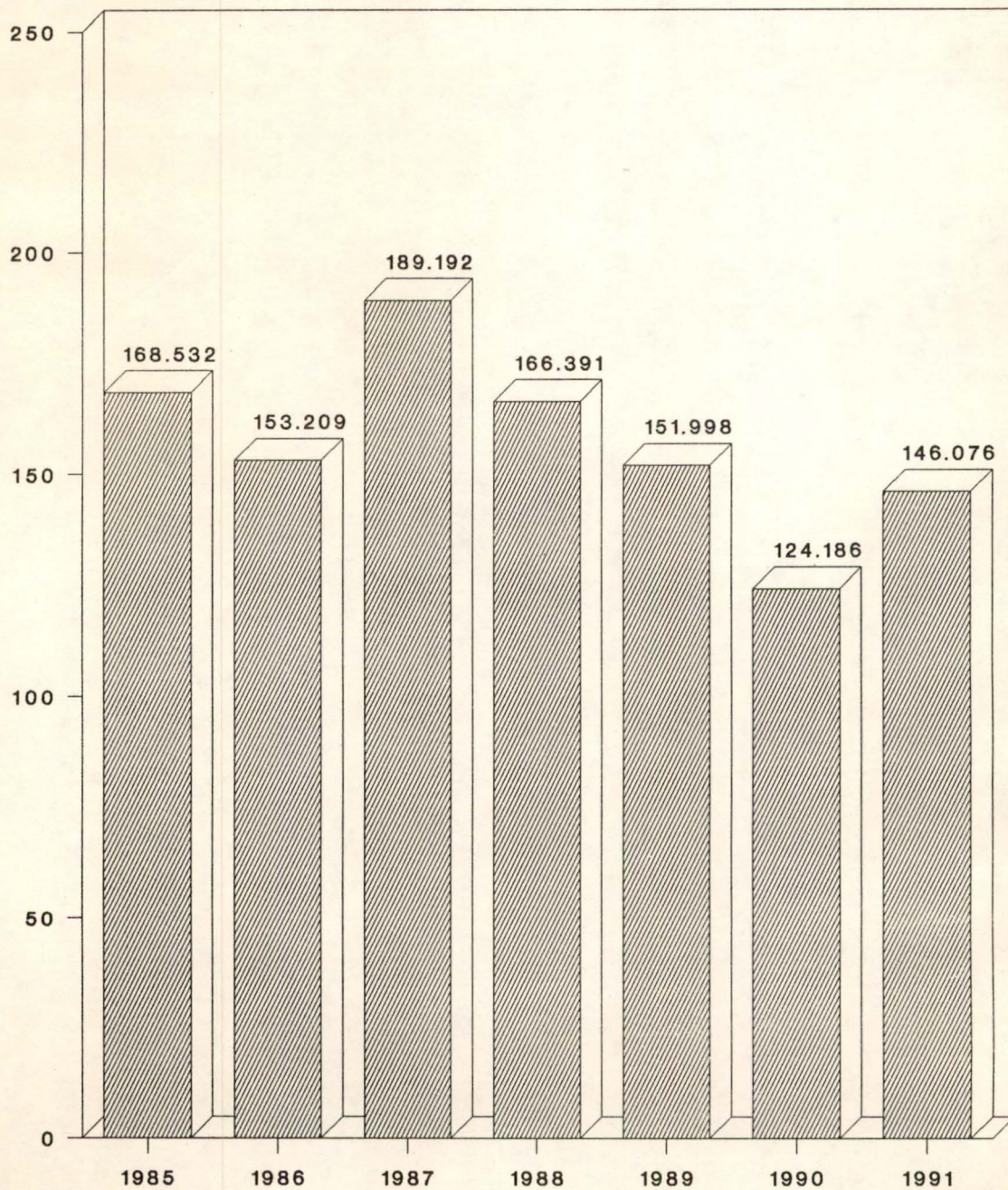
1881

1882

1883

1884

Number of visitors in thousand



arrears and position of physical verification of stocks was intimated.

National Museum however furnished in October 1991 and June 1992, the value of educational publications sold at the sales counter of National Museum during 1985-86 to 1991-92 as follows:

<u>Year</u>	<u>Value (in lakhs)</u>
1985-86	0.64
1986-87	1.26
1987-88	1.69
1988-89	1.50
1989-90	2.31
1990-91	2.07
1991-92	1.40

The National Museum besides its sale counter had two other sale outlets (i) Publications Division (ii) Private Sales agency. Thirty five per cent National Museum publications were sold through Publication Division which was required to send yearly statements of sale to the Museum. These were however not furnished to Audit.

7.1.12 (d) *Visitors to Museum*: The number of visitors to the National Museum had declined from 1985 onwards except in 1987 as indicated in the graph.

The National Museum stated in December 1992 that the number of visitors declined due to (i) escalation of prices of petrol and transport (ii) disturbances and turmoil in the city and closure of educational institution and that the number of visitors increased during 1987 and 1988 due to foreign exhibitions. National Museum needs to do more publicity to attract visitors.

7.1.13 *Security*

Security of museum is necessary to avoid pilferage, burglary and theft of exhibits. Randhawa Committee (1968-69) reviewed internal as well as external security arrangements of the National Museum and interalia recommended provision of armed guards, their parading, accommodation for security officer

within the museum compound, location of Security Section at the entrance, modifications in gate pass system followed to take out art objects from the museum building, and classification of miniature paintings. The Central Advisory Board of Museums recommended in June 1988 that museums should ensure security through security personnel, local police and by hiring personnel from security agencies. Certain security gadgets were also recommended to be installed.

During test check of records, it was noticed that:-

(i) The security section was not located at the entrance of the building and the residential accommodation of security officer was not within the compound as recommended by the Randhawa Committee (1968-69).

(ii) Electric gongs were not installed. The closed circuit T.V. (C.C.T.V.) installed (1980) in first phase was not in use (October 1990) as in the second phase a new set of C.C.T.V. was to be installed and both the sets were to be planned keeping in view security requirements. A Tell-tale clock purchased and installed in 1987 at a cost of Rs.0.16 lakh was put to use for a few days only.

(iii) Randhawa Committee (1968-69) recommended classification of miniature paintings into (a) Masterpieces (b) Moderate quality (c) ordinary quality from security point of view so that master pieces were kept in strong rooms designed as display galleries for scholars and a scheme be drawn for loan/gift of miniatures of ordinary quality to other museums. The committee also recommended that miniatures which had been published should not be displayed in original. Museum stated in December, 1992 that miniature paintings have been categorised as per schools and styles and due to changed professional norms the classification of miniature paintings as suggested by the Randhawa Committee (1968-69) does not hold good now. Further the Museum

has taken adequate precautions for safe guarding paintings on display and in reserve collection.

7.1.14 *Special Exhibitions*

7.1.14 (a) Museums are required to conduct special exhibitions in India to expose works of art to public. Museums of repute also exchange exhibitions, museum personnel, publications and art reproductions at international level.

Ministry issued guidelines in January 1987 which were revised in September, 1988 for ensuring security of objects in transit and during the course of exhibitions. These guidelines provide identification of art objects of national importance and their categorisation into 'AA' and 'A' category by an expert committee for identifying antiquities (Committee-I) to ensure that 'AA' category objects are never sent abroad and 'A' category objects were sent under exceptional circumstances.

7.1.14 (b) During 1985-92, in all 16 Indian exhibitions on museum objects were held abroad which were organised by the National Museum. Expenditure of Rs.81.96 lakhs was incurred on these special exhibitions during 1985-86 to 1988-89 and 1990-91. Expenditure for 1989-90 and 1991-92 was not available. Art objects of different museums were sent abroad. Museum wise analysis of details of art objects sent for 16 exhibitions showed that out of 1405 objects sent abroad 760 objects were contributed by the National Museum, 30 by Indian Museum Calcutta and 5 objects by National Gallery of Modern Art New Delhi and 610 art objects were sent by other museums. Objects sent abroad were got insured and compensation for damaged objects during exhibitions and in transit was claimed from the insurance companies for a value as recommended by the expert and evaluation committee.

Out of 1405 objects sent abroad in 16 exhibitions held during 1985-92, 55 objects (National Museum: 19, Indian Museum Calcutta: 3 and other

institutions: 33) were damaged. Restoration of 19 objects of the National Museum was done in its laboratory and 33 objects of other institutions were returned to the concerned museums without repair as their compensation cases were settled. Three cases could not be settled for want of acceptance of the compensation amount by the lending institutions as recommended by the evaluation expert committee.

Museum stated in December, 1992 that due to movement in transportation, objects were damaged as such responsibility for damage could not be fixed. However, now better precautions are being taken in handling of objects and objects of 'AA' category are not allowed to be sent abroad. Damage of exhibits sent abroad is a cause for serious concern and the Museum/ Government need to review its guidelines.

7.1.15 *Library*

During 1985-92, the National Museum purchased 3877 books at a cost of Rs.24.01 lakhs. The library of the National Museum had a total collection of 42915 titles. No committee for the selection of books for the library was constituted during the Seventh Five Year Plan period and books were purchased as selected by the Director General. However, Books Selection Committee was constituted in September 1991 which held six meetings during 1990-91 and 1991-92.

General Financial Rules stipulate that complete physical verification at intervals of not more than three years should be done in the case of libraries having more than 20,000 volumes. On inquiry, the National Museum stated, in September 1990, that 'only test-checking' was done in December 1985, but the work of physical verification taken up in 1989 had not been completed (May, 1992).

7.1.16. *Other points*

7.1.16 (a) The Randhawa Committee (1968-69) recommended that a review of working of central museums may be conducted by Government after every

five years. No such review was conducted by the Government till June 1990.

7.1.16 (b) The Central Advisory board of museums required to meet at least once in a year did not hold any meeting during 1989-90 and its standing committee required to meet at least twice a year met only once in May during 1987-88 to 1989-90.

Department of Education

7.2 Educational Technology Programme

7.2.1 Introduction

The Ministry of Education launched an Educational Technology Programme in the Central sector of the Fourth Five Year Plan in 1972 which aimed at deploying the resources of educational technology for bringing about a qualitative improvement in education and reducing the existing disparities between different regions of the country as well as different sections of the population. Under this programme, an experiment was carried out in six Satellite Instructional Television Experiment (SITE) States viz. Andhra Pradesh, Bihar, Gujarat, Maharashtra, Orissa and Uttar Pradesh whereby commonly devised programmes were broadcast for primary schools. With the availability of the first Indian National Satellite (INSAT) in mid 1982, it was proposed to use the facilities of INSAT television for education and the educational television programme was approved by the Ministry in July 1982.

7.2.2 Objectives

The main objectives of the programme are:

- provide a direct instructional medium dispensing with the use of an intermediary,
- form a major component of non-formal education system,
- enrich the formal system of education,
- aid the training of teachers (instructors) and supervisors,
- impart vocational and professional skills and
- reduce the load of the curriculum by providing knowledge and skills in such areas as health, hygiene and population education.

The major priorities were identified as universalisation of elementary education, both formal and non-formal education for adults, development of vocational and professional skills, popularising science and developing a scientific outlook and providing information about themes of National importance, population education, energy conservation, preservation of wild life, environmental sanitation, nutrition and health.

It was estimated that about 180 million children in the 6-14 age group would be covered by elementary education by 1985 which would cover only 95 per cent children in the age group of 6-11 years and only 50 per cent in age group of 12-14 years. Forty per cent of the children were expected to be covered by non-formal education programmes and 60 per cent or 110 million children by the formal education.

In October 1987, a revised scheme for the remaining years of Seventh Five Year Plan period was approved by the Government in the context of National Policy of Education 1986. The revised programme included (i) continuance of INSAT ETV programme as envisaged earlier, (ii) equipment for additional studio in Central Institute of Educational Technology, (iii) provision of TV sets to one lakh elementary schools, (iv) recurring expenditure on ETV production through other organisations, (v) setting up of an independent foundation for ETV production and (iv) an exclusive TV channel for education on each of the 13 regional networks and on the National network each day. No decision for a separate TV channel has been taken so far.

7.2.3 *Organisational set up*

The Programme envisaged creation of an Educational Technology Division in the Ministry of Education and Culture. At the Central level, the Programme was implemented through the Central Institute of Educational Technology (CIET) in the National Council for Educational Research and Training (NCERT) by merging and strengthening its

erstwhile Centre for Educational Technology and the Department of Teaching Aids. At the State level, State Institutes of Educational Technology (SIETs) were set up in six INSAT States i.e. Andhra Pradesh, Bihar, Gujarat, Maharashtra, Orissa and Uttar Pradesh which were to be converted into autonomous organisations in the form of registered societies.

- The CIET and SIETs would produce programmes, train technical and other related staff, maintain documentation, equipment check up and maintenance, and develop feedback mechanism besides designing evaluation strategies by the CIET.
- Co-ordination Committees represented by various agencies at the Central and State level would be formed to facilitate the functioning of the project. These committees would be serviced by the CIET at the Centre and by SIETs at the State level.

In addition, non-Governmental institutions were also involved for production of programmes of common interest for utilisation by all the States. A National Committee at the Central level and high powered committees at State level to determine their involvement which were proposed to be set up has not been constituted.

An independent Foundation was to be established with an ad-hoc outlay of Rs.1 crore for educational television and other media modes which would undertake programme-production, research and act as a clearing-house for the educational media software in the country. The Ministry stated (February 1993) that a decision has now been taken for not setting up the proposed independent Foundation. In the absence of proposed Foundation how these functions will be performed has not been elucidated.

7.2.4 Scope of Audit

The audit covered the television utilisation through INSAT implemented by the Government through CIET (NCERT) at the Centre and SIETs at the States by test-checking records mainly for the period from 1985-86 to 1990-91.

7.2.5 Highlights

Against the budget provision of Rs.8207 lakhs, the Ministry released upto March 1991 Rs.5700.08 lakhs - to CIET Rs.2852.80 lakhs and to States Rs.2847.28 lakhs. CIET also received Rs.82.00 lakhs under UNICEF assistance besides staff cost and production of programmes under separate budget provision of the NCERT.

- The Ministry released Rs.452.29 lakhs for the construction of CIET building and Rs.427.10 lakhs for construction of SIETs buildings. Delay in construction of buildings in the case of CIET was 18 months, SIET Andhra Pradesh - 10 months, Bihar-6 months, Maharashtra-14 months, Orissa-36 months, Uttar Pradesh-6 months and Gujarat-36 months.
- Equipment for Rs.1731.01 lakhs were purchased against Rs.1799.63 lakhs released by the Ministry for this purpose. Their supply was delayed by one to five years resulting in delay in their installation and commissioning. This adversely affected the production of programmes. In Bihar and Orissa equipments costing Rs.1.65 crores and Rs.1.53 crores respectively have not been put to use.
- Despite being paid interest free advance of Rs.71.69 lakhs in March 1983, Rs.46.38 lakhs in March 1984 and Rs.53.13 lakhs in August 1989, PSU delayed supply to CIET. A penalty of Rs.4.09 lakhs only was levied. As against this Rs.33.06 lakhs would have accrued had interest at 10 per

cent per annum been charged on the amount paid in advance.

