REPORT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

FOR THE YEAR ENDED 31 MARCH 1991

NO. 11 OF 1992

UNION GOVERNMENT
(OTHER AUTONOMOUS BODIES)

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PREFATORY REMARKS

This Report for the year ended 31 March 1991 has been prepared for submission to the President under Article 151 of the Constitution. The results of test audit of the Central Autonomous Bodies (other than those under Scientific Departments included in Report No.2 of 1992) under the various provisions of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 are set out in this Report.

2. This Report includes among others, reviews on:

(a) Bureau of Indian Standards,

(b) Central Board of Secondary Education,

(c) Programme of Mass Orientation for School Teachers and

(d) Material Management in Haldia Dock System.

3. The audited organisations are autonomous bodies which are different in character and discipline. The cases relating to autonomous bodies mentioned in this Report are among those which came to notice in the course of test audit during the year 1990-91 and early part of 1991-92 as well as those which had come to notice in earlier years but could not be covered in the previous Reports. Matters relating to the transactions subsequent to 1990-91 have been mentioned, wherever relevant.

OVERVIEW

The Audit Report for the year ended 31 March 1991 contains 50 paragraphs including four reviews. The points highlighted in the Report are summarised below:

I. General

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

Government of India paid Rs.1516.69 crores as grants and Rs.477.63 crores as loans to 161 autonomous bodies during 1990-91. In addition, nine Universities received Rs.160.94 crores as grants and Rs.41.97 crores as loans from University Grants Commission/Central Government.

The annual accounts of 33 out of 90 Central autonomous bodies (other than those under Scientific Departments) whose accounts were to be audited under Section 14 (1) and 14(2) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 had not been received. Further, for the year 1989-90, out of 180 Central autonomous bodies whose accounts together with Audit Reports thereon were required to be placed before Parliament, accounts of 107 bodies were received late beyond the prescribed time limit of three months by periods ranging upto six months and above and accounts of eleven bodies were not received.

37111 Utilisation Certificates amounting to Rs.1093.50 crores were outstanding in March 1991 in respect of grants released to various bodies during 1976-77 to 1987-88. This indicated that the authorities releasing the grants had not exercised proper control over the receipt of utilisation certificates.

(Paragraph 1)

Ministry of Civil Supplies, Consumer Affairs and Public Distribution
(Department of Civil Supplies)

II. Bureau of Indian Standards

There was considerable delay in the formulation of standards. The Bureau took 2 to 5 years in formulating 219 standards, 5 to 10 years in formulating 76 standards and over 10 years in formulating 12 standards. Out of 3329 subjects pending for formulation of standards, 1089 were pending for 2 to 5 years, 903 for 5 to 10 years, 234 for 10 to 15 years and 60 for more than 15 years. Most of the standards reviewed during the year 1990-91 were re-affirmed without following the prescribed procedure.

The number of samples drawn from the market and factory was lower than that prescribed under the Certification Marks Manual. In the case of factory samples the shortfall which was 12 per cent in 1986-87 increased to 52.70 per cent in 1990-91. The shortfall in respect of market samples ranged between 49.75 to 80.40 per cent. There was considerable delay in sending the samples to the laboratory for testing.

There was inordinate delay in testing samples at the Bureau's own laboratories. Out of 29989 samples test checked, 9072 samples were tested within 45 days, 18114 within 46 to 180 days, 2675 within 181 to 365 days and 128 over one year. A test check revealed that out of 5479 samples pending as on October 1990 for testing 279 were pending for over one year.

In two laboratories, 10 equipments worth Rs.38.87 lakhs were not put to any use and were lying idle. Equipments costing Rs.88.04 lakhs were hardly utilised and those worth Rs.75.69 lakhs had not been put to optimum use.

Expenditure of Rs.59.06 lakhs had been incurred on standards promotion through the publicity media without evaluating its impact.

By not enforcing the mandatory certification on a particular type of manufactured stainless steel sheet the Bureau had foregone a revenue of Rs.20.81 lakhs by way of licencing/marking fee.

(Paragraph 2)

Ministry of Commerce

Rubber Board, Kottayam

III. Arrears in collection of cess on rubber

Under Section 12 of the Rubber Act 1947, cess leviable on all rubber products in India is collected by the Rubber Board and credited to the Consolidated Fund of India after deducting the cost of collection. However, cess amounting to Rs.150.58 lakhs was pending collection in 1945 cases as on 31 March 1991, out of which cess amounting to Rs.98.75 lakhs related to the period upto March 1986.

(Paragraph 3)

Ministry of Human Resource Development

(Department of Education)

IV. Central Board of Secondary Education

The Board had granted affiliation in 95 out of 155 cases test-checked without insisting upon the fulfilment of essential conditions prescribed in the affiliation bye-laws. In 13 cases, provisional affiliation was granted without even conducting inspection of these schools. Out of 191 schools granted permanent affiliation, neither the pre-affiliation conditions were satisfied nor had the Board taken any action to ensure the fulfilment of post affiliation conditions in 51 schools. Affiliated institutions were not inspected as per the frequency prescribed in Board's own Manual of Rules and Regulations; instead the Board conducted inspections only in cases where upgradation was involved.

Establishment expenditure and expenditure on examinations constituted 76 to 88 per cent of the total expenditure of the Board during 1983-84 to 1989-90. Against the increase of 34 per cent in the per candidate expenditure on examinations and establishment between 1983-84 and 1987-88, the Board increased the examination fees by 32 to 68 per cent for different examinations. The total expenditure on establishment and examinations increased by 126 per cent between 1983-84 and 1989-90, the increase in the amount of fees was much more: 178 per cent. Despite this, the Board further enhanced the fees by about 10 per cent from 1991.

Against the Board's policy to cover atleast 10 per cent of schools and students under the vocational courses by 1990, the number of students covered up to 1989 examination was not even two per cent. Only 139 out of 2816 schools had joined the Sahodaya School Complexes set up for promotion of academic collaboration amongst the schools. A very small number of teachers had participated in the orientation/in-service programmes of the Board.

Non-occupation of flats resulted in idle investment of Rs.22.40 lakhs and extra expenditure of Rs.0.79 lakh on account of payment of house rent allowance to the employees.

The Board entrusted the architectural consultancy and construction of its office building to one and the same agency viz. the National Buildings Construction Corporation (NBCC) at 4 per cent of the construction cost for consultancy and on cost plus 12.5 per cent basis for construction. The work was completed 18 months behind schedule at an estimated expenditure of Rs.451.22 lakhs against the original estimated cost of Rs.362.47 lakhs. The Board did not exercise effective cost control over the construction work. Cost over run due to time over run was inherent in cost linked agreements. The Board did not levy penalty of Rs.23.15 lakhs at the maximum of 5 per cent of the revised ceiling cost in accordance with the terms of agreement with the NBCC; on the other hand, the Board granted several extra contractual concessions to the NBCC. Irregularities in the execution of work of interior decoration were also noticed.

The Board awarded work for computerisation of examination data of 1982 examinations to a firm at higher rates and did not invite fresh tenders from 1983 to 1986 while awarding the work to the same firm. The work of 1987 examinations was also got done from the same firm and two firms, which had quoted lower rates, were excluded from consideration without assigning any reasons. The work of 1988 examination was also entrusted to the same firm. The Board had not made any effective efforts to develop in-house computer capability.

The Board had accumulated stock of unsold books valued at Rs.60.56 lakhs as on 30 September 1990. The Board did not have a policy of reviewing the sales and disposal of stock of books. No norms existed to assess the requirement of consumption of paper and huge quantities of paper piled up at the end of each year. Consumption account of paper valued at Rs.5.32 lakhs had not been received from 17 Printing Presses from October 1983 to August 1990.

Adjustment and recovery of advances amounting to Rs.41.47 lakhs relating to the period from 1986-87 to 1989-90 was pending. Refunds in 82 cases aggregating Rs.25.51 lakhs were deposited by the Principals/ Supervisors of the spot evaluation centres after delays ranging upto nine months and more.

The Internal Audit Wing of the Board had not done any audit during 1983-84 to 1989-90.

(Paragraph 5)

V. Programme of Mass Orientation for School Teachers

The 'National Scheme of inservice training of Teachers' formulated in 1986 for equipping school teachers with requisite knowledge, skill and for creating an appropriate climate and desirable attitude among them for facing the new challenges of education in the context of the National Policy on Education - 1986 was revised in 1987 and made a component of the centrally sponsored scheme of teachers' education called Programme of Mass Orientation for School Teachers (PMOST). The three tier training strategy of the programme envisaged training of Key Persons (KPs) who in turn were to orient Resource Persons (RPs) to serve as Resource Faculty in the teacher orientation camps.

Fifteen State Nodal Agencies (SNAs) during 1986, 1987, 1989 and 20 State Nodal Agencies during 1988 failed to achieve targets of training of Resource Persons. The services of KPs and RPs remained under-utilised/unutilised in 7 and 6 SNAs respectively. Evaluation studies showed several inadequacies like non-observance of prescribed criterion for selection of KPs and RPs and their subsequent inadequate performance.

The shortfall in training of teachers ranged from 9 to 16 per cent during 1986 to 1989 against the target of 5 lakhs teachers to be trained every year. In several States the participants did not attend the course for full 10 days but were treated as trained. Although norms of expenditure envisaged expenditure of Rs.15 upto 1988 and Rs.20 in 1989 per participant per day to be incurred on board and lodging of teachers whether local or non-local, in 5 States the entire amount of Rs.685.80 lakhs earmarked for board and lodging was paid in cash to the participants and arrangements for board and lodging of teachers were not made.

Packages of training material to be supplied to teachers did not reach the training centres in time. Packages costing Rs.18.13 lakhs had remained unutilised. Production of special films for the programme was delayed by periods ranging from 3 to 17 months. The facility of media support could not be availed of in many States as T.V. sets were not available, telecast schedule did not coincide with the course duration and centres were not within the telecast range of Doordarshan. Audio support was not used in the programme though envisaged.

Evaluation reports on the training of teachers indicated that the training did not have the desired impact. In West Bengal 7 months after the orientation programme was over 19 per cent of the teachers were found to have decidedly unfavourable attitude towards the new strategy of teaching and evaluation. Evaluation in Madhya Pradesh showed that short-term training programme was not able to develop the needed skills and observable differences were not noticed in the role of teachers as facilitator. Despite payment of grants aggregating Rs.4709.84 lakhs by the Ministry during 1986-89 only about 17.87 lakhs school teachers had been oriented which counted for only 48 per cent of the total number of school teachers in the country as on 1986. The coverage did not keep pace with the growth of numbers in the teaching community, leaving large sections uncovered.

Although the programme had been discontinued after 1989 the Council had not finalised the figures of expenditure incurred by the SNAs. An amount of Rs.86.94 lakhs remained with the Council which had not been refunded to the Ministry. Rs.18.60 lakhs remained with 5 State Nodal Agencies. Although the Council had unspent balances ranging from Rs.186.32 lakhs to Rs.950.18 lakhs during 1986-89 it did not keep unspent balances in saving bank account and earn interest. Several State Nodal Agencies had deposited money in the treasury contrary to Government instructions.

(Paragraph 6)

VI. Under utilisation of computer facility

The National Council of Educational Research and Training incurred expenditure of Rs.20.82 lakhs on purchase and installation of a computer system in December 1987. For effective utilisation of computer facility, the NCERT created the posts of one System Analyst and two Programmers as late as June 1991; even these posts were not filled. No phased programme of introduction of computerised systems was prepared. The log book of utilisation of computer was stated to have been maintained, but not on regular basis. The NCERT admitted that due to limited manpower, the hardware facility remained underutilised. Two terminals were not used at all till July 1990. During 1988-1989 and 1990, three major jobs were got completed from outside firms at a cost of Rs.35.53 lakhs though according to the NCERT, the inhouse computer had the capacity to process data for one of the three projects.

(Paragraph 7)

School of Planning and Architecture

VII. Consultancy work

According to Ministry of Finance orders of May 1963, all consultancy jobs should be undertaken only in the name of the institution and receipts therefor credited to its funds. Payment of honorarium not exceeding two thirds of the fees received for the work could be sanctioned. Despite the recommendation of the Public Accounts Committee in 1974 and again in 1975, the School of Planning and Architecture did not recover one-third of consultancy fees earned by its faculty members. The School had adopted only an adhoc formula of computing net fees received without obtaining the detailed account from the faculty members; on the basis of even this adhoc formula, fees recoverable amounting to Rs.25.48 lakhs were not recovered. The income of faculty members from consultancy was also not included in the total income and escaped tax, tax on fees from institutional consultancy alone estimated at Rs.5.68 lakhs was not recovered. The net earning on consultancy work of faculty members ranged between 107 to 286 per cent of gross salary. Shortfalls in allotment of teaching hours against the norms were also noticed in Audit.

(Paragraph 8)

Jamia Millia Islamia University

VIII. Construction of Auditorium

Construction of an auditorium in the Jamia Millia Islamia University at an estimated cost of Rs.15 lakhs was approved by the University Grants Commission (UGC) in principle in October 1980. The estimates for Rs.34.30 lakhs prepared in 1981 were revised to Rs.85.86 lakhs in August 1985. The construction awarded in July 1983 for completion by May 1984 was suspended in September 1985 since the UGC declined to meet the increase in cost beyond Rs.40-45 lakhs. The UGC conveyed its approval for an estimate of Rs.71.93 lakhs in March 1988 and again for Rs.81.93 lakhs in June 1988 when the work was resumed. The University sent supplementary estimates to the UGC for Rs.37.44 lakhs in March 1989 and yet another estimate of Rs.16.36 lakhs in May 1989 on account of stage lighting, furnishing, auditorium chairs etc. and development works respectively. By October 1989, the UGC had released a total amount of Rs.129.20 lakhs. The auditorium which was originally estimated at Rs.34.30 lakhs in 1981 and was to be completed by May 1984, ultimately became operational in July 1990 at a cost of Rs.154.95 lakhs on account of defective estimates, frequent changes in specifications and delay in approval of the estimates. The University had not so far (January 1992) furnished the audited statement of accounts and the utilization certificates for the grants received by it from the UGC.

(Paragraph 9)

Rashtriya Sanskrit Sansthan

IX. Blocking of funds

Rashtriya Sanskrit Sansthan purchased a plot of land costing Rs.3.05 lakhs in Delhi in October 1984 and paid Rs.10 lakhs to the Central Public Works Department in March 1988 to cover planning expenses for construction of its Office building thereon. Approval of the Cabinet Committee on Accommodation for location of the Sansthan at Delhi was not obtained. Even after six years of acquiring the land in December 1984, neither the plans and estimates were approved nor the construction of the building was taken up. The proposal for the location of the Office of Sansthan at Delhi was cleared by the Screening Committee of the Ministry of Urban Development only in October 1991 and was still to be submitted to the Cabinet Committee (November 1991). This resulted in blocking of funds amounting to Rs.13.05 lakhs. In the meantime, the Sansthan continued to function in rented accommodation.

(Paragraph 10)

Indian Institute of Technology, Madras

X. Disposal of outdated computers

The Indian Institute of Technology, Madras purchased a Siemens 7580 Computer System in November 1987 in order to replace the two existing outdated systems. However, despite installation of the new systems, the Institute incurred Rs.25.28 lakhs on the maintenance of the outdated systems on the ground that these systems had to be maintained in good condition so as to fetch a good price at the time of their disposal. The outdated systems were sold in September 1989 for Rs.6.25 lakhs. Spares costing Rs.6.52 lakhs were also handed over to the purchaser free of cost on the plea that they were junk and would not fetch any price separately. These included certain items costing Rs.2.89 lakhs purchased during 1985 to 1987. Of these items valuing Rs.1.94 lakhs, were purchased after placing the order for the new system.

(Paragraph 11)

Navodaya Vidyalaya Samiti

XI. Blocking of funds

The Navodaya Vidyalaya Samiti (Samiti) paid mobilisation advances of Rs.155 lakhs to the State Public Works Department/National Projects Construction Corporation for construction of School buildings at various locations in Arunachal Pradesh, Karnataka and Maharashtra. The advances were paid as far back as April/May 1988 long before the acquisition of land, preparation of plans and estimates, grant of technical and financial sanctions etc. This resulted in avoidable blocking of funds of Rs.155 lakhs and loss of interest amounting to Rs.54.05 lakhs.

(Paragraph 13)

North Eastern Regional Institute of Science and Technology, Itanagar

XII. Retention of heavy cash in current account with bank/cash chest

Test check of Cash Book of North Eastern Regional Institute of Science and Technology (Institute) revealed that during 1986-87 to 1990-91, funds not needed for immediate expenditure ranging between Rs.12.83 lakhs to Rs.312.15 lakhs were held in current account with bank/cash chest for periods ranging from 30 to 365 days. This resulted in loss of interest of Rs.34.16 lakhs at the minimum rate of 3 per cent even if the money had been deposited with a bank for short term of 15 days to 45 days during the relevant period. The Institute expressed its incapacity to correctly anticipate the actual requirement of funds for its programmes.

(Paragraph 14)

Ministry of Human Resource Development

(Department of Education)

and

Ministry of Science and Technology

(Department of Bio-technology)

National Council of Educational Research and Training

XIII. Delay in implementation of project

The Department of Biotechnology paid grants of Rs.59.50 lakhs to the National Council of Educational Research and Training (NCERT Rs.28 lakhs), Kendriya Vidyalaya Sangathan (Rs.12.60 lakhs), and Navodaya Vidyalaya Samiti (Rs.18.90 lakhs) during 1988-89 to 1990-91 for implementing the scheme of strengthening of teaching biology and biotechnology in schools through use of computer software.

There were delays of 14 to 16 months in the completion of supply and installation of computer in schools from the target date of October 1989. Against 100 teachers to be trained by November 1989, only 81 could be trained by July 1991. These included 33 non-biology teachers and one librarian. The procurement of software packages was slow. Even the packages actually procured had not been distributed to schools. There had been no progress in the development of indigenous software. Software as training aid in schools was scheduled to be introduced by December 1989; this had not been done and the programme remained unimplemented. An amount of Rs.24.41 lakhs out of Rs.28 lakhs paid to the NCERT had remained unspent resulting in blocking of funds.

(Paragraph 18)

Ministry of Health and Family Welfare

Indian Nursing Council

XIV. Shortfalls in inspection and recovery of inspection fees

The Indian Nursing Council did not conduct the prescribed inspection of training institutions in order to see their suitability for the purpose of training and the adequacy of training facilities therein. The extent of shortfalls in inspection ranged from 29 to 92 per cent during 1983-84 to 1990-91; some of the institutions had not been inspected for 10 to 19 years.

The Council was required to charge an annual inspection fee of Rs.1000 from each training institution. As on 31 March 1991, arrears of fee amounting to Rs.29.26 lakhs were outstanding against various institutions; some of the institutions had not paid inspection fee for five years and more.

(Paragraph 20)

Ministry of Industry

Khadi and Village Industries Commission

XV. Blocking of funds in defunct units of State Boards

The Khadi and Village Industries Commission (KVIC) receives loans and grants from Government of India and disburses them to State Boards/institutions etc. for implementation of various khadi and village industries programmes in rural areas. As on 31 March 1990, 73499 agencies were reported as defunct blocking an amount of Rs.4435.12 lakhs. Out of Rs.319.57 lakhs recovered by the State Boards from defunct agencies, Rs.17.56 lakhs only was remitted to the KVIC. KVIC had neither ascertained the reasons for the agencies becoming defunct nor maintained any record of such agencies to monitor the progress of recoveries from them.

(Paragraph 22)

XVI. Blocking of funds and avoidable payment of compensation

Khadi Gramodyog Bhawan, (Bhawan) New Delhi a departmental trading unit of the Khadi and Village Industries Commission (KVIC), purchased a two acre plot of land for construction of its godown from the Delhi Development Authority (DDA) in Okhla Industrial Estate in September 1976 for Rs.11.99 lakhs. It was noticed in 1982 that land was encroached by jhuggi dwellers and a primary school was also functioning therein. The Bhawan deposited Rs.12.80 lakhs with the DDA in November 1988 to get the plot vacated since, according to the DDA, the encroachment of land was due to the indifferent and non-vigilant attitude of the KVIC. The plot had not been vacated so far. Failure on the part of KVIC to take any measures for the protection of the plot from encroachment resulted in avoidable expenditure of Rs.12.80 lakhs besides blocking of Rs.11.99 lakhs with loss of interest amounting to Rs.15.59 lakhs.

(Paragraph 23)

XVII. Irregular release of funds

Khadi and Village Industries Commission (KVIC) placed an amount of Rs.127.45 lakhs at the disposal of its Directorate of Leather Industry (Directorate) on 31 March 1989 for implementation of 'Karnal Project of Leather Industry' to establish a mother servicing unit at Karnal (Haryana) for the upliftment and improvement of the skills of Scheduled Castes/ Tribes. The Directorate did not utilize the amount and refunded it to the KVIC on 30 March 1990 with interest of Rs.8.03 lakhs earned on short term deposits. Since the funds were not required for utilisation immediately, the release of the entire amount by the KVIC at the end of the year in one instalment was irregular. Non-investment of the funds in long term deposits also resulted in loss of interest of Rs.3.44 lakhs.

(Paragraph 24)

Ministry of Labour

Employees' State Insurance Corporation

XVIII. Under utilisation of hospital facilities

A 600 bedded Employees' State Insurance Corporation hospital was commissioned in April 1981 at a cost of Rs.545 lakhs at Thane (Maharashtra). Expenditure of Rs.23.14 lakhs was incurred on its maintenance upto October 1990 and equipment costing Rs.0.81 lakh was purchased in 1989-90. However, the occupancy of the hospital ranged between 46 beds and 148 beds only during April 1981 to November 1991.

Poor utilisation of the capacity was attributed to lack of facilities in various disciplines and decline in the number of covered employees.

(Paragraph 26)

Ministry of Surface Transport
(Ports Wing)
Bombay Port Trust

XIX. Unfruitful expenditure on procuring a dredger

In June 1988, Bombay Port Trust (BPT) acquired a Trailer Suction dredger from Mormugao Port Trust (MPT) on payment of Rs.44.76 lakhs to act as a stop gap arrangement. The dredger had completed most of its life span with MPT and an expenditure of Rs.75.85 lakhs was incurred on special repairs by BPT before it could be commissioned in June 1989. Between June 1989 to July 1990, the dredger was laid up for more than seven months. The percentage of its utilisation was only 36.8 due to which DCI dredgers had to be deployed on hire for which an expenditure of Rs.9.94 lakhs was incurred during 1988-90. The dredger was again laid up from August 1990 for annual overhaul.

Special repairs estimated to cost Rs.122.43 lakhs were started in January 1991 and an amount of Rs.17.87 lakhs was incurred till July 1991. While carrying out pre-repair checks, serious defects/

damages were noticed in the crankshaft. A committee appointed to look into the matter expressed doubts about repairs due to the dredger's age and recommended that cost of repairs would not be commensurate with the dredging output that can be expected in the next four years. However, it was decided in June 1991 to spend Rs.1.55 lakhs for carrying out inspection of the crankshaft to find out whether it could be repaired. Repair and re-commissioning of the dredger is still uncertain. Acquisition of an old dredger at a cost of Rs.120.61 lakhs therefore proved to be an unprofitable proposition.

(Paragraph 27)

XX. Cases of irregularities in the legal department

Due to non-clearance of a consignment of 2 Motor Truck Dumpers imported by a firm in 1967, a decree was passed in favour of BPT in February 1980 under which the firm was ordered to pay Rs.5.81 lakhs towards pre-confiscation charges and demurrage charges of Rs.500 per diem from the date of suit till the date of judgement and court charges amounting to Rs.13,500. However, BPT filed the execution application only in February 1992. Though a Commissioner appointed by court was authorised to sell the consignment, it was sold by BPT in February 1983 for Rs.0.65 lakh only against a huge decretal amount of Rs.22.21 lakhs, without informing or taking leave of the Commissioner.

(Paragraph 28)

XXI. Excess payment of Central Excise duty

Bombay Port Trust awarded the contract for design, construction and erection of a Linkspan for provision of Roll-on/Roll-off facilities at No.3 Ferry Wharf Bombay which included a floating craft to a foreign contractor for a fixed sum of Rs.135 lakhs in September 1985. According to the firm, the contract price included 10 per cent towards excise duty. The firm got the work executed through a small scale unit, as its sub-contractor, which paid only Rs.2.37 lakhs towards excise duty. However, the downward variation of Rs.9.90 lakhs was not passed on to BPT in accordance with the terms of contract.

(Paragraph 29)

Calcutta Port Trust

XXII. Material Management in Haldia Dock System

Haldia Dock System held stores and materials of the value of Rs.937.85 lakhs as on 31 March 1991. Although a Material Management Division was created in 1983 for centralised procurement, the user divisions continued to make their own procurements; which accounted for 51.98 per cent of the total procurement during 1983-84 to 1990-91. There was no prescribed limit for inventory holding: modern methods of inventory control including identification of critical items had not been introduced. On an average, inventory holding during a year was 4.12 times of annual consumption as against the prescribed limit of 1.5 times. Certain items of stores already held in substantial quantities were procured which resulted in blocking of funds amounting to Rs.163.74 lakhs.