- The CIET produced 608 programmes during the period 1984-85 to 1990-91 at the rate of 1.5 programmes per month per production team. Out of targeted 720 programmes, Andhra Pradesh produced 493 programmes. In Maharashtra out of 1165 programmes only 987 were produced and in Orissa out of 300 programmes only 87 were produced.
- One lakh primary and upper primary schools in the country were to be provided with colour TV sets by 1990. A sum of Rs.1838.36 lakhs was released during 1987-88 to 1990-91 to the State Governments for the purchase of 31,129 colour TV sets. The State Governments did not purchase any TV set during 1987-88 to 1989-90. In 1990-91 19,516 TV sets costing Rs.1137.15 lakhs were purchased. No TV sets were purchased by Rajasthan State till March 1991. Only 63 per cent of the TV sets for which grant was released were purchased (March 1991).
- CIET's own evaluation during the year 1983-84 to 1990-91 of the functioning of 4660 Black and White TV sets in six States provided by the Ministry of Information and Broadcasting revealed that 14 to 94 per cent of them were not found functioning. In Gujarat majority of the students did not watch the programmes as the primary schools operated in two shifts and the transmission time did not match with the school timings. In Bihar and Maharashtra, TV sets were found installed in panchayat and High School premises.
- No sound system existed for obtaining feedback on the training programme. Evaluation of the scheme was entrusted to NIEPA in February 1991 to be completed within one year. The report was still awaited.

7.2.6 Financial Arrangement

ETV Programme was fully funded by the Central Government except for the 25 per cent component of the cost of colour TV sets and their maintenance which was to be met by the State Governments. Funds were released to the NCERT and Department of Space respectively for construction of building of the CIET and SIETs (except Gujarat SIET for which funds were provided by the Ministry to the State Government). The Ministry also provided funds to the NCERT for equipment for CIET and SIETs as well as meeting the establishment cost of CIET. Funds were provided to the State Governments for meeting the establishment cost of the SIETs.

The total funds required for the Programme during the Sixth Five Year Plan were estimated at Rs.2831.82 lakhs against which outlay of Rs.1159 lakhs was provided with the objective that the project would be completed within 5 years. The spill over activities were to be undertaken during the Seventh Five Year Plan at an estimated total expenditure of Rs.11590.53 lakhs.

The table below shows the outlay, budget provision, amount released to the State Governments and amount released to other institutions from 1982-83 to 1990-91.

(Rupees in lakhs)											
Sl. No.	Particulars	1982-83	83-84	84-85	85-86	86-87	87-88	88-89	89-90	90-91	Total
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.
1.	Outlay	852.83	993.92	985.08	791.73	201.03	2783.63	3306.48	4507.65	NA	14422.34
2.	Budget Provision	NA	NA	NA	825.00	850.00	1580.00	1580.00	1480.00	1750.00*	8207.00
										142.00#	
3.	Amount released to State Government/Institutions										
(i)	Andhra Pradesh	--	--	--	11.35	4.50	237.78	298.52	113.59	163.82	829.56
										35.20#	35.20#
(ii)	Bihar	--	--	--	9.25	16.89	4.81	37.41	31.26	5.84	105.46
										10.00#	10.00#

1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.
(iii)	Gujarat	--	--	--	55.92	14.57	271.53	19.47	176.41	96.19	634.09
(iv)	Goa	--	--	--	--	--	1.41	0.22	--	--	1.63
(v)	Madhya Pradesh	--	--	--	--	--	--	163.80	10.46	--	174.26
(vi)	Mizoram	--	--	--	--	--	0.97	--	0.31	--	1.28
(vii)	Orissa	--	--	--	12.08	1.46	35.69	46.85	107.06	161.84	364.98
(viii)	Rajasthan	--	--	--	--	--	--	53.62	16.92	--	70.54
(ix)	Uttar Pradesh	--	--	--	13.99	--	24.42	85.38	44.61	--	168.40
(x)	Chandigarh	--	--	--	--	--	--	1.22	0.38	1.03	2.63
(xi)	Delhi	--	--	--	--	--	24.96	1.92	28.46	--	55.34
(xii)	Maharashtra	--	--	--	18.00	23.33	28.89	48.17	51.26	--	169.65
(xiii)	CIET	78.96	382.02	392.92	550.92	62.00	527.62	310.07	314.60	233.69	2852.80
(xiv)	Department of Space	--	--	--	126.75	57.19	33.73	5.64	0.95	--	224.26
Plan		78.96	382.02	392.92	798.26	179.94	1191.81	1072.29	896.27	662.41	5654.88
Non-Plan										45.20#	45.20#
Grand Total		78.96	382.02	392.92	798.26	179.94	1191.81	1072.29	896.27	707.61	5700.08
*	(Plan)										
#	(Non-Plan)										

During the Seventh Five Year Plan (1985-90) against the envisaged outlay of Rs.11590.53 lakhs, Rs.6315 lakhs were provided in the budget and Rs.4992.47 lakhs were released to the State Governments and other institutions. During 1990-91, against the budget provision of Rs.1892.00 lakhs Central Government released a further amount of Rs.707.61 lakhs to the State Governments and other institutions. Out of Rs.2852.80 lakhs paid to the CIET, it had incurred an expenditure of Rs.2784.18 lakhs. A separate provision for CIET staff cost and production of programmes was made in the budget estimates of NCERT.

UNICEF assistance of the order of \$ 22.65 lakhs (equal to Rs.82.00 lakhs) was also made available to the CIET for its establishment and maintenance for a period of three years from 1985-86 in the form of training, consultants, equipment etc. The yearwise expenditure incurred by the CIET out of the above grant was as under:

(Rupees in lakhs)

Year	Amount received	Expenditure incurred	Unspent balance
1985-86	82.00	22.58	59.42
1986-87		25.02	34.40
1987-88		9.70	24.70
1988-89		18.34	6.36
1989-90		5.29	1.07
1990-91		-	1.07
Total	82.00	80.93	1.07

7.2.7 Construction of Buildings

The scheme for construction of the buildings as approved in the Sixth Five Year Plan envisaged Rs.442 lakhs for construction of buildings and provision of studio - for CIET Rs.169 lakhs and for SIETs Rs.273 lakhs. The scheme as revised in October 1987 placed the cost of construction of buildings and studio at Rs.558.43 lakhs. The Central Government released Rs.452.29 lakhs for construction of CIET building and Rs.427.10 lakhs for construction of SIETs (December 1988).

CIET Building

The building for CIET and SIET in five States was constructed through Department of Space while in Gujarat the construction was done through State Public Works Department.

CIET paid Rs.460.01 lakhs to the Department of Space for construction of building during June 1986 to March 1990. The building which was scheduled to be completed by February 1988 was actually completed in August 1989. The CIET had received a statement of expenditure for Rs.437.73 lakhs upto July 1991; the accounts for the remaining amount of Rs.22.28 lakhs have not been settled (January 1993).

SIETs buildings

The Ministry released Rs.359.73 lakhs to the Department of Space for construction of buildings for

the SIET Andhra Pradesh, Bihar, Maharashtra and Uttar Pradesh against the estimated cost of Rs.319 lakhs. The construction of building which was required to be completed by March 1985 was delayed by the Department of Space in Andhra Pradesh (10 months), Bihar (6 months), Maharashtra (14 months), Orissa (36 months) and Uttar Pradesh (6 months).

The Ministry had released Rs.67.37 lakhs to the Government of Gujarat for the construction of SIET building against the estimated cost of Rs.51.08 lakhs. The building which was scheduled to be completed in March 1985 was completed after a delay of more than three years in May 1988. Thus the delayed construction of buildings hampered the progress of the scheme.

The Ministry has not received the accounts either from the Department of Space or from the Government of Gujarat.

7.2.8 (i) Procurement of equipment

The original scheme approved in March 1982 provided for purchase of equipment costing Rs.1594.94 lakhs for CIET and SIETs. The scheme as revised in October 1987 placed the cost of equipment at Rs.1766.19 lakhs for CIET and SIETs. The equipment was procured by the CIET both for itself and six SIETs from Central Public Sector Undertaking (PSU) 'A' and (State PSU) 'B'. Against the amount of Rs.1799.63 lakhs released by the Ministry upto March 1991, the amount utilised was Rs.1731.01 lakhs (equipment purchased - CIET Rs.253.21 lakhs and SIETs Rs.1477.80 lakhs). An amount of Rs.68.62 lakhs remained unspent with the CIET as on 31st March 1991.

CIET placed orders for Rs.1176.10 lakhs on PSU 'A' in March 1984 for supply of equipment with delivery schedule as March 1985. The firm supplied the equipment during March 1985 to July 1985. Equipment and spares valued at Rs.10.81 lakhs had not been received (January 1993).

CIET also placed orders for Rs.405.10 lakhs on PSU 'B' in 1982-83 and 1983-84. They were required to supply the equipment by August 1983/August 1984/May 1985 in respect of orders placed in March 1983/March 1984. A test check of records revealed delay of one year to five years in receipt of equipment.

It was noticed that CIET was making interest free advance payment for the equipment ordered. The advance paid was Rs.71.69 lakhs (being 90 per cent of the equipment cost of Rs.79.69 lakhs) in March 1983; Rs.46.38 lakhs in March 1984 (being 55 per cent of equipment cost of Rs.84.33 lakhs) and Rs.53.13 lakhs (being 40 per cent of equipment cost of Rs.125.32 lakhs) in April 1989. For the delayed supply, the CIET, however, levied only a penalty of Rs.3.28 lakhs on the cost of equipment valued Rs.164.00 lakhs at the rate of 2 per cent of the cost of equipment. If interest is computed even at the low rate of 10 per cent on the sum of Rs.118.00 lakhs advanced to PSU 'B' it would have earned interest of Rs.33.06 lakhs for the period for which supply was delayed.

In the case of new studio, Rs.50.13 lakhs being 40 per cent of the cost of equipment (Rs.125.32 lakhs) was paid in advance in April 1989. However, the equipment was received only in June 1991 after a delay of 18 months. A penalty of only Rs.0.81 lakh was levied. The PSU 'B' would have earned interest of Rs.7.52 lakhs computed at the rate of 10 per cent in one and a half year period by which supply was delayed.

The penalty imposed for delay in supply of equipment was totally incommensurate with the financial advantage given to PSU 'B'. The delayed supply also adversely affected the progress of the production of ETV programmes.

The Ministry admitted that penalty imposed for delay in the supply of equipment was far less compared to prevalent market rates but justified imposing lower quantum of penalty on the ground that

firms involved were Government of India/State Government Undertakings.

It was noticed that the equipment worth Rs.1.65 crores received by the SIET Bihar during 1989, installed only in November 1991 and not commissioned even upto December 1992. The delay was attributed to leakage in the building, non-operation of AC plant and partial supply of equipment.

In Gujarat bulk of the equipment costing Rs.1.35 crores purchased during 1985 to 1988 was lying in its original packed condition (August 1991). The Ministry stated that the position was being verified (February 1993).

In SIET Orissa, equipment valued at Rs.1.53 crores received in 1989 had not been put to use till December 1992.

(ii) Purchase of cassettes

CIET placed order in March 1986 for import of 3000 video cassettes of 20 minutes duration at the rate of US \$ 11.52 per cassette for a total cost of US \$ 34,560 (equivalent to Indian Rs.4.15 lakhs) on a private Singapore based firm. Approval of Ministry of Human Resource Development was not taken while placing the order. The firm supplied the cassettes between July 1986 and February 1987 against the scheduled date of supply between April 1986 and December 1986. In February 1987 CIET again wanted to purchase 2500 cassettes of 20 minutes and 3500 cassettes of 60 minutes duration from the same firm and approached the Ministry for sanction. The Ministry directed the CIET (May 1987) to purchase cassettes through Directorate General of Supplies and Disposals (DGS&D). The rates at which these cassettes were procured through DGS&D were US\$ 7.22 and US\$ 10.83 per cassette for 20 and 60 minutes duration respectively. Thus earlier purchases made by the CIET in March 1986 without reference to Ministry of HRD and DGS&D resulted in extra expenditure of Rs.1.23 lakhs. CIET stated in June 1990 that there was an

urgent need for purchase of cassettes. It was noticed that only 650 cassettes were used during 1986-87 and the balance 2350 were used between 1987-88 to July 1990.

The Ministry stated (February 1993) that approval from Ministry of Human Resource Development was not necessary since Director, NCERT, was competent to incur the expenditure subject to availability of funds. The CIET stated that records relating to sanctioning of the expenditure by the Director, NCERT could not be traced and would be shown to Audit after being traced out.

(iii) Purchase of TV sets and VCRs

CIET purchased 27 colour TV sets and 21 VCRs at a cost of Rs.6.50 lakhs between June 1984 to March 1987 for distribution amongst the officials of NCERT and the Ministry to view the educational programmes. 12 TV sets and 14 VCRs were issued to various officials during May 1985 to December 1989 at their office/residence/Guest House and the remaining 15 TV sets and 7 VCRs were still lying with the CIET (December, 1991). The scheme of educational TV did not envisage purchase of VCR and issue of TV sets to the officials. The expenditure of Rs.6.50 lakhs has not been properly utilised.

The Ministry stated (February 1993) that 10 TV sets and 8 VCRs have been given to the officials of NCERT and the Ministry of HRD, so that they could monitor and review the educational programmes at their convenience and deployment of TVs and videos is essentially required to work out the scheme in a meaningful manner. The reply is not convincing. Diversion of funds of the programme for providing TV sets to Ministry's officials or at the residence/Guest house of NCERT officials was not regular. Besides, there is a preview committee in CIET as well as in SIETs which previews and monitors the material and programmes before these are delivered to Doordarshan.

7.2.9 Production of programmes

The study group set up in the Ministry of Education had identified various topics on which programmes could be developed for immediate use. Since the production of programmes was to be on a decentralised basis, the thrust of the programmes was to emphasise direct teaching moving away from curriculum oriented approach and aim at reduction of load of class room teaching. The production of ETV programmes *inter alia* covered development of curriculum based programmes, development of scripts and production of programmes. The scheme provided that the SIETs would produce 3 (or 2) programmes, totalling 55 minutes daily for 200 days and the CIET would produce and evaluate prototype productions which will be used for national satellite distribution and as models for State Production Centres. CIET fixed 1.5 programmes per production team per month to be produced by six teams.