Items of stores were not categorised depending upon their slow-moving and non-moving nature. Test check showed procurement of five items of non-perishable stores worth Rs.7.22 lakhs during 1971 to 1986 which remained unutilised till March 1991.

There was no proper system of accounting of advances paid to suppliers and the aggregate amount of advances paid to suppliers on a date was not ascertainable. In one case, during 1985-88, 100 per cent payment of Rs.82.44 lakhs was made to a supplier against proforma invoices for supply of cement. However, the supplier did not execute delivery in full and an amount of Rs.11.03 lakhs remained unadjusted till May 1989.

Due to improper maintenance of stores account, the value of stores reflected in the balance sheet was not susceptible to check with the aggregate value of the individual item of stores in the absence of priced stores ledger. The documentation of receipt and issue of stores was irregular. Stores worth Rs.293.43 lakhs were received during 1990-91 out of which Goods Receipt Notes for stores valued at Rs.123.32 lakhs only were prepared after a time lag ranging from one to 12 months. Likewise, issue challans in respect of stores valued at Rs.542.08 lakhs pertaining to previous years were prepared during 1988-89.

Physical verification of stores and materials had not been conducted since 1977-78. There was no provision for recovery of ground rent from purchasers of unserviceable stores due to delay in lifting of stores till the omission was pointed out by audit; this had resulted in loss of revenue of Rs.74.07 lakhs.

(Paragraph 31)

XXIII. Poor performance of converted grab dredger

Calcutta Port Trust (CPT) converted, in July 1986, one surplus hopper barge into a grab dredger at a cost of Rs.350 lakhs and inducted it to Haldia Dock Complex(HDC) from November 1987 to augment the maintenance dredging from the existing 0.5 million cubic metre (mcm) per year to one mcm per year. The dredger, however, went out of commission in September 1989; till July 1991 expenditure of Rs.28.87 lakhs was incurred on repairs against the estimate of Rs.60 lakhs. The failure of the dredger was attributed to use of sub standard material during conversion.

During November 1987 to August 1989, the dredger worked for 173 days and lifted only 0.203 mcm of spoils which worked out to 0.110 mcm per year. Due to the poor performance of the dredger, Calcutta based dredgers were again put to use but even then the shortfall in dredging persisted.

(Paragraph 32)

XXIV. Non-recovery of rent

Calcutta Port Trust (CPT) let out two plots of land 'A' and 'B' to a firm from May 1966 and December 1975 respectively. The firm defaulted in payment of rent for plot 'A' from January 1980 and for plot 'B' from January 1979. In August 1990, sale proceeds of the entire assets and properties of the firm went towards liquidation of its debts to a bank under a decree of the Calcutta High Court. CPT did not take any further step for recovery of rent. Rs.12.56 lakhs was recoverable from the firm for the period ended September 1990. The dues for the period from October 1990 to date were yet to be worked out. The possibility of recovery of such huge amount by CPT from the firm was remote. The plots of land had also not reverted to CPT.

(Paragraph 33)

Jawaharlal Nehru Port Trust

XXV. Avoidable additional expenditure

Jawaharlal Nehru Port Trust (JNPT) rejected the offers received in response to tender notices issued in November 1982 for the work of construction of Landing Jetty in Bombay Harbour as the offers were conditional. The lowest offer from Firm 'A' for Rs.361.18 lakhs received in response to fresh invitation issued in February 1983, which was recommended by the Port Trust's consultant, was also not accepted on the ground of various procedural lapses on the part of the consultants. The modified tender was responded only by Firm 'A', in May 1983, and its offer of Rs.416.21 lakhs was accepted.

Thus preparation of incorrect tender documents in February 1983 necessitated re-invitation of revised/modified tenders resulting in avoidable additional expenditure of Rs.78.40 lakhs on the work.

(Paragraph 38)

XXVI. Non recovery of 'Dwell Time' charges

Under Section 58 of the Major Port Trust Act 1963, port charges are required to be paid in full before goods can be removed from the port premises. Contrary to this provision, the Jawaharlal Nehru Port Trust allowed the cargo agents of 10 vessels, which used the berths between May 1989 and March 1990, to remove cargo without making payment of dwell charges aggregating Rs.37.96 crores on the ground that the receiving system of the port was still under trial. Although the agents were also responsible for delay in delivery of cargo, the JNPT owned the entire responsibility for delay and granted ninty per cent remission of dwell-time charges. However, even the remaining amount of Rs.3.79 crores was not paid by the cargo agents. This had resulted in notional loss of interest of Rs.66.47 lakhs to the JNPT upto March 1991.

(Paragraph 39)

Kandla Port Trust

XXVII. Wasteful expenditure on modification of Pontoon Grab Dredger

To enhance the life of Pontoon Grab Dredger by another ten years, Kandla Port Trust (KPT) decided in January 1981 to carry out special repairs to the dredger and instal one pneuma dredger plant on it at an estimated cost of Rs.34.50 lakhs, in order that it could be used for dredging throughout the day in Bunder and cargo jetty area without disturbance to the ships. The work including special repairs and installation was completed in February 1986 at a cost of Rs.44.03 lakhs.

During August 1986 to September 1988, the dredger worked for only 2 per cent of the optimum capacity. The dredger was grounded and brought afloat in January 1989 and did not work thereafter. Thus the expenditure of Rs.44.03 lakhs incurred on the repair of the dredger proved infructuous.

(Paragraph 40)

XXVIII. Infructuous expenditure on the purchase of a FRP Twin Propulsion launch

In December 1987, Kandla Port Trust (KPT) procured a Twin Hydrojet Fiberglass Reinforced Plastic Pilot launch at a cost of Rs.38.05 lakhs for transporting pilots speedily from Kandla to Vadinar and also for use in patrolling the creek and approaches.

The launch, which was commissioned in March 1988 remained unused for 552 days till June 1990 due to malfunctioning of various systems as also leakage of water in oil chambers of the engines. While engine faults were rectified, the erosion of the jet units was yet to be attended to. The launch had not made any trips to Vadinar from the date of commissioning. The purchase of launch resulted in infructuous expenditure of Rs.38.05 lakhs on its acquisition as well as Rs.4.80 lakhs (upto January 1991) on salaries and wages of the staff employed for its maintenance.

(Paragraph 41)

New Mangalore Port Trust

XXIX. Unproductive Investment

The New Mangalore Port Trust incurred expenditure of Rs.42.76 lakhs on extension of VIP guest house adding 10 more suites although the existing guest house facility with two suites was known to be under-utilised.

During April 1988 to March 1991, the average occupancy of the two VVIP suites and eight single rooms taken together was only 25 days per month for which an annual expenditure of over Rs.two lakhs was incurred on upkeep and maintenance. Investment of Rs.42.76 lakhs on the expansion of the guest house, when under utilisation of the existing guest house was known, was unjustified and unproductive.

(Paragraph 43)

XXX. Retention of non-moving stores

3954 items of various kinds of stores including those acquired in 1969-70, valued at Rs.34.38 lakhs remained unutilised with the New Mangalore Port Trust (NMPT) for three to 10 years and more. Though the physical verification of stores for the period ended March 1990 had been completed in March 1991, NMPT did not identify the items not required by it for disposal. Continued retention of non-moving items of stores resulted in locking up of capital and also involved the risk of their being rendered unfit for use.

(Paragraph 44)

XXXI. Non-recovery of charges

The New Mangalore Port Trust (NMPT) decided in March 1983 to impose a levy of Rs.15 per tanker of Indian Oil Corporation (IOC) because of excessive wear and tear caused to the river bank road by IOC tankers. The levy became effective from 26 January 1984 on publication in the gazette after approval by the Ministry but was not brought into effect on the ground that it would be charged only after completion of strengthening work of the river bank road which was completed in March 1985.

In the mean time, NMPT enhanced the wharfage rates for oil products from 15 November 1984 keeping in view the levy already imposed but not recovered. The levy was formally withdrawn from 22 November 1990 after obtaining approval of the Ministry. However, despite directions from the Ministry in November 1989 and October 1990, NMPT did not recover the amount of levy upto the date of its withdrawal. Thus an amount of Rs.21.60 lakhs for the period upto December 1988 was not recovered; the amount due for the period from January 1989 to 21 November 1990 had not been assessed.

(Paragraph 45)

XXXII. Avoidable expenditure on hiring of tug

Two 30 ton Bollard Pull tugs, Tug 'IV' and Tug 'V' initially taken on hire from the Dredging Corporation of India (DCI) for berthing, unberthing and shifting of vessels, were purchased by the New Mangalore Port Trust (NMPT) at their book value of Rs.48.77 lakhs in April 1988. In May 1988, NMPT also purchased a new 22.5 ton tug for Rs.453.78 lakhs. Out of the two tugs purchased from the DCI, Tug 'IV' was due for dry docking in April 1988 and NMPT took on hire another tug (Tug 'VI') from the DCI for the period of dry docking on hire charges of Rs.29,000 per day plus mobilisation charges upto a maximum of Rs.2.40 lakhs. The repair work was to be completed within 30 days. NMPT did not enter into any separate agreement with the DCI in this regard. Repair work of Tug 'IV' was completed on 12 November 1988 and Tug 'VI' was retained by NMPT upto 14 November 1988. The NMPT settled the DCI's claim of Rs.19.54 lakhs (including hire charges of Rs.8.48 lakhs for the additional 32.5 days over and above the stipulated period of 30 days) and the actual mobilisation charges of Rs.2.36 lakhs in March 1991. Meanwhile, NMPT found that the period of dry-dock beyond the initial 30 days was extended due to delay on the part of the DCI. In the absence of any agreement, DCI could not be held responsible for the delay. Failure of NMPT to enter into a separate agreement in this regard resulted in an avoidable additional expenditure of Rs.8.48 lakhs. NMPT also did not use the tug purchased in May 1988 which could be used round the clock only after a period of six months.

(Paragraph 46)

XXXIII. Loss of revenue due to delay in publication of revised berth hire charges

A rationalised structure of berth hire charges including charges for service of wharf cranes as proposed by the New Mangalore Port Trust (NMPT) in February 1988 was approved by the Ministry in April 1988. However, the revised rates were notified in the Karnataka Gazette only in April 1989. Since the revised rates were to come into effect after their notification in the Gazette, the delay in publication of the notification resulted in loss of revenue of Rs.6.84 lakhs.

(Paragraph 47)

XXXIV. Short collection of wharfage

Incorrect classification of jack up drilling rigs shipped by the Mazagon Dock Limited in December 1988 and April 1990 resulted in short realization of wharfage amounting to Rs.6.36 lakhs by the New Mangalore Port Trust.

During 1989-90 also, incorrect classification of commodities like off-shore structures, HR/HT Jackets, M.S. Piles Transition pieces resulted in short collection of wharfage amounting to Rs.2.46 lakhs.

(Paragraph 48)

Ministry of Water Resources

Brahmaputra Board, Guwahati

XXXV. Idle outlay

Out of eight sets of DR 200 digital type Micro Earthqake recording System purchased by the Brahmaputra Board in November 1985 at a cost of Rs.23.65 lakhs to study micro earthquake effect at the dam sites of Siang and Subansiri dam projects, one was found defective and one was lying in store. Six sets were installed between January and November 1986 at a cost of Rs.1.97 lakhs; of these, two sets developed defects and were withdrawn in May and September 1986. The set in stock was also found defective. The defective sets could not be repaired. Thus four sets costing Rs.11.83 lakhs remained unutilised upto September 1991 leading to blocking of funds for over five years.

(Paragraph 49)

Ministry of Welfare

Institute for the Physically Handicapped

XXXVI. Construction of building

For the construction of the building of the Institute for the Physically Handicapped, the Ministry of Welfare, without calling for any competitive tenders, awarded both the consultancy and construction work to the same contractor, i.e.; the National Buildings Construction Corporation (NBCC). The architectural consultancy fee was fixed at 4 per cent which was in excess of the usual fee of 3 per cent and also in excess of the fee of 3.5 per cent levied by the Central Public Works Department. Contrary to Government financial rules, the construction work was awarded on cost plus basis and 15 per cent of actual cost was to be paid towards contractors' head office overheads and margin of profit against 12.5 per cent generally charged by the NBCC. The cost estimates prepared by the NBCC were defective and inflated; the NBCC also did not furnish statement of theoretical and actual consumption of material. Consequently, effective cost control was not possible. The cost of the work had escalated from Rs.3.12 crores to Rs.3.92 crores excluding consultancy charges. The work which was required to be completed by February 1988 had not been completed so far (March 1992). The Chief Technical Examiner detected in April 1988 serious irregularities in the award of sub contracts by the NBCC, use of sub standard material, double/erroneous payments, unsatisfactory working etc.

(Paragraph 50)

CHAPTER I

1. General

1.1 Release of grants and loans:- The accounts of autonomous bodies, which receive financial assistance from Government, are audited by the Comptroller and Auditor General of India under various provisions of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. As on 31 March 1991, there were 90 Central autonomous bodies (other than those under Scientific Departments) whose annual accounts were to be audited by the Comptroller and Auditor General of India under Section 14 (1) and (2) of the Act ibid. During 1990-91, grants amounting to Rs.33298.60 lakhs were paid by the Union Government to 57 bodies. The annual accounts of 1990-91 in respect of 33 bodies have not been received.

As on 31 March 1991, there were 182 Central autonomous bodies (other than those under Scientific Departments) including 12 Universities whose annual accounts were to be audited by the Comptroller and Auditor General of India as sole auditor of these bodies under sections 19(2) and 20(1) of the Act ibid. During 1990-91 grants and loans amounting to Rs.151668.91 lakhs and Rs.47762.72 lakhs respectively were paid by the Union Government to 161 autonomous bodies and grants and loans to the extent of Rs.16093.82 lakhs and Rs.4196.91 lakhs respectively were received by nine Universities from University Grants Commission/Central Government. The informations for 1990-91 in respect of 12 bodies including three Universities have not been received. The audited accounts of these autonomous bodies alongwith the Separate Audit Reports on each individual body/organisation are issued to the Government of India every year for being placed before the Parliament.

1.2 Delay in submission of accounts by Autonomous Bodies:- "The Committee on Papers Laid on the Table of the House" recommended in its First Report (5th

Lok Sabha) 1975-76 that after the close of the accounting year every autonomous body should complete its accounts within a period of three months and make them available for audit and that the Reports and the audited accounts should be laid before Parliament within nine months of the close of the accounting year. For the year 1989-90, audited accounts together with Separate Audit Reports thereon of 180 autonomous bodies (other than Scientific Departments and Delhi Development Authority), which were under audit of the Comptroller and Auditor General of India, were to be placed before Parliament. Out of these, the accounts of 73 autonomous bodies only were made available for Audit within the prescribed time limit of three months after the close of the accounting year. Submission of accounts of 107 autonomous bodies was delayed as indicated below:-

Delay upto one month	48
Delay of over 1 month upto 3 months	39
Delay of over 3 months upto 6 months	07
Delay of over 6 months	02
Accounts/Information not received	11
	107

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

The Ministries/Departments of Commerce, Health and Family Welfare (Department of Health), Human Resource Development (Departments of Culture, Youth Affairs and Sports), Industry, Labour, Personnel, Public Grievances and Pensions, Planning, Textiles, Urban Development, Welfare, Chandigarh Administration and Delhi Administration had not furnished information inspite of letters issued to them (February 1992).

Further a large number of utilisation certificates amounting to Rs.1093.50 crores (37111 items) were outstanding in March 1991 in respect of grants released during 1976-77 to 1987-88.

Ministry	Number of utilisation certificates outstanding	Amount (Rupees in crores)
Agriculture and Co-operation	540	39.98
Andaman and Nicobar Islands Administration	206	4.02
External Affairs	18	2.51
Environment and Forest	1434	55.03
Power and Non-Conventional Energy Sources (Department of Power)	62	5.27
Health (Department of Family Welfare)	545	38.76
Human Resource Development		
(i) Department of Education	33415	878.95
(ii) Department of Women and Child Development	734	61.02
Information and Broadcasting	10	1.70
Rural Development	144	4.84
Petroleum, Chemicals and Fertilizers	3	1.42
	37111	1093.50

This showed that the authorities releasing grants to statutory bodies, non-Government organisations etc. had not properly monitored receipt of utilisation certificates.

CHAPTER II

Ministry of Civil Supplies, Consumer Affairs and Public Distribution (Department of Civil Supplies)

2. Bureau Of Indian Standards

2.1 Introduction

Indian Standards Institution (ISI) was set up as a registered society in 1947 by the Government of India. With the changed socio-economic environment, higher pace of industrialisation, technological advancement and rising expectations of the consumer in the country, the existing set up of ISI was felt inadequate. The Government, therefore, decided to restructure and invest it with statutory authority so as to carry out its mandate more effectively and enacted the Bureau of Indian Standards Act in December 1986. Functions hither-to being performed by ISI were taken over by the Bureau of Indian Standards (Bureau) with effect from April 1987. The staff, assets and liabilities of the ISI were transferred to the Bureau. The Bureau is under the administrative control of the Ministry of Civil Supplies, Consumer Affairs and Public Distribution, Department of Civil Supplies.

2.2 Scope of Audit

The audit of the Bureau is conducted by the Comptroller and Auditor General of India under Section 22(2) of the Bureau of Indian Standards Act 1986 read with Section 19(2) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act 1971.

A review of the activities of the Bureau for the period 1985-86 to 1990-91 was conducted during October 1990 to June 1991 and further updated during October 1991 to December 1991.

2.3 Functions of the Bureau

The functions of the Bureau include:

(a) establishment, publication and promotion of Indian Standards;

(b) inspection of article or process under Certification Scheme;

(c) establishment, maintenance and recognition of laboratories;

(d) formulation, implementation and coordination of activities relating to quality maintenance and improvement in products and processes;

(e) promotion of harmonious development in standardization, quality systems and certification and matters connected therewith both within the country and at an international level;

(f) provision of information, documentation and other services to consumers and recognised consumer organizations on such terms and conditions as may be mutually agreed upon;

(g) granting of recognition to quality assurance systems in manufacturing or processing units on such terms and conditions as mutually agreed upon;

(h) appointment of agents in India or outside for inspection, testing and such other purposes as may be prescribed; and

(i) publication of handbooks, guides, etc.

The activities of the Bureau can broadly be grouped under the following heads:

(a) Standards Formulation;

(b) Certification and Quality Assurance;

(c) Laboratory Testing;

(d) Standards Promotion; and

(e) International Standardisation and Cooperation.

2.4 Organisational set up

The Director General is the Chief Executive of the Bureau. The Headquarters of the Bureau is located at New Delhi with Regional offices at Bombay, Calcutta, Chandigarh, Madras and New Delhi with Deputy Director General as Head of the Regional Office. There are 14 Branch offices and 11 Inspection offices located at different places in India under the control of Regional/Branch offices. The Bureau has eight laboratories located at Bangalore, Bombay, Calcutta, Guwahati, Madras, Mohali (Chandigarh), Patna and Sahibabad. The Central Laboratory at Sahibabad is under the control of headquarters while the others are attached to the respective Regional/Branch offices. The work relating to 'Standards Formulation' and 'International Standardisation and Cooperation' is centralised at headquarters while the other activities are implemented through the net work of Regional/ Branch/Inspection offices.

2.5 Finances

The Bureau's financial resources consist of the following:-

i) Certification fee and receipts on sale of publications

ii) Government non-Plan grants

iii) Government grants for Plan projects.

The income as well as Government grants received by the ISI/Bureau during the years 1985-86 to 1990-91 were as under:-

(Rupees in lakhs)

Year	Income		Total Revenue Receipts	Revenue Expenditure	(Deficit)	Plan grant Surplus
	Bureau's own source	Government grant				
1985-86	772.10	68.88	840.98	845.64	(4.66)	80.91
1986-87	956.56	87.00	1043.56	1032.78	10.78	70.00
1987-88	1026.69	150.00	1176.69	1204.65	(27.96)	186.62
1988-89	1287.46	105.00	1392.46	1397.59	(5.13)	259.22
1989-90	1670.16	Nil	1670.16	1454.55	215.61	248.00
1990-91	1747.15	Nil	1747.15	1657.07	90.08	154.12

2.6 *Highlights*

- **Test check of 388 standards revealed that there was considerable delay in the formulation of standards. The Bureau took 2 to 5 years in formulating 219 standards, 5 to 10 years in formulating 76 standards and over 10 years in formulating 12 standards. Out of 3329 subjects pending for formulation of standards, 1089 were pending for 2 to 5 years, 903 for 5 to 10 years, 234 for 10 to 15 years and 60 for more than 15 years. (Paragraph 2.7.1.1)**

- **Most of the standards reviewed during the year 1990-91 were re-affirmed without following the prescribed procedure. (Paragraph 2.7.1.5)**

- **Number of applications processed varied from 30.30 per cent to 55.64 per cent during 1985-86 to 1990-91 out of which licences were granted to 19.86 to 22.03 per cent only. Number of applications pending due to Bureaus action ranged between 20.20 to 33.82 per cent. (Paragraph 2.7.2.1)**

- **The drop out rate of licences ranged between 6.19 to 10.52 per cent during 1985-86 to 1990-91, which was between 39.41 to 94.31 per cent of the new licences granted during a year. (Paragraph 2.7.2.2)**

- The shortfall in conducting periodic inspections ranged between 7.66 to 33.46 per cent. (Paragraph 2.7.2.3)

- The number of samples drawn during the year 1985-86 to 1990-91 (both from the factory and market) was lower than that prescribed under the Certification Marks Manual. In the case of factory samples, the shortfall which was 12 per cent in the year 1986-87 increased to 52.70 per cent in 1990-91. The shortfall in respect of market samples ranged between 49.75 to 80.40 per cent. (Paragraph 2.7.2.4)

- There was considerable delay in sending the samples to the laboratory for testing. Out of 18847 samples, 8134 samples were sent within 15 days, 8257 from 16 to 90 days, 2205 from 91 to 365 days and 251 over an year. (Paragraph 2.7.3.1)

- There was inordinate delay in testing samples at its laboratories. A test check of records pertaining to 29989 samples revealed that 9072 samples were tested within 45 days, 18114 within 46 to 180 days, 2675 within 181 to 365 days and 128 over one year (Paragraph 2.7.3.2)

- Out of 5479 samples pending for testing, 3423 were pending upto 3 months, 1212 for 3 to 6 months, 565 for 6 to 12 months and 279 for over one year. (Paragraph 2.7.3.3)

- 10 equipments worth Rs.38.87 lakhs were not put to any use and were lying idle. 15 equipments worth Rs.88.04 lakhs were not utilised regularly and remained idle for most of the time. 13 equipments worth Rs.75.69 lakhs had not been put to optimum use. (Paragraphs 2.7.3.5 to 2.7.3.8)

- No data was available with the Bureau regarding the number of samples pending for disposal, their value and the period to which they relate. (Paragraph 2.7.5)

- **An expenditure of Rs.59.06 lakhs had been incurred on standard promotion through publicity media without evaluating its impact. (Paragraph 2.8)**

- **By not taking action within the validity period of the insurance cover there was an avoidable expenditure of Rs.8.14 lakhs on the purchase of components. (Paragraph 2.10.1)**

- **Advances amounting to Rs.135.76 lakhs were outstanding against private parties including Rs.82.14 lakhs pertaining to the year upto 1987-88. (Paragraph 2.10.2)**

- **By not enforcing the mandatory certification on manufactured Stainless Steel sheets the Bureau had foregone a revenue of Rs.20.81 lakhs by way of licencing/marking fee. (Paragraph 2.10.3)**

2.7 Working performance

The performance of the Bureau and the audit findings are summarised below:-

2.7.1 Standards formulation

For the formulation of standards which is the most important function, the Bureau operates through a cooperative mechanism with the help of technical committees comprising representatives from the industry, Government, research and development organisations, consumers and individual experts. An important feature of this is the evolution of a consensus among different groups to ensure wide acceptability of the standards formulated. The Standards Advisory Committee guides the activities relating to standards formulation. The technical work is planned and organised by 15 Division Councils who discharge their functions under a system of technical committees, sub-committees and panels. As on 31st March 1991, 15186 standards formulated by the Bureau were in force.

2.7.1.1 Time taken in standards formulation: The procedure for the development of standards from the receipt of a proposal to the stage of publishing a corresponding standard passes through various stages. The Indian Institute of Management, Ahmedabad (IIMA) appointed by the Government to review the working of ISI observed in March 1984 that it was taking an average of four and half years in the formulation of standards from the proposal to the finalisation stage, and recommended reduction of this time which was accepted by the ISI Management. With the advent of new technologies and greater accountability of the Bureau towards producers, consumers, organised purchasers and society, the Bureau was to take various measures to reduce this time. This included fixing of norms for each stage in the development of standard. A test check of records pertaining to 388 standards however, revealed that the Bureau was still taking considerable time in formulation of standards as detailed below:-

Year	Total Number of standards formulated	Number of cases test checked	Time taken (Number of standards) upto 2 years	2 to 5 years	5 to 10 years	Above 10 years
1985-86	944	37	12	19	6	--
1986-87	934	94	21	55	14	4
1987-88	878	97	26	47	21	3
1988-89	831	80	14	45	19	2
1989-90	763	80	8	53	16	3
1990-91	755	--	--	--	--	--
Total	5105	388	81	219	76	12
		Percentage	21	56	20	3

As on 31 March 1991, 3329 subjects were pending with the Bureau for formulation of standards of which 1043 subjects were those taken by the Bureau during the last two years. The details of the remaining 2286 subjects taken up for formulation of standards but pending as on 31 March 1991 are given below:-

Total number of subjects pending	3329
Period of pendency upto 2 years	1043
2-5 years	1089
5-10 years	903
10-15 years	234
15-20 years	30
Above 20 years	30

As would be evident from the above details, 1089 subjects were pending for two to five years, 903 subjects for five to ten years, 234 subjects for 10 to 15 years and 60 subjects were pending for more than 15 years. The Bureau had not framed any time limit for the formulation of standard although it was aiming to achieve the time of two years in general and one year in the case of standards in high technology areas.

Thus the Bureau could not achieve its aim of formulation of standards within a period of two years as envisaged. The Bureau had also not fixed the norms for each stage in the development of standards. The Bureau however, stated (February 1991) that it was difficult to fix target on each stage, but with the modernisation contemplated in the standard formulation departments, it is expected that the time period required at the various stages could be reduced in the long run. They also proposed some steps to be taken to reduce the backlog such as; (i) review of the continuance of existing subjects on the basis of current needs, (ii) deletion of subjects when the period of pendency is more than three years, (iii) greater scrutiny of subjects before they are accepted, (iv) insistence on the submission of preliminary draft by the proposers and (v) adoption of international standards where available as Indian standards subject to their applicability to our country.

2.7.1.2 Meetings of Division Councils: A Division Council is a distinct Committee of the Bureau created by the Standards Advisory Committee (SAC), comprising officers of the Bureau and representatives of various interests such as consumers, regulatory and other Government bodies, industry, scientists, technologists, testing organisations etc. Director/ Head of the concerned department of the Bureau is the member secretary. Ordinarily one meeting is held in a year but business is also transacted by circulation of proceeding. The major functions of the Division Council are ;

i) to advise on subject areas to be taken up for formulation of standards,

ii) to set up Sectional Committees and coordinate their activities, and

iii) to approve proposals for work and direct the Sectional Committees to undertake the approved work.

As on 31 March 1991 there were 15 Division Councils. The number of meetings of various Division Councils held during the years 1985-86 to 1990-91 were as under:-

Number of Division council	Number of meetings 1985-86	1986-87	1987-88	1988-89	1989-90	1990-91
15	22	23	Nil	4	14	13

It would be evident from the above that not a single Division Council had its meeting during the year 1987-88 and out of 13 then existing Division Councils nine Division Councils did not hold any meeting during 1988-89.

The Bureau stated (April 1991) that the Division Councils were reconstituted under the Bureau's Act of 1986 in May 1989 and now they would meet regularly.

2.7.1.3 Meetings of Sectional Committees: Sectional Committees are appointed by the Division Councils or if necessary by the Bureau for the preparation of a particular standard or group of standards. These include concerned officers of the Bureau and representatives of various interests. An officer of the Bureau is the member secretary of these Sectional

Committees. The Sectional Committee meetings are convened periodically to discuss various issues like processing of draft Indian standard from stage to stage, reviewing and prioritization of the various items of work in hand etc. As on 31 March 1991 there were 396 Sectional Committees under 15 Division Councils.

A test check of records relating to the number of meetings held by 365 Sectional Committees which remained operative during 1986-87 to 1990-91 revealed that the number of meetings was declining except during 1990-91 as would be evident from the following:-

Number of Sectional Committees	Number of Meetings					
	1985-86	1986-87	1987-88	1988-89	1989-90	1990-91
365	233	247	214	186	184	268

Although the sectional committees were required to meet periodically 17 sectional committees did not meet even on a single occasion during the period in question. The number of meetings held by other sectional committees was also on the lower side with reference to the total number of sectional committees and the number of meetings held during the year. Since the sectional committees are directly involved in the development and formulation of standards, not holding periodical meetings delayed the formulation work.

The Bureau stated (April 1991) that committee meetings were held only after sufficient work developed for them as each committee meeting involved expenditure both from the Bureau and from the other organisations who had nominated members on the committee.

2.7.1.4 Review of standards: To keep pace with the technological growth, all the published standards are to be reviewed periodically atleast once in five years to determine the need for revision or withdrawal. Standards which in the opinion of the Sectional Committee need no revision or amendment are to be reaffirmed. It was observed during test check that 393 standards were due for review but were pending as on 31 March 1991. An analysis of data further revealed that the standards were pending for review even for 10 to 20 years as per details given below:-

Period of Pendency	Number of Standards
upto 2 years	247
2 to 4 years	27
4 to 6 years	27
6 to 8 years	9
8 to 10 years	15
10 to 15 years	32
15 to 20 years	26
Above 20 years	10
Total	393

The Bureau stated (April 1991) that the main bottleneck in the review of standards was the time taken by the expert members of the committee to study the standard and give their views. The Bureau has not developed a suitable management system for the periodical collection of data/information on technological innovation/upgradation which would be relevant to the adoption of newer standards and sharing such information with the Sectional Committees from time to time so that the Sectional Committees may examine the relevance of such information for evolving new standards or upgrading the existing standards.

2.7.1.5 Reaffirmation of Standards: In accordance with the procedure when a standard is due for review, a study shall be made about the present position of base standard, technological development in the country etc. Letters shall be sent to the members of the relevant committees alongwith available information, asking whether they consider the standard to be reaffirmed, amended and reaffirmed, revised, declared obsolete and withdrawn. Following the receipt of comments and appropriate consultation with the Chairman or at the meeting, the Committee notes or decides the action to be taken on the Standard.

The Bureau during 1990-91 had reviewed 3343 standards of which 2956 standards (88.4 per cent) were reaffirmed. In the month of December 1990 alone, 1198 standards were reviewed out of which 1134 standards were reaffirmed. A test check of records pertaining to Civil Engineering and River Valley Divisions however, revealed that most of the standards reviewed during the year were reaffirmed without following the prescribed procedure as discussed below :-

i) Before issuing letters to the committee members calling their views on the standards under review, the Bureau neither made a study of the base standard and technological development in the country nor had provided any available information to the committee members. In a number of cases the committee members could not offer their expert views due to non-availability of the standard in question with them.

ii) In the letters sent to the committee members the Bureau prescribed a time limit for offering their views but in 199 cases the Bureau reaffirmed the standards before the expiry of the time limit. In 26 cases the standards were reaffirmed on the date on which the committee members were requested to offer their views.

iii) The Bureau reaffirmed standards without consulting the Chairman or obtaining the approval of the concerned sectional committees.

It was further revealed that the 'Civil Engineering' Division also reaffirmed 15 standards which were not reviewed by the Bureau.

As the Bureau had not followed the prescribed procedure for review and reaffirmation, in the cases test checked in Audit, it could not be verified whether the Bureau had taken into account the technological developments and to this extent the objective of periodical upgradation of standards to keep pace with technological advancement cannot be said to have been achieved.

2.7.2 Certification and Quality Assurance

The Certification Scheme is governed by the Bureau of Indian Standards Act, 1986 which gives the Bureau the power to grant licences to producers to use the Standard Mark on their product which conforms to the requirements of the corresponding Indian Standard. The Certification Mark on an article not only ensures conformity of the product to the standard but also assures quality of the product to the purchaser. The B.I.S. certification is mainly voluntary but under Section 14 of the Bureau of Indian Standard Act, 1986 the Central Government after consulting the Bureau can make it mandatory in public interest by an order published in the official gazette.

The voluntary certification is intended to give an opportunity to those who can meet the requirements of the relevant standard to get their product certified and to those who can not come up to the standard an opportunity to upgrade their quality.

The Mandatory Certification is applicable to items affecting health and safety of the consumers and those of mass consumption. Previously the Government had made certification mandatory through various statutory measures such as the Essential Commodities Act, Prevention of Food Adulteration Act, Mines Act and Indian Explosives Act. Now the B.I.S. Act itself provides for mandatory certification in public interest. So far 121 products including cement, vanaspati, food additives, dry cell batteries, GLS Lamps, LPG Cylinders, electric appliances, pressure stoves, steel products, etc. have been covered under mandatory certification. Under the power conferred by section 14 of the BIS Act, 1986, the Bureau has so far covered only one item "Multi purpose Dry Batteries", which came into force from October 1987.

The licence is granted for a period of one year and renewed on request every year if the performance is found satisfactory. During the year surprise visits are made to the factory and process of production, quality control and inspection system and testing are checked. A sample of the product is tested in the licensee's laboratory not only to check the quality of the product but also to see the working of the testing equipment and skill of testing personnel. At each visit records are checked, a sample is taken for independent testing and counter sample left in the factory. Samples are also taken from the market for independent testing from different places because such tests on market samples give evidence whether the ISI Certification Mark Scheme is operating satisfactorily or otherwise. In this way a continuous surveillance is maintained during the operation of the licence.

2.7.2.1 Application for licence-receipt and disposal: A manufacturer wanting a standard mark for his product is required to apply to the Bureau for grant of a licence. If, after preliminary inquiry, the Bureau is satisfied that the applicant is fit to use the standard marks, it grants a licence to the applicant. The position of applications received and processed by the Bureau during the years 1985-86 to 1990-91 was as under:-

Serial Number	Particulars	1985-86	1986-87	1987-88	1988-89	1989-90	1990-91
1.	Number of applications pending from last year (opening balance as on 1st April)	3171	3545	4159	4726	4975	4299
2.	New applications received during the year	2402	2991	2622	2600	2190	1940

3.	Total applications pending for process during the year	5573	6536	6781	7326	7165	6239
4.	Applications processed:						
a)	Number of applications resulting in grant of licences	1228	1370	1347	1510	1425	1283
b)	Percentage of applications resulting in grant of licence $\frac{(4a \times 100)}{3}$	22.03	20.96	19.86	20.61	19.88	20.56
c)	Number of applications closed	800	1007	708	841	1441	2198
d)	Total applications processed (4a+4c)	2028	2377	2055	2351	2866	3481
e)	percentage of applications processed $\frac{(4d \times 100)}{3}$	36.39	36.37	30.30	32.09	40.00	55.64
5.	Applications pending on the last date of the year (3-4d)	3545	4159	4726	4975	4299	2758
a)	Number of applications pending action by applicants	2829	2976	3727	3700	3223	1825
b)	Number of applications pending action by the Bureau.	716	1183	999	1275	1076	933
c)	Percentage of applications pending action by the Bureau $\frac{(5b \times 100)}{5}$	20.20	28.44	21.13	25.62	25.02	33.82

It would be evident from the above data that:-

i) out of the total available applications, the Bureau could process 30.30 to 55.64 percent of applications and licences were granted to 19.86 to 22.03 percent applicants only.

ii) at the end of the year the percentage of pending applications ranged between 44.20 to 69.69.

iii) the percentage of applications pending action to be taken by the Bureau ranged between 20.20 to 33.82.

As on 31 March 1991, 2758 applications were pending for processing including 933 applications pending action by the Bureau. The period since when these applications were pending was as under:-

Period	Total Number of applications pending	Applications pending due to action by the Bureau
up to 3 months	563	134
3 to 6 months	429	92
6 to 12 months	677	193
Over one year	1089	414
Total	2758	833*

* The break up of 100 applications was not available with the Bureau.

The Bureau stated that applications were pending with them for the following reasons:-

a) Preliminary inspection to be done,

b) Samples under test,

c) Rate of marking fee to be decided for new products,

d) Scheme of testing and inspection to be formulated for new products.

In the absence of any prescribed procedure for the speedy disposal of application for grant of licence, the reasons given by the Bureau are not convincing.

2.7.2.2 Cancelled/dropped licences: BIS (Certification) Regulations stipulate that unless a licence is renewed or its renewal is deferred by the Bureau, it shall expire at the end of the period for which it is granted.

The position of operative licences, grant of new licences and licences cancelled/dropped during the years 1985-86 to 1990-91 was as under:-

Serial No.	Particulars	Year (No. of licences)					
		1985-86	1986-87	1987-88	1988-89	1989-90	1990-91
i)	Number of operative licences (opening balance)	7957	8520	9350	10118	10795	11499
ii)	Number of new licences granted during the year	1228	1370	1347	1510	1425	1283
	Percentage of new licences with reference to opening balance (ii) x 100) / (i)	15.43	16.08	14.41	14.92	13.20	11.15
iii)	Number of licences cancelled/dropped during the year	723	540	579	833	721	1210
	Percentage of cancelled/ dropped licences with reference to opening balance of operative licences (iii) x 100) / (i)	9.09	6.84	6.19	8.23	6.68	10.52

It would thus be seen from the above table that the percentage of grant of new licences with respect to the operative licences in the beginning of the year ranged between 11.15 to 16.08. The drop out rate of licences ranged between 6.19 to 10.52 percent which was between 39.41 to 94.31 percent of the new licences granted during a year. In 90 percent of the drop out cases, the licence holders were 'not interested' to renew their licences and in other cases the reasons for lapsing of the licences were 'unsatisfactory performance', 'lock out/strike in the factory', 'factory closed' etc. No assessment/ investigation had been made by the Bureau to find out the reasons as to why the licence holder was 'not interested' in getting the licence renewed.

The Bureau, however, stated (February 1991) that the services of a consultant would be sought for finding out the reasons and to recommend steps which could be taken to popularise the scheme.

2.7.2.3 Periodic Inspections: As per the Certification Marks Manual the Bureau is required to arrange a minimum of two inspections in a year of a licensee unit but a norm of not less than four in an operative year is desirable for examining various records and testing procedure under the Scheme. The position of inspections required and actually carried out during the period 1985-86 to 1990-91 was as under:

Year	Number of operative licences for the purpose of inspection	Number of inspections required to be conducted	Number of inspections actually conducted	Shortfall	
				Number of inspection	Percentage
1985-86	6679	26716	24670	2046	7.66
1986-87	7491	29964	24045	5919	19.76
1987-88	8372	33488	22282	11206	33.46
1988-89	9735	38940	28805	10135	26.02
1989-90	10956	43824	37392	6432	14.68
1990-91	10388	41552	32371	9181	22.08

It would be seen from the above data that the shortfall in conducting the periodic inspections ranged between 7.66 to 33.46 percent. The Bureau stated (February/March 1991) that the prescribed number of inspections could not be carried out due to non-availability of requisite manpower for the work. The manpower requirement as per norms was proposed during 1985-86, but was rejected by the Government and fresh proposal would be sent.

2.7.2.4 Drawal of samples: Certification Marks Manual envisages various steps to be taken by the Bureau for ensuring that the goods bearing ISI Mark have been produced in accordance with the provisions of the relevant Indian Standard. As per the Manual, a minimum of four samples per year is to be drawn from the factory and one to eight samples from the market for testing as indicated below:

	Minimum samples per year
Food and Consumer products	8
For products costing Rs. 250	4
For products costing Rs. 251 to Rs. 1000	2
For products costing Rs. 1001 and above	1

The number of samples drawn during the year 1985-86 to 1990-91 (both from factory and market) was lower than that prescribed under the Certification Marks Manual as per details given below:

Year	Number of operative licences for the purpose of drawal of samples	Number of samples required to be drawn from the		Number of samples actually drawn from		Percentage shortfall	
		Factory	Market	Factory	Market	Factory	Market
1985-86	6679	26716	26716	20517	5946	23.3	77.3
1986-87	7491	29964	29964	26384	6012	12.0	80.0
1987-88	8372	33488	33488	27882	7451	16.8	77.8
1988-89	9735	38940	38940	25060	8374	35.7	79.5
1989-90	10956	43824	43824	24075	8356	45.1	80.4
1990-91	10388	41552	*14000	19652	7036	52.7	49.7

* As per target fixed by Bureau in their Budget File.

In the case of factory samples, the shortfall which was 12 percent in the year 1986-87 had increased to 52.70 percent in 1990-91. The shortfall in respect of market samples ranged between 49.75 to 80.40 per cent.

The Certification Marks being in the nature of a quality assurance is intended to provide third party guarantee to the consumers. The failure of the Bureau to draw the required number of samples for independent testing reduced the effectiveness of the marking scheme.

The Bureau stated (October 1990) that it was not possible to obtain requisite number of samples as per norms due to lack of orders and demands, seasonal nature of product, items being expensive and bulky and difficulty in obtaining certain samples. Allowing for these, the shortfall was about 42 percent, which was primarily due to manpower constraints and non-availability of ISI marked material during periodic inspections.

2.7.2.5 Complaints: A number of complaints relating to quality of ISI marked goods or otherwise were received by the Bureau from actual users and others from time to time. The position of receipt and disposal of such complaints by the Bureau during the period 1988-89, 1989-90 and 1990-91 was as under:

Serial No.	Particulars	Number of Complaints		
		1988-89	1989-90	1990-91
1.	Number of complaints pending as on 1 April	373	339	280
2.	Number of complaints received during the year	235	216	255
3.	Total complaints available for action during the year	608	555	535
4.	Number of complaints settled during the year	269	275	302
5.	Number of complaints pending as on 31 March	339	280	233
	Pending upto 3 months	16	23	66
	Pending for 3 to 6 months	50	40	33
	Pending for 6 to 12 months	72	74	62
	Pending over one year	201	143	72

NOTE :- The data for the period 1985-86 to 1987-88 not available with the Bureau.

From the above data for the year 1990-91, it would be evident that out of 535 complaints available for action by the Bureau, 233 complaints were pending with the Bureau as on 31 March 1991. Of these 233 pending complaints, 72 complaints were outstanding for over one year and 62 complaints for more than six months.

The failure of the Bureau to settle these complaints without delay reduced the credibility of the ISI Marking Scheme.

The Bureau stated (November 1990) that the investigation of complaints involved visit to complainant's end and drawing of sample from the material complained against for independent testing. Some delay occurred due to problems of transporting the sample to an independent laboratory and the time consumed by the laboratory in testing the sample.

2.7.3 Laboratory Testing

One of the functions of the Bureau is to establish, maintain and recognise laboratories for the purpose of standardization and certification activities. The Bureau's testing facilities at present exist at headquarters (Central Laboratory, Sahibabad), at Regional offices in Bombay, Calcutta, Chandigarh, Madras and at Branch offices in Bangalore, Guwahati and Patna. Laboratory equipments are added to these laboratories through Government grant as Plan Project under the National Five Year Plans. Equipments worth Rs.839.16 lakhs have already been installed in these laboratories till 31 March 1991. Besides this, 261 laboratories have been recognised which assist the Bureau in conformity testing. The samples drawn from the market are sent for testing to the Bureau's laboratories and outside laboratories recognised by the Bureau.

2.7.3.1 Delay in sending of samples for testing: According to the Certification Marks Manual, the inspecting officer, as far as possible, should bring the sample alongwith him but if it is not possible to do so if the sample is too bulky or is covered by excise etc., it should be left with the firm with clear and definite instructions for expeditious despatch to the testing laboratory. Till the sample is received by the concerned laboratory, the branch office is required to keep track and follow up actively. During the next inspection, the inspecting officer should invariably check whether or not the previous sample(s) had been despatched.

A test check of records of the Bureau for the year 1989-90 revealed that there was considerable delay in sending the samples to the laboratory for testing as per details given below:

Time taken in sending the samples	(Number of samples) CRO	WRO	ERO	SRO	NRO	Total
Within 15 days	2994	--	--	3529	1611	8134
16 to 30 days	884	--	--	1415	1112	3411
31 to 90 days	792	--	--	2347	1707	4846
91 to 180 days	338	--	--	82	1020	1440
181 to 365 days	229	--	--	11	525	765
over one year	148	--	--	12	91	251
Total :-	5385	--	--	7396	6066	18847

CRO- Central Regional Office; WRO- Western Regional Office; ERO- Eastern Regional Office; SRO- Southern Regional Office; NRO- Northern Regional Office

NOTE :- No such records were maintained by WRO and ERO.

The Bureau attributed the delay to belated despatch and non adhering of instructions for despatch of samples by the licensee, delay in transportation and insufficient follow up action.

Thus the failure of the Bureau to keep a watch over the timely receipt of samples from the licensees to the laboratory defeated the very purpose of drawal and independent testing of samples under the Certification Marks Scheme.

2.7.3.2 Delay in testing of samples at Bureau's laboratories: In the Certification Marks Manual, no time limit has been specified for the receipt of test reports. However in the requisition for test sent to various laboratories it is indicated as 30 to 45 days. During the year 1989-90 the Bureau's laboratories tested 39222 samples. A test check of records pertaining to 29989 samples however, revealed that besides delay in sending of samples for testing, there was also inordinate delay in testing samples at its laboratories as per details given below:

Time taken for testing the samples	Name of the Region/Number of samples					
	CRO	WRO	ERO	SRO	NRO	Total
up to 45 days	3610	940	--	4002	520	9072
46 to 90 days	4005	2122	--	1385	1999	9511
91 to 180 days	3605	1616	--	1164	2218	8603
181 to 365 days	1265	99	--	19	1292	2675
Over one year	91	Nil	--	Nil	37	128
Total :-	12576	4777	--	6570	6066	29989

NOTE:-As regards ERO (Calcutta), 7354 samples were tested at the Bureau's laboratories during 1989-90 but no record was maintained to analyses the delay in testing of samples.

It was further observed that the samples which were tested after 45 days also included samples pertaining to certain food items and common consumer goods. A test check of the test results in respect of samples of licensees revealed as under:

Name of Region	Number of cases test checked in audit	Food articles Number of test results		Common consumer goods Number of test results	
		Passed	Failed	Passed	Failed
CRO	287	76	3	137	71
WRO	473	413	60	nil	Nil
ERO	No record was maintained				
SRO*	22	Nil	Nil	16	5
NRO	264	226	1	34	3
Total	1046	715	64	187	79

* In one case result was awaited.

Out of 74 samples (CRO) which failed the test, the test reports of 28 samples were received within 46 to 90 days, 18 within 91 to 180 days and the remaining 28 test reports were received within 181 to 365 days. The delay in receipt of test reports ranged between 67 to 459 days for failed samples at NRO Chandigarh. Since the Certification Marks Scheme is in the nature of quality audit for total quality assurance and provides a third party guarantee to the consumer any delay in the availability of test results could lead to defective goods being sold in the market during this period reducing the effectiveness of the marking scheme.

A further analysis of data relating to 13110 samples tested by the Central laboratory during the year 1990-91 revealed that the test results of only 12.07 percent of samples were available within 45 days from the date of their drawal and there was inordinate delay in receipt of test results of the remaining samples as per details given below:

Time taken in test from the date of drawal to the date of test	Number of samples	Percentage to total samples
up to 45 days	1583	12.07
46 to 90 days	2833	21.61
91 to 180 days	4470	34.09
181 to 365 days	3415	26.05
Over one year	809	6.18
Total	13110	

Thus the delay in despatch of samples to the laboratory together with delay in testing contributed to the overall delay in availability of test results.

2.7.3.3 Samples pending for testing: A test check of records revealed that 5479 samples were pending for testing as on October 1990 from the date of their drawal as per details given below:

Period of Pendency	Region/No. of samples					
	CRO	WRO	ERO	SRO	NRO	Total
Upto 3 months	631	515	999	862	416	3423
3 to 6 months	641	10	148*	125	288	1212
6 to 9 months	301	--	--	--	89	390
9 to 12 months	149	--	--	--	26	175
1 to 2 years	234	--	--	1	16	251
Over two years	26	--	--	--	2	28
Total :-	1982	525	1147	988	837	5479

* Out of 148 cases, break up of 117 cases (pending for more than three months) was not available with the ERO.

The reasons stated for the undue delay in testing was mainly due to:

a) non-availability of uninterrupted power supply;

b) break down of major equipment;

c) relevant details like non receipt/incomplete test requests;

d) delay in transit of sample etc; and

e) non-availability of required man-power directly involved in testing.

f) backlog due to uneven flow of samples.

The failure of the Bureau in taking timely action to overcome the problems resulted in large pendency of samples.

2.7.3.4 Testing of samples from outside laboratories: Huge payments were being made by the Bureau on testing of samples from outside laboratories although considerable investment had been made towards purchase of equipment to augment the testing facilities in its own laboratories. The position of samples tested at Bureau/outside laboratories during the period 1985-86 to 1990-91 was as under:

Year	Number of samples tested at		Total	Percentage of samples tested in OSL to total	Payment of testing charges to OSL (Rupees in lakhs)
	Bureau's Lab	Outside Lab			
1985-86	27517	11211	38728	20.9	37.45
1986-87	29987	13098	43085	30.4	61.25
1987-88	32003	11686	43689	26.7	66.11
1988-89	35306	11788	47094	25.0	72.81
1989-90	39222	10449	49671	21.4	65.46
1990-91	37997	10364	48361	21.4	73.66

During the year 1990-91, 10364 samples were got tested from outside laboratories which included 1948 samples sent by the Central Laboratory alone.