The number of titles identified, script development completed and programmes produced in respect of SIETs and CIET was as under:-

SIETs

Sl. No.	Name of the production unit	1985-86	86-87	87-88	88-89	89-90	90-91
1.	2.	3.	4.	5.	6.	7.	8.
1.	Andhra Pradesh						
	Scripts						
	Target	NA	NA	NA	NA	NA	NA
	Achievement	-	75	49	29	43	61
	Programmes						
	Target	-	144	144	144	144	144
	Achievement	-	51	126	93	96	127
2.	Bihar						
	Scripts						
	Target	NA	NA	NA	NA	NA	NA
	Achievement	2	8	13		44	
	Programmes						
	Target	-	-	-	-	-	-
	Achievement	2	12	17		75	

1.	2.	3.	4.	5.	6.	7.	8.
3.	Gujarat						
	Scripts						
	Target	55	115	260	270	280	290
	Achievement	50	102	242	239	248	240
	Programmes						
	Target	50	100	-	150	150	150
	Achievement	45	88	177	145	130	140
4.	Maharashtra						
	Scripts						
	Target	NA	NA	NA	NA	NA	NA
	Achievement	60	73	112	308	316	176
	Programmes						
	Target	65	200	250	250	200	200
	Achievement	20	237	175	202	203	145
5.	Orissa						
	Scripts						
	Target	-	30	50	100	100	100
	Achievement	-	10	10	31	34	51
	Programmes						
	Target	-	-	50	100	100	100
	Achievement	-	-	12	21	10	44
6.	Uttar Pradesh						
	Scripts						
	Target	-	70	150	160	80	148
	Achievement	-	57	140	155	69	148
	Programmes						
	Target	-	70	150	160	80	148
	Achievement	-	57	140	155	69	148

The SIETs at Bihar and Maharashtra had not fixed any target for production of scripts. However, Andhra Pradesh fixed a target of 124 scripts per year from the year 1992-93.

The shortfall in the production of programmes by the SIETs was attributed to various factors like shortage of staff, acoustic problems in the studio, leakage, cracks in the buildings, faulty equipment, delay in carrying out repairs, maintenance of equipment, non-availability of spares and lack of funds, etc.

CIET

CIET had identified 848 titles to be produced in 75 series. Scripts were written for 343 titles only and in respect of 505 titles scripts were not written upto December 1987. Between January 1988 to March 1991, 148 scripts were developed out of which 118 scripts were converted into programmes and 30 scripts were not converted into programmes. The Ministry stated that the topics/themes were based on the recommendations made in workshop held for identification of topics/themes, they were reviewed from time to time. It also stated that it was not mandatory to produce all the suggested topics into ETV programmes and it was also not necessary that all the suggested topics were suitable for ETV production. Basic themes for ETV production were suggested by different departments (February 1993).

The programmes produced by CIET during the years 1984-85 to 1990-91 were as under:

<u>Year</u>	<u>No. of programmes produced</u>
1984-85	59
1985-86	89
1986-87	100
1987-88	80
1988-89	90
1989-90	90
1990-91	100
	<hr/>
	608

The ETV programmes produced related to Science (102), Mathematics (62), Computers (12), Environment (18), Social Sciences (62), Geography (40), Festival (4), Stories (51), Animal (9), Biographies (11), Art and Culture (54), Languages (25), Special/Teacher Education (67), Work Experience (19) and other Miscellaneous (72). Against 458 scripts developed CIET produced 608 programmes. The manner in which 150 programmes were produced without scripts was not available on record.

In order to augment the production of programmes, CIET entrusted ten programmes to outside

agencies. Out of this, eight programmes costing Rs.12.08 lakhs had been produced and the remaining two were in the process of production (September 1991).

7.2.10 *Studio utilisation*

(i) CIET

CIET is presently using two studios - Studio A and Studio B for production of its programmes. Studio B commissioned in September 1985 was shifted to a new building in August 1989. Equipment for Studio A was received during September 1989 to February 1991 and the studio was commissioned in June 1991.

It was noticed that Studio B was utilised for 61 days in 1990-91 and for 20 days during April-May 1991. The utilisation during November 1990 to April 1991 also included the work done by the University Grants Commission. The studios A and B were utilised for total number of 68 days from June 1991 to March 1992. CIET stated in October 1991 that full utilisation of both studios was not possible as the staff was inadequate. CIET's reply is not convincing as 101 posts of Production and Academic out of 115; 71 Engineering posts out of 80 and 73 Administrative posts out of 77 had been filled (July 1992). CIET also attributed the under-utilisation of studios to non-participation of children in the month of June and again from February to March. The Ministry stated (February 1993) that the effective working days for which the studios can be put to use works out to 91 days in a year after excluding 15 Gazetted Holidays; 15 days for which the staff remained on leave and 110 days for which the students are not available. The reply of the Ministry is not convincing. From this it is apparent that there was mis-match between equipment and manpower. There was also lack of planning to ensure better utilisation of studios.

The Ministry further stated (February 1993) that the mis-match between setting up of facilities and creation of posts arose for want of appropriate

studies by the SIU and thus non-creation of posts was beyond the control of Ministry.

(ii) SIETs

The studios in Uttar Pradesh became operational from October 1986, in Maharashtra from July 1987, in Andhra Pradesh from September 1987 and in Gujarat from May 1988. The studios in Bihar and Orissa have not yet become functional (November 1991).

The utilisation of studios in Andhra Pradesh SIET ranged from 52 to 106 days during the calendar years 1986 to 1990. During 1991 the utilisation was for 135 days.

The utilisation of studios in SIET in Maharashtra was 152 days during 1988-89 and came down to 96 days in 1990-91 as the A/C plant could not be put to use during June 1987 to September 1987, November 1988 to May 1989, June 1990 to December 1991 and August 1992 to December 1992 due to such other works as water proofing, acoustic works, replacement of false ceilings, return air duct, etc. The utilisation of Gujarat SIET had gone down from 168 days in 1986-87 to 136 days in 1990-91.

The Ministry stated (February 1993) that though the SIETs were funded by the Central Government, yet the responsibility to administer these institutions rests with the relevant State Government and the State Governments had been asked to intimate the functioning of SIETs.

7.2.11 *Access to colour T.V. sets in schools*

The success of ETV scheme depends on availability of TV sets to primary and upper primary school children. The scheme envisaged purchase of colour T.V. sets for supply to one lakh identified primary and upper primary schools in the country by 1990. TV sets were to be purchased by the State Governments and supplied to schools. In order to be eligible for supply of TV sets, the schools should be

accessible throughout the year, situated within the zone covered by the local TV relay transmitter, should be in a position to receive TV signals without any physical obstruction, should be already electrified, should have more than one teacher in the school and a pucca building and also possess adequate space to serve as a TV room. All the teachers in the schools were to be trained in the operation and use of the TV set as per the training programme.

Against the outlay of Rs.4875 lakhs for purchase of TV sets during the Seventh Five Year Plan, the Ministry released Rs.1838.36 lakhs for the purchase of 31129 colour TV sets to 11 States during the years 1987-88 to 1990-91. Though the amount was released by Central Government during 1987-88 to 1990-91, the purchases were made by the States only in 1990-91 as indicated in Table below:

(in lakhs of rupees)

Sl. No.	Name of State	Year	Amount released	No. of TV sets to be purchased	No. of TV sets actual-ly purchased	Expendi- ture incurred
1.	2.	3.	4.	5.	6.	7.
1.	Andhra Pradesh	1987-88	202.95	4163	-	-
		1988-89	278.11	5000	-	-
		1989-90	83.63	900	-	-
		1990-91	158.89	2716	9163	481.06
			723.58	12779	9163	481.06
2.	Bihar	1988-89	20.96	430	-	-
		1989-90	6.66	-	-	-
			27.57	430	-	-
3.	Gujarat	1987-88	243.75	5000	-	-
		1989-90	133.65	920	-	-
		1990-91	96.19	1500	3700	243.37
			473.59	7420	3700	243.37
4.	Orissa	1987-88	15.84	325	-	-
		1988-89	30.03	572	-	-
		1989-90	71.40	979	-	-
		1990-91	128.25	2000	1634	116.62
			245.52	3876	1634	116.62

1.	2.	3.	4.	5.	6.	7.
5.	Uttar Pradesh	1988-89	53.47	1020	-	-
		1989-90	8.95	-	-	-
		1990-91	-	-	1020	62.42
			62.42	1020	1020	62.42
6.	Madhya Pradesh	1988-89	163.80	3360	-	-
		1989-90	10.46	-	-	-
		1990-91	-	-	2883	232.34
			174.26	3360	2883	232.34
7.	Chandigarh	1988-89	1.22	25	-	-
		1989-90	0.38	-	-	-
		1990-91	1.03	16	24	1.54
			2.63	41	24	1.54
8.	Delhi	1987-88	24.96	512	-	-
		1988-89	1.92	542	-	-
		1989-90	28.46	-	-	-
		1990-91	-	-	1054	65.01
			55.34	1054	1054	65.01
9.	Goa	1987-88	1.41	29	-	-
		1988-89	0.22	-	-	-
		1989-90	-	-	29	1.83
			1.63	29	29	1.83
10.	Mizoram	1987-88	0.97	20	-	-
		1989-90	0.31	-	-	-
		1990-91	-	-	9	0.91
			1.28	20	9	0.91
11.	Rajasthan	1988-89	53.63	1100	-	-
		1989-90	16.91	-	-	-
		1990-91	-	-	-	-
			70.54	1100	-	-
Total:-			1838.36	31129	19516	1137.15

It emerges from the position given above that no TV sets were purchased during 1987-88, 1988-89 and 1989-90 by any of the State Governments due to which children had no access to ETV programmes. Further, even in the year ending March 1991 only 63 per cent of the TV sets for which grants were released were purchased.

The Ministry stated (February 1993) that the State Governments failed to provide for their shares in the Annual Plans and Budgets and delay in purchase of CTVs had already been brought to the notice of the concerned State Governments.

An amount of Rs.701.91 lakhs had remained unspent with the States (March 1991). No TV sets were purchased in Rajasthan. The Government of Rajasthan informed in September 1991 that a high powered committee has been set up for the purchase of TV sets.

The Rama Murti Committee set up for review of National Policy of Education 1986 has also commented (December 1990) that there had been inordinate delays on the part of certain State Governments like Rajasthan, Gujarat and Uttar Pradesh in the matter of effecting purchases. Funds given to them in earlier years had also not been used. These T.V. sets had often been supplied to schools where proper buildings were not available and where watch and ward facilities did not exist. There had also been cases where the equipment had been kept elsewhere outside the schools.

The CIET evaluated the functioning of Black and White TV sets in six States for which 4660 TV sets were provided by the Ministry of Information and Broadcasting and 9902 CTV sets by the Ministry of Human Resource Development. They found as a result of test check that 14 to 94 per cent of the TV sets were found to be non-functional during the years 1983-84 to 1990-91 as per details given below:

Sl. No.	Name of the State	Period of study conducted	No. of TV sets provided	Percentage of TV sets functional	Percentage of TV sets not functioning
1.	Andhra Pradesh	1984-85	820	51	49
		1988-89	820	6	94
		1990-91	9902	23	77 *
2.	Bihar	1989-90	700	36	64 **
3.	Gujarat	1985-86	700	83	17
4.	Maharashtra	1985-86	880	86	14
5.	Orissa	1983-84	660	64	36
		1989-91		58	42
6.	Uttar Pradesh	1987-88	900	59	41

* Test-checked 796 CTV sets

** Test-checked 126 TV sets

The NCERT stated that the reported range of 14-94 per cent of non-functional TV sets did not give the true picture and the average was about 54 per cent for which the TV sets were in working order which was not a bad performance considering the constraints for proper maintenance and repair of the sets in the rural schools (January 1993).

The reasons for non-functioning of TV sets were non-availability of electricity, low voltage and thefts of TV sets/parts, etc. Non-availability of transmission schedules in Gujarat, Maharashtra, Orissa and Uttar Pradesh and TV sets installed in Panchayat and High School premises in Bihar and Maharashtra were mentioned as other reasons for their non-functioning. In Gujarat majority of students did not watch the programme as the primary schools operated in two shifts and the transmission time did not match the school timing.

The Ministry stated (February 1993) that it does not have the physical infrastructure to undertake a census of functional/non-functional TV Sets. However, the State Governments have been requested in this

behalf. The Ministry further stated that apart from insisting on furnishing of reports and returns, a system of visits by officers atleast annually to conduct on the spot review of implementation of the programme had been initiated

7.2.12 *Evaluation and Feedback*

No scientific system existed for obtaining feedback on the training programmes. CIET stated in October 1991 that the concerned officials were trained in designing appropriate evaluation strategies to assess the impact of media for monitoring utilisation and eliciting feedback from the teachers/children. The CIET further stated that personnel deputed were actually trained and it was presumed that after training they had acquired skill to handle maintenance problem of the machines on which they were trained.

The Ministry entrusted the evaluation study of the scheme to National Institute of Educational Planning and Administration in February 1991 to be completed within a year. The report is still awaited (January 1993).

7.2.13 *General*

Commenting on the overall effectiveness of the ETV programme the Ministry stated (February 1993) that it had only advisory role under the scheme with the States utilising their infrastructure to operationalise the scheme and the responsibility of monitoring/implementation rests with State Governments. The position taken by the Ministry that it has only advisory role is not borne by EFC memo submitted to Government. The scheme envisaged responsibility upon the Ministry to plan for the growth of educational technology and arrange for smoother implementation of "INSAT" project, with this end in view an Educational Technology Division was established in the Ministry to prepare plans, programmes, promote policy research, foresee technical advancement, arrange for necessary co-

ordination between concerned Ministries and arrange for utilisation of media facilities. It is felt that Ministry of Education should discharge its responsibility towards effective implementation of ETV programme.

7.3 Bureau for Promotion of Urdu

7.3.1 Introduction

The Bureau for Promotion of Urdu was set up in 1973 with a view to serving as a secretariat to Taraqqi-e-Urdu Board, which was set up in 1969 to provide support for promotion of Urdu language. The Bureau is a subordinate office of the Ministry of Human Resource Development and is headed by the Director who has been delegated powers of the head of the Department. The main objectives of the Bureau are as under:

- (i) Translation and publication of literature in various disciplines and reference works like Urdu Encyclopaedia, Urdu English dictionary, English-Urdu-dictionary, glossaries of technical terms etc.
- (ii) Promotional activities for spread and support to increasing use of Urdu.
- (iii) Providing financial assistance to voluntary organisations for selective promotional activities.

Prior to 1973, these functions were entrusted to the cell for Urdu in the Central Hindi Directorate.

7.3.2 Scope of Audit

The review covers the working of the Bureau during the period 1985-86 to 1991-92.