The reasons for sending the samples to outside laboratories have been classified by the Bureau under four heads, namely:-

- Accumulation of samples (A)
- Non-availability of testing facilities (N)
- Break down of equipments (B), and
- Partial testing facility available (P)

A test check of records of the Central laboratory pertaining to 1948 samples revealed that majority of the samples were sent to outside laboratories due to 'accumulation of samples as detailed below:

Serial No.	Reasons	Number of samples	Percentage to total
(i)	Accumulation of samples	1634	83.84
(ii)	Non-availability of testing facility	185	9.49
(iii)	Break down of equipments	83	4.26
(iv)	Partial testing facility available	46	2.36
	Total	1948	

It was observed that the Central Laboratory generally had two months backlog of testing of samples as indicated below:

Serial No.	Particulars	Monthly average of pending samples Division/year Chemical			Electrical			Mechanical		
		1988-89	1989-90	1990-91	1988-89	1989-90	1990-91	1988-89	1989-90	1990-91
i)	Opening balance of samples pending	950	987	1026	323	847	799	701	623	493
ii)	Closing balance of Samples pending	919	1045	962	356	880	754	701	618	464
iii)	Samples tested	485	511	479	162	170	201	410	446	412

Even though the Central laboratory was aware of the monthly pendency of samples as well as monthly testing capacity of each division considerable time was taken for transferring samples to outside laboratories as under :

Time taken in transferring of samples to OSL from the date of receipt at CL.	Number of samples transferred due to Accumulation	Non-availability of facility
Within 15 days	104	13
16 to 30 days	319	14
31 to 60 days	540	51
61 to 90 days	232	24
91 to 180 days	323	47
181 to 365 days	81	30
Over one year	35	6
Total	1634	185

The delay in diverting the samples resulted in late receipt of test results.

The Bureau stated (February 1991) that the delay was due to location of the laboratory, communication difficulties and lack of infrastructural facilities for proper packing and forwarding of heavy samples and shortage of manpower. The Bureau's contention is not tenable as the Central laboratory is situated on the outskirts of Delhi and is easily accessible by road. It is the responsibility of the Bureau to plan and provide for basic infrastructural facilities required for the purpose of testing.

It was however observed that there was loss of available manpower during the year 1990-91 in all the three divisions as per details given below:

S.No.	Name of the Division	Manpower		
		Total mandays available after excluding the period of leave/ training	Mandays actually utilised	Loss of mandays
i)	Chemical	4137	3948	189
ii)	Electrical	3893	3718	175
iii)	Mechanical	4892	4641	251
	Total :-	12922	12307	615

In accordance with the records the average mandays utilisation per sample during the year was 0.68 for Chemical 1.54 for Electrical and 0.94 for Mechanical divisions working out to 1.05 mandays average for all the three combined which could have tested 587 more samples.

The Bureau stated (February 1991) that the loss of manpower was due to non-availability of uninterrupted power supply. The reply given by the Bureau is not tenable as it was for the Bureau to make alternate arrangements for uninterrupted power supply by installing additional generating sets at the Central laboratory.

2.7.3.5 Utilisation of Testing Equipments/Machines

The data made available to Audit by the Bureau in respect of utilisation of 38 testing equipment/ machines costing rupees one lakh and above for the years 1985-86 to 1989-90 revealed that certain equipment were either not utilised or under utilised as under:

2.7.3.6 *Equipments not utilised at all:* 10 numbers of equipment worth Rs.38.87 lakhs were not put to any use for period ranging from 21 months to 84 months by the laboratories of CRO and ERO.

Equipment with nomenclature 'Partial Discharge Apparatus' and 'Impulse Generator' costing Rs.10.91 lakhs and Rs.12.37 lakhs purchased in 1986 to create complete testing facility for certain products and to avoid delay in obtaining test results from outside laboratories had not been put to use since the date of their installation. A test check of the records for the year 1989-90 indicated that 27 samples covered under the concerned IS numbers for which they were purchased were sent to outside laboratories for testing due to accumulation of samples. A 'Brake fluid testing Rig' costing Rs.1.28 lakhs was purchased in May 1988 for testing of brake fluid with the estimation that the product would be covered under mandatory certification and that the equipment would be put to optimum use even in case the mandatory certification for any reason did not come through. Neither was break fluid brought under compulsory certification nor was the equipment put to any other use since the date of installation.

2.7.3.7 *Equipment rarely utilised:* Fifteen equipment worth Rs.88.04 lakhs were not utilised by the laboratories of CRO and NRO regularly. They remained idle for most of the available time.

2.7.3.8 *Under utilisation of equipment/machines:* 13 equipment costing Rs.75.69 lakhs had not been put to optimum use by the laboratories of CRO and NRO.

No machine-wise log books showing the utilisation in terms of hours, repair and maintenance expenditure and calibration etc. were maintained by these laboratories.

2.7.4 *Research and Development Work*

According to the provisions of Section 10(1) (i) of the Bureau of Indian Standards Act, 1986, the Bureau is required to undertake research for formulation of Indian Standards in the interest of consumers and manufacturers. The Central laboratory at Sahibabad besides doing conformity testing on samples received under BIS Certification Marks Scheme is engaged in specialised services such as research and investigational work related to standards formulation, development/modifications of test methods and comparative evaluation of products.

A test check of the monthly 'Management Control Report' (MCR) for the year 1989-90 revealed that the Central laboratory had only conducted routine testing under the head 'R&D work'. R&D project separately undertaken did not find mention in the MCR. No separate records were maintained regarding the time taken, manpower utilized etc. No assessment was available about actual utilisation of research results.

The Bureau stated (January 1991) that the R&D work is taken up with a view to assist the Standards Formulation Activity for the upgradation of production specification or for development of improved and precise test methods and was done alongwith the routine testing work carried out since these were not treated as separate project work. No specific targets were fixed as this work was taken up as and when requests were received from technical committees or on behalf of the Government.

Thus there was neither short-term nor long-term planning regarding research and development work. Though a budgetary provision of Rs.6.00 lakhs was provided during 1985-86 to 1990-91 for R&D only Rs.0.80 lakh were spent.

2.7.5 *Disposal of tested samples*

During 1985-86 to 1990-91, the Bureau purchased 43175 samples worth Rs.28.28 lakhs from the market; 143570 samples worth Rs.91.83 lakhs (appx) from the factories of the licensees for testing under the Certification Marks Scheme were also drawn.

After testing, factory samples were required to be returned to the respective licensees, and market samples and tested samples not returned to the licensees disposed of to the best advantage of the Bureau. No data was available regarding the number of samples pending for disposal, their value and the period to which they relate.

According to the Bureau (January 1991) disposal of samples could not take place due to non-availability of sufficient staff as well as doubts regarding the disposal procedure in respect of items involving safety hazards which was under consideration. However, it may be stated that the Bureau had not prepared any plan of action for the early disposal of the samples as with the passage of time the prospects of realising appropriate value for saleable items would diminish.

2.8 *Standards Promotion*

The Bureau is required to promote adoption of Indian Standards by manufacturers, Government departments, statutory authorities, consumers etc. through publicity media, conventions and conferences, participation in seminars and conventions organised by other bodies and discussions with industrial units.

During the period 1985-86 to 1990-91 expenditure of Rs.59.06 lakhs had been incurred on standards promotion through publicity media. There was however, no criteria set or any field survey done to evaluate the impact of the publicity campaign. The Bureau stated (March 1991) that it was difficult to evaluate the qualitative and quantitative effect of such publicity drives. However, guidelines for participation in the exhibitions have been prepared and circulated to all ROs/BOs which includes spot survey of the visitors.

The position of standards formulated, standards amenable to certification, number of products actually covered under the Certification Marks Scheme and number of products covered under mandatory certification for the period 1985-86 to 1990-91 was as under:-

Serial No.	Particulars	1985-86	1986-87	1987-88	1988-89	1989-90	1990-91
(i)	Number of standards in force at the close of the year	12959	13533	14000	14438	14788	15186
(ii)	Standards amenable to certification	7127	7443	7700	7940	8133	7848
(iii)	Number of products covered under certification marks	1207	1244	1264	1313	1342	1369
(iv)	Number of products covered under mandatory certification	98	106	113	121	118	121
(v)	Number of products covered under certification marks on voluntary basis (iii-iv)	1109	1138	1151	1192	1224	1248
vi)	Percentage of products covered under certification marks on voluntary basis to the number of standards amenable to certification $\left(\frac{(v) \times 100}{(ii)}\right)$	15.56	15.29	14.94	15.01	15.05	15.90

It would be seen from the above that though the Bureau had formulated a large number of standards amenable to certification yet the actual adoption under Certification Marks Scheme ranged between 14.94 to 15.90 percent only. The Bureau stated (December 1990) that the low adoption of Indian Standards was due to the fact that the scheme was voluntary and many items were produced under small scale sector which lack infrastructure facilities to obtain certification licence.

In regard to quality control techniques and certification of products conforming to international standards the Bureau stated that while standards are prepared on goods and services produced in India, no distinction is made for formulating standards for domestic consumption and exports. The quality of Indian goods and services was generally not upto the International level on account of low adoption of standards by industry. Regarding products for export, the Bureau stated that there are different agencies that ensure quality of goods being exported. The action taken by the Bureau for ensuring coordination with these agencies has not been indicated.

2.9 Monitoring

To review performance of various activities, the Bureau has monitoring mechanism at different levels. The Chief Executive on the basis of overall performance takes review meetings of higher officials of the Bureau. This is done in 3 forums namely 'Senior Management Committee (SMC)' 'Senior Staff Meeting (SSM)' and 'Regional and Branch Officers Meeting (ROs/BOs)'. Though theoretically the monitoring mechanism appeared to be sound yet in practice it was quite ineffective as in many instances follow up action was delayed. A few instances were as under:-

i) In SSM held on 11 August 1988 it was decided that the Deputy Director General (L) would set up a group to go into the power problem at Central

Laboratory and suggest measures to control voltage fluctuations. This problem had not been solved so far (March 1992).

ii) In SSM held on 22 September 1988 it was decided that the Director, Central Marks would review the position of drawal of market samples to achieve the target and report in the next SSM. This was never discussed in the subsequent SSM's.

iii) In SSM held on 25 May 1989 it was decided that the laboratory equipments to be purchased under Quality Assurance for Water Supply Mission (QAWSM) funds should be procured early. The funds were yet to be utilised for the purpose.

iv) In the 4th meeting of Regional and Branch officers held on 2 April 1990 it was decided that after giving a reasonable time to licensees in writing to lift tested samples, they should be disposed of by auction. The tested samples remained undisposed.

2.10 Other topics of Interest

2.10.1 Avoidable expenditure of Rs.8.14 lakhs: The Bureau placed an order in March 1985 for the import of Universal Testing Machine 1200 KN UTM for Rs.22.13 lakhs from Firm 'A' in U.K. through their local agent in New Delhi. The equipment was received at the Central Laboratory of the Bureau on 7 August 1986, covered under insurance which was valid upto 22 September 1986.

As the machine was very heavy and sophisticated, the special foundation on which it had to be mounted was completed by the end of October 1986, by which time the validity of the insurance expired as the Bureau did not get it extended. On opening of the crates on 10 November 1986 it was observed that a number of components of the electronic control systems were damaged due to excessive water seepage. After assessment of actual damages and final survey report, a claim for Rs.2,76,818.00 (£ 14004.46) was lodged with the insurance company in September 1988. In order to make the equipment operational, components valuing Rs.8.14 lakhs had to be ordered which were received in Delhi in November 1988.

The claim lodged for the damages was finally rejected by the insurance company in July 1991 since there was no evidence to show that the damages occurred during the currency of cover granted under the policy. Due to delay in the opening of the crates, survey of damaged equipments and failure to get the validity of Insurance extended in time, an avoidable extra expenditure of Rs.8.14 lakhs on the purchase of components was incurred.

2.10.2. Outstanding advances against private parties: As on March 1991, Rs.135.76 lakhs representing advances for the purchase of stores, laboratory equipments etc. were pending for recovery/ adjustment from private parties as per details given below :

Year	Number of Items	Amount (Rupees in Lakhs)
Upto 1987-88	12	10.53
1988-89	14	1.14
1989-90	15	7.35
1990-91	51	116.74
Total :-		135.76

Out of the above, advances amounting to Rs.82.14 lakhs were still outstanding (January 1992) including Rs.10.27 lakhs pertaining to years upto 1988-89.

The Bureau stated (March 1992) that the above advances were paid towards purchase of laboratory equipment indigenous as well as imported. The amount is kept as advance, pending installation and satisfactory commissioning of the equipments to be adjusted on receipt of satisfactory working report from the Bureau laboratories.

2.10.3. Collection of Marking Fee (SRO, Madras): i) Marking fees for certified products are collected on the basis of production figures furnished by the licensees. The Bureau did not verify the correctness of the production figures to ensure that the marking fees were collected on the entire quantity produced by them.

ii) Though the BIS Certification Scheme is mostly voluntary, in certain areas like safety, health, consumer protection, export, conservation of basic raw-materials etc. it is mandatory. In the following cases it was not enforced.

(a) A company manufactured stainless steel sheets conforming to IS:5522:1978 with a overall annual production ranging from 31000 tonnes to 41000 tonnes during 1987-88 to 1990-91. Though this product was covered under item No. 35 of the then Ministry of Steel and Mines' Notification dated 26 March 1971, yet the company did not obtain the licence. By not enforcing the mandatory certification the Bureau had forgone a revenue of Rs.20.81 lakhs by way of licencing/marking fees.

(b) Flexible Packs for Packing Edible Oils and Vanaspati - IS 11352:1985

Flexible packs in which edible oils are packed and sold in the market are covered by mandatory certification. The products of three packers did not bear the ISI mark.

The omission to enforce compulsory marking in these cases resulted in loss of licence fees and marking fees.

The Bureau stated that as per Government of India notification dated 15 April 1986 only vanaspati had to be packed in containers having ISI Certification Mark. This view was contrary to the notification which specifically mentions that flexible pouches used as containers for edible oil and vanaspati should conform to IS 11352:1985 with effect from 1 July 1986.

2.10.4 Other Specific Projects: Besides Plan Projects for strengthening infrastructural facilities, the Bureau had undertaken certain specific projects at the instance of Government such as 'Quality Assurance for Water Supply Mission (QAWSM) Project', 'Energy Conservation Awareness Programme' etc. A test check of the Bureau records however, revealed that there was under utilisation of Government grant pertaining to these specific projects as discussed below:

2.10.4.1 Quality Assurance for Water Supply Mission (QAWSM) Project: Ministry of Agriculture, Department of Rural Development sanctioned a Bureau's Project for Quality Assurance for Water Supply Mission (QAWSM) with a total outlay of Rs.119 lakhs in July 1988 to be completed by 31 March 1990 which was extended till 31 March 1991. The break up of the expenditure to be incurred under the project was as under:-

Serial No.	Item of expenditure	Amount (Rupees in lakhs)
(i)	Manpower	81.50
(ii)	Testing facilities including equipment	25.00
(iii)	Travelling allowance/ dearness allowance	9.00
(iv)	Conferences	2.20
(v)	Miscellaneous	1.30
	Total	119.00

The tasks assigned to the Bureau under the project was to identify existing standards and BIS certified products of use to this mission, to hold conferences and discussions in states, to equip the Bureau's laboratories for testing of Mission related products and to arrange training programmes in laboratory testing and quality control to state engineers etc.

The Bureau could not complete the project even during the extended period of one year till March 1991. Against an outlay of Rs.119 lakhs Bureau had drawn Rs.60 lakhs as grant from the Government till March 1991 and had utilised Rs.59.20 lakhs. One of the important component of the project was to equip the Bureau laboratories for testing of Mission related products without delay for which a provision of Rs.25 lakhs was made under the project of which the Bureau utilised only Rs.4.84 lakhs (19.36 per cent) till March 1991. The Bureau stated (March 1991) that these equipments were required for testing of pipes, pumps and motors, creating new facilities and up-gradation of existing facilities but due to non completion of buildings and power problems the work had been delayed.

2.10.4.2 Energy Conservation Awareness Programme: Ministry of Energy, Department of Power, sanctioned a grant of Rs.6 lakhs to the Bureau in October 1988 for conducting an awareness campaign on energy conservation. Out of an amount of Rs.6 lakhs received in December 1988 the Bureau had utilised only Rs.1.89 lakhs till March 1991 on publicity through brochures, display posters and video films. The balance of Rs.4.11 lakhs which was to be spent on TV spots, radio spots and information booklets remained unutilised. The Bureau stated (March 1991) that no time frame was fixed by the Government for execution of the project.

2.10.5 Physical verification of fixed assets

Annual accounts of the Bureau showed that it had acquired assets for a gross value of Rs.1048.44 lakhs as per details given below since its inception to 1990-91.

Serial No.	Name of Assets	Value (Rupees in lakhs)
i)	Laboratory Equipments	839.16
ii)	Furniture and Equipment	196.13
iii)	Reprographic Equipment	11.29
iv)	Zerox Copying Equipment	1.86
	Total	1048.44

The physical verification reports in respect of 'Reprographic Equipment' and 'Zerox Copying Equipment' were not produced to Audit. Test check of the physical verification reports in respect of capital equipments installed at Central Laboratory and furniture and equipments at Headquarters as well as Central laboratory revealed as under:-

(i) Capital Equipment at Central Laboratory: Physical verification of capital equipment installed in Central laboratory for the year 1989-90 was carried out in August 1990 after the close of the financial year, from the consolidated stock registers on the basis of code numbers. It was observed that the Central fixed assets registers maintained at Headquarters and consolidated stock registers maintained at Central laboratory did not have any code numbers. The Bureau stated (April 1991) that a coding system for the various testing equipments developed was still to be perfected. In the present system of physical verification the assets physically verified were not compared with the entries appearing in the central fixed assets registers as well as in the balance sheet.

(ii) Furniture and Equipment: The physical verification of furniture equipment for the year 1989-90 was conducted and there were certain discrepancies between the physical quantities and book balances in respect of certain items which were yet to be reconciled by the Bureau. The Bureau stated (February 1991) that a review committee had been constituted in September 1990 to review these discrepancies which decided to evolve a codification system. The implementation of the codification system

was stated to be under process after which the discrepancies would be reconciled.

(iii) Non disposal of obsolete/unserviceable stores: While conducting physical verification for the year 1989-90, laboratory equipment costing Rs.2.31 lakhs and furniture and equipment valuing Rs.3.89 lakhs were identified as unserviceable/obsolete but were yet to be disposed of by the Bureau.

The review was referred to the Ministry in December 1991; reply has not been received (March 1992).

Ministry of Commerce

Rubber Board, Kottayam

3. Arrears in collection of cess on rubber

Under Section 12 of the Rubber Act, 1947, cess is leviable on all rubber produced in India. This cess is currently leviable at 50 paise per kilogram of rubber produced (30 paise from April 1961 to July 1975 and 40 paise from July 1975 to August 1984). The Rubber Board, constituted under Section 4(2) of the Rubber Act to promote the development of rubber industry collects the cess on rubber and the cess so collected after deducting the cost of collection is to be credited to the Consolidated Fund of India.

The cess is collected on the quantity of rubber acquired by the manufacturers and used by them, except in the case of sole crepe rubber, for which it is collected from the producers. Every manufacturer has to obtain a licence from the Board to acquire natural rubber. Demands for cess are raised by the Board. While penal interest is charged on belated payment, in the defaulted cases, the Board also resorted to proceedings under the Revenue Recovery Act.

Cess amounting to Rs.150.58 lakhs was pending collection in 1945 cases as at the end of March 1991. The year-wise details of the arrears were as follows:

(Rupees in lakhs)

Year	Amount
Upto March 1986	98.75
1986-87	4.79
1987-88	7.98
1988-89	6.80
1989-90	19.81
1990-91	57.65
Total	195.78
Less Advance collection	45.20
Balance	150.58

The Board stated (October 1989) that action to collect the arrears was in progress. The arrears amounting to Rs.111.52 lakhs pertaining to the period upto 1987-88 had been advised for revenue recovery.

The matter was referred to the Ministry in July 1990; reply has not been received (March 1992).

Tea Board

4. Tea counter in duty free shopping area

With a view to making available a good range of Indian tea, Tea Board decided in November 1987 to open a tea counter in the duty-free shopping area at the Indira Gandhi International Airport, Delhi. International Airports Authority of India (IAAI) agreed in November 1987 to provide an area of 18 sq. metres (approx.) free of rent within the duty free area for a period of three years beginning in January 1988 and an agreement was signed between Tea Board and IAAI in December 1987. The licence offered by IAAI would be valid for the period from January 1988 to December 1990 and the gross profit would be shared with IAAI in equal proportion. Tea Board took possession of the area on 28 June, 1988. An expenditure of Rs.2.39 lakhs was incurred on design fabrication and lay out. The counter was, however, not opened. In the mean time validity period (December 1990) of the agreement expired and IAAI did not renew it beyond December 1990. Moreover Tea Board was asked by IAAI to pay ground rent of Rs.0.88 lakh for occupying the space.

Thus the promotional endeavour of Tea Board to sell export quality Indian packaged tea to foreign travellers was not achieved although an expenditure of Rs.2.39 lakhs was incurred for creating the required infra-structural facilities. Besides, the Board incurred a liability of paying ground rent of Rs.0.88 lakh to IAAI for occupying the space which was avoidable.

It was stated by Tea Board, in May 1991 that the delay in the opening of counter was due to various constraints such as (a) design and decoration of the duty-free shop (b) money changers' licence from the Reserve Bank of India (RBI), New Delhi (c) Customs Exemption Certificate and (d) clearance from the Sales Tax Authority. The contention of Tea Board is not acceptable as the belated action on the part of the Tea Board in completing the infrastructural facilities as well as obtaining money changers licence from RBI consumed most of the lease period. In fact, necessary work order for design, fabrication and layout of the tea counter was issued in March 1989 and the agreement in this regard was executed in September 1989 for completion of the work by October 1989 only. Further, the Board approached the RBI in April 1990 for money changers' licence which was received by them in September 1990.

The Ministry stated (December 1991) that inspite of money changers' licence obtained by the Tea Board in September 1990 and separate accounts for deposit and transaction of such money being opened with the State Bank of India in New Delhi, the functioning of the duty free shop could not commence owing to non-renewal of the lease agreement beyond December 1990 by the IAAI due to certain policy changes.

Ministry of Human Resource Development

(Department of Education)

5. Central Board of Secondary Education

5.1 Introduction

The Central Board of Secondary Education (Board) originally named as the Board of High School and Intermediate Education Rajputana is a society registered under the Societies Registration Act, 1860. The Board was given its present name by the Government of India in 1952, when the constitution of the Board was amended to extend its jurisdiction to the then Part 'C' States and Part 'D' Territories. The Board was reconstituted in 1962 to enable it to play an effective role in the field of secondary education, to raise the standard of education, to serve affiliated educational institutions spread all over the country and some of them in foreign lands and to meet the educational needs of the migratory population of students whose parents were employed in the Central Government and frequently transferred. On reconstitution, the erstwhile Delhi Board of Secondary Education merged with the Central Board. The number of schools affiliated to the Board went up from 309 in 1962 to about 3052 as on 30 September 1990. Likewise, the number of examinees increased from 16000 in 1962 to around 4.34 lakhs in September 1988.

The main role and functions of the Board were affiliation of institutions from all over the country for the purpose of its examinations, inspection of schools both for the granting of provisional affiliation as well as periodic inspection, admission of candidates to its examinations, holding of examinations and grant of certificates. The Board also prescribed courses and syllabi and suitable text books for the various stages of school education and undertook their development and publication besides conducting orientation programmes, workshops and seminars for ongoing programmes and updating knowledge of teachers in various disciplines.

5.2 Scope of Audit

The accounts of the Board are audited under Section 20 (1) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. A review of the working of the Board covering the period from 1983-84 to 1989-90 was carried out by Audit from July 1990 to August 1991.

5.3 Organisational set up

The Board is headed by a full time Chairman appointed by the Ministry of Human Resource Development and is assisted by three Heads of Departments viz. Secretary, Director of Academics and Controller of Examinations. The Board functions under the overall supervision of the Controlling Authority, which is vested in the Secretary (Education), Ministry of Human Resource Development. Six separate committees namely the Finance Committee, Curriculum Committee, Examination Committee, Results Committee, Affiliation Committee and Committee of Courses have been constituted for the proper execution of the business of the Board. The Board has regional offices at Ajmer, Chandigarh, Delhi, Guwahati, Madras and Ranchi.

5.4 Highlights

- **The Board had granted affiliation in 95 cases out of 155 cases test-checked without insisting upon the fulfilment of prescribed essential conditions laid down in the affiliation bye-laws. In 13 cases, provisional affiliation was granted even without conducting inspection of the schools. In one case provisional affiliation was granted to a school for a further period of 3 years despite the adverse comments of the Inspection Committee. (Paragraph 5.7.1)**

- The Board had granted permanent affiliation to 51 out of 61 schools test checked without fulfilment of the prescribed conditions. Follow up action to ensure the fulfilment of post affiliation conditions was also not taken in the case of these schools. (Paragraph 5.7.2)

- Establishment expenditure and expenditure on examinations constituted 76 to 88 per cent of the total expenditure of the Board during 1983-84 to 1989-90. The per candidate expenditure on examinations and establishment increased by 34 per cent from 1983-84 to 1987-88 against which the fee charged per candidate increased by 32 to 68 per cent in respect of different examinations. Between 1983-84 and 1989-90, the expenditure on establishment and examinations increased by 126 per cent; the increase in the total amount of fees was much more: 178 per cent. Despite this, the Board further enhanced the fees by about 10 per cent from 1991. (Paragraph 5.8)

- As compared to the Board's objective of covering 20 per cent of teachers annually beginning from 1987-88 in orientation programmes, the response was confined to a very small number. (Paragraph 5.10.2)

- Against the Board's specific policy to cover 10 per cent of the schools and students under the vocational courses by 1990, the number of students covered upto 1989 examination was not even two per cent. (Paragraph 5.10.3)

- The progress of scheme of Sahodaya School Complex was admittedly slow. Against the minimum target of 300 schools joining one cluster or other during 1987, 600 schools in 1988 and another 1500 in 1989, the number of school complexes opened was 19 and only 139 schools were covered. (Paragraph 5.11)

- Non-occupation of three High Income Group, seven Middle Income Group and one Lower Income Group flats resulted in idle investment of Rs.22.40 lakhs. The delay in occupation of the flats resulted in extra expenditure of Rs.0.79 lakh on account of payment of house rent allowance to the employees. (Paragraph 5.12)

- The Board entrusted the architectural consultancy and construction of its office building to one and the same agency viz. the National Buildings Construction Corporation (NBCC) at 4 per cent of the total construction cost for consultancy and on cost plus 12.5 per cent basis for construction. The Board made advance payments of Rs.1.00 lakh and Rs.33 lakhs for consultancy and construction respectively which was in violation of Government orders of July 1983.

  The work was completed 18 months behind schedule at an estimated expenditure of Rs.451.22 lakhs against the estimated cost of Rs.362.47 lakhs. The extra and substituted items accounted for Rs.54 lakhs. The Board did not furnish the reasons for the cost over run of the balance amount. The Board also did not furnish the amount of cost escalation attributable to time over run.

  A penalty of Rs.23.15 lakhs was not levied and recovered by the Board from the NBCC. No effective cost control was exercised; instead extra contractual concessions were granted to the NBCC. (Paragraph 5.13.1)

- Payments aggregating Rs.38.44 lakhs were made for the work of interior decoration against Rs.31.07 lakhs for which the work was awarded. The Chief Technical Examiner of the Central Vigilance Commission had pointed out several irregularities in the work of interior decoration; the Board did not intimate the action taken in the matter. (Paragraph 5.13.3)

- **The Board awarded work for computerisation of examination data of 1982 examinations to a firm at higher rates and did not invite fresh tenders from 1983 to 1986 and for 1988 and awarded the work to the same firm. The work of 1987 examinations was also got done from the same firm and two firms, which had quoted lower rates, were excluded from consideration without assigning any reasons. (Paragraph 5.14)**

- **The Board had accumulated a stock of unsold books valued at Rs.60.56 lakhs. (Paragraph 5.16)**

- **There were no norms to assess the requirement of consumption of paper resulting in huge balances of paper lying at the end of each year. Consumption account of paper valued at Rs.5.32 lakhs had not been rendered by 17 Printing Presses to the Board. (Paragraph 5.17)**

- **Adjustment/recovery of advances amounting to Rs.41.47 lakhs relating to the period from 1986-87 to 1989-90 was outstanding. Refunds in 82 cases aggregating Rs.25.51 lakhs were deposited by the Principals/Supervisors of the spot evaluation centres after delays ranging upto 9 months and more. (Paragraph 5.18)**

- **The Internal Audit Wing of the Board had not conducted any audit during 1983-84 to 1989-90. (Paragraph 5.19)**

5.5 Finance and Accounts

The accounting year of the Board is from October to the following September. The Board does not receive any grant from the Government of India or from any other source except reimbursement of examination fee of Scheduled Castes/Scheduled Tribes (SC/ST) candidates by the concerned Union Territory Administration. The Board generates its finances from its own resources by way of examination fees, affiliation fees etc. During 1983-84 to 1989-90, the income of the Board amounted to Rs.3762.49 lakhs, which included examination fee of Rs.2821.71 lakhs, sale proceeds of Board's publications, application forms and text books etc. Rs.261.19 lakhs, interest on investment Rs.234.34 lakhs, reimbursement of fees relating to SC/ST candidates, Rs.130.05 lakhs, affiliation fee Rs.69.02 lakhs and miscellaneous and other fees Rs.246.18 lakhs.

During the same period, the expenditure incurred by the Board amounted to Rs.2713.37 lakhs, out of which amount incurred on conducting examinations aggregated Rs.1390.04 lakhs, establishment expenses accounted for Rs.783.97 lakhs, printing, purchases, maintenance etc. Rs.332.56 lakhs, paper accounted for Rs.129.39 lakhs, Books and Publications accounted for Rs.43.55 lakhs, academic programme Rs.24.28 lakhs, and other expenditure Rs.9.58 lakhs. The excess of income over expenditure during the period was Rs.1049.12 lakhs.

The year-wise details of income and expenditure of the Board from 1983-84 to 1989-90 are given in Annexure-I.

5.6 Meetings

As per the Rules and Regulations of the Board, the Board shall meet ordinarily in the months of January, April and October. The meeting of the Board held in the month of January shall be deemed to be the annual meeting of the Board. Against this, the Board met only once each in 1983, 1985, 1987, 1989 and 1990 and twice each in 1984, 1986 and 1988. The Board did not meet in January in any of the years during 1983-90 except in 1988.

5.7 Affiliation

5.7.1 According to the norms of affiliation prescribed by the Board, in order to be eligible, the School should obtain no objection certificate from the State Government, must have about 2 acres of land and a building constructed on a part of the land and proper playgrounds on the remaining land, the trust or Society/management running the School should be non proprietary in character, it should have well qualified staff as per norms, follow the three language formula and must pay salaries and allowances to the staff as per scales prescribed by Government of India/State Government. The School must have Reserve Fund of Rs.0.20 lakh in the joint name of the Manager and the Chairman of the Board in a scheduled bank.

In order to ensure compliance of these requirements, the documents received with the applications for affiliation were examined by the Board and an Inspection Committee was appointed to assess the suitability of the School for affiliation. The report of the Inspection Committee was put up to the Affiliation Committee and affiliation was granted to the School on the basis of report of the Inspection Committee and the recommendations of the Affiliation Committee.

The schools which have sent up at least 10 batches of students for the secondary school examination or at least 8 batches for the senior secondary school certificate examination are eligible for grant of permanent affiliation. Permanent affiliation relieves the school from the periodic renewal of provisional affiliation.

The number of schools affiliated to the Board increased from 1773 at the end of September 1984 to 3052 at the end of September 1990. Out of this, 191 schools were permanently affiliated.

A test check of 155 cases in which provisional affiliation was granted to Secondary/Senior Secondary Schools indicated that essential conditions laid down by the Board were not fulfilled in 95 cases. Though Inspection Committees in their reports pointed out deficiencies like non availability of adequate land, staff, library books and laboratory equipment etc., they had recommended grant of provisional affiliation which was granted for periods ranging from one to three years in the first instance subject to fulfilment of the conditions. In 13 cases, provisional affiliation was granted on scrutiny of the applications without even prior inspection of the schools.

Two schools were given provisional affiliation as special cases on receipt of applications without processing them. In one case provisional affiliation was given for three years despite the fact that the application for affiliation was submitted late and the school neither possessed the requisite area for land nor were the teachers trained and paid the salary scale prescribed by the State Government. These conditions were not fulfilled subsequently either (July 1991). The renewed fixed deposit of the Reserve Fund, which matured in January 1990, had not been received back by the Board.

In the second case, the condition regarding Reserve Fund of Rs.0.20 lakh was not fulfilled as the fixed deposit for this amount was already pledged in favour of other authorities. The area of the School was not as per the prescribed norm and the special conditions - viz., qualified instructors, adequate laboratory space, application of three language formula policy, service agreement with the employees of the School, retirement benefits and maintenance of school record in the prescribed form were not complied with by the management of the school (July 1991).

In another case the affiliated institution was inspected in April 1982 and again in February 1987, but the adverse comments of the Inspection Committee were ignored and the Board granted extension of provisional affiliation to the school for a further period of three years from May 1987.

It was also observed that the Inspection Report did not mention about the fulfilment of such essential conditions as fees charged vis-a-vis the facilities provided by the institution, capitation fee or voluntary donations etc. In one case, even though the Inspection Committee had commented upon the exorbitant fees/building fund and interest free loans being charged from the parents of the students, the Board did not pursue the matter with the school authorities.

5.7.2 Permanent Affiliation: The Board granted permanent affiliation to 191 schools up to September 1990. The Board did not maintain any record regarding cases of grant of permanent affiliation and the number of cases pending for grant of permanent affiliation. Test check in 20 cases involving 61 schools revealed that in some cases permanent affiliation was granted despite the non-fulfilment of pre-conditions by the institutions.

- Four schools were granted affiliation without conducting the required special inspection; in the case of two of these schools, the requirement of having a library catering to minimum of five books per student was not fulfilled.

- In the case of one school, permanent affiliation was granted although the average pass percentage for the previous three years of the Senior Secondary School was only 79 against the desired 95.

- Qualified staff, as prescribed, was not appointed in two schools.

- The Board granted permanent affiliation to 44 schools in May 1985 on the recommendation of the Director of Public Instruction, Arunachal Pradesh, although according to the Board, most of them did not fulfil the stipulated conditions. No follow up action was taken by the Board (June 1991) to ascertain the removal of the existing deficiencies.

5.7.3 Every institution granted permanent affiliation was required to fulfil the post affiliation conditions which included inspection by a team every three to five years, a report once in every three years by the school regarding qualitative improvements made, regular participation of the staff in the Board's training programme etc. The Board had not taken any follow up action in the aforesaid 20 cases in which affiliation was granted without fulfilment of conditions that the post-affiliation requirements were met.

5.7.4 Inspections: According to the Manual of Rules and Regulations of the Board, affiliated institutions shall be inspected at least once in three years by an inspection committee which will report to the Affiliation Committee as to whether the school continued to fulfil the conditions of affiliation laid down by the Board. No periodical inspection was conducted in any of the affiliated schools, except in a few cases where upgradation was involved or serious complaints against the schools were received. The Board stated, in December 1990, that it had not fixed any periodicity of inspection of Schools and that whenever it considered necessary, the same was carried out. The reply of the Board was not in consonance with the provisions of rules.

5.7.5 Affiliation Fees: An institution seeking approval of syllabus/provisional affiliation/ upgradation, etc. was required to pay the prescribed fees alongwith the application and, on being granted affiliation, regular annual fees before the start of the academic session. It was noticed in audit that an accumulated amount of Rs.6.25 lakhs was outstanding (September 1990) from different schools on this account from 1983-84.

The Board did not make available to Audit the registers maintained for watching the fees due from the concerned schools.

5.8 Examinations

The Board had no fixed periodicity for the revision of rates of examination fees. The rates of fee were revised thrice in 1982, 1985 and 1987 and again in 1990 to be made effective from 1991.

The details of fees prescribed from time to time for regular candidates who constituted the majority of candidates taking the Board's examinations, were as under:-

(Amount in rupees)

	From 1982	From 1985	From 1987	From 1991
Delhi Secondary School Examination	75	85	100	110
Delhi Senior School Certificate Examination	76	85	100	110
All India Secondary School Examination	95	125	160	175
All India Senior School Certificate Examination	100	130	160	175

While revising the fee in 1985, the Board attributed additional expenditure to storage of question papers, preparation of multiple sets of question papers for different schemes, intensification of surprise inspections and centralised evaluation for senior secondary classes. The reasons advanced for enhancement of examination fee in 1987 were revision of scales of pay following the recommendations of the Fourth Pay Commission and creation of additional posts and rationalisation of scales, additional expenditure due to introduction of central evaluation for the secondary stage and provision of repayment of principal and interest on loan raised. However, no loan was raised by the Board.

The Board cited increasing conveyance charges and revision in the rates of remuneration to the examiners as the main reasons for revision of examination fee in 1990 made effective from 1991.

The Board stated, in August 1990, that the rates of fees were normally revised when there was pressure from the institutions/examiners and other officials connected with the examination for increase in their remuneration or when there was an abnormal increase in expenditure due to change of policy regarding revision of scales by the Government. The Board further stated that, in addition, it also required funds to construct its own building and had to revise the fee to meet the additional expenditure in 1986.

Establishment expenditure and expenditure on examinations constituted 76 to 88 per cent of the total expenditure of the Board during 1983-84 to 1989-90. The table below shows the receipts on account of examination fees and other establishment and administrative expenditure during 1983-84 to 1989-90.

(Rupees in lakhs)

Year	Opening balance (Surplus)	Examination fee	Reimbursement ment of examination fee in respect of SC/ ST candidates	Total (Col.2 to 4)	Administrative expenditure	Expenditure on conducting of examinations	Total (Col.6 plus 7)	Cumulative surplus
1.	2.	3.	4.	5.	6.	7.	8.	9.
1983-84	44.36	212.19	11.16	267.71	53.31	141.74	195.05	72.66
1984-85	72.66	280.90	11.13	364.69	66.00	144.35	210.35	154.34
1985-86	154.34	311.88	14.38	480.60	84.61	154.59	239.20	241.40
1986-87	241.40	423.78	19.87	685.05	123.08	204.64	327.72	357.33
1987-88	357.33	484.21	35.47	877.01	133.27	242.08	375.35	501.66
1988-89	501.66	509.68	15.24	1026.58	146.32	239.86	386.18	640.40
1989-90	640.40	599.07	22.80	1262.27	177.38	262.78	440.16	822.11

The expenditure per candidate on establishment and examinations increased from Rs.64.78 in 1983-84 to Rs.86.59 in 1987-88, i.e. by 34 per cent. As against this, the fee per candidate (in respect of regular candidates) increased by 32 to 68 per cent. Between 1983-84 and 1989-90, the total expenditure on establishment and examinations increased by 126 per cent; the increase in the amount of fees was much more: by 178 per cent. Despite this, the Board further enhanced the fees by about 10 per cent for all the examinations from 1991.

5.9 Scholarships

The Board had instituted two schemes of scholarships - Board's Merit Scholarships and Scholarships to the children of the Board's employees.

5.9.1 The Merit Scholarships were awarded to students securing top positions in examinations conducted by the Board. The number of scholarships awarded increased from 13 in 1984 to 90 in 1989. A large number of candidates selected for the award of scholarships had not claimed payment during 1985 to 1990 as per details given below:-

Year	Total number of scholarships	Full payment of scholarships claimed	Partly claimed and dropped	Scholarships not claimed
1985	57	15	29	13
1986	59	14	36	09
1987	57	06	42	09
1988	84	06	63	15
1989	90	Sanction yet to be intimated (December 1991)		
1990	90	--do--		

The reasons for a large number of selected candidates not utilising the scholarships were not investigated. It was also noticed that no action to consider the candidates in the order of merit was taken in cases where the payment of scholarships was either not claimed or claimed partly. There was no machinery to monitor future performance/career profiles of the scholars.

5.9.2 Scholarships to the children of Board's employees: The number of scholarships to be awarded under the scheme of scholarships to children of Board's employees increased from 25 in 1984 to 70 in 1989. The number of scholarships awarded in 1989 was, however, only 30. The scholarships were restricted to the secondary and senior secondary stages by the Finance Committee in September 1981. However, they were being awarded to students of VIth to VIIIth classes as well, reasons for which were not on record. Nor was any record maintained on the subsequent performance of the scholarship holders.

5.10 Academic activities

5.10.1 Curriculum development: According to the Board, it followed a comprehensive procedure for developing the curricula keeping in view the changing trends in education at national and international level and national priorities. Reactions from various interest groups such as students, teachers, experts and school heads were obtained and draft curricula prepared by the subject Committees of Courses of the Board. The first such major revision was done in 1975-76 when the new 10+2 pattern of education was introduced in the schools affiliated to the Board. The second major restructuring took place in the academic session 1988-89 for the Kendriya Vidyalayas and from 1989-90 in other schools affiliated to the Board.

It was noticed in Audit that the various State Education Boards and heads of the schools affiliated to State Boards who were equally concerned in education reforms were not being consulted/included in the various Committees nor was their opinion sought in the development of curriculum. The Board stated, in June 1991, that it was not obligatory for it to consult the State Education Boards on the matters as the State Boards were also autonomous and in no way under compulsion to consult it. The Board also stated that feed back on curriculum was received from the Annual Conferences of the Convenors of the Sahodaya School Complexes set up by the Board.

5.10.2 In service training/orientation programme:- As per Board's specific policies, systematic and accounted efforts were to be made by every school to provide orientation to every single teacher so that during a period of every five years, all teachers would have gone through orientation programmes whether such programmes were arranged by the school itself or in collaboration with other schools or through State Council of Educational Research and Training/National Council of Educational Research and Training or the Board's own programmes. The Board's programme was to cover 20 per cent of the teachers annually beginning from 1987-88 academic year whereas only 666 teachers in 1987-88 and 18 in 1988-89 were covered. The number of teachers, who participated in Board's orientation programmes during the period from 1983-84 to 1989-90, was as under:-

Year	Number of participants	Number of affiliated schools
1983-84	425	1773
1984-85	22	2007
1985-86	843	2200
1986-87	350	2364
1987-88	666	2652
1988-89	18	2816
1989-90	Information awaited	3052

The number of teachers working in affiliated schools was not available. Compared to the large number of teachers working in affiliated schools, the percentage of teachers, who underwent orientation programmes of the Board, was negligible. The Board had no record to show the actual number of teachers who had undergone orientation programmes organised by other agencies. Thus no effort was made by the Board to monitor the progress and take remedial measures.

5.10.3 Vocationalisation: Based on the National Policy on Education, it was the specific policy of the Board to cover atleast 10 per cent of the schools and students under the vocational course/scheme by 1990. Upto 1989 examination, only 92 out of 2816 schools offered vocational courses and 831 students appeared in the full package vocational course while another 1089 candidates appeared with one or two vocational subjects as electives.

Compared to the total number of 1.15 lakh students who appeared in the Senior Secondary Certificate Examination of the Board (All India and

Delhi), the number of students covered under the Vocational Scheme upto 1989 examination was not even two per cent.

The Board stated, in June 1991, that it had largely academic responsibility for promotion of educational innovations. The administrative responsibility for making these courses available in schools and diverting students to them rested with the organisations/agencies controlling them such as Directorates of Education of the States/Union Territories.

5.11. Sahodaya School Complex

The idea of school complexes was first mooted by the Education Commission (1966) according to which one high school was expected to provide leadership to 3-4 higher primary schools and 10-20 lower primary schools in the neighbourhood.

The National Policy on Education, 1986 reiterated that school complexes should be promoted for improving the quality of education. The main thrust of the Sahodaya School complexes was towards promotion of academic collaboration among the schools through teacher exchange, common science fairs, general seminars, workshops, etc., pooling of resources, adoption of innovative practices and encouragement of professional excellence among the teachers.

The Board set a minimum target of 300 schools joining one cluster or another during 1987, 600 more schools in 1988 and another 1500 in 1989, against which the number of school complexes opened and the number of schools covered as in September 1989 was only 19 and 139 (out of 2816 affiliated schools) respectively. The response from the Government schools, which formed 40 per cent of the total strength of the affiliated schools, was nil and the Kendriya Vidyalayas, the number of which exceeded 500, showed no enthusiasm.

The Board stated, in June 1991, that the number of such complexes had gone up to 54 but the list of schools covered by these complexes was not furnished. The Board admitted that the progress in this regard was slow.

No information was furnished regarding details of science fairs, general seminars, workshops, etc. held, teacher exchange, exchange of library facilities, production of teaching aids, norms adopted for innovative practices, etc.

5.12. *Staff quarters*

The Board acquired 48 Lower Income Group (LIG), 58 Middle Income Group (MIG) and 3 Higher Income Group (HIG) flats from the Ghaziabad Development Authority (GDA) during 1987 to 1989 for its employees at a cost of Rs.146.04 lakhs. In addition, the Board incurred expenditure of Rs.12.95 lakhs towards water supply, electricity connection etc. The table below shows the dates of allotment of flats by the GDA and the dates of occupation by the employees of the Board:

	LIG	MIG	HIG
Number of flats	48	58	3
Date of allotment by GDA	February 1987	January 1989	January 1989
Date of taking over possession by the Board	June 1987	May 1989	June 1989
Date of water supply connection	July 1988	February 1990	February 1990
Date of electricity connection	January 1989	February to July 1990	July 1990
Number of flats occupied	47	51	Nil

Date of occupation	Between July 1988 and November 1989	Between April and July 1990 (35 flats) and August 1990 to January 1991 (16 flats)	Not yet occupied

(i) The Board made formal applications for electricity connections in LIG flats only in October 1987. The demand notice was collected another 9 months later. The action for obtaining water supply connections was initiated five months after the date of taking possession and the connections were obtained after 13 months.

(ii) Although 58 MIG flats were allotted to the Board in January 1989, action for installation of water and electricity connections in these flats was initiated in April and July 1989 respectively. Electricity connections were finally provided between February and July 1990. There were delays ranging from three to six months in the occupation of 10 flats after water and electricity supply were provided.

(iii) Water and electricity supply were provided in three HIG flats, which were taken over by the Board in June 1989, only in February 1990 and July 1990 respectively. None of these flats, which were intended for allotment to the Heads of Departments and Chairman, has been occupied so far.

The Board stated, in October 1990, that two of the flats were being used as guest houses and one as store and that occupancy of both the guest houses was nil upto mid November 1990. The use of HIG flat as store was wasteful.

(iv) Two MIG flats were earmarked for creche and maintenance office; these had not started functioning so far.

Due to non-occupation of three HIG, seven MIG and one LIG flats, expenditure of Rs.22.40 lakhs incurred thereon resulted in idle investment. The delay in occupation of flats resulted in extra expenditure of Rs.0.79 lakh on account of payment of house rent allowance to the employees (July 1991).

5.13. *Office building*

5.13.1 *Construction of office building:* The Board, which had been functioning in several hired buildings, entrusted the architectural consultancy and construction of its own building to the National Buildings Construction Corporation Ltd. (NBCC) in July 1983 and August 1985 respectively. Against the usual rate of fee of 3 per cent (and 3.5 per cent levied by the Central Public Works Department CPWD) for architectural consultancy, the rate agreed with the NBCC was 4 per cent of the total cost of construction work. The Board also made advance payment of Rs.one lakh to the NBCC as interest free unsecured advance in August 1984 for consultancy services which was contrary to Government order of July 1983 in terms of which only mobilisation advance limited to 10 per cent of the cost of work could be granted to a contractor for capital intensive works of specialised nature costing not less than Rs.one crore for mobilisation of resources. The agreement for construction was on cost plus basis and the contractor was required to be paid at 12.5 per cent plus on the actual cost as defined therein. The entrustment of work on cost plus basis was also contrary to Government orders. The Board thus paid 16.5 per cent of the cost for architectural consultancy and construction against the fee at the rate of 8 per cent prescribed by the CPWD for execution on turn key basis of works costing Rs.two to five crores.

The Board paid Rs.33 lakhs to the NBCC as interest free mobilisation advance in August 1985 and January 1986 which was also in violation of Government orders of July 1983 cited.

The NBCC submitted preliminary estimates based on CPWD Plinth Area Rates (PAR) of 1976 amounting to Rs.484.85 lakhs in October 1985 which the Board accepted for Rs.330.05 lakhs in November 1985 based on cost index of 312 after excluding the cost of air conditioning, air cooling, heating, etc. The NBCC submitted revised preliminary estimates in December 1986 and detailed estimates for Rs.362.47 lakhs in April 1987. These estimates were stated to be broadly based on the CPWD schedule of rates for Delhi, 1981, suitably upgraded to arrive at the cost index of 340 as in July 1986. Formal expenditure sanction and administrative approval for these estimates was yet to be obtained.

The work, commenced in January 1986 and scheduled to be completed within 27 months, was actually completed in September 1989 after delay of 18 months. The NBCC (construction contractor) intimated cost ceiling of Rs.416 lakhs in September 1987 revised to Rs.463.36 lakhs in June 1990. The Board had made total payment of Rs.451.22 lakhs to the NBCC for construction upto 37th Running Account Bill; the pre final and final bills had not been received and paid so far (September 1991).

According to the Board, the extra and substituted items accounted for additional expenditure of Rs.54 lakhs; the Board did not furnish the reasons for the remaining cost over run of Rs.35 lakhs (as per the payment already made)/Rs.47 lakhs (as per the last cost ceiling furnished by the NBCC). The NBCC, however, admitted in March 1990 that the extra expenditure was also due to time overrun but the cost escalation attributable to time over run was not furnished.