7.3.3 Budget and Expenditure

The Budget provisions and expenditure incurred by the Bureau during 1985-86 to 1991-92 was as under:-

Year	(Rs. in lakhs)							
	Budget Allocation			Expenditure			Savings	Percentage of savings to Budget allocation
	Non-Plan	Plan	Total	Non-Plan	Plan	Total		
1985-86	29.95	26.50	56.45	22.58	22.27	44.85	11.60	20.55
1986-87	32.60	40.00	72.60	25.90	21.32	47.22	25.38	34.96
1987-88	34.10	25.25	59.35	34.02	16.00	50.02	9.33	15.72
1988-89	32.50	57.70	90.20	31.51	56.99	88.50	1.70	1.88
1989-90	35.00	44.75	79.75	33.85	39.46	73.31	6.44	8.08
1990-91	43.60	47.00	90.60	40.58	34.91	75.49	15.11	16.68
1991-92	43.00	70.00	113.00	41.66	34.98	76.64	36.36	32.17
Total	250.75	311.20	561.95	230.10	225.93	456.03	105.92	

In 5 out of the 7 years, savings were more than 15 per cent of the provision, the maximum being 35 per cent in 1986-87. Rs.3.11 crores were provided for plan activities of the Bureau during the period under Review. The activities and programmes which were to be initiated/undertaken with Plan funds were not defined. Expenditure was charged to plan and non-plan on ad-hoc basis.

7.3.4 Organisational structure

(i) The sanctioned strength of the personnel in the Bureau as on 31st March 1992 was 73 comprising 7 group 'A', 22 group 'B', 30 group 'C' and 14 group 'D' posts. In addition, a regional office was also opened at Hyderabad in November 1987 with a sanctioned strength of nine posts. The staff employed by the Bureau were primarily engaged in co-ordinating and administration functions. The translation work and preparation of manuscript for publications in different subjects were entrusted to Committees/

individuals on payment of honorarium or advance payments against approved estimates.

7.3.5 *Publication programmes*

The Bureau undertook publication programmes with a view to providing support and promotion to increasing use of Urdu. The progress of its major activities is set out below:

(i) Publication of technical glossaries

The Bureau decided to undertake finalisation of glossaries of technical terms in 13 subjects in 1971. The scope of work was further increased to include 5 additional subjects during 1982-83 and 4 more in 1985. The technical terms were to be coined in meeting of Technical Terminology Committees set up for each of them. Firm estimates of expenditure for this work was not made nor was a definite time schedule laid down.

Technical glossaries in 4 of the 22 subjects which were taken up during 1971 to 1984-85 were printed upto 1984-85 and another 5 were printed during 1985-86 to 1991-92. The Bureau took 2 to 8 years to publish them after receipt of the manuscript. The Bureau did not furnish information about the final expenditure in preparation of the manuscript and publication of the glossaries.

In 7 subjects, the glossaries have not been published by the Bureau even after a delay of 6 to 14 years after receipt of the manuscript.

For the remaining 6 subjects for which manuscript of glossaries have not yet been finalised, meetings of the respective Technical Terminology Committees have not been held for periods ranging from 1 to 7 years, which included 2 committees which have never met after their constitution in 1985.

The Bureau stated, in June 1992, that work of preparation of press ready copy was voluminous for

which there was no additional or adequate staff. However, no proposals for posting of additional staff attending to the work was put up for consideration. It was observed that the role of the Bureau in publication after the manuscripts were received was limited to calligraphy and taking up the task of publication through private publishers.

The copies of glossaries printed during 1985-86 to 1990-91 were placed with its sale unit. There was no system in the Bureau to monitor number of glossaries of technical terminology actually sold. The sale unit did not maintain any stock register containing number of books received from the publication unit, number sold and balance. The copies placed at the disposal of the sale unit by the publication unit of the Bureau ranged between 3 to 42 per cent as under:

Name of the subject	Year of publication	Copies printed	Copies handed over to sale unit	Copies lying in the stock of the Bureau	Percentage of glossaries placed with the sale unit (%)	Value of unsold stock (In Rupees)
Botany	1986	3,000	1245	1755	42	26325
Linguistics	1988	3,990	311	3679	8	73580
Edu.Phil & Psy.	1989	3,000	103	2897	3	86910
Maths	1989	5,000	1852	3148	37	15740
History & Pol.Sc.	1991	3,000	205	2795	6	106210

Large number of copies of glossaries were lying in the stock of the Bureau. The Bureau did not take effective steps to encourage the sale of technical glossaries nor were progress of sales monitored.

(ii) Publication of Urdu Encyclopaedia

The Ministry approved in 1973 a project for preparation of Urdu encyclopaedia which was entrusted to Maulana Abul Kalam Azad Rural Institute at Hyderabad. The manuscript of encyclopaedia in 12 volumes was to be prepared by 1980 at an initial estimate of Rs.9 lakhs. The Bureau stated (June 1992) that the estimate was subsequently revised to Rs.12 lakhs and further to Rs.13 lakhs. However, the original case file was stated to be not available and could not be furnished to Audit.

As per the information furnished by the Bureau manuscript for all 12 volumes were received in the Bureau by November 1981 and an expenditure of Rs.11.77 lakhs had been incurred on preparation of manuscript, calligraphy and proof reading etc. Though the manuscripts were received in the Bureau by November 1981, the work relating to review, calligraphy and proof reading etc. were taken only in December 1991 and none of the volumes have yet been published. As the related files/records were stated to be not available, Audit could not verify the data.

The Bureau stated (June 1992) that publication was delayed on account of non-availability of staff. It further stated (July 1992) that 4 volumes to be brought out in one single volume were press ready. However, no firm dates for publication of each volume was indicated.

(iii) Urdu - English dictionary

Preparation of manuscript of Urdu-English dictionary in 5 volumes each containing about 30,000 - 40,000 entries through a nominated chief editor at an approved estimate of Rs.3.63 lakhs was undertaken in November 1980 for completion within a period of four years. An expenditure of Rs.2.75 lakhs was incurred till December 1983 when the chief editor expired. The project was extended till March 1986 with a revised estimate of Rs.4.13 lakhs. It was assigned to another editor and an additional

expenditure of Rs.45,000 was incurred upto March 1986. The work on the volumes was suspended during April 1986 to August 1989 pending a review by a committee constituted by the Bureau in September 1989. The review committee concluded that the work was of extremely poor standard and recommended abandoning the project. Thus expenditure of Rs.3.32 lakhs incurred on the project proved infructuous.

(iv) English Urdu dictionary

The preparation of manuscript of English - Urdu dictionary was handed over to Taraqqi-Urdu-e-Hind in May 1973. It was taken over by the Bureau in May 1974. The project was entrusted to an editor in October 1974 at an estimate of Rs.4.06 lakhs to be completed by March 1979. The manuscript of dictionary in 5 volumes were handed over to the Bureau by the Editor in March 1979. Expenditure of Rs.4.56 lakhs was incurred on the preparation of the manuscript. Though over 13 years had elapsed, the Bureau was not able to publish even a single volume of the dictionary. The Bureau stated that the delay was due to the fact that no additional staff had been sanctioned. It further stated, in August 1992, that one volume had been composed on computer by engaging an outside party at an expenditure of Rs.0.95 lakh.

(v) Urdu - Urdu dictionary

The Bureau took up, in October 1974 the work of preparation of manuscript of Urdu - Urdu dictionary in 5 volumes at an estimated cost of Rs.3.01 lakhs. The work was entrusted to 5 editors, one for each volume for completion by September 1978. Only 99,500 entries were prepared at an expenditure of Rs.5.63 lakhs upto March 1982 but no volume was completed. The Ministry decided in October 1982 to restructure the whole project by entrusting it to a chief editor. The manuscript of one volume at an additional expenditure of Rs.2 lakhs was prepared by the chief editor between June 1983 to November 1985. The Ministry constituted a review committee in June 1987 which came to the conclusion (August 1987) that the

earlier project on which Rs.5.63 lakhs were spent was totally misconceived and the cards prepared were either incomplete or not prepared properly. The Committee recommended continuation of the project under the chief editor appointed in June 1983 with estimated time for completion of the manuscript in 8 years. The Ministry rejected the proposal of the Bureau in June 1989.

Taraqqi-e-Urdu Board, however, decided (September 1989) that the work on the project should continue and a review committee was set up for re-shaping the project. The review committee recommended (July 1992), that the work on project may be completed by engaging one chief editor, 2 research officers and 2 assistants on fixed honorarium basis under the direct supervision of a Senior Officer of the Bureau. No decision had yet been taken (August 1992).

Thus not only the expenditure of Rs.5.63 lakhs incurred on Urdu - Urdu dictionary during 1973 to March 1982 was infructuous, the dictionary could not be completed even after 19 years.

(vi) Monitoring and Evaluation of Publication Work

The Bureau got the material for its publication programme prepared with the help of scholars from outside on payment of honorarium. There was, however, no system for periodic monitoring of the jobs entrusted to outside scholars. Also, there was no system for quality assurance of the contents of its publication as the materials prepared for publication was not got evaluated in all cases by persons other than those who were responsible for preparation of the material.

7.3.6 Infructuous expenditure on purchase of computer

The Bureau imported a computer at a total cost of Rs.19.84 lakhs from United Kingdom in August 1989 for modernising and expediting its printing

programme. The computer was installed in December 1989.

The machine had been lying unused so far (July 1992). The Bureau stated, (June 1992) that the computer was not utilised as no technical staff to handle the computer was sanctioned. Non-utilisation of the computer for about 3 years after its installation was indicative of lack of planning. As a result the expenditure of Rs.19.84 lakhs incurred in acquiring the computer proved infructuous.

7.3.7 *Irregular release of grant-in-aid*

Aalami Urdu Conference, a registered society, approached the Ministry of Human Resources to provide financial assistance for organising second World Urdu conference in February 1989. The Ministry did not agree to sanction the money. However, subsequently in 1991-92, a grant-in-aid of Rs.6 lakhs was sanctioned by the Ministry about two and half years after the conference was actually held in disregard of the instructions issued by the Ministry of Finance prescribing that grants-in-aid cannot be sanctioned to meet an expenditure already incurred more than a year earlier. The expenditure was classified by the Bureau to an incorrect head "other charges" plan as funds were not available under 'grant-in-aid to voluntary organisations'.

7.3.8 *Translation of NCERT text books*

With a view to providing text books in Urdu to school students, the Bureau assisted NCERT by providing translations of manuscript of Hindi or English text books to Urdu. NCERT made requisitions for Urdu translation of text books for a particular academic session. The expenditure incurred on translation and preparation of manuscript is borne by the Bureau. As the books were required during an academic session and as normally the Bureau allowed 15 days to 5 months to the translator, the translated manuscripts should ordinarily have been provided to NCERT within a period of 1 to 6 months.

During April 1985 to March 1992, the NCERT had handed over 134 titles for translation to the Bureau. Out of these, translated manuscripts of 114 titles were provided to the NCERT. Test check of case files relating to translation of 41 books revealed that out of 24 titles translated manuscripts of which were sent to the NCERT, 7 titles were sent 6 months late, 7 titles were delayed by 7 to 12 months, 6 titles were delayed by 13 to 18 months and one title by over 18 months. Out of the remaining 17 titles for which the translated manuscripts were not sent to the NCERT, 3 were pending for a period upto 12 months, 2 were pending for 13 to 24 months and 11 were overdue by over 2 years. The delay in providing the translated manuscript, thus, resulted in books meant for particular academic session not being available in time.

As per the agreement between NCERT and the Bureau, 100 complimentary copies of the text books in Urdu published by the NCERT were to be sent to the Bureau for providing copies to the translators, libraries/schools, State Urdu academies etc. However, there was no system in the Bureau to keep a watch over receipt of the complimentary copies. Out of 114 titles for which translated manuscripts were sent to the NCERT during 1985-86 to 1991-92, complimentary copies in respect of only 18 titles were received in the Bureau. It was further noticed that all these copies were lying in the stock of the Bureau and no copy was sent to the translators/vettors, schools, institutions etc.

7.3.9 *Sale of publications*

Bureau's publications received from printers were taken on stock by its service and sale unit. The publications were then transferred in bulk to its sale unit. As per information furnished by the Bureau, sale of its publications during 1985-86 to 1991-92 amounted to Rs.33.98 lakhs. However, this could not be verified in audit as the Bureau neither maintained any sale ledger nor were any periodical

sale statements prepared by the sale unit. It was also observed that the sale unit had not maintained any stock register from 1985-86 till date (August 1992) to account for the publications received, sold and balance in stock. Physical verification of books in the sale unit as well as the general store was not conducted for over fifteen years.

The matter was referred to the Ministry in October 1992 comments of the Ministry were still awaited (February 1993)

7.4 Improvement of science education in schools through voluntary agencies

7.4.1 Introduction

With a view to improving quality of science education and promoting scientific temper envisaged in the National Policy on Education, 1986, the Department of Education approved a scheme of improvement of science education in schools in 1987-88, which would be operated till the end of the Eighth Plan. As part of the scheme, financial assistance to voluntary organisations, working in the field of science education was to be provided for undertaking innovative projects for promotion of science education in schools.

7.4.2 Objectives

The voluntary agencies were to undertake specific innovative projects for promotion of science education and development of spirit of inquiry, creativity and the skills of problem-solving and decision making in school children. The project activities included taking up well-designed field projects, development of teaching-learning materials and aids, preparation of books, brochures, posters, audio-visual materials and their dissemination, training and orientation of teachers, organisation of seminars, co-curricular activities in schools in collaboration with State Education Departments.

7.4.3 *Scope of Audit*

Test-check of records of the Department relating to financial assistance provided to voluntary agencies during 1988-89 to 1991-92 was conducted by Audit in May-September, 1992.

7.4.4 *Organisational set up*

Voluntary organisations registered under the Societies Registration Act, 1860 and qualified to take up programmes in the field of science education were eligible for financial assistance under the scheme. They were to apply for assistance through the respective State Governments with a copy of the application directly sent to the Department of Education. Organisations of all India nature could make applications directly to the Department. Projects prepared by the voluntary agencies were to be examined by a high-powered committee constituted in the Department.

7.4.5 *Financial arrangements*

An outlay of Rs.150 lakhs was envisaged for assistance to voluntary organisations during 1987-88 to 1989-90.

The annual budget provisions and expenditure incurred by way of grants-in-aid to 21 voluntary agencies in 10 States and 2 Union Territories given under the scheme during 1988-89 to 1991-92 were as under:-

	(Rupees in lakhs)	
Year	Budget provision	Expenditure
1988-89	10.00	14.07
1989-90	35.00	27.44
1990-91	36.00	25.57
1991-92	75.00	74.82
Total	156.00	141.90

Out of 21 agencies who were given grants-in-aid, following seven agencies were provided assistance of more than Rs.5 lakhs each:-

Sl. No.	Voluntary agency	Amount of assistance provided (Rupees in lakhs)
1.	RR	5.80
2.	D	6.01
3.	SS	39.50
4.	QQ	9.86
5.	L	21.10
6.	UU	22.00
7.	N	5.20

7.4.6 Deficiencies in system

(i) Inadequate publicity

The scheme was circulated to Education Secretaries of all the State Governments and Union Territory Administrations to select suitable non-governmental organisations and work out with them the details of the programme they would like to execute. Publicity of the scheme was not made through newspapers or other media in order to attract wide range of voluntary agencies to enable the Department to select the best programmes proposed by them. The Department stated that the scheme was circulated to 117 voluntary agencies. However, the basis for selection of such agencies as well as circulation of the scheme to them was not available from the records.