According to the Building Advisor of the Board, both the Board and NBCC were responsible for delay in completion of work. Penalty of Rs.23.15 lakhs for delay as laid down in the contract at the maximum of five per cent of the revised ceiling cost was not levied and recovered in accordance with the terms of agreement.

The NBCC was required to furnish the quarterly theoretical and actual consumption statement of material. Though the construction of the building started in January 1986 and continued until September 1989, these statements were not sent except for the quarters ending June 1986, March 1987, June 1987, March 1988 and June 1988. The Board scrutinised these statements and informed NBCC in June 1987, June 1988 and October 1988 about the wide variations in the use of the material for which reasons were not furnished by NBCC (August 1991). Effective cost control could not be exercised by the Board.

The agreement also required the NBCC to furnish a cost statement based on the audited figures of the annual accounts at the end of every year. The NBCC had furnished such a cost statement for the year 1985-86 only.

In terms of the agreement, NBCC would be allowed advance payments for the purchase of steel and cement by the Board on the production of proforma invoice from the suppliers which were to be adjusted in the monthly bills after the materials were received at work site. However, the Board paid Rs.97.14 lakhs as advance for the purchase of cement and steel against its request in the form of a letter because "proforma invoice was not possible from the suppliers". This resulted in unauthorised aid to the NBCC. The Board did not furnish information on the quantity of material actually brought to site and used by the contractor.

Other points of interest:

5.13.2 *Land scaping:* The work awarded for Rs.12.68 lakhs had to be terminated due to slow progress after completion of Rs.5.38 lakhs worth of work. The remaining work worth Rs.7.30 lakhs was left incomplete when the work was withdrawn from the contractor in July 1989. Out of this, work amounting to Rs.1.86 lakhs was executed departmentally. The Board recovered liquidated damages of Rs.0.38 lakh only instead of Rs.1.27 lakhs recoverable as per the agreement. The Board also refunded the security deposit of Rs.0.53 lakh to the contractor which was to be forfeited on account of slow progress and sub standard quality.

A separate agreement for consultancy for landscaping had been entered into in October 1987 and an amount of Rs.0.51 lakh with reference to the total cost of work was paid to the contractor. As the entire work was not executed, an amount of Rs.0.25 lakh was only due to be paid to the consultant.

5.13.3 *Interior decoration*: The Board awarded the work of interior decoration estimated to cost Rs.35 lakhs to two contractors 'A' and 'B' for Rs.16.03 lakhs and Rs.15.04 lakhs in July 1988. The work, which was required to be completed by November 1988, was completed in April 1989 and March 1990.

Contractor 'A' asked for enhancement on the rates of granite stone items in February 1989 due to delay in handing over clear site. The work was withdrawn from him in July 1989 and executed through another contractor 'C'. This resulted in incurring extra expenditure of Rs.0.22 lakh for which no recovery was made from contractor 'A' nor was any other action taken against him. The quantities of some of the items like Makrana marbles, glazed tiles, ceramic tiles and flooring etc. actually executed exceeded the tendered quantities by 15 to 492 per cent; this entailed additional expenditure of Rs.3.45 lakhs. Similar excess relating to items like false ceiling, staircase, railing, panelling, tables, sofas, etc. executed by contractor 'B' ranged from 16 to 7200 per cent involving extra expenditure of Rs.5.48 lakhs. The Board incurred infructuous expenditure of Rs.0.49 lakh on dismantling of ceiling, false ceiling and gypsum board and their redoing. A total amount of Rs.38.44 lakhs was paid to the three contractors A, B and C against the amount of Rs.31.07 lakhs for which the work was awarded to contractors A and B.

An investigation conducted into the work of interior decoration by the Chief Technical Examiner, Central Vigilance Commission (CVC), showed that no test check of measurements was done by any of the superior officers of the Board, the theoretical requirement of cement was not worked out to see whether sufficient quantity of cement was being used on the work, there were a large number of corrections in the measurements recorded in measurement books which were not authenticated and no justification based on the then prevailing market rates of material and labour was worked out to compare with the rates accepted. The Chief Technical Examiner also reported that there was no justification for providing granite stone work (Rs.3.86 lakhs), marble stone work (Rs.8.93 lakhs), glazed ceramic tiles (Rs.2.23 lakhs) etc. No tests were conducted on the material used at site. It was not possible to ensure the quality of material without performing scientific tests and no account was maintained for the consumption of paints, primer and fire retarder etc.

Action taken on the Report of CVC by the Board had not been intimated (August 1991).

5.14. *Computerisation of examination data*

The Board has been getting the work of computerisation of results done from private firms since 1971. The number of candidates who appeared in various examinations of the Board and expenditure incurred on computer processing of examination results during 1983-84 to 1989-90 was as follows:-

Year of Examination	Number of candidates (In lakhs)	Year	Expenditure incurred on computerisation of results including computer stationery (Rupees in lakhs)	Unit cost per candidate (Rupees)
1983	NA	1982-83	10.81	NA
1984	3.06	1983-84	13.91	4.55
1985	3.28	1984-85	15.12	4.60
1986	3.46	1985-86	19.05	5.50
1987	3.84	1986-87	17.74	4.60
1988	4.34	1987-88	20.38	4.70
1989	NA	1988-89	10.22	NA
1990	NA	1989-90	15.72	NA

NA: Not available

In 1981, quotations were invited for the processing of pre and post examination data in respect of all the four major examinations of the Board held in March 1982 and July 1982.

The only two quotations (lower Rs.2.18 per candidate) were not finally considered on the ground that the rate of Rs.2.34 per candidate of a third firm 'C' (which was earlier doing the work) was already known. This was not correct since the third firm did not formally quote in response to the invitation.

Nine firms responded to the fresh quotations. The Committee appointed by the Board to assess the capability of the various firms observed that only three firms could undertake the work and the work was finally awarded for all the four examinations of 1982 to firm 'C' at the rate of Rs.2.15 per candidate. The Committee did not accept the lower offer of Rs.1.79 per candidate of agency 'D' located at Chandigarh on ground of distance involved. This was despite the fact that the said agency had, in the Committee's own words, the most sophisticated and modern equipment and had promised to collect all source documents from Board's office at New Delhi periodically.

The Board did not invite fresh tenders from 1983 to 1986 and awarded the work to firm 'C' for these years also. Rates paid to firm 'C' were not intimated to Audit (August 1991).

In May 1986, the Board invited fresh tenders for processing of pre and post examination data for 1987 examinations to which 10 firms responded. The Technical Committee, while short-listing a few agencies, omitted firms 'X' and 'Y' without recording any reasons. The work was awarded again to firm 'C' at the basic rate of Rs.3.36 per candidate compared to the basic rates of Rs.1.80 (All India) and Rs.1.70 (Delhi) of firm Y and computed rate of Rs.2.77 of firm X. The Board incurred extra expenditure of Rs.6.20 lakhs and Rs.2.27 lakhs by not awarding the work to firm 'Y' and 'X' respectively.

The Board did not invite fresh quotations for the work relating to the examinations held in 1988 and the work was got done from firm 'C' at the rates accepted for examinations held in 1987.

Though the Board has spent considerable amounts on computerisation work since 1971, no concrete steps had so far been taken towards installation of an in-house computer in the office of the CBSE.

A Committee constituted by the Chairman recommended, in November 1985, that the objectives of computerisation of the Board's activities should be pursued in a phased manner. The budget estimates were stated to be about Rs.12 lakhs towards capital cost and recurring cost of Rs.1.25 lakhs, Rs.3.75 lakhs and Rs.4 lakhs during 1985-86, 1986-87 and 1987-88 respectively.

The matter was not pursued for four years. In October 1989, an Expert Group consisting of technical persons was constituted for making recommendations for installation of an in-house computer. The Group, which met in November 1989, decided that in view of the sensitivity and time bound nature of the work, the Board must have its own computer centre. In the subsequent meeting held in March, 1990, the Expert Group recommended that work regarding installation of in-house computer and recruitment of staff should be expedited.

The follow up action taken on the recommendations of the Expert Group was not intimated to Audit (August 1991).

5.15. *Delay in printing of text books, answer books, etc.*

(i) A test check of the records relating to printing of text books, answer books etc. revealed that in some cases, time-schedule fixed for printing was not strictly adhered to by the printers. As per the terms and conditions of the agreements executed between the Board and the printers concerned, penalty at the rate of four per cent per week on the total amount of the bill was leviable in case of default in the supply of books within the stipulated period.

It was noticed that the supply of printed copies of books was delayed for periods ranging from 4 o 24 weeks in seven cases. However, the Board did not levy the penalty amounting to Rs.2.41 lakhs on the printers for delay in execution of work.

(ii) The Board placed an order on a firm for the printing of 35 lakhs Main Answer Books and 5 lakhs Practical Answer Books in November 1989 by inviting open tenders. The completion period, which was initially end of February 1990, was extended upto March 1990 at the request of the printer. As the printer failed to complete the work within the stipulated time and could supply only 30 lakhs Main Answer Books in the middle of July 1990, the remaining 5 lakhs copies were got printed from another printer at the risk and cost of the original printer. However, the Board did not impose penalty on the printer as per terms and conditions of the agreement which worked out to Rs.1.37 lakhs.

5.16 *Unsold publications*

Publications should normally be brought out on the basis of sales potential with the aim of selling the entire quantity within a reasonable time. As on 31 March, 1990, the Board had unsold stock of books valued at Rs.60.56 lakhs as shown below:-

(Rupees in lakhs)

Year	Opening balance	Additions during the year	Total	Discount allowed	Value of books distributed free of cost	Value of books written off	Value of books sold	Value of unsold stocks
1983-84	12.62	54.14	66.76	5.51	0.57	2.26	32.02	26.40
1984-85	26.40	40.55	66.95	7.37	1.54	2.33	39.96	15.75
1985-86	15.75	95.90	111.66	17.15	0.79	0.14	72.25	21.33
1986-87	21.33	80.94	102.27	*	0.85	0.47	72.64	28.31
1987-88	28.31	70.94	99.25	9.02	0.31	1.39	43.68	44.85
1988-89	44.85	75.39	120.24	12.96	2.82	Nil	50.60	53.86
1989-90	53.86	82.70	136.56	12.40	1.43	0.69	61.48	60.56

* Included in the sale of books.

The Board did not furnish the actual number of titles (including prints), number of copies printed and the number of copies sold.

The value of books remaining unsold had steadily increased during the past seven years. The Board did not give any information whether a system of reviewing the policy of sales of books and disposal of unsold stock existed. The Board did not furnish the report of physical verification of the stock of books worth Rs.60.56 lakhs lying unsold.

5.17 *Consumption of paper*

The Board purchased paper from Government and private firms for use in text books, answer books, publications etc. The position regarding purchase, consumption and balance stock of paper (in terms of value) relating to the period from 1983-84 to 1989-90 was as under:-

(Rupees in lakhs)

Year	Opening balance	Received during the year	Total	Consumption during the year	Closing Balance
1983-84	10.03	29.70	39.73	33.62	6.11
1984-85	6.11	36.31	42.42	26.47	15.95
1985-86	15.95	54.86	70.81	53.09	17.72
1986-87	17.72	64.00	81.72	50.77	30.95
1987-88	30.95	39.06	70.01	37.13	32.88
1988-89	32.88	34.56	67.64	52.66	14.78
1989-90	14.78	102.62	117.40	76.51	40.89

The Board did not have any norms to assess the requirement of paper. Huge balances of paper lying at the end of each year resulted in unnecessary blocking of funds.

The paper for various text-books, answer books, publications etc. printed at private presses was supplied by the Board. The presses were required to render accounts of the paper consumed by them to the Board on the completion of printing jobs. A review of the paper consumption registers for the period from 1983-84 to 1989-90 revealed that the consumption account of 2062 reams of paper of various sizes, valued at Rs.5.32 lakhs issued to 17 Presses had not been rendered from October 1983 to August 1990 (August 1991).

5.18 Outstanding Advances

(a) The Board made payment of advances especially to the Principals/Supervisors of the spot evaluation centres for disbursement of remuneration, conveyance and refreshment charges to the examiners, wages to ministerial staff and for meeting contingency expenses. The cheques for these advances were issued in favour of Principals/Supervisors of the spot evaluation centres and credited to their personal accounts. The account of advances was required to be furnished in the prescribed proforma as soon as the work of evaluation at the centre was over.

(b) According to the information furnished by the Board, in January 1991, adjustment/recovery of advances of Rs.41.57 lakhs relating to the period from 1986-87 to 1989-90 was outstanding at the end of 30 September 1990 as per details given below:-

Year	Amount (Rupees in lakhs)
1986-87	0.12
1987-88	0.70
1988-89	5.78
1989-90	34.97
Total	41.57

(c) Test check of a few cases relating to the period from October 1987 to September 1990 revealed that in several cases, refund of amount of such advances aggregating Rs.25.51 lakhs was deposited by the Principals/Supervisors of the spot evaluation centres and others after delays of upto 9 months and more as per details given below:-

Extent of delay	Number of cases	Amount (Rupees in lakhs)
upto 3 months	53	18.58
3 to 6 months	20	4.68
6 to 9 months	5	1.24
More than 9 months	4	1.01
Total	82	25.51

(d) According to information furnished by the Board, in January 1991, in 204 cases the adjustment of amount of advances aggregating Rs.295.04 lakhs was reported after delays ranging from 1 month to more than 9 months as per details given below:-

Extent of delay	Number of cases	Amount (Rupees in lakhs)
upto 3 months	31	29.51
3 to 6 months	138	175.75
6 to 9 months	25	32.16
More than 9 months	10	57.62
Total	204	295.04

Test-check revealed that while in some cases, adjustment bills were received late from the offices/institutions concerned, in other cases, adjustment bills, though received in time, were adjusted by the Board after delays of 2 to 6 months.

5.19 Internal Audit

The Board had an internal Audit Wing with one Internal Auditor and Financial Advisor, one Accounts Officer, one Superintendent and two Head Assistants. The Internal Audit Wing had not conducted any audit during 1983-84 to 1989-90.

The Board stated, in August 1990, that the Internal Audit Wing was performing multifarious duties such as pre-auditing the financial claims, checking of examination fee directly deposited in bank, checking of accounts pertaining to the purchases and issue of stores, preparation of annual accounts, etc. It further stated that efforts were being made to strengthen the Audit Branch and assign it exclusively internal audit work.

5.20 Staff strength

The Board stated that the manpower position had never been examined by the Ministry of Human Resource Development.

It was observed from the minutes of the meeting of the Governing Body held in May 1985 that the work study regarding the staff strength of the office of the Board was entrusted to the Institute of Applied

Manpower Research in June 1985 and the Institute was expected to send its report within a period of 3-4 months. The report of the Institute was not furnished to Audit (August 1991).

5.21 Review of the functioning of the Board

According to the information furnished by the Board, no review of the functioning of the Board has been conducted by any agency (August 1991).

The matter was referred to the Ministry in October 1991; reply has not been received (March 1992).

Annexure-I

(Rupees in lakhs)

Head of Account	1983-84	1984-85	1985-86	1986-87	1987-88	1988-89	1989-90	Total
Income								
Examination Fee	212.19	280.90	311.88	423.78	484.21	509.68	599.07	2821.71
Reimbursement of examination fee in respect of SC/ST	11.16	11.13	14.38	19.87	35.47	15.24	22.80	130.05
Affiliation fee of schools	5.77	5.11	5.93	9.71	16.90	14.18	11.42	69.02
Answer book a/c	-	-	3.13	1.59	2.11	1.23	8.67	16.73
Other fee	8.77	9.76	11.16	18.90	20.52	23.83	34.65	127.59
Miscellaneous receipts	6.93	11.42	6.88	7.22	10.20	13.04	46.00	101.69
Book/Publication/application forms/text books account	34.34	20.61	50.40	81.02	71.11	1.68	2.03	261.19
Paper account	-	0.13	-	-	-	0.04	-	0.17
Interest on investment	34.44	55.94	15.77	35.05	28.75	24.63	39.76	234.34
Total	313.60	395.00	419.53	597.14	669.27	603.55	764.40	3762.49
Expenditure								
Establishment	53.31	66.00	84.61	123.08	133.27	146.32	177.38	783.97
Examination	141.74	144.35	154.59	204.64	242.08	239.86	262.78	1390.04
Answer Book Account	-	4.32	-	-	-	-	-	4.32
Academic Programme	1.79	2.18	4.87	6.24	2.50	3.73	2.97	24.28
Affiliation of Schools	0.50	0.48	0.53	0.78	0.79	0.85	1.33	5.26
Printing, Purchases and Maintenance etc.	35.58	38.24	42.55	49.74	52.14	57.40	56.91	332.56
Books and Publication Account	8.43	11.45	18.19	49.32	10.71	15.77 -35.97*	14.54 -48.89*	43.55
Paper account	8.17	7.79	11.43	15.61	35.95	10.74	39.70	129.39
Excess of income over expenditure	64.08#	120.19	102.76	147.73	191.83	164.85	257.68	1049.12
Total	313.60	395.00	419.53	597.14	669.27	603.55	764.40	3762.49

* Expenditure capitalised

\# Rs.70.37 lakhs as per the Income and Expenditure Account for 1983-84; the difference of Rs.6.29 lakhs is due to amount of Rs.38.24 lakhs paid to the Open School Project against the grant of Rs.44.53 lakhs received by the Board from the Ministry of Human Resource Development during 1983-84.

6. Programme of Mass Orientation for School Teachers

6.1 Introduction

With a view to equip school teachers with requisite knowledge, skills and to create an appropriate climate and desirable attitude among them for generating initiatives which may enable them to face the new challenges in the context of the National Policy on Education - 1986, the Ministry of Human Resource Development (Ministry) formulated the "National Scheme of Inservice Training of Teachers" in 1986. The scheme was revised in 1987 and made a component of the centrally sponsored scheme of teachers' education and christened as "Programme of Mass Orientation for School Teachers" (Programme) with an outlay of Rs.12.80 crores per annum. The Programme was planned as an orientation course in the form of teachers' camps of 10 days duration whereunder 5 lakh teachers were to be imparted training in 10,000 camps every year. In 1989, a special programme called PMOST-OB was carved out of the PMOST-General to cover about one lakh primary school teachers working in the schools under the scheme of Operation Blackboard.

The long term objectives of the Programme were to (i) revitalise the organisational structure for the training of teachers and other educational functionaries, (ii) to develop patterns for continuing education of teachers and other functionaries and (iii) to effectively use mass media for inservice education and training of teachers.

6.2 Organisational set up

At the Central level the National Council of Educational Research and Training (Council) was vested with the responsibility of developing various aspects of the Programme, viz. curriculum preparation of orientation package, identification/orientation of key persons, audio visual aids including preparation of 8-10 video films and monitoring and evaluation of the Programme. At the State level, the State Councils of Educational Research and Training (SCERT), State Institutes of Education (SIEs) and the State Departments of Education were nominated as the nodal agencies for the implementation of the Programme.

6.3 Scope of Audit

A review of the implementation of the Programme was conducted during October 1989 to June 1990 through test check of records in the Ministry, the Council and the State nodal agencies (SNA's) and covers the period from 1985-86 to 1989-90.

6.4 Highlights

- **Large amounts ranging from Rs.186.32 lakhs to Rs.950.18 lakhs remained unspent with the Council during 1985-86 to 1988-89 without earning any interest because the amount was kept in current Account. (Paragraph 6.5(i)**

- **Unspent amount of Rs.86.94 lakhs had not been refunded to the Ministry on the closure of the Programme. Five SNA's had Rs.18.60 lakhs as unspent amounts, which had not been refunded to the Council. Unspent balance with SNA West Bengal was still not known to the Council. (Paragraphs 6.5(ii) and 6.5(iii)**

- **Amounts ranging from Rs.134.81 lakhs to Rs.249.91 lakhs remained unspent with the SNAs during 1986-87 to 1989-90. Seventeen out of 27 SNAs test checked had kept the money in current account/Personal ledger account in the treasury and did not earn any interest though amounts aggregating Rs.69.48 lakhs to Rs.151.71 lakhs remained unspent with them for varying periods at the end of 1986-87 to 1989-90. (Paragraphs 6.5(iv) and 6.5(v)**

- 15 SNAs during 1986, 1987 and 1989 and 20 SNAs during 1988 failed to achieve the target of training of Resource Persons. (Paragraph 6.6.2)

- As many as 25 SNAs in 1986, 24 SNAs in 1987, 28 SNAs in 1988 and 24 SNAs in 1989 did not achieve the targets of training of teachers; the extent of shortfall ranged from 21 to 85 per cent. (Paragraph 6.7.1)

- Though the teachers were required to be imparted training for 10 days, in several cases the participants did not attend the course for the full 10 days. Cases of retraining of teachers were also noticed. (Paragraph 6.7.2)

- Instead of making arrangements for board and lodging, five SNAs had paid Rs.685.80 lakhs in cash to the participants. (Paragraph 6.7.3)

- An amount of Rs.48.86 lakhs on account of package grant was released in excess to the SNAs. The supply of packages was delayed and did not reach the teachers in time for the training. (Paragraphs 6.8.1 and 6.8.3)

- The production of films specially prepared for the programme was delayed by periods ranging from 3 to 17 months. Two films were received after the Programme was over, and one film was not of appropriate quality and hence not telecast; expenditure of Rs.2.49 lakhs on these films proved infructuous. The facility of media support could not be availed of in many States as T.V. sets were not available, telecast schedule did not coincide with course duration and centres were not within the telecast range of Doordarshan. (Paragraphs 6.9.2 and 6.9.3)

- Audio support was not used in the programme though envisaged. (Paragraph 6.9.4)

- **The scheme was not monitored properly at State levels. Review meetings were not held in many States. (Paragraph 6.11)**

- **Evaluation studies had disclosed several weaknesses in selection and training of key persons, resource persons and teachers. Two of the evaluation studies had specifically commented upon the inadequate impact of the programme on the subsequent performance of teachers. (Paragraph 6.12)**

- **Only 48.4 per cent of the total number of school teachers in the country as on 1986 were covered in the programme during 1986-90. (Paragraph 6.12)**

6.5 Financial arrangements

The following table shows the budget provision made by the Ministry for the Programme, amounts released to the Council, expenditure incurred and the closing balance during 1985-86 to 1989-90:

(Rupees in lakhs)

Year	Budget provision	Opening Balance	Grant released (during the year)	Total funds available	Expenditure incurred*	Closing balance
1985-86	200.00	Nil	200.00	200.00	Nil	200.00
1986-87	800.00	200.00	1139.00	1339.00	1131.75	207.25
1987-88	1280.00	207.25	1080.00	1287.25	1100.93	186.32
1988-89	1280.00	186.32	1790.84	1977.16	1026.98	950.18
1989-90	1280.00	950.18	500.00	1450.18	1420.18	30.00

* Net of refunds received during the year.

(i) Although large amounts remained unspent with the Council each year, which ranged from Rs.186.32 lakhs to Rs.950.18 lakhs during 1985-86 to 1988-89, the Council kept the grants received from the Ministry in its general current account. Consequently, it did not earn any amount towards interest on the large amounts which remained unspent with it.

The Ministry stated, in February 1992, that it was not feasible for the Council to operate a separate bank account as it was running more than 150 such projects. It was also not feasible to put the grant in a savings bank account as these amounts were not to be retained by the Council for substantial periods. The reply was not tenable as the institutional depositors were permitted by Reserve Bank of India in 1983 to open saving bank accounts. The Council did not avail the facility, thereby losing interest.

(ii) The Council had unspent balance of Rs.30 lakhs on 31 March 1990 when the Programme was discontinued. It received further refund of unspent balances aggregating Rs.57.71 lakhs from the SNA's and incurred expenditure of Rs.0.77 lakh during 1990-91. Thus an amount of Rs.86.94 lakhs remained with the Council which had not been refunded to the Ministry. The Ministry stated, in February 1992, that it was in touch with the Council for the refund of unspent balances.

(iii) The Council had released Rs.4655.79 lakhs during 1986-87 to 1989-90 to 32 SNAs in 1986 and 1987 and to 33 SNAs in 1988 and 1989. No account had been received from SNA West Bengal though an amount of Rs.118.55 lakhs was available with it including Rs.105.99 lakhs released during 1989-90. Though the Programme was discontinued after 1989-90, the Council had not finalised the figures of expenditure incurred by SNAs so far. Five SNAs had not refunded unspent balance of Rs.18.60 lakhs. The Ministry stated, in February 1992, that the matter was being pursued vigorously.