(ii) Grants to Government funded bodies

The assistance was not confined to purely voluntary (non-governmental) sector only; autonomous bodies funded by Central and State Governments were also provided substantial funds as additional resources to undertake programmes under this scheme. Out of total assistance of Rs.142 lakhs provided to the agencies under this scheme during 1988-89 to 1991-92, Rs.78 lakhs (55 per cent) were provided to autonomous bodies such as QQ, RR, SS, TT and UU

funded by Central and State Governments. Thus, very small amount was left for the voluntary sector to undertake innovative programmes.

(iii) Organisational deficiencies

The Department of Science and Technology had observed on the proposal of the Department of Education to provide assistance to voluntary agencies, that promotion of scientific temper was a subject for which National Council for Science and Technology Communication had a mandate as the national nodal agency, which provided assistance for innovative projects of voluntary agencies. Accordingly the latter had decided that the proposals for assistance to voluntary agencies would be considered in consultation with the Department of Science and Technology. No such formal consultation took place. The Department informed Audit (September 1992) that a representative of Department of Science and Technology was invited to attend the meetings of the Grants-in-aid Committees. However, it was noticed that out of 10 meetings of the Grants-in-aid Committee during 1988-89 to 1991-92, the representative of the Department of Science and Technology was not present in 7 meetings, which took decision to provide grants-in-aid for Rs.91.57 lakhs (65 per cent).

7.4.7 *Inadmissible assistance*

(i) The Department provided assistance of Rs.21.10 lakhs to a voluntary agency L during 1991-92, which included non-recurring grant of Rs.5.00 lakhs for purchase of books, periodicals, video/audio cassettes, etc. for its library and Rs.14.09 lakhs for salaries of its academic and administrative staff and other establishment expenses. The assistance to the agency was irregular as it was not covered under the scheme approved by the Government.

(ii) Rupees 22.00 lakhs were released to an autonomous body UU (Rs.20.00 lakhs in October 1991 and Rs. 2.00 lakhs in March 1992) for holding a

Science Exhibition in Delhi in November, 1991. The themes covered in the Exhibition included coverage of religion and values, rights of child and girl child, education-values and literacy, sale of books for children, sports, puppet shows, children's films, paintings, etc. Thus, subjects covered in the Exhibition except a small portion pertaining to exhibits by an autonomous body SS were not relevant to the concept of promotion of science education, particularly to innovative programmes.

From out of the grant of Rs.22.00 lakhs, the body spent Rs.19.00 lakhs on providing infrastructure and arrangements for holding the Exhibition, which included civil construction work (Rs.12.07 lakhs), payment to the designer (Rs.1.53 lakhs), expenditure on advertising and publicity (Rs.0.94 lakh), repair of toilet block (Rs.0.32 lakh), electrification, public address system, audio visual equipment for auditorium, anti-termite treatment, etc. The remaining Rs.3.00 lakhs were provided to another autonomous body SS for meeting its expenditure on the Exhibition without obtaining statement of accounts and reports from the body SS.

The body UU had neither requested for any specific amount of assistance, nor were any details of estimates furnished by it. The Department suo-moto released grants of Rs.20.00 lakhs as advance in the first instance and reimbursed the balance actual expenditure (Rs. 2.00 lakhs).

(iii) Grant of Rs.9.86 lakhs was provided to an autonomous body QQ in September, 1991 for expanding its activities for identification of science talent by psychometric testing at the end of Secondary level school, holding of science workshops and seminars, etc. The body was provided financial support by Government of West Bengal for its existing activities, wherein it was selecting 15 talented students to provide them with scholarships with the assistance from private industries. The assistance to the body was provided for extending the tests for

selection of 15 students from north-eastern States and northern districts of West Bengal.

Since National Council of Educational Research & Training was already conducting a National Talent Search Examination at the same level to select meritorious students for award of scholarship, provision of further assistance to the body QQ for a duplicate effort on its part in a localised area does not seem justified. Besides, the assistance of Rs.9.86 lakhs towards annual expenditure merely for conducting tests designed by an autonomous/voluntary body for selection of 30 students for scholarship was disproportionately large. The assistance also included an amount of Rs.2.10 lakhs on account of pay of Director in the scale of Rs.4500-7300 and 6 other staff for 6 months of the year, which included one Deputy Director in the scale of Rs.3700-5700 and 2 Assistant Directors in the scale of Rs.2200-4000. Assistance for establishment expenditure was not admissible under the scheme. The post of the Director of the body QQ in the scale of Rs.3700-5700 was already funded by Government of West Bengal. The assistance further included an annual expenditure of Rs.1.77 lakhs on office expenses, viz. house rent, electricity, telephones, printing and stationery, which was also not admissible under the scheme.

(iv) Release of inadmissible non-recurring grant of Rs.11.29 lakhs

No assistance for procuring assets of permanent and semi-permanent nature was to be provided under the scheme. However, test-check of records of the Department revealed that assistance for purchase of such items for Rs.11.29 lakhs was sanctioned to four agencies, which included purchase of VCR, typewriter, furniture, equipments and books for library, etc.

- (v) Diversion of grants-in-aid and execution of projects by other institutions

As per the scheme, assistance was to be provided only to the voluntary agencies which were registered under the Societies Registration Act, 1860.

The Department provided assistance of Rs.21.90 lakhs to two agencies L and P which were not registered societies, through other registered societies merely to fulfil the condition prescribed in the scheme. Provision of grant-in-aid to one voluntary agency through another did not ensure accountability of the implementing agency. The release of grant was, therefore, irregular.

7.4.8 *Procedural omissions*

Test-check of records in the Department revealed following procedural irregularities in release of grants:-

- (i) Release of grants in absence of supporting documents

In some cases, the Department did not obtain complete information before release of grants.

Test-check revealed that in one case, the grant-in-aid was released though the application was not sent in the prescribed proforma. Nor were the required documents, such as latest Annual Report, audited accounts for last 3 years, copy of resolution passed by the members of the Board to abide by the terms and conditions of the grant, etc. were received. In another case, the grant-in-aid was sanctioned without receipt of the latest Annual Report.

- (ii) Entertainment of applications without recommendations of State Governments/ U.T.Administrations

Though organisations of all India nature only could make applications directly to the Department,

they entertained proposals directly from 6 voluntary agencies C, G, J, K, L, and M, which were not of all India nature, without their applications having been routed through the concerned State Governments/U.T. Administrations. These organisations were paid assistance of Rs.32.31 lakhs. It was also noticed that the antecedents of these voluntary agencies were not verified by the Department to ensure that they were capable of improving Science education.

(iii) Execution of agreement bonds

As per the General Financial Rules, the grantee institution is required to execute a bond which should contain a condition that it would not divert the grants to another institution or organisation. The form of bond prescribed by the Department did not contain the condition *ibid*. Test-check revealed that the bonds were not formally accepted by the Department in three cases before release of grants-in-aid.

(iv) Release of grants-in-aid in one instalment

Under the scheme, the grant was to be released on an annual basis in two instalments - the first instalment of 50 per cent was to be released immediately after the issue of the sanction. After the agency concerned had utilised 75 per cent of first instalment, it was to make a request for release of the subsequent instalment alongwith a progress report and statement of expenditure with full details.

The Department released grants of Rs.44.76 lakhs in one instalment to 10 agencies in contravention of the provisions of the scheme. The Department stated (June/July 1992) that in four cases where grants were released during 1989-90 and 1991-92, the entire quantum of assistance was released in lumpsum to ensure that the outstanding committed liability did not spill over to the next Plan. The reply is not tenable as the purpose of releasing the grants in two

instalments is to ensure proper utilisation of funds in stages.

(v) Release of grants much in advance of requirement

Grant-in-aid of Rs.1.20 lakhs for conducting 4 workshops at the rate of Rs.0.30 lakh per workshop was released to an agency O in February, 1992, even when the agency had specifically mentioned in its proposals that they would be in a position to conduct only one workshop during 1991-92.

The Department stated (July 1992) that the entire process upto the release of the grant took more than 4 months and it released the amount of grant to avoid repeating the whole process. The reply is not convincing as no purpose would have been served by releasing money when the grantee institution was not in a position to conduct the workshop. Besides the process could be completed on file but the money could have been released in stages.

(vi) Utilisation of assistance not ensured

The second instalment of grant was not requested for by an agency E and an autonomous body RR, which were paid grants of Rs.3.60 lakhs as first instalment during 1988-89. No detailed progress reports, utilisation certificates and statements of accounts had been received from them. The Department did not take any action to ask for refund of the amount.

7.4.9 *Control and Monitoring*

Following shortcomings in control and monitoring were noticed:-

(i) Audited accounts and utilisation certificates for Rs.91.23 lakhs in 22 cases due between September, 1988 and June, 1992, as under, were still awaited (August 1992):-

Year in which audited accounts and U.C.s were due	Number of cases	Amount for which audited accounts and U.C.'s awaited (Rs. in lakhs)
1988-89	1	0.65
1989-90	4	11.85
1990-91	6	21.37
1991-92	6	24.53
1992-93	5	32.83
Total	22	91.23

(ii) In case of 3 voluntary agencies B, D, G and one autonomous body SS, subsequent instalments of grants of Rs.18.57 lakhs were released without receipt of audited accounts and utilisation certificates of grants released earlier.

(iii) Grants-in-aid of Rs.26.65 lakhs were released to two voluntary agencies A, C and two autonomous bodies RR, SS against their fresh proposals, even when audited statements of accounts and utilisation certificates in respect of grants of Rs.25.64 lakhs provided to them for earlier projects were not received.

(iv) The Department had not furnished certificates of utilisation of grants to the Controller of Accounts even in cases where it had received such certificates.

(v) Three voluntary agencies B, C, and I to which grants-in-aid of Rs.3.94 lakhs were paid and which were to complete their projects between August, 1988 and March, 1991, did not furnish the project completion reports (August 1992). The Department did not maintain any consolidated records to indicate receipt of completion reports from voluntary agencies, nor any systematic action was taken by it to obtain completion reports.

(vi) Grants-in-aid Register maintained by the Department did not contain information about details of release of grant, position regarding receipt of audited accounts and utilisation certificates,

acceptance of such certificates, action taken for recovery/adjustment of excess grants paid, completion reports and issue of utilisation certificates to the Pay and Accounts Officer.

(vii) Though under the scheme assistance could not be provided for procuring assets of permanent and semi-permanent nature, seven voluntary agencies were given grants-in-aid of Rs.33.46 lakhs during 1988-89 to 1991-92 for purchase of such items. These agencies had neither maintained Register of Assets, nor furnished its extract to the Department (August 1992).

(viii) In 12 cases, for which grants-in-aid of Rs.79.45 lakhs were provided, quarterly progress reports were not received (August 1992).

(ix) Evaluation of implementation of the scheme, which was to be got done at the end of the Seventh Five Year Plan, had not been conducted by the Department (August 1992).

7.4.10 Benefit of research in promotion of science education not ensured

Under the scheme, the Department provided assistance to voluntary agencies for undertaking research for developing locale-specific teaching-learning materials, action-research, low-cost and innovative methods of teaching and for organising seminars and workshops.

Test-check of 6 cases, in which assistance for Rs.17.67 lakhs was sanctioned for research/workshops and seminars, revealed that the Department had not included any condition for submission of final reports of the research/workshops and seminars with a view to assessing if the research work could be disseminated to the State Governments for use in promotion of science education in schools. In 2 cases, in which copies of research reports had been received, the Department had not initiated any action to evaluate them for disseminating to the State

Governments for utilisation in promotion of science education. Thus the benefit of research in promotion of science education on national scale was not ensured.

The matter was referred to the Ministry in November, 1992; comments are awaited (January 1993)

7.5 Grants-in-aid to Voluntary Agencies for environmental orientation to School Education

7.5.1 Objective

As a follow up to the National policy on Education, 1986, the Department of Education, the Ministry approved a centrally sponsored scheme of 'Environmental Orientation to School Education' in 1987-88 in which voluntary agencies were provided financial assistance for taking up experimental and innovative programmes to promote environmental consciousness among students. The project activities included review of curricula to make it locale-specific, teaching-learning materials, action research and experimental/innovative activities with the objectives of environmental orientation in a particular area, training/orientation of teacher educators, teachers and innovative programmes of work experience in schools etc.

7.5.2 Financial arrangement

Assistance under the scheme was provided to the voluntary agencies on the basis of project proposals received from them through State Governments. Payment of grants-in-aid was made directly to the voluntary agencies by the Department of Education which was responsible for overseeing the progress of the scheme, receipt of utilisation certificates, audited accounts and completion reports from the agencies.

The annual budget provisions and expenditure incurred by way of grants-in-aid to 13 voluntary agencies during 1988-89 to 1991-92 were as under:-

(Rupees in lakhs)

Year	Budget Provision	Expenditure
1988-89	50.00	31.16
1989-90	50.00	54.70
1990-91	59.00	41.08
1991-92	75.00	55.81
	234.00	182.75

Out of 13 voluntary agencies funded under the scheme, four namely 'B' (Rs.117.96 lakhs), 'C' (Rs.31.32 lakhs), 'A' (Rs.3.83 lakhs) and 'G' (Rs.12.71 lakhs) received Rs.165.82 lakhs which constituted 90.73 per cent of grant released.

7.5.3 Audit Results

Significant points noticed in audit are given below:-

(a) *Irregularities in sanction*

(i) Release of grants-in-aid to 'B'

The Department asked a voluntary agency 'B' in October, 1986 to take up the responsibility of functioning as a nodal agency for involvement of other voluntary agencies/non-governmental organisations (NGOs) for environmental orientation to the educational system. An amount of Rs.12.20 lakhs as demanded by the 'B' was sanctioned and an amount of Rs.4 lakhs was released at the close of the financial year in March 1987 under the scheme of non-formal education, (which was continuing from the Sixth Plan) although the proposal was not routed through the State Government, the society did not have a registered office it had no direct experience in running educational programmes and the grant in aid committee was not constituted. The agency also lacked clear aim and objectives. The arrangements regarding finance and accounts were also unacceptable to the Department. Another instalment of Rs.8.20 lakhs was released in November 1987.

The grants-in-aid committee was set up by the Department in August 1988. The Committee under the Chairmanship of the Director, Indian National Trust for Art and Cultural Heritage (INTACH), felt (May 1989), that the grants-in-aid to 'B' was not justified as it was undertaking activities such as balwadis, sanitary latrines, drinking water, beautification of public places etc. which were beyond the scope of the scheme. It was also noted by Chairman that 'B' did not have capacity to monitor effectively the grants provided by it to small village agencies. As a protest the Chairman of the committee resigned. The Department reconstituted the grants-in-aid committee in August 1989 with Education Secretary as Chairman. During 1988-89 to 1991-92 amount totalling Rs.117.96 lakhs was paid to 'B', as per requests received from the Institute.

It was noticed that instead of doing the work directly, 'B' disbursed grants to the sub-agencies, which were not bound to follow Government guidelines and their executive committee had no representative of the Government.

Several activities for which 'B' funded organisations/individuals were not engaged in the environment education. Assistance was provided for running balwadis, mahila sangathan, construction of sanitary latrines, drinking water tanks, hand pumps, nalla repairs, pumps, cultural programmes, construction of play ground walls, smokeless chulha, F.R.G. squatting pans and sewing machines etc. which were otherwise funded through schemes of other Ministries/Departments. As worked out in Audit, over Rs.70 lakhs, out of total grant of Rs.117.96 lakhs (March 1992) provided to 'B', was incurred on activities not related to the scheme, and to that extent, grant was inadmissible.

The annual accounts furnished by 'B' did not provide adequate information to enable the Department to examine proper utilisation of funds. These merely contained lump-sum figures of expenditure/grants

provided by it to various NGO's. There was no system to ensure that the grants were actually utilised by the NGO's for the purpose for which these were provided for.

As per the scheme financial assistance for plantation of trees, purchase of implements and fencing for school nurseries etc. was admissible at the rate of Rs.1600/- per school. 'B' paid assistance ranging from Rs.2000/- to Rs.20,000 to 13 schools/inter colleges for school nurseries resulting in payment of excess grants of Rs.0.88 lakh.

Besides Rs.2.28 lakhs was utilised by 'B' for procuring computer, photocopier etc. which were not admissible under the scheme.

(ii) Release of grants to 'C'

Grants-in-aid of Rs.31.32 lakhs was provided to 'C', during 1988-89 to 1991-92. It was treated as a nodal agency for providing grants-in-aid to other voluntary agencies. The proposals of the 'C' were examined by a committee headed by the Chairman/Director of the Trust under whose control the centre was working although it included representatives of the Ministry of Human Resource Development. The appointment of a person, who was the recipient of the grant as Chairman of the grants-in-aid Committee lacked propriety.

The proposals submitted by 'C' did not include details of programmes and itemwise financial requirements. The grants were released during 1989-92 on three occasions when audited accounts in respect of grants of Rs.28.82 lakhs released during the previous years were not received.

Statements of accounts and completion reports were not submitted by 'C'. The Department obtained statement of expenditure for grants received during 1990-91 to 1991-92 in September 1992 when requisitioned by Audit. The following position was revealed:-

(In lakhs of rupees)

Year	Opening balance	Grants sanctioned/ released	Amount utilised	Closing balance
1988-89	Nil	2.50	N.A.	N.A.
1989-90	N.A.	14.12	N.A.	8.47
1990-91	8.47	5.86	2.68	18.99
1991-92	18.99	8.84	9.13	18.70

Thus, the Department released grants far in excess of the requirement and did not take into account the amount of unspent balance lying with the agency before release of subsequent instalments of grants-in-aid.

The Department sanctioned an expenditure of Rs.3.43 lakhs during 1988-89 to 1990-91, as establishment expenditure of 'C' which was not admissible.

(iii) Grants-in-aid to 'A'

An organisation 'N' submitted a proposal to the Department for research on social imperatives of development in February 1988. As the institute was not a registered body the Department advised it (May 1988) to apply through some other registered society 'A' and released first instalment of Rs.1.91 lakhs in June 1988. Second instalment of Rs.1.91 lakhs was released to 'A' in December 1988. The grant was sanctioned even before the grants-in-aid committee was constituted.

The grants were provided for disaster study and youth mobilisation. These subjects did not relate to environmental orientation to school education and hence payment of grants was not justified.

The Department has not so far obtained a copy of the report of the study done by the institution. Audited accounts and utilisation certificates were also not submitted by grantee institution (August 1992) though almost four years have elapsed since the release of the second instalment of grant.

(iv) Grants to 'G'

A total grant of Rupees 12.70 lakhs was sanctioned to 'G' in 1989-90. The first instalment of Rs.6.35 lakhs was released in July 1989 and the second instalment of identical amount was released in November 1989.

The items for which grants were released included setting up of school nurseries in 200 schools (Rs.3.20 lakhs), visits to nearby sites for study of flora and fauna by 20,000 students from 200 schools (Rs.2 lakhs), study of ecological problems and visit to Zoos and wild life sanctuaries by 40,000 students (Rs.4 lakhs), measurement of environmental erosion of soil etc. by 200 schools (Rs.2 lakhs).

Though the assistance was provided during 1989-90, the audited statement of accounts, utilisation certificates and completion reports were still awaited from the 'G'. Therefore, the authenticity of the expenditure having been incurred could not be ensured.

(b) Other deficiencies in release of grants

(i) While the scheme covered only innovative and experimental activities viz. development of locale-specific teaching and learning materials, action research, training and orientation of teachers, innovative programmes to relate activities of students under work experience with local environmental concerns, it was noticed that major portion of assistance was provided for activities like maintenance of balwadis, provision of sanitary latrines to the public, drinking water schemes, provision of sewing machines, fibre glass sanitary seats, etc. which were beyond the scope of the scheme.

(ii) According to basic condition for release of grants-in-aid prescribed in the General Financial Rules, the grantee organisations are not authorised to divert the grants and execution of the scheme or

work concerned to another organisation(s)/ institution(s). The Department's decision to nominate two organisations as lead organisation for creating another grant disbursing agency and thereby shifting its own responsibility for overseeing the eligibility, admissibility and utilisation of funds, was in contravention of Government's instructions.

(iii) The scheme was meant for the entire country and assistance to voluntary agencies was to be provided to supplement the programme undertaken by the State Governments. However, grant of Rs.182.75 lakhs was released during 1988-89 to 1991-92 to thirteen agencies located in eight states only. The bulk of the grant of Rs.117.96 lakhs (64 per cent of the total grant released) was paid to only one lead agency 'B' working in a localised area in Kumaon and Garhwal districts of Uttar Pradesh.

(iv) Though agencies of all India nature only could make applications directly to the Ministry, in the case of 3 agencies (i) 'L', (ii) 'A' and (iii) 'B', which were not of all India nature, the Department released grants of Rs.124.84 lakhs (68 per cent of total grants released) without their applications having been routed through the respective State Governments in contravention of its own guidelines.

(v) Six instalments of grant of Rs.38.82 lakhs were paid to two organisations 'B' and 'C' without obtaining the bonds. Six instalments of grant of Rs.47.90 lakhs were released to the 'B' on the basis of blank bond forms, in which, all the columns were left blank. One agency J was paid grant of Rs.0.28 lakh on the basis of bond executed by another agency.

(vi) Eight voluntary agencies ('D', 'F', 'H', 'I', 'K', 'L', 'B' and 'C') were paid second instalment of grants of Rs.139.29 lakhs without receipt of progress reports and statements of expenditure.

(vii) (a) Format of quarterly progress report for monitoring the progress of the project was not prescribed in the case of 8 agencies involving grants amounting to Rs.25.85 lakhs.

(b) 54 quarterly progress reports which were due from 12 agencies during the period 1988-89 to 1991-92 had not been received (August 1992).

(viii) Entries in the grants-in-aid registers maintained by the Department were not complete.

7.5.4 *Monitoring and Evaluation*

No systematic evaluation to assess the benefits derived out of the grants provided had been conducted by the Department (August 1992). Even short term quick evaluation had not been conducted to ensure that the intended purpose of the scheme was being achieved.

The matter was referred to the Ministry in November 1992, their comments were still awaited (February 1993).

7.6 **Injudicious and irregular payment of grants-in-aid**

The All India Council for Technical Education (Council) was established by an Act of Parliament. Under Section 3 of the All India Council for Technical Education Act, 1987 which came into effect on 28 March 1988, the Council was to be established with effect from such date as the Central Government may, by notification appoint. The notification was issued by the Government of India on 12th May 1988 for the establishment of the Council with effect from the 12th day of May 1988 as a corporate body for proper planning and coordinated development of technical education system through out the country. Under the Act, the Central Government may, after due provision made by Parliament by law in this behalf, pay to the Council in each financial year, such sums as may be considered necessary for performance of

functions of the Council. During 1987-90 the Ministry of Human Resource Development paid grants aggregating to Rs.317.75 lakhs to the Council; Rs.19.75 lakhs in March 1988, 100 lakhs in March, 1989 and Rs.198 lakhs in January 1990.

The Ministry stated, in January 1993, that the All India Council for Technical Education Act came into force on 28th March, 1988 and therefore it was established on this date. The contention of the Ministry is not tenable since according to the Act the Council was to be established with effect from such date as the Central Government may, by notification, appoint. The notification establishing the All India Council for Technical Education was issued by the Government on 12th May 1988 only.

On recommendations of the Public Accounts Committee, Government has *inter alia* prescribed certain financial limits for different categories of expenditures beyond which the expenditure constituted "New Service" or "New Instrument of Service" and required prior approval of Parliament. No specific provision was made in the budget in any of the years 1987-88 to 1989-90 for payment of grants to the Council and therefore, payment of grants of Rs.19.75 lakhs in 1987-88, Rs.100 lakhs in 1988-89 and Rs.198 lakhs in 1989-90 were made out of the provisions made for the service head. As per Government of India, Ministry of Finance, Department of Economic Affairs O.M. dated 13th April 1982, payment of grants-in-aid in excess of Rs.10 lakhs by reappropriation of funds to statutory and other public institutions in receipt of grants-in-aid upto Rs.1 crore attracted limitations of New Service/New Instrument of Service. It was also noticed that an amount of Rs.19.75 lakhs was released in March 1988, though the Council was established in May 1988.

The Ministry stated in January, 1993 that provisions were made in the budget and release of grants-in-aid to the Council during 1987-88, 1988-89 and 1989-90 did not attract limitations of New

Service/New Instrument of Service. The contention of the Ministry is not tenable as the provisions were made under service head and specific approval of the Parliament for provision of grants-in-aid to the Council was not obtained.

It was noticed that while sanctioning fresh grants, the Ministry did not take into account the amounts of unspent balances with the Council out of the grant(s) already paid. Although the Council had incurred expenditure of Rs.5000 only in 1988-89 yet, the Ministry released a further amount of Rs.100 lakhs to the Council in March 1989 as 'on account ad hoc grant'. The Council incurred an expenditure of Rs.7.93 lakhs during 1989-90. The Ministry, however, released a further amount of Rs.198 lakhs (January 1990) as 'on account' grant for incurring expenditure on the establishment including purchase of land and maintenance of the Council. It was noticed that no land was purchased by the Council. The Ministry did not obtain certificates of utilisation of grants from the Council.

Thus between 1987-88 and 1990-91, the Council was given grants of Rs.317.75 lakhs while their expenditure was only Rs.47.39 lakhs. The injudicious release of grants thus left the Council with heavy balances of Rs.309.77 lakhs and Rs.270.36 lakhs respectively at the end of the years 1989-90 and 1990-91.

The Ministry stated, in October 1991 that they had permitted the Council to carry forward the unspent balance of each financial year to the subsequent financial years. They added that grants were sanctioned for enabling the Council to acquire accommodation in JNU Campus but this did not materialise. The Ministry further stated (January 1993) that the grant of Rs.20 lakhs was released in March 1992, when the Council had Rs.5.50 lakhs in Savings Bank account and Rs.140 lakhs in fixed deposits.

The fact, however, remains that there was no firm indication of requirement of funds and the release of grant of Rs.100 lakhs, Rs.198 lakhs and Rs.20 lakhs during 1988-89, 1989-90 and 1991-92 were therefore unwarranted and in contravention of the financial rules which stipulate that grants should be released on the basis of specific schemes and only when the funds are actually required.

7.7 Injudicious release of grant-in-aid resulting in idling of funds

The scheme for setting up of a 'Foundation for Industrial Research' as an independent registered society in the Indian Institute of Technology (IIT), Delhi as a component of the scheme 'Institutes-Industry Interaction' was approved in June 1988 to tackle scientific and technical problems, commercialise the results of research and market the research and consultancy capabilities of the IITs. The approval was contingent on the condition that the provisions would be subject to scrutiny of the detailed estimates by the Integrated Finance Division of the Department.

Even before the Foundation was registered as a society and its Memorandum of Association, byelaws and estimates etc. were finalised by the IIT, the Department released grant-in-aid of Rs.112 lakhs in March 1989 merely to utilise the budget provision, without obtaining the detailed budget estimates from the IIT/Foundation. The grant was released subject to the condition that detailed budget estimates would be furnished to the Integrated Finance Division of the Department at the earliest.

The IIT furnished to the Department the operational plan and detailed budget estimates in May 1989 and the concept paper, Memorandum of Association and Regulations of the Foundation for Innovation and Technology Transfer in May 1990. The Budget estimates, Memorandum of Association and Regulations were still under examination in the Department (June 1992).

The IIT stated, in June 1992, that the amount released in March 1989 had been kept in short term deposits and about Rs. 6 lakhs had been spent on various activities related to the Foundation even before it was registered as a Society under the Societies Registration Act, 1860 in July 1992.

The Department failed to adjust the unspent balance of grant released for the Foundation in 1989 against grant released to the IIT, Delhi for its maintenance in subsequent years (1989-90 to 1991-92) although it was aware that the amount released to the Foundation could not be utilised since its budget estimates, Memorandum of Association etc. were not yet approved.

Thus, injudicious release of grants-in-aid by the Department in March 1989 to the IIT Delhi before the approval of detailed estimates and Memorandum of Association etc. of the Foundation and its failure to adjust the unspent balance against grants-in-aid released during the subsequent years, resulted in avoidable blocking of Rs.112 lakhs for over 3 years.

CHAPTER VIII

General

8.1 Losses and irrecoverable dues written off/ waived and ex-gratia payments made

Statement of losses and irrecoverable revenues, duties, advances, etc. written off/waived and ex-gratia payments made during 1991-92 is given in Appendix VI to this Report.

It will be seen from the Appendix that in 303 cases, Rs.96.08 lakhs representing losses mainly due to failure of system, neglect, fraud, etc. on the part of individual government officials and for other reasons were written off during 1991-92. In three cases involving Rs.0.22 lakh, recovery was waived and in 221 cases aggregating Rs.27.21 lakhs, ex-gratia payments were made during the year.

Departmentally managed Government Undertakings

8.2 Position of proforma accounts

On 31st March 1992, there were 38 departmentally managed government undertakings of commercial and quasi commercial nature.

The financial results of these undertakings are ascertained annually by preparing proforma accounts outside the general accounts of Government. Trading, Profit and Loss Accounts and

Balance Sheet are not prepared by two undertakings viz. Department of Publications, Delhi and Government of India Presses; stores accounts were only prepared by them. In pursuance of the recommendation contained in paragraph 1.107 of the Public Accounts Committee in their Forty First Report (Fifth Lok Sabha 1971-72), Government agreed to prepare the Manufacturing, Profit and Loss Accounts and Balance Sheet for the Government of India Presses. The format of accounts for this purpose effective from 1st April 1983 was accordingly approved.