(iv) According to the information furnished by the Council, Rs.221.22 lakhs (20 per cent) out of Rs.1133.96 lakhs released during 1986-87, Rs.249.91 lakhs (23 per cent) out of Rs.1088.07 lakhs released during 1987-88, Rs.134.81 lakhs (13 per cent) out of Rs.1022.58 lakhs released during 1988-89 and Rs.156.25 lakhs (12 per cent) out of Rs.1305.19 lakhs released during 1989-90 (excluding West Bengal) had remained unspent with the SNAs. Except for two SNA's in 1986 (Jammu and Lakshadweep) and two SNAs in 1988 (Mizoram and Sikkim) heavy shortfalls in expenditure were noticed as shown below:-

		Extent of shortfall			
Year	Number of SNAs	upto 20 per cent	21-30 per cent	31-40 per cent	Above 41 per cent
1986-87	32	22	4	2	2
1987-88	32	16	5	6	5
1988-89	33	21	2	4	4
1989-90	32*	19	3	3	7

* (Except West Bengal)

The Council stated, in March 1990, that shortfall in expenditure was due to lesser number of teacher orientation camps organised in comparison to targets and in most areas where road transport was available actual road journey being paid instead of Rs.200 sanctioned for T.A. as per norms of expenditure. The savings were also attributed to non-achievement of desired targets as well as absenteeism by various nodal agencies.

The reasons mentioned in the Council's reply particularly less expenditure on road journeys could have been anticipated at least for subsequent years and release of funds regulated accordingly. Recurring shortfalls in expenditure year after year were indicative of defectve financial planning and release of funds.

(v) The SNAs were required to open separate bank accounts in one of the nationalised banks, preferably the State Bank of India, for receipts and expenditure of the funds received from the Council. No separate bank account was opened by the SNA Maharashtra and the entire amount of Rs.526 lakhs received by it during 1986 to 1989 was kept in the Government treasury in a personal ledger account. The SNA Maharashtra had unspent balances of Rs.18 lakhs, Rs.8 lakhs, Rs.17 lakhs and Rs.2 lakhs at the end of 1986, 1987, 1988 and 1989 respectively. The SNA Sikkim also did not open a separate account in the nationalised bank and credited the grants received by it to the State Government account. Seventeen out of 27 SNAs test checked had retained the money in current accounts with nationalised banks (15) and Personal ledger account in Treasuries (2) and therefore not earned any interest though amounts aggregating Rs.151.71 lakhs, Rs.148.39 lakhs, Rs.77.19 lakhs and Rs.69.48 lakhs had remained unspent with them for varying periods at the end of 1986-87, 1987-88, 1988-89 and 1989-90. The Ministry stated, in February 1992, that it was not considered necessary to open savings bank account and the reasons for not opening separate bank accounts were being enquired from SNAs Maharashtra and Sikkim.

The reply is not tenable as 10 out of 27 SNA's kept the money in saving bank and earned interest.

(vi) Contrary to instructions, nine SNAs had spent Programme funds amounting to Rs.6.44 lakhs on purchase of assets or otherwise diverted them for other purposes. Twelve SNAs had not adhered to the prescribed norms of expenditure and incurred excess/irregular expenditure of Rs.4.67 lakhs on travel, honorarium, contingencies, etc. The Ministry stated in February 1992, that assets created by some SNAs were being negotiated for their relevance and settlement.

(vii) Despite the discontinuance of the scheme after 1989, four SNAs (Andhra Pradesh, Haryana, Madhya Pradesh and West Bengal) had not submitted statements of accounts for 1989-90 upto February 1992. Further 11 SNAs (Andhra Pradesh, Bihar, Harayana, Jammu, Lakshdweep, Madhya Pradesh, Rajasthan, Sikkim, Srinagar, Uttar Pradesh and West Bengal) had not submitted utilisation certificates for the year 1989-90 upto February 1992. The Ministry stated, in February 1992, that the Council was pursuing vigorously with the SNAs to settle the accounts.

6.6 Key Persons and Resource Persons

6.6.1 Under the three tier training strategy envisaged in the Programme the Council and the National Institute of Educational Planning and Administration faculty members were required to orient State level key persons (KPs), who in turn were to orient Resource Persons (RPs) to serve as the resource faculty consisting of one Course Director and three RPs in the teacher orientation camps. The training of KPs was increased from 3 days to 5 days in 1989 while the RPs were to be imparted training for 3 days upto 1987 and 5 days from 1988 onwards.

6.6.2 Targets and achievements: Although the targets of training of RPs were almost achieved, State-wise analysis of number of RPs trained showed that 15 SNAs during 1986, 1987 and 1989 and 20 SNAs during 1988 failed to achieve the targets. Substantial shortfalls of 30 per cent and more occurred in three SNAs (Assam, Madhya Pradesh and Nagaland) in 1986, six SNAs (Assam, Himachal Pradesh, Meghalaya, Mizoram, Nagaland and West Bengal) in 1987, four SNAs (Andaman and Nicobar Islands, Chandigarh, Nagaland and West Bengal) in 1988 and five SNAs (Andhra Pradesh, Andaman and Nicobar Islands, Daman and Diu, Meghalaya and Mizoram) in 1989.

The reasons for shortfall as stated by the SNAs were weather conditions, preoccupation of selected persons, disturbed conditions in States, non-availability of qualified persons etc.

On the other hand four, seven, five and eight SNAs trained excess RPs during the year 1986, 1987, 1988 and 1989 respectively. Substantial higher achievements vis-a-vis targets were noticed in Lakshadweep (100 per cent) and Maharashtra (32 per cent) in 1986, Maharashtra (32 per cent) and Sikkim (35 per cent) in 1987, Kashmir (81 per cent), Maharashtra (32 per cent) and Tripura (42 per cent) in 1988 and Kashmir (232 per cent) and Maharashtra (32 per cent) in 1989.

The reasons for higher achievements were stated to be conducting of more number of training camps/centres for meeting any contingencies as reported by SNA's Gujarat, Maharashtra, Arunachal Pradesh and Haryana and inclusion of guest speakers in the training (Delhi).

The Ministry stated, in February 1992, that the aim of PMOST was to orient all the educational workers all over the country to the policy thrust and owing to the different sizes and levels of development of the school system in the States and Union Territories, the SNAs made efforts to optimally involve people as KPs and RPs. Such of them who did not directly work in the orientation programmes had worked on planning, adopting, supervision and other activities involved in the launching of the programme at State level.

The reply was not tenable as these persons were not utilised for the purpose for which they were trained viz. for imparting training to teachers.

6.6.3 Retraining of KPs and RPs: The scheme did not envisage the retraining of KPs and RPs. Nevertheless six SNAs Chandigarh, Delhi, Karnataka, Mizoram, Sikkim and Uttar Pradesh reported that instead of selecting fresh KPs every year more or less the same KPs were sponsored in subsequent years. Likewise twenty SNAs Andhra Pradesh, Arunachal Pradesh, Assam, Chandigarh, Dadra and Nagar Haveli, Delhi, Haryana, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Manipur, Meghalaya, Mizoram, Orissa, Punjab, Rajasthan, Sikkim, Tripura, and West Bengal had retrained RPs. In the case of four SNAs (Haryana, Karnataka, Kerala, and Tripura) alone the expenditure incurred on retraining aggregated to Rs.5.99 lakhs.

The Ministry stated, in February 1992, that the contents of packages were improved/upgraded and newinputs were made in 1987; learner-centred approach for every subject area was included in 1988, and in 1989 a new approach was introduced for PMOST-Operation Blackboard component. Further, except for some sundry cases, retraining of KPs and RPs was neither envisaged nor done. The reply of the Ministry was not tenable, as in that case all the KPs and RPs should have been retrained. It did not indicate how only some of the KPs and RPs were retrained, and the criterion of selection for retraining.

6.6.4 Utilization of KPs and RPs: The Council did not intimate the extent to which the resource faculty trained in 1986 were utilised in 1987 and in subsequent years. The services of key persons remained under-utilised in seven SNAs (viz. Andaman and Nicobar Islands, Dadra and Nagar Haveli, Goa Daman and Diu, Kerala, Lakshadweep, Meghalaya and West Bengal). Likewise the RPs were not being utilised by six SNAs viz. Karnataka (6 per cent), Mizoram (56 per cent), Sikkim (26 per cent), Dadra and Nagar Haveli (partially, exact percentage was not available), Meghalaya (100 per cent), and Andaman and Nicobar Islands (95 per cent). The reasons for not utilising the RPs as stated by the SNAs were due to geographical conditions of Islands (Andaman and Nicobar Islands) and non-conducting of teachers training camps in that year (Meghalaya).

The Ministry stated, in February 1992, that the question of training of KPs and RPs had a corresponding dimension of orienting as many educational functionaries on the policy thrusts and then assigning them various duties like planning, material preparation in regional languages, evaluation, supervision. These people were not surplus but coordinating the programme on various counts.

6.6.5 Performance of KPs and RPs: The Programme did not envisage any concrete system to evaluate the performance of KPs either at the end of their training to know whether they understood the programme objectives or after the re-orientation of RPs training so as to know their performance from the point of view of RPs trained by them.

However, the Evaluation of Programme Transaction 1986-88 prepared by the. Council, observed that the criteria for selection, deputation and assignment of the KPs needed further rationalisation and strengthening.

An evaluation study on the Programme in Bihar conducted by Patna University revealed that among the KPs there were several high school and primary school teachers with average academic and professional qualification. There was no possible reason to make the team of KPs loaded with retired Education Department officials. According to the study, the absence of objective selection criteria seemed to be the apparent reason for RPs dissatisfaction with the performance of KPs.

An Evaluation Report of the Programme in Orissa conducted by Regional College of Education, Bhubaneshwar also observed that "56 per cent of the Course Directors felt that training of KPs was only 'moderately effective'. This suggested that the degree of efficiency of the State level KPs was not very much high".

Similarly, about RPs the evaluation of the Programme Transaction (1986-88) prepared by the Council indicated that the criteria for the selection, deputation and assignment of RPs needed further rationalisation and strengthening. Although the Course Directors were expected to act as RPs, they never took part in any course transaction. An evaluation study Report on the implementation of the Programme in Bihar conducted by Patna University revealed that out of 60 RPs from whom information was obtained, 80 per cent were incapable of creating intellectual excitement in discussions. Eight RPs (13 per cent) had crossed sixty years of age. They stayed at the centre for a short while to register their formal presence only.

The Ministry stated, in February 1992, that "the Patna study quoted here has relevance to involvement of some retired officials and school teachers. In case of excellence like National and State level awardees and reputed teachers, this is appropriate." The Patna study had however also mentioned that the RPs stayed at the Centre for a shortwhile to register their formal presence only.

6.7 Orientation of teachers

6.7.1 Physical progress: The Programme envisaged imparting of orientation training to five lakh teachers in each year during 1986 to 1989 against which the achievements were as under:-

Year	Target	Achievement	Shortfall	Percentage of shortfall
1986	501246	440080	61166	12
1987	496231	449480	46751	9
1988	518601	438129	80472	16
1989	499557	443643	55914	11

The overall shortfall ranged from 9 to 16 per cent during 1986 to 1989. As many as 25 SNAs in 1986, 24 SNAs in 1987, 28 SNAs in 1988 and 24 SNAs in 1989 failed to achieve the targets.

In Nagaland, targets were not achieved in any of the years, the extent of shortfall which was 21 per cent in 1986 increased to 41 per cent in 1989. In Himachal Pradesh, shortfalls ranging from 32 to 40 per cent were noticed during 1987 to 1989. No training was imparted in West Bengal in 1986, the shortfall in 1989 was 82 per cent. The other cases in which substantial shortfall occurred were Goa (29 per cent) in 1986; Madhya Pradesh (30 per cent), Meghalaya (39 per cent) and Mizoram (30 per cent) in 1987, Andhra Pradesh (30 per cent), Andaman and Nicobar Islands (65 per cent) and Uttar Pradesh (34 per cent) in 1988, and Arunachal Pradesh (36 per cent), Andaman and Nicobar Islands (85 per cent) and Lakshadweep (61 per cent) in 1989.

The shortfalls were attributed to a variety of reasons like non-availability of regular teachers, un-willingness and non-participation of selected teachers due to medical and domestic reasons, untimely placement of funds, shortage of venues having hostel accommodation.

Reasons like shortage of venues having hostel accommodation were not valid, since as stated subsequently, camp approach was recommended but not made mandatory. Reasons like non-availability of regular teachers, could have been anticipated while reasons like untimely placement of funds only indicated administrative and other failures.

Apart from shortfalls, cases of misreporting of achievements of the Programme by the SNAs were observed. In Uttar Pradesh in four districts the actual number of teachers trained was inflated by 18 to 23 per cent. For 1988 the achievement of 34287 teachers included 6220 teachers trained in Community Singing Programme-Red Cross of five days' duration which was not relevant to the Programme curriculum.

In some other States the number of teachers trained as shown by the Council exceeded the number as per the records of the SNAs: Sikkim 38 per cent in (1986), 35 per cent in (1987), 37 per cent in (1988) and 43 per cent in (1989), Lakshadweep 17 per cent in (1988), Orissa three per cent in (1988) and five per cent in (1989) and Punjab two per cent in (1989).

6.7.2 Participation and attendance: Though the training was of 10 days' duration, in several cases the participants did not attend the course for full 10 days.

Chandigarh: Out of 1785 teachers trained during 1986-89, 83 teachers absented themselves during the course of training for one to ten days; 9 out of 83 teachers remained on leave for one to five days.

Himachal Pradesh: Out of 13878 teachers trained during 1986-89, 1441 teachers were trained for less than 10 days and 193 teachers dropped out before completion of the training.

Kerala: The attendance was 92 per cent in 1986, 99 per cent in 1987, 95 per cent in 1988 and 96 per cent in 1989.

Madhya Pradesh: In 10 out of 21 centres test checked 408 of the 5778 teachers attended the training for one to three days (16 teachers), four to six days (74 teachers) and seven to eight days (318 teachers) during 1986-89.

Maharashtra: In eight districts, the attendance was between 65 per cent to 91 per cent. Further, in two centres test checked, 19 out of 195 participants who were absent from three to nine days during the cycle of 10 days were also treated as trained.

Nagaland: Attendance Register was not maintained, hence attendance of teachers could not be checked.

Punjab: In six districts test checked, out of 0.39 lakh teachers trained during 1986 to 1989, 2783 teachers had attended the course for nine days, 721 for eight days, 401 for seven days and 321 for less than seven days.

Rajasthan: Out of 17997 teachers reported trained during 1986 to 1989, 1038 attended training for seven to nine days and 27 for one to six days only.

Sikkim: In six centres, 25 participants attended the course for less than eight days during 1987-89. In 1986, 38 participants dropped out and did not complete the training.

Tripura: Attendance of teachers in camps varied from 82 to 90 per cent during 1986-89.

The shortfall in attendance/dropouts was attributed by the SNAs to the programmes being held during working seasons of schools making it difficult for school authorities to relieve the teachers

(Himachal Pradesh), leave during the duration of the training camp (Chandigarh).

An evaluation report on the implementation of the Programme in Bihar prepared by Patna University also commented that attendance at the centres varied from 40 to 90 per cent during sessions and out of 39600 teachers invited to attend the course, 86 per cent joined but only 61 per cent were regular participants.

According to the evaluation report on the implementation of the Programme in Madhya Pradesh conducted by the Regional College of Education, Bhopal, only 78 per cent joined the training and only 60 per cent were regular participants.

Cases of retraining of teachers were also reported. In Uttar Pradesh, 141 secondary teachers were trained twice, 42 teachers thrice and one teacher four times during 1986 to 1989 in Jhansi district. Among the primary teachers, 52 teachers were trained twice in the same districts during 1987 to 1988.

In Himachal Pradesh, in 17 training centres, 53 teachers were deputed more than once between 1987 to 1989. An evaluation report (Pondicherry) conducted by Department of Economics, Pondicherry University pointed out that in 1989, 45 out of 760 teachers trained during 1989 were already trained in one of the earlier programmes.

The Ministry stated, in February 1992, that the cases of re-training of teachers brought out by audit are negligibly small when the overall targets and achievements of the respective States/Union Territories are considered against these numbers. The re-training of teachers, however, has to be viewed in the light of the fact that audit had only done a sample check and in the context of large number of teachers still remaining untrained.

6.7.3 Camp approach: Norms of expenditure envisaged expenditure of Rs.15 upto 1988 and Rs.20 in 1989, per participant per day for 10 days to be incurred on board and lodging of teachers whether local or non local. The modular training materials were developed keeping in view the participatory and interactive approach for implementation of the programme through orientation camps. As and when required, residential facilities were to be provided to the participants. Each training centre was expected to accommodate nearly 50 participants in a camp. The Council's liability was limited to meeting the cost of board and lodging of teachers, and they were eligible for DA/TA from the State Governments acording to their respective rules.

In Gujarat (upto 1988) and in Karnataka, Kerala, Orissa and Punjab, the entire amount of Rs.685.80 lakhs earmarked for board and lodging was paid in cash to the participants and arrangements for board and lodging of teachers were not made in any Centre.

The Ministry stated, in February 1992, that it was true that the programme envisaged training of school teachers mainly by organising camps and by and large this approach was followed but camp approach should not be considered obligatory; the working hours were kept between 9.00 AM to 5.30 PM and there were no programmes scheduled for late evening or for early morning. Since in many camps, teachers would be deputed from remote rural areas, lodging arrangements for teachers were requested. In many places facilities were provided and in others the teachers were paid for the facilities.

6.7.4 Delay in rendering of accounts: The training centres were required to render accounts of the amounts of advance paid to them for training camps within one week of conclusion of camps. However, the accounts were delayed by several centres upto five months in Arunachal Pradesh, seven months in Himachal Pradesh and Rajasthan, three months in Nagaland and Orissa and 12 months in Punjab.

In Andhra Pradesh the District Education Officers did not render account of Rs.35.50 lakhs received from the SNA in 1988-89 (Rs.9.06 lakhs) and 1989-90 (Rs.26.44 lakhs). In Uttar Pradesh seven training centres did not render accounts for expenditure of Rs.0.26 lakh incurred by them during 1987 to 1989 nor were the amounts recovered by the SNA.

6.8 Training material

A package of training material consisting of print materials and activities in work experience, creative expression, health/physical education was required to be developed and printed for distribution to the SNAs at the commencement of the course each year.

The inservice teacher education package consisted of separate volumes for primary, upper primary and secondary school teachers, course directors and resource persons and a manual for use of telecasts. The material was developed by the Council and printed for the use of the key persons and the resource persons as well as by the SNAs for reprinting in the regional languages.

6.8.1 Package grant: According to the norms approved by the Ministry, the actual expenditure on preparation and printing of training material or at the rate of Rs.20 per trainee whichever was less was to be paid by the Council to each SNA for preparation of package.

The Council released a total grant of Rs.403.13 lakhs during 1986-87 to 1989-90 at the rate of Rs.20 per teacher with reference to the target of 20.16 lakh teachers to be trained during these years. As the number of teachers reported to have been trained was only 17.71 lakhs, this resulted in excess release of grant of Rs.48.86 lakhs.

The Council released Rs.9.04 lakhs to 12 agencies viz. Andaman and Nicobar Islands, Arunachal

Pradesh, Chandigarh, Dadra and Nagar Haveli, Daman and Diu, Lakshadweep, Manipur, Meghalaya, Mizoram, Nagaland, Pondicherry and Sikkim during 1986-87 to 1989-90 for preparation of the modules even though the SNAs had communicated their total requirements of print material to the Council and were not required to print copies on their own. The Council stated, in March 1990, that it had released the grant on the basis of the norm of Rs.20 per teacher per year which covered several items such as translation, editing, vetting, printing, transportation, distribution and provision of stationery to the participant teachers. The cost of the printed package was only a part of the total expenditure under the norm.

The Council directed nodal agencies in Delhi and Srinagar to print 15,000 and 19,000 additional copies of the Hindi and Urdu versions respectively alongwith copies for their own requirement for supply to other States for use by linguistic minority teachers. The nodal agency Delhi printed 15,000 copies of each volume whereas the nodal agency Srinagar printed 25,700 copies of the two volumes which also included its own requirement. However, the Council did not make any reduction from the grant released to the SNAs to whom these copies were supplied and released additional amounts of Rs.3.50 lakhs and Rs.1.05 lakhs to these nodal agencies.

The Ministry stated, in February 1992, that the nodal agencies were to prepare as many sets of material as the target of teachers and RPs and some additional materials were to be prepared for guest speakers, visiting education officers, evaluation team members etc. The material has continuing educational value to the institutions where the programmes were conducted. Further, the Council released the package grant in proportion to the targets and the savings were adjusted against the next years release of funds. However the Council neither insisted for, nor did the SNAs report details of expenditure actually incurred on package material against the grants paid. Consequently, there was no way of ascertaining that the cost of package material did not exceed the prescribed norm of Rs.20 per teacher. Further, as indicated below, large quantities of package materials remained unutilised; the reply of the Ministry does not indicate how these were actually utilised.

6.8.2 Unutilised print material packages: Substantial number of copies of print material packages costing Rs.18.13 lakhs, as detailed below, remained unutilised.

Serial No.	Name of SNA	Number of copies printed	Number of copies lying with SNAs/ Centres	Percentage	Cost of unutilised copies (Rupees in lakhs)
1.	Gujarat	1,83,000	14,500	8	0.55
2.	Haryana	44,000	3,804	9	0.31
3.	Himachal Pradesh	20,600	2,607	13	0.26
4.	Karnataka	1,36,500	26,529	19	2.20
5.	Madhya Pradesh	1,98,650	10,337	5	0.39
6.	Meghalaya	1,772	667	38	0.21
7.	Mizoram	4,000	1,020	26	0.27
8.	Rajasthan	8,43,300	1,38,775	16	0.49
9.	Uttar Pradesh	6,57,500	60,000	9	7.19
10.	West Bengal	2,95,325	1,05,201	36	6.26

In the case of 8 SNAs viz. Assam, Andhra Pradesh, Arunachal Pradesh, Chandigarh, Gujarat (1986 and 1987), Nagaland, Orissa and Sikkim, the records relating to number of books printed/distributed/ balance in stock were not maintained/made available to Audit.

6.8.3 Supply of package material to the Centres/ Camps: Copies of the modules were to be made available to each orientation centre well in advance of the commencement of the orientation courses i.e. prior to the month of May each year. However, test check of records revealed that package materials were not available to the teachers in the case of six SNAs namely Goa, Daman and Diu, Karnataka (1986-87), Kerala (first cycle 1987-88), Orissa (in 12 centres in first cycle and three centres in the second cycles of 1989-90) and Rajasthan (first and second cycles 1986-87).

In Himachal Pradesh a consignment of 18 packages sent to the SNA by the Council in May 1989 was not utilised because it was received (June 1989) after the orientation programme had commenced.

In Maharashtra, 0.41 lakh participants did not get the training modules due to delay as well as shortage in supply to the centres particularly in respect of minority languages, during the years 1986 to 1989. No modules in Urdu language were received in the year 1989 for 4248 participants actually trained.

In Mizoram, 2000 copies of modules prepared in 1989 were received after the training was over.

In Nagaland no training material packages were supplied to the trainees during the entire period of training starting from 1986, because the Council did not supply the same. However, the nodal agency spent Rs.0.48 lakh from 1986-87 to 1989-90 on purchase of printing paper etc. for preparation of packages. But no record could be made available to Audit to ascertain as to how the material was utilised. No stock register for such material was also maintained.

In Punjab out of 0.94 lakh books printed during 1986-87 to 1989-90, 0.45 lakh books valuing Rs.4.62 lakhs were distributed to the teachers after the completion of training.

In Rajasthan during 1986-87, 10,000 and 1,000 copies of two booklets costing Rs.0.08 lakh and Rs.0.06 lakh respectively were received long after the conclusion of the training camps of 1986 and could not be used.

6.9 Media support

Besides print material, it was envisaged that media support in the form of telecast of films and audio-visual aids would strengthen the message being conveyed through print. Films on different themes were to be telecast on the National Network every year during the days of the training programme.

6.9.1 Production of video films: In December 1985, the Ministry directed the Council to produce 8 to 10 video films for use under the Programme. A committee comprising of Joint Director of the Council and seven members including representative of the Ministry of Information and Broadcasting set up by the Council in January 1987, invited 23 producers and after discussing the budget estimates submitted by them decided that the range of the cost estimate of each production would vary from Rs.0.85 lakh to Rs.one lakh for a 20 minute production in colour and in one language. The Council awarded the work to producers costing Rs.7.00 lakhs in May-July 1987 (five films), March-May 1988 (two films) and January 1989 (one film). The new programmes were to be the additional ones with reference to messages of National Policy on Education.

6.9.2 Delay in production of films: Since the video films were to form part of the package material, these films should have been ready before the start of the Orientation Course i.e. in the year 1986. However, the Council initiated action to prepare films only in January 1987 and the production of films could be awarded only by May 1987.

The films were required to be produced by June-August 1987 (five films), May-June 1988 (two films) and March 1989 (one film) within four weeks from the date of payment of first instalment of advance after approval of rough cut. Only one film was received almost on schedule, there was delay of three months in a second case while five films were received late by 8 to 17 months. Two films were received in January and April 1990 after the Programme was over; and one film received in July 1987 was not of appropriate quality and hence not telecast. The expenditure of Rs.2.49 lakhs incurred on the production of these films proved infructuous.

Due to delayed receipt of films, the Programme for 1987 was conducted without the aid of films while for the Programme in 1988 only one film was available and telecast.

According to the Council (August 1991) there was no delay on the part of the producers but the procedure was cumbersome, a number of meetings were held to approve the script and a film was previewed a number of times. The Council stated that these films are used in the induction/training programme of District Institute of Education and Training (DIET) faculty i.e. it covers the same level of personnel which were covered under PMOST. It also stated, in March 1990, that the films originally envisaged to be telecast for the Programme in 1987, could not be prepared by April 1987 as action regarding allotment of work was initiated only in February 1987. Video films on relevant themes were selected from the Central Institute of Educational Technology (CIET) library in the absence of theme oriented films. Such a selection was done during 1986, 1987 and also for non-Hindi speaking areas during 1988 and 1989.

The Ministry stated, in February 1992, that relevant programmes which had their training importance for primary school teachers were selected from the CIET library. The intention was to include the films being produced specifically for the NPE as and when possible.

The reply was not tenable as in the year 1986 itself it was decided that 8-10 video films would be produced specifically for PMOST.

6.9.3 Non-utilisation of media support in the camps: The orientation programme was to be held in all the centres on the same day so that media support provided by Doordarshan for these orientation camps could be taken advantage of by the training Centres.

However, media support could not be availed of in Arunachal Pradesh, Andaman and Nicobar Islands, Goa Daman and Diu (48 out of 108 camps), Gujarat, Himachal Pradesh (25 centres during 1986-89), Karnataka, Madhya Pradesh (144 camps during 1986-90), Maharashtra (33 to 97 centres during 1986-89), Tripura and West Bengal due to non-availibility of T.V. sets.

Telecast schedules did not coincide with course duration during the period 1986-89 in Arunachal Pradesh, Dadra and Nagar Haveli, Himachal Pradesh, Madhya Pradesh, Punjab and Uttar Pradesh in a large number of cases.

6.9.4 Audio Support: In 1988, the Council decided that in addition to the telecast of films, audio support would also be used in the programme in those areas of the training package for which appropriate films were not available.

Though five programmes (four from CIET and one from the Regional College of Education, Mysore) were already available, these were not broadcast. The Council stated, in April 1991 that non-availability of time with respective radio stations, non-availability of programme in regional languages, vis-a-vis the fixed dates in camps etc. led to dropping of the idea. The Council did not furnish any reason why at least the available programmes could not be broadcast.

The Ministry stated, in February 1992, that audio support was not possible due to non-availability of channels.

6.9.5 Assessment of media support: In support of the themes covered in the training package of the orientation programme, relevant films were to be telecast to reinforce the message and thereby improve its effectiveness. It was, however, observed that the

Council did not produce any film in English nor did it dub Hindi films so that these could be relayed in Southern region comprising of 11 States/Union Territories.

An evaluation study on the "usefulness of T.V. Programme screened in 1989 by teacher participants" conducted by CIET revealed that out of five films specifically prepared for PMOST and relayed, two films were the least useful films as rated by the teacher participants.

An evaluation report on the Programme conducted by the Regional College of Education, Bhubaneshwar Orissa for the year 1989 revealed that according to the participating teachers the media support and transaction methodology adopted for it was neither adequate nor relevant to the needs of teachers.

In its Appraisal on Programme Implementation 1986-89 the Council noted that a large number of areas did not receive telecasts, several nodal agencies did not have information of telecast, there was no provision for purchase/hiring of video cassette players under the norms of expenditure because of which some centres were left out of the coverage for all the four years.

The management of media support lacked coordination between nodal agencies and the transmission stations in many places.

6.10 Internal Audit

Accounts of the SNAs were required to be inspected by the Chief Accounts Officer (CAO) of the Council or his nominee. However, the CAO was able to conduct audit only to the extent of 73 per cent, 42 per cent, 21 per cent and 3 per cent during the years 1986, 1987, 1988 and 1989 respectively. The Council attributed the shortfall to shortage of staff and stated that parties were not exclusively sent for only doing audit of Programme to minimise expenditure.

6.11 Monitoring

The Council had prescribed that the Resource Groups comprising of Course Director and RPs in the States would hold pre-review meetings for proper organisation of the camps at the beginning of the course and review meetings at the end of the course to assess the impact on the teachers. They would submit a consolidated report to their nodal agencies who would in turn furnish a report to the Council. These reports were to be considered in the National Review Meetings to be held by the Council annually for making recommendations for improving the quality of the programme in subsequent years.

Test check of records at SNAs showed that review meetings were not held in Chandigarh, Gujarat, Goa, Daman and Diu, Lakshadweep, Meghalaya, Mizoram, Nagaland, Punjab, Rajasthan, Sikkim and West Bengal. Although review meetings were held in Andaman and Nicobar Islands and Karnataka, the reports were not received. Only 9 out of 68 centres in Karnataka in 1989 sent the reports. In Maharashtra, no feed back was received from 44 centres test checked.

Information regarding number of SNAs who submitted consolidated reports to the Council was not furnished to Audit.

The nodal agencies were required to submit quarterly progress reports of physical and financial achievements to the Council. These reports were not submitted by the SNAs. The Council did not inform Audit of the action taken by it to pursue the matter.

Though National Review Meetings had been held, their recommendations for improving the quality of the programme were not implemented. The Ministry also admitted, in May 1991, that it had not prescribed any periodical returns for the purpose of monitoring.

The Ministry further stated, in February 1992, that the recommendations of the National Review Meetings were considered and implemented. Wherever change in financial norms were recommended, they were further reviewed internally.

6.12 Evaluation

The Programme was subjected to internal evaluation by the Council in four consecutive years from 1986 to 1989. The Programme was, in addition, evaluated externally in 1988 and 1989 by Universities and Regional Colleges of Education. These evaluations brought out lack of board and lodging facilities which resulted in deviation from the proposed practice of participative camp life, non availability of package material in time, inadequate media support, indifferent performance of KPs and RPs because of deficiencies in their selection and training, lack of sufficient supervision by the SNAs, absenteeism, irregular attendance and late coming in camps etc. The ten days duration of camps was considered too hectic in some cases, teachers were critical of the use of lecture method instead of interactive and participative approach as envisaged in the Programme, modules were found to be impractical, and not related to real life etc. These deficiencies were pointed out year after year but continued to persist.

The Programme did not envisage any follow up action of assessing the impact of training on the performance of teachers. The emphasis of the evaluation studies was more on the quality of camps rather than the quality of teachers after training.

However, the external evaluation done by Kurukshetra University in 1988, Regional College of Education, Bhopal in 1989 and Faculty of Education, Visva Bharati Shanti Niketan, West Bengal in 1989 indicated that the impact had not been substantial. According to the evaluation done by the Kurukshetra University explanation of facts and concepts of new ideas learnt in camps was below average, the methodology continued to be lecturing and explaining the subject contents through text books. The general atmosphere of the class room was inactive, uninvolved and passive.

According to the Evaluation Report of the Regional College of Education, Bhopal this short term training programme was not able to develop the needed skills in the teachers and observable differences were not noticed in teachers' role as facilitator, and in the use of mass media and evaluation procedure.

In a follow up study after the camp, an evaluation report (West Bengal) found that only 33 per cent of the teachers who participated in the orientation camps were found to have a decidedly favourable attitude towards the new strategy of teaching and evaluation. Seven months after the orientation programme was over, 19 per cent of the teachers were found to have decidedly unfavourable attitude towards the new strategy of teaching and evaluation.

According to the fifth national education survey conducted by the Ministry in 1986, there were as many as 36.93 lakhs school teachers in position as on 30 September 1986. Besides a large number of primary school teachers had been recruited since 1986 under the scheme of Operation Blackboard and other development programmes. By the end of 1989 about 17.87 lakhs school teachers had been oriented which accounted for only 48.4 per cent of the total number of school teachers in the country as on 1986. The coverage did not keep pace with the growth of numbers in the teaching community, leaving large sections uncovered.

There were several groups still requiring better coverage under the Programme viz. senior secondary school teachers, teachers of vocational institutions working at the plus 2 stage; teachers of schools being run by central level agencies like Defence Organisations, Railways, Kendriya Vidyalaya Sangthan and other Projects, teachers of schools being run by voluntary organisations, denominational societies, minority groups etc. the size of such schools being quite large. The teachers of such schools required to be oriented to the major policy changes so that they could also contribute to the mainstream of educational development in the country.

The Ministry stated, in February 1992, that the Programme should have been continued even after 1989.

7. Under-utilisation of computer facility

The National Council of Educational Research and Training (NCERT) acquired a computer system (OMEGA-Superstar) at a total cost of Rs.15.82 lakhs in December 1987 with a view to increase the efficiency and enhance the capabilities for management, planning and research activities in the area of school education. The computer was set up with four terminals as a central facility and became operational from March 1988. It was expected to handle major tasks in the areas of educational research including processing of survey data and National Talent Search (NTS) Examination results, research support, library and documentation, office work and pay and accounts. The NCERT had incurred additional expenditure of Rs.5 lakhs (approximately) on site preparation for installation of computer.

Staff consisting of one Reader and one Research Associate on the academic side and one punch supervisor and 12 Key punch operators on the technical side were available with the NCERT. For effective utilisation of computer facility and inhouse development of computer applications, the NCERT created the posts of one System Analyst and two Programmers in June 1991 for a period of six months under the powers delegated to the Director. The utilisation of the system had not improved as the posts created in June 1991, had not been filled up so far (January 1992).

No phased programme of introduction of computerised systems was prepared by the NCERT and no milestones for development of systems and their introduction were prescribed. The NCERT was asked, in November 1990, to make available the log book of utilisation of computer. This was not made available but it was stated, in October 1991, that the log book was being maintained but not on regular basis. Two terminals (one in Accounts Branch and the other in NTS Section) were not used at all till July 1990. The NCERT admitted in July 1990 that due to limited manpower the hardware facility remained underutilised. The NCERT stated, in October 1991, that the terminal in the Accounts Branch had recently been shifted to the main system and the terminal in the NTS Section was now being used. The computer facility created at a cost of Rs.20.82 lakhs remained grossly underutilised.

In the meantime three major jobs were got completed during 1988, 1989 and 1990 by awarding work to outside firms at a cost of Rs.35.53 lakhs, though according to the NCERT the in-house computer had the capacity to process voluminous data for any one of the three projects. The NCERT stated, in January 1992, that the hardware facility as available was not sufficient for completing the total task and in computerisation of a project's data there were a number of infrastructural requirements like data preparation staff, data entry machines, data entry operators, coders and sufficient space to store the documents which were not provided.

Thus due to inadequate planning, the expenditure of Rs.20.82 lakhs incurred on the computer facility did not prove fruitful, proper record of utilisation was not maintained, milestones for the development of computerised systems had not been prescribed, and the objectives for which the computer system was acquired had remained unachieved.

The Ministry stated, in March 1992, that entrusting the work of the three projects to outside agencies on contract basis was unavoidable because developing those projects internally would have involved heavy expenditure and that the staff to be recruited would be engaged to keep the system operational and to develop software for the remaining long term projects.

School of Planning and Architecture

8. Consultancy work

8.1 The School of Planning and Architecture (School) had been undertaking individual consultancy and institutional consultancy since its inception in 1956. In respect of individual consultancy, the faculty members were authorised to enter into agreements with the clients with the permission of the Director of the School and to receive fees directly; in the case of institutional consultancy, the consultancy job was undertaken by the School in its name for which fees were received by the School and expenditure, including remuneration to the faculty members, was met by the School.

In terms of orders issued by the Ministry of Finance in May 1963, private practice, whether it be in the nature of consultancy work or some other type of work, was not to be permitted and all consultancy jobs must be undertaken only in the name of the School and receipts therefor credited to the funds of the School. The School could sanction payment of honorarium to the members engaged on the consultancy job; such remuneration was not to exceed two-thirds of the fees received for the work.

The School did not follow Government orders and did not recover at least one-third of the fees received by staff members for individual consultancy work for credit to the School's account. In paragraph 1.58 of its 129th Report, presented to Parliament in April 1974, the Public Accounts Committee took a serious view of the failure of the School to recover one-third of the net fees received by the staff for their consultancy work and recommended that every effort should be made to recover the amount due and credit to the account of the School. In its subsequent Action Taken Report (157th Report) presented to Parliament in April 1975, the Public Accounts Committee deprecated the failure of Government to follow up instructions issued to the School authorities and directed Government to inform the Committee, of the steps taken to recover the dues and to report recoveries made in 1974-75 to the Committee.

The School, however, prepared certain transitional rules for consultancy practice in March 1975 and submitted them to Government for approval in June 1975. Government advised the School in May 1976 to adhere strictly to the Government orders of May 1963 till final decision was taken in the matter. The School did not comply with the directive of Government and prepared a new set of guidelines in December 1983. These guidelines which were sent to Government in March 1984 were also not approved. The School prepared yet another set of rules and referred the same to Government in September 1988, approval for which was also still awaited (July 1991).

8.2 Non-recovery of portion of fee: Despite the recommendations of the Public Accounts Committee as referred to above, no action had been taken by the School to recover one- third of the fees from the staff undertaking consultancy work so far. This was commented upon in paragraph 21 of the Report of the Comptroller and Auditor General of India for the year 1983-84 and in the Audit Reports on the School every year from 1984-85.

According to information supplied by the School to Audit, the faculty members received Rs.382.14 lakhs as gross fees for consultancy work from 1971-72 to 1989-90, out of which their net fees was determined at Rs.76.43 lakhs treating 20 per cent of gross fees received as net fees.

The School did not obtain detailed account of the expenditure incurred from gross fees by the faculty members to determine the amount of net fees. Consequently, the reasonableness or otherwise of 20 per cent of the gross fees being treated as net fees could not be verified in audit. The School stated, in August 1991, that scrutiny of individual office accounts was considered impractical and unnecessary and the practice of taking 20 per cent profit was based on the survey conducted by the Chairman, Council of Architecture, in India and abroad and his opinion conveyed to the Committee appointed by the Executive Committee of the School to look into consultancy rules. However, even with reference to the basis adopted by the School, an amount of Rs.25.48 lakhs (being one-third of the net fees as determined by the School) should have been recovered from the consultancy fees received by the faculty members. This was not done.

The School stated, in August 1991, that one third of net consultancy fees received by the faculty members were not recovered as no institutional facilities were utilised. The reply of the School was not acceptable as the whole time of faculty members was at the disposal of the School which paid them.

8.3 Additional budgetary support: As the School was fully funded by the Government, failure to enforce the recovery of one-third of the consultancy fees and credit the same to the School resulted in increased budgetary support and excess drawal of grants from Government to the extent of Rs.25.48 lakhs.

8.4 Research Development and Staff Welfare Fund: The School had created a Research Development and Staff Welfare Fund as per the Rules framed by it in December 1983 which was to be fed by 10 per cent of the net fees (equivalent to two per cent of the gross fees) for individual consultancies and 10 per cent of the gross fees in respect of institutional consultancies. The creation of this Fund was unauthorised and irregular. As the rules regarding utilisation of the amount in the Fund had not been approved by Government, the appropriation of a portion of consultancy earnings to the Fund and subsequent expenditure therefrom resulted in the expenditure being kept out of the discipline of the normal financial rules.

The School had also not deducted the prescribed percentage of consultancy fees from the faculty members towards contribution to the Fund. The gross receipts from individual consultancy during 1983-84 to 1989-90 as declared by the faculty members worked out to Rs.168.99 lakhs. However, the amount of Rs.3.38 lakhs (at the rate of 2 per cent of the gross fees) required to be paid by the members for being credited to the Fund had neither been paid by them nor demanded by the School. The School stated, in April 1991, that recovery of two per cent of individual consultancy fees was not possible because of the terms of the appointment letters issued by the Board of Governors.

8.5 Non-recovery of income-tax: The School neither recovered income tax on the consultancy fees paid to the members of the faculty nor exhibited the said income in the returns of income tax filed with the Income Tax authorities for verification and assessment of tax deducted at source as required under the Income Tax Act. The amount of such income during 1983-84 to 1989-90, computed with reference to the gross receipts of the faculty members from institutional consultancy alone of Rs.70.93 lakhs, amounted to Rs.14.19 lakhs which escaped income-tax and income-tax amounting to Rs.5.68 lakhs (on an average rate of 40 per cent) had not been recovered. The amount of income from individual consultancy, if any, which escaped tax was not ascertainable. The School stated in August 1991 that in view of suggestion made by Audit, Income tax was being deducted at source from payments released by the School in respect of all institutional consultancy practice for the past one year. Recovery of income tax in case of individual consultancy was not feasible in relation to faculty appointment orders and consultancy rules made applicable by the Governing Council of the School.

8.6 Excess payment: The rules framed by School in December 1983 also prescribed that only 80 per cent of the gross fees received for each project should be utilised for meeting the expenditure on execution of projects and payment of honorarium to the faculty members who were assigned the project. In respect of 41 out of 49 projects from December 1983 to March 1990 for which gross fee of Rs.61.98 lakhs was received by the School, an amount of Rs.55.39 lakhs was paid to the faculty members against the admissible amount of Rs.49.59 lakhs (80 per cent of Rs.61.98 lakhs). This resulted in excess payment of Rs.5.80 lakhs to the faculty members.

8.7 Shortfall in normal work: According to the norms of work load prescribed by the School, the faculty members were required to devote prescribed teaching hours in a week. No system, however, existed to assess the actual teaching time devoted by each faculty member. Test check of record of teaching work allotted in respect of 12 members showed that even the allotment of teaching hours was less than the norms prescribed. Against the prescribed norm of 154 hours, the actual allotment was 115 hours in the first semester and 126 hours in second semester of the academic year 1988-89 while in 1989-90, against the norm of 156 hours, the actual allotment was 142 hours in the first semester and 132 hours in the second semester. Information regarding actual time devoted against the time allotted was not available.

The School stated, in April 1991, that it was following norms fixed by University Grants Commission within the overall stipulated structure and that the shortfalls related generally to teachers who were assigned research and other duties by the Director.

8.8 Excess earnings from consultancy fees: The School had not kept proper control in permitting its faculty members to undertake consultancy works to ensure that they were not unduly engaged on doing consultancy works. On the basis of information made available to Audit for the years 1983-84 to 1989-90, in 21 cases net earnings from consultancy work of six faculty members ranged between 107 to 286 per cent of their gross salary. The School stated, in August 1991, that all such cases were being closely scrutinised and analysed in the light of draft rules pending for approval with the Government to ascertain if their net assignments were more than their gross salary in a year and appropriate action would follow thereafter.

Summing up the main points which emerge are as under:

(i) Despite the recommendations of the Public Accounts Committee in 1974 and again in 1975, the School had not followed Government orders regarding recovery of one-third of consultancy fees earned by the faculty.

(ii) The School had adopted an ad hoc formula of computing 20 per cent of the gross fees as the net fees, without obtaining detailed account from the faculty members.

(iii) Even on the basis of the formula adopted by the School, the faculty members had received net fees of Rs.76.43 lakhs out of which Rs.25.48 lakhs should have been recovered by the School. This was not done.

(iv) The income received by the faculty members was neither included in their total income nor disclosed by the School in the income tax return filed by it resulting in non-recovery of income tax amounting to Rs.5.68 lakhs from institutional consultancy alone.

(v) In 21 cases the net earnings from consultancy work of faculty members ranged between 107 to 286 per cent of their gross salary. There was short-fall in allotment of teaching hours against the norms. The time devoted to teaching work could not be ascertained in the absence of records.

The matter was referred to the Ministry in July 1991; reply has not been received (March 1992) despite reminders issued in December 1991 and January 1992.

Jamia Millia Islamia University

9. Construction of Auditorium

The University Grants Commission (UGC) accepted in October 1980, in principle, a proposal of the Jamia Millia Islamia University (University) for provision of an auditorium at an estimated cost of Rs.15 lakhs. The plans and estimates, prepared by a private architect appointed by the University, were examined and cleared by the Central Public Works Department (CPWD) for a plinth area of 1047.073 square metres which was approved by the UGC in September 1981 for Rs.34.30 lakhs based on CPWD plinth area rates as on 1 October 1976 suitably upgraded to cover the cost index as prevailing in 1981. The amounts were released by the UGC in three instalments of Rs.20 lakhs in September 1982, Rs.8 lakhs in April 1983 and Rs.6.2 lakhs in June 1983. The work was awarded to the CPWD in July 1983 and was to be completed by May 1984.

The progress thereafter was as below:-

- The University sent revised estimates for Rs.85.86 lakhs prepared by CPWD on account of increase in plinth area and floor height, rise in cost index, adoption of superior specifications for certain items, unconventional roof in place of ordinary beams, inclusion of departmental charges not originally provided (August 1985).

- In September 1985, UGC decided that it was not liable to meet increase in cost beyond Rs.40-45 lakhs. The University suspended further work.

- The University sent revised estimates for Rs.71.93 lakhs after discussions with CPWD (June 1986). An examination of the revised estimates revealed that provision for special and ordinary electrical services was brought down from Rs.18.48 lakhs in August 1985 to Rs.4.58 lakhs in June 1986 without any details, which was less than Rs.5.71 lakhs estimated in 1981.

- In September 1986, UGC agreed to provide funds to meet the additional cost provided the University accepted expenditure in excess of Rs.45 lakhs as a first charge on the allocation for the Seventh Five Year Plan which the University did not agree to.

- The UGC agreed to provide additional funds to the extent of Rs.37.63 lakhs in March/April 1987 and called for progress report which was sent by the University only in January 1988. In March 1988, UGC released a further sum of Rs.20 lakhs after fixing its total commitment to the auditorium at Rs.71.93 lakhs.

- In June 1988, UGC conveyed approval for a total estimated cost of Rs.81.93 lakhs on grounds of escalation and construction work was resumed.

- The University sent a supplementary estimate to the UGC for Rs.37.44 lakhs in March 1989 as requirement for stage lighting and finishing, auditorium chairs, sound and projection system for which, according to it, only minimal or no provision had been made in the earlier estimates. One of the items was for provision of 600 seats at a cost of Rs.1200 each whereas the original estimates provided for the seats at a cost of Rs.200 each only.

- Yet another estimate of Rs.16.36 lakhs was sent to the UGC in May 1989 to cover items relating to development works such as levelling, internal roads, sewers and fire fighting arrangements, provisions for which already stood included in the earlier estimate except fire fighting equipment. The additional estimates were not formally approved by the UGC.

- UGC released Rs.25 lakhs and Rs.50 lakhs in August and October 1989 respectively. While the total amount released by the UGC was Rs.129.20 lakhs, the auditorium became operational in July 1990 at a cost of Rs.154.95 lakhs.

After receipt of funds of Rs.129.20 lakhs by October 1989, the University did not furnish any account of the expenditure incurred nor was it called for by the UGC.

The case thus revealed as under:-

(i) The Auditorium which was approved in principle in October 1980 for an estimated cost of Rs.15 lakhs was completed in July 1990 at a total cost of Rs.154.95 lakhs.

(ii) The University unilaterally upgraded the design and specifications involving large financial implications without reference to the funding authority.

(iii) The estimates furnished by the University from time to time were not realistic and were not subjected to detailed examination by the UGC. An Expert Committee of the UGC observed, in August 1988, that the initial planning of the work was faulty and plans and estimates were frequently changed in order to incorporate newer works.

(iv) The work remained suspended for three years due to the refusal of the UGC to provide additional funds for the upgraded design and specification unilaterally adopted by the University.

(v) Although the work was reported to have been completed by July 1990, the University had not furnished the audited statement of account and utilisation certificate to the UGC.

The University stated, in November 1991, that the completion documents had already been submitted to the UGC as were furnished by the CPWD. The audited statement of account would be submitted to the UGC on its receipt from the CPWD.

The matter was referred to the Ministry in September 1991; reply has not been received (March 1992).

Rashtriya Sanskrit Sansthan

10. Blocking of funds

Paragraph 10 of the Report of the Comptroller and Auditor General of India for the year ended 31st March 1990 - No.11 of 1991 - Union Government (Other Autonomous Bodies) had brought out cases of blocking of funds on purchase of land due to delay in construction/non-construction of buildings by the Rashtriya Sanskrit Sansthan (Sansthan) at Calcutta and Jaipur. The Sansthan purchased 2006.70 square metres of land costing Rs.3.05 lakhs from Delhi Development Authority in October 1984 for construction of its Office building at New Delhi. The approval of the Cabinet Committee on Accommodation for location of the Office of the Sansthan at Delhi was not obtained. The possession was taken in December 1984; however, the lease deed had not been executed so far (March 1991).

In July 1985, the Sansthan decided to get the building constructed by the Central Public Works Department (CPWD) tentatively estimated to cost Rs.1.25 crores. The Sansthan paid Rs.10 lakhs to the CPWD in March 1988 to cover planning expenses. However, neither the plans and estimates have been approved nor has the construction work been taken up.

Even after six years of acquiring the land, the Sansthan could not get the building constructed. This resulted in avoidable blocking of funds amounting to Rs.13.05 lakhs from October 1984 (Rs.3.05 lakhs) and March 1988 (Rs.10 lakhs). In the meantime the

Sansthan continued to function in a hired accommodation on a monthly rent of Rs.25,000 (Rs.15,000 per month upto August 1989).

The Sansthan stated, in October 1991, that