Proforma Accounts for the year 1991-92 had not been received from any of the undertakings (November 1992). A synoptic statement showing the summarised financial results of the departmentally managed government undertakings on the basis of their latest available accounts is given in Appendix VII. From the Appendix, it will be seen that the proforma accounts had been in arrears for a period ranging from 1 to 19 years as shown below:

Period for which lying in arrears		Number of undertakings
Number of years	Period	
1-4	1988-89 to 1991-92	17
5-9	1983-84 to 1987-88	12
10-14	1978-79 to 1982-83	4
15-19	1973-74 to 1977-78	3

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* Excludes two bodies in respect of which simplification of proforma accounts kept in abeyance.

The reasons for delay in compilation of proforma accounts were not available. The delays in compilation of accounts in respect of departmentally managed government undertaking were also brought to the notice of the administrative ministries concerned from time to time but no effective steps had been taken to compile the accounts and bring them upto date.

B.P. Mathur

(B.P.MATHUR)
Director General of Audit
Central Revenues

New Delhi
The

- 8 APR 1993

Countersigned

C.G. Somiah

New Delhi
The (C.G.SOMIAH)
Comptroller and Auditor General of India

- 8 APR 1993

APPENDIX I
(Refers to paragraph 2.4)

Cases of unnecessary supplementary grants/appropriations

Sl.No.	Grant/appropriation	Amount of Grant/Appropriation			Saving
		Original	Supplementary	Actual expenditure	
1	2	3	4	5	6
(Rupees in lakhs)					
Revenue-Voted					
Parliament, Secretariats of the President, Vice-President and Union Public Service Commission					
1.	89-Rajya Sabha	901.00	84.00	900.77	84.23
Ministry of Home Affairs (Union Territories- without Legislature)					
2.	93-Delhi	109315.00	1121.00	107765.86	2670.14
Capital-Voted					
Ministry of Chemicals and Fertilizers					
3.	6-Department of Fertilizers	9470.00	280.00	8391.37	1358.63
Ministry of Health and Family Welfare					
4.	40-Department of Health	18571.00	682.00	18032.57	1220.43
Ministry of Urban Development					
5.	78-Urban Development and Housing	16587.00	198.00	14748.72	2036.28
Ministry of Home Affairs (Union Territories-without legislature)					
6.	93-Delhi	86631.00	8.00	74119.40	12519.60
7.	94-Andaman and Nicobar Islands	15706.00	148.00	15665.75	188.25
8.	97-Chandigarh	5154.00	90.00	5131.85	112.15

1	2	3	4	5	6
	Revenue-Charged				
		Ministry of Defence			
9.	16-Ministry of Defence	1.00	1.00	0.97	1.03
		Ministry of Health and Family Welfare			
10.	40-Department of Health	3.00	1.00	2.01	1.99
		Ministry of Home Affairs			
11.	42-Ministry of Home Affairs	6.00	3.00	3.06	5.94
		Ministry of Human Resource Development			
12.	49-Art and Culture	..	1.00	..	1.00
		Parliament, Secretariats of the President, Vice-President and Union Public Service Commission			
13.	89-Rajya Sabha	4.00	1.00	3.59	1.41

APPENDIX II
(Refer to paragraph 2.4)
Savings under Voted Grants

Voted grants where the savings (more than Rs. 5 lakhs in each case) exceeded 20 per cent of the total grant are given below:-

Sl. No.	Grant	Total grant	Expenditure	Saving	Percentage of saving
1.	2.	3.	4.	5.	6.
(Rupees in lakhs)					
Revenue					
1.	33-Department of Expenditure	25843.00	676.74	25166.26	97.4
2.	52-Department of Heavy Industry	3012.00	1547.39	1464.61	48.6
3.	9-Ministry of Civil Supplies and Public Distribution	982.00	612.98	369.02	37.6
4.	74-Surface Transport	2808.00	1761.63	1046.37	37.3
5.	5-Department of Chemicals and Petro-chemicals	1243.00	852.03	390.97	31.5
6.	39-Ministry of Food Processing Industries	3041.00	2104.20	936.80	30.8
7.	13-Ministry of Communications	1158.00	820.98	337.02	29.1
8.	45-Other Expenditure of the Ministry of Home Affairs	35915.00	26451.00	9464.00	26.4
9.	77-Ministry of Textiles	77893.00	59384.87	18508.13	23.8
10.	64-Planning	5428.00	4191.43	1236.57	22.8
11.	57-Ministry of Labour	41137.00	31967.48	9169.52	22.3
12.	35-Department of Revenue	8098.00	6339.84	1758.16	21.7
13.	76-Ports, Lighthouses and Shipping	12849.00	10252.31	2596.69	20.2
Capital					
14.	35-Department of Revenue	174.00	19.75	154.25	88.6
15.	33-Department of Expenditure	394.00	55.89	338.11	85.8
16.	42-Ministry of Home Affairs	1300.00	283.31	1016.69	78.2

1.	2.	3.	4.	5.	6.
17.	24-Ministry of External Affairs	6685.00	2134.75	4550.25	68.1
18.	25-Department of Economic Affairs	16263.00	5387.85	10875.15	66.9
19.	87-Department of Space	10800.00	4507.73	6292.27	58.3
20.	57-Ministry of Labour	73.00	30.05	42.95	58.8
21.	38-Ministry of Food	13640.00	6506.55	7133.45	52.3
22.	80-Stationery and Printing	380.00	197.10	182.90	48.1
23.	36-Direct Taxes	12000.00	6338.66	5661.34	47.2
24.	48-Department of Youth Affairs and Sports	219.00	117.45	101.55	46.4
25.	26-Currency, Coinage and Stamps	18987.00	11760.48	7226.52	38.1
26.	56-Broadcasting Services	35723.00	22164.46	13558.54	38.0
27.	39-Ministry of Food Processing Industries	1276.00	831.30	444.70	34.9
28.	1-Agriculture	1181.00	776.42	404.58	34.3
29.	60-Ministry of Mines	1980.00	1355.00	625.00	31.6
30.	74-Ministry of Surface Transport	13835.00	9510.00	4325.00	31.3
31.	27-Payments to Financial Institutions	498310.00	349884.41	148425.59	29.8
32.	86-Department of Ocean Development	688.00	484.79	203.21	29.5
33.	16-Ministry of Defence	11277.00	8420.49	2856.51	25.3
34.	5-Department of Chemicals and Petro-chemicals	3895.00	2914.00	981.00	25.2
35.	83-Atomic Energy	55268.00	41500.40	13767.60	24.9
36.	55-Ministry of Information and Broadcasting	560.00	432.43	127.57	22.8
37.	77-Ministry of Textiles	17980.00	14083.49	3896.51	21.7
38.	41-Department of Family Welfare	85.00	67.50	17.50	20.6

APPENDIX III
(Refer to paragraph 2.5)

Surrender of funds

Details of major variations where savings greater than 20 per cent and amounted to more than Rs.1.00 crore were not surrendered are given below:

S.No.	Grant	Total savings	Amount surrendered (Rupees in crores)	Amount not surrendered	Percentage not surrendered
1.	2.	3.	4.	5.	6.
Revenue - Voted					
1.	5-Department of Chemicals & Petro Chemicals.	3.91	2.80	1.11	28
2.	7-Department of Civil Aviation	3.32	1.64	1.68	51
3.	11-Department of Commerce	38.15	17.21	20.94	55
4.	13-Ministry of Communications	3.37	2.34	1.03	31
5.	24-Ministry of External Affairs	32.37	12.67	19.70	61
6.	35-Department of Revenue	17.58	12.56	5.02	29
7.	36-Direct Taxes	12.78	8.50	4.28	33
8.	37-Indirect Taxes	41.44	25.33	16.11	39
9.	38-Ministry of Food	12.93	7.32	5.61	43
10.	40-Department of Health	36.16	22.03	14.13	39
11.	42-Ministry of Home Affairs	61.31	38.55	22.76	37
12.	45-Other Expenditure of the Ministry of Home Affairs	94.64	45.29	49.35	52
13.	49-Art & Culture	17.09	11.61	5.48	32
14.	50-Department of Women & Child Development	36.18	0.02	36.16	99.9

1.	2.	3.	4.	5.	6.
15.	54-Department of Small Scale Industries & Agro & Rural Industries	40.78	24.17	16.61	41
16.	55-Ministry of Information & Broadcasting	8.57	5.54	3.03	35
17.	57-Ministry of Labour	91.70	50.56	41.14	45
18.	60-Ministry of Mines	3.16	0.59	2.57	81
19.	64-Planning	12.37	9.13	3.24	26
20.	65-Department of Statistics	9.39	6.84	2.55	27
21.	70.Department of Science & Technology	5.00	1.06	3.94	79
22.	75-Roads	23.39	13.76	9.63	41
23.	80-Stationery & Printing	11.45	5.65	5.80	51
24.	84-Nuclear Power Scheme	60.02	18.77	41.25	69
25.	87-Department of Space	12.23	9.23	3.00	25
26.	93-Delhi	26.70	12.43	14.27	53
	Capital - Voted				
27.	11-Department of Commerce	36.77	3.05	33.72	92
28.	16-Ministry of Defence	28.57	13.22	15.35	54
29.	31-Loans to Government Servants etc.	26.22	14.35	11.87	45
30.	38.-Ministry of Food	71.33	57.05	14.28	20
31.	40-Department of Health	12.20	7.24	4.96	41
32.	42-Ministry of Home Affairs	10.17	7.22	2.95	29
33.	76-Ports, Light houses & Shipping	16.17	9.02	7.15	44

1.	2.	3.	4.	5.	6.
34.	77-Ministry of Textiles	38.97	18.43	20.54	53
35.	83-Atomic Energy	137.68	105.11	32.57	24
36.	93-Delhi Revenue-Charged	125.20	72.76	52.44	42
37.	29-Interest Payments	854.37	200.00	654.37	77
38.	54-Department of Small Scale Industries & Agro & Rural Industries.	2.81	1.50	1.31	47

APPENDIX IV
(Refers to paragraph 2.6)

Cases of injudicious reappropriation

I. Cases of major re-appropriation which turned out injudicious on account of non-utilisation are given below:-

Sl. No.	No. and Name of grant	Major Head	Sub-Head	Amount of re-appropriation to the Sub-Head	Amount of final saving under the Sub-head after re-appropriation (Rupees in lakhs)
1.	2.	3.	4.	5.	6.
1.	11-Department of Commerce	7605-DD Advances to Foreign Governments	DD.5(1)-Technical credits incorporated in trade Agreements	1000.00	4046.00
2.	24-Ministry of External Affairs	'2061'-C-External Affairs	C.7(4)- Contribution to other International Organisation	28.72	59.17
3.	29-Interest Payments (Charged)	'2049'A-Interest Payments	A.3(1)-Interest on Saving Deposits	19161.50	34829.71
			A.4(1) Depreciation Renewal Reserve Funds	53.48	109.71
			A.4(4)-Interest on Telecom Capital Reserve Fund	331.50	331.50
4.	37-Indirect Taxes	'2039'-A-Customs	A-1(1)(1)-Collectorates	237.54	255.15
		'2038'B-Union Excise Duties	B.3(1) Collection of Land Customs	53.52	65.19
5.	40-Department of Health	'2210'C-Medical and Public Health	C.4(3)(1) Goiter control scheme	39.98	195.70
6.	42-Ministry of Home Affairs	'2070'C- Other Administrative Services	C.8(1) Intelligence Bureau	440.12	577.64

1.	2.	3.	4.	5.	6.
7.	44-Police	'2055'-A-1- Education and Training	A.10(1)-Charges paid to other Government Department etc.	298.00	1240.69
		'5054'CC-Capital outlay on roads and bridges	CC.1(1)(1)-Erection of Barbed wire fencing on Indo-Bangladesh Border	199.00	390.00
8.	45-Other Expenditure of Ministry of Home Affaris	'3601'-Grants-in- aid to State Governments	E.1(15)(1) Development of Border Areas	300.00	300.00
9.	47-Department of Education	'2202'-General Sanction	C.1(2)(15)- Supply of equipment for DIETS (Distinct Institute of Education and Training)	59.75	60.00
10.	50-Women and Child Development	'2235'-Social Security and Welfare	B.1(1)(7)-Early Childhood Education Assistance to voluntary agencies	8.50	50.28
			B.1(4)(7)-Grants-in-aid to Central Social Welfare Board for its headquarters field organisation and assistance to voluntary organisations.	39.16	260.01
11.	52-Department of Heavy Industry	'6858'FF-Loans for Engineering Industries	FF.2(1)(1)(7)-Heavy Engineering Corporation Ltd.	1325.00	1577.00
			FF.2(1)(1)(8)-Mining and Allied Machinery Corporation	75.00	300.00
12.	70-Department of Science and Technology	'3425'C-Other Scientific Research	C.2(3)(1) National centre for Medium Range weather fore- casting (NCHRWF)	57.22	116.93
13.	76-Ports, Light Houses and Shipping	'5051' Capital Outlay on Ports and Light houses	BB.1(1)(1)(1)-Major/ Minor works	56.00	58.53
14.	79-Public Works	'2059' A-Public Works	A.3(1)(11)- Structural Planning	10.92	81.28

1.	2.	3.	4.	5.	6.
			A.3(1)(2)(2)-Work Charged Staff converted into Regular Establishment	21.38	150.98
15.	83-Atomic Energy	'4861' CC-Capital Outlay on Atomic Energy Industries	CCI(8)-Housing Colonies for Heavy water Plants	33.72	107.36
		'5401' DD-Capital Outlay on Atomic Energy research	DD.1(35)-Other schemes	43.00	56.24
		'6861' FF-Loans for Atomic Energy Industries	FF.1(1)-Loans to Indian Rare Earth Ltd.	999.00	1000.00
16.	87-Department of Space	'5402' -Capital Outlay on Space Research	BB.2(1)(8)-ISRO Satellite Centre	143.12	308.43

II. Cases of major re-appropriation to other heads which turned out finally excess under the sub-heads are given below:-

Sl. No.	No. and Name of grant	Major Head	Sub-Head	Amount of re-appropriation to other sub-heads (Rupees in lakhs)	Amount of excess after re-appropriation
1.	2.	3.	4.	5.	6.
1.	28-Pensions	'2071' -A Pensions and other retirement benefits	A.1(1)(1)-Ordinary Pensions	1525.16	3841.29
			A.1(2)(1)-Ordinary pensions	241.77	302.50
			A.1(3)-Gratuities	207.25	353.13
			A.1(4)(1)-Family Pensions	423.19	1066.13
			A.1(10)(6)-Miscellaneous Pensionary Payments	105.88	158.49
2.	29-Interest Payments (charged)	'2049' A-Interest Payments	A.3(6)-Interest on Public Provident Funds	50.00	10014.80

1.	2.	3.	4.	5.	6.
3.	83-Atomic Energy	'5401' DD-Capital Outlay on Atomic Energy Research	DD4(4)-Housing for IGCAR	36.41	50.55
4.	84-Nuclear Power Schemes	'4801' Capital outlay on Power project	AA 1(3)(1) Prototype Fast Breeder Test Reactor	20.00	79.13
5.	87-Department of Space	'5402' BB Capital Outlay on Space Research	BB.2(1)(10) INSAT-II-Test Space Craft Project	84.48	96.33
6.	93-Delhi	'4711' WW3-Capital Outlay on flood control projects	WW.3(2)(1) Suspense Recoveries	94.90	241.25

APPENDIX-V
(Refers to Paragraph 2.7)
Major variations in recoveries

Details of major variations between budgeted recoveries and actuals adjusted in reduction of expenditure are given below:

S.No.	Grant	Budget estimates	Actual recoveries	Variation	
				Amount	Percentage
1.	2.	3.	4.	5.	6.
Short recoveries against budget estimates					
Revenue		(Rupees in crores)			
1.	4-Department of Animal Husbandry and Dairying	13.65	0.15	13.50	99
2.	25-Department of Economic Affairs	6.92	0.59	6.33	91
3.	35-Department of Revenue	9.84	4.02	5.82	59
4.	38-Ministry of Food	9.05	0.67	8.38	93
5.	57-Ministry of Labour	27.84	17.81	10.03	36
6.	77-Ministry of textile	20.00	9.15	10.85	54
7.	80-Stationery & Printing	40.00	25.41	14.59	36
8.	95-Dadra & Nagar Haveli	16.41	0.52	15.89	96
9.	97-Chandigarh	55.82	28.04	27.78	50
10.	98-Daman & Diu	7.15	0.51	6.64	93
Capital					
1.	10-Ministry of Coal	15.00	..	15.00	100
2.	36-Direct Taxes	90.00	59.08	30.92	34
3.	38-Ministry of Food	110.00	49.52	60.48	55
4.	83-Department of Atomic Energy	69.07	6.83	62.24	90
5.	93-Delhi	263.53	198.67	64.86	25

1.	2.	3.	4.	5.	6.
Excess recoveries against budget estimates					
Revenue					
1.	6-Department of Fertilizers	885.00	1299.90	414.90	47
2.	68-Non-conventional Energy Sources	-	5.67	5.67	-
3.	93-Delhi	15.57	27.20	11.63	75
Capital					
4.	26-Currency, Coinage & Stamps	84.59	135.03	50.44	60
5.	32-Repayment of Debt (Charged)		442.91	442.91	-
6.	75-Roads	18.50	29.31	10.81	58
7.	76-Ports, Light Houses & Shipping	31.25	45.07	13.82	44

APPENDIX VI
(Refers to paragraph 8.1)

Statement of losses and irrecoverable dues written off/waived and ex-gratia payments made during 1991-92

(Amount in lakhs of Rupees)

Name of Ministry/ Department	Write off of losses and irrecoverable revenues due to						Waiver of recovery		Ex-gratia payments	
	Failure of system		Neglect/fraud etc.		Other reasons		No. of cases	Amt.	No. of cases	Amt.
	No. of cases	Amt.	No. of cases	Amt.	No. of cases	Amt.				
Agriculture									1	0.05
Atomic Energy					3	0.36				
Commerce									220	27.16
Energy					17	6.45				
External Affairs					1	0.27				
Finance					2	0.06				
Home					14	1.25				
Information and Broadcasting					6	0.57				
Space					10	0.60				
Water Resource			1	0.25			2	0.19		
Urban Development							1	0.03		
Surface Transport	5	0.25	39	19.36	205	66.66				
	5	0.25	40	19.61	258	76.22	3	0.22	221	27.21

APPENDIX VII
(Refers to paragraph 8.2)

Summarised financial results of Departmentally managed Government Undertakings

(In lakhs of rupees)

Sl. No.	Name of the Undertaking	Period of Accounts	Government Capital	Block Assets (Net)	Depreciation to date	Profit (+) Loss (-)	Interest on Government Capital	Total return	Percentage of total return to mean capital	Remarks
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.
Ministry of Agriculture										
1.	Delhi Milk Scheme	1984-85	1224.19	451.14	727.16	(-) 973.76	104.52	(-) 869.24	-	
2.	Ice-cum-Freezing Plant, Cochin	1987-88	41.17	40.67	33.30	(-) 20.90	-	(-) 20.90	-	
Ministry of Defence										
3.	Canteen Stores Department	1989-90	48.00	298.85	409.46	2739.90	1030.24	3770.14	29.55	
Ministry of Energy										
4.	Electricity Department, Andaman and Nicobar Islands	1988-89	2403.74	2121.65	282.09	(-) 762.32	168.36	(-) 593.96	-	
5.	Electricity Department, Lakshadweep	1982-83	185.80	110.57	36.76	(-) 64.04	8.11	(-) 55.93	-	
Ministry of Environment and Forest										
6.	Forest Department, Andaman and Nicobar Islands	1985-86	305.01	305.01	141.22	(+) 262.00	141.41	1687.27	95.46	
Ministry of Finance										
7.	India Security Press, Nasik Road	1990-91	4821.94	3821.68	1105.58	(-) 206.90	1079.55	872.62	8.08	
8.	Security Printing Press, Hyderabad	1990-91	1446.32	850.78	221.06	(+) 266.44	159.57	426.01	(+) 29.45	Un-audited provisional figures.

1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.
9.	Currency Note Press, Nasik Road	1989-90	6180.48	5528.65	871.87	(+) 2207.24	1181.71	3388.95	28.10	Figures based on Profit/Loss after adjustment.
10.	Government Opium Factory, Ghazipur	1985-86	114.19	25.35	20.63	(+) 80.54	305.45	385.99	10.11	Block assets exclude capital work in progress of Rs.68.22 lakhs.
11.	Government Opium Factory, Neemuch	1988-89	204.09	188.67	16.66	(-) 18.04	320.11	302.07	8.80	
12.	Government Alkaloid Works, Neemuch	1988-89	436.76	309.44	110.93	(+) 59.22	66.85	126.07	19.71	
13.	Government Alkaloid Works, Ghazipur	1985-86	114.89	12.47	14.76	(-) 72.86	29.13	(-) 43.73	-	Block assets exclude capital work in progress of Rs.84.93 lakhs.
14.	India Government Mint, Bombay	1983-84	29.89	516.46	25.22	(+) 1561.18	193.32	(+) 1754.50	63.98	
15.	India Government Mint, Calcutta	1987-88	320.35	221.80	264.88	(+) 975.06	346.51	1321.57	-	
16.	India Government Mint, Hyderabad	1990-91	4332.16	610.47	242.85	(-) 767.10	444.33	322.77	7.45	Figures based on unaudited accounts
17.	Assay Department, Bombay	1980-81	13.00	12.76	0.32	(+) 8.04	0.43	(+) 8.47	119.85	
18.	Assay Department, Calcutta	1988-89	0.83	0.34	0.13	(+) 2.61	-	2.61	-	
19.	Silver Refinery, Calcutta	1987-88	58.84	10.76	102.54	(+) 1214.70	160.29	1374.99	-	
20.	Bank Note Press, Dewas	1988-89	5330.65	4004.41	1326.24	(+) 400.57	1020.55	1421.12	26.88	
21.	Security Paper Mill, Hoshangabad	1981-82	3171.16	2318.31	852.85	(-) 152.39	198.80	46.50	1.47	
Ministry of Health and Family Welfare										
22.	Central Research Institute, Kasauli	1990-91	2.96	0.14	0.23	(-) 0.07	0.24	1.22	0.39	(i) Confirmation of balances outstanding since 1974-75 from debtors had not been obtained due to which

1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.
										bad debts could neither be identified nor written off. (ii) Interest on capital has been provided on provisional basis instead of on the basis of revised rates for 1990-91.
23.	Medical Store Depots	1977-78	64.54	45.40	28.12	(+) 43.45	\$ 93.87	(+) 137.32	8.05	(\$)
										This represents interest on Government Capital accounted for in the consolidated Profit and Loss Accounts of Medical Store Depots. Profit and Loss Accounts of Factories attached to the Medical Store Depots and Workshop Accounts.
24.	Vegetable Garden of the Central Institute of Psychiatry, Kanke, Ranchi	1989-90	0.31	0.26	-	0.13	0.11	0.69	21.8	
	Ministry of Information and Broadcasting									
25.	All India Radio	1982-83	8325.15	5227.06	3098.09	(-) 3121.89	409.84	(-) 2712.25	-	
										Revenue Assets
26.	Radio Publication, All India Radio	1985-86	639.64**	0.44	0.11	(-) 48.58	0.09	(-) 48.49	-	** Figures based on Government current account as on 31.3.86.
27.	Director General Doordarshan, New Delhi	1976-77	2545.61	2026.43	519.18	(-) 575.45	117.88	(-) 457.57	-	
28.	Commercial Sales Service Doordarshan, New Delhi	1976-77	-	0.14	-	(+) 57.62	-	(+) 57.62	-	

1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.
36.	State Transport Service, Andaman and Nicobar Islands	1977-78	35.87	15.67	59.04	(-) 26.88	1.98	(-) 24.90	-	

Ministry of Urban Development

37. Department of Publications
New Delhi

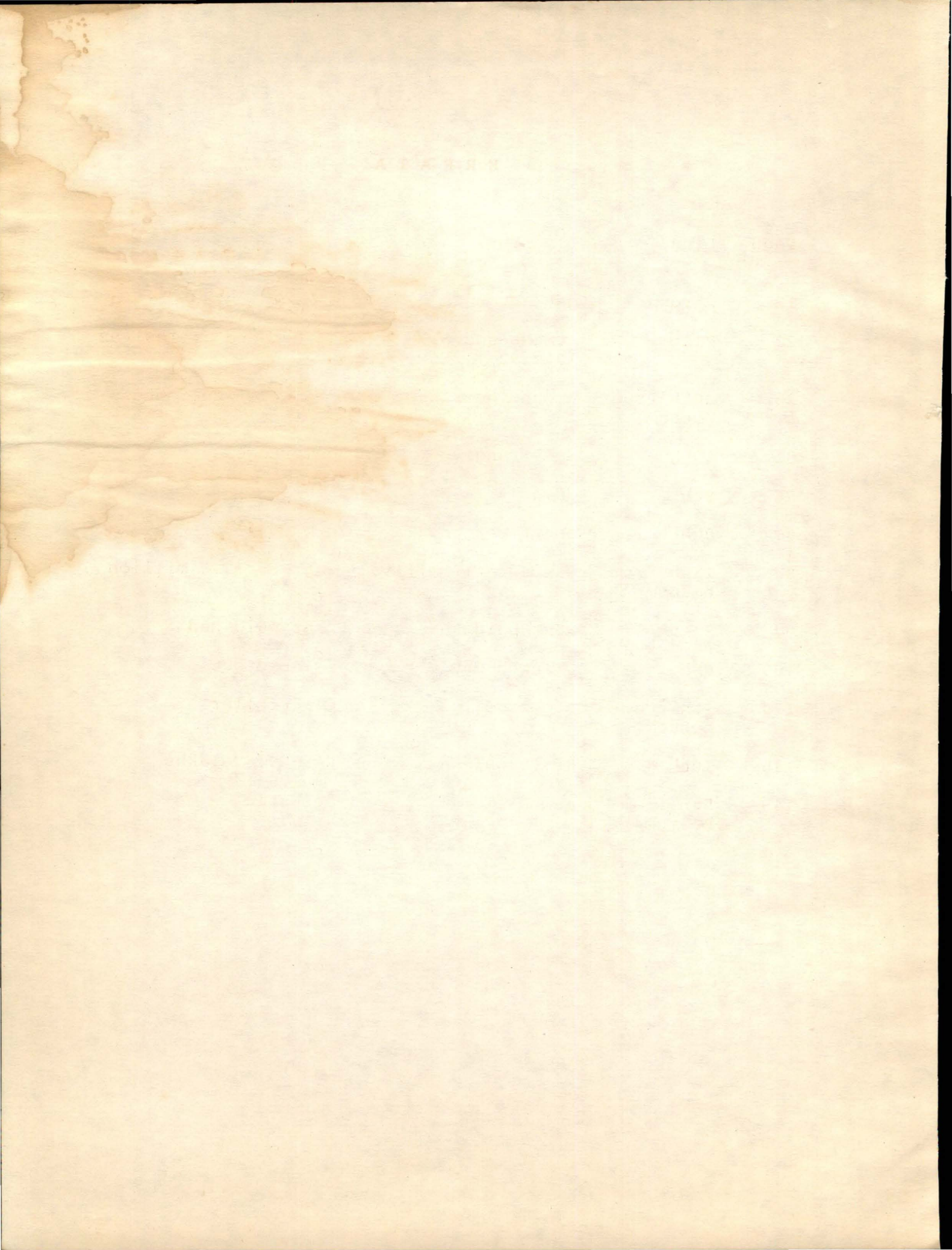
" A new normative pricing policy is being formulated and till the final decision is taken the question of simplification of Proforma Accounts, Profit and Loss accounts, Balance Sheet, etc., has been kept in abeyance by the Ministry.

38. Government of India Presses

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GLOSSARY
(Reference paragraph 7.1)

1. Anthropology : Whole science of man, study of man as an animal
2. Antiquity : Old times; especially time before middle ages
3. Archaeology : Study of antiquities especially of the prehistoric period.
4. Decipher : Turn into ordinary writing or make out with key, make out meaning of
5. Epigraph : Inscription on stone, statue, coins etc.
6. Ethnography : Scientific description of races of man
7. Numismatics : of Coins or Coinage



E R R A T A

<u>Page</u>	<u>Line</u>	<u>For</u>	<u>Read</u>
12	23rd	get accounted in	get accounted for in
23	21st	at the and of 1991-92	at the end of 1991-92
26	20th from bottom	amount guarantees	amount of guarantees
51	19th	demurrange	demurrage
76	9th	dome	done
87	9th	one floor the	one floor of the
87	13th from bottom	was SRr 1.8 million	was SFr. 1.8 million
97	21st	rent paid this had	rent paid had
100	6th	printed out	pointed out
110	4th from bottom	aComptroller	Comptroller
145	10th	Rs.79.69lakhs	Rs. 79.67 lakhs
149	5th from bottom	accoustic	acoustic



STATISTICAL

Year	Line	Amount
1911	1	...
1912	2	...
1913	3	...
1914	4	...
1915	5	...
1916	6	...
1917	7	...
1918	8	...
1919	9	...
1920	10	...
1921	11	...
1922	12	...
1923	13	...
1924	14	...
1925	15	...
1926	16	...
1927	17	...
1928	18	...
1929	19	...
1930	20	...
1931	21	...
1932	22	...
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1934	24	...
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1936	26	...
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1938	28	...
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1945	35	...
1946	36	...
1947	37	...
1948	38	...
1949	39	...
1950	40	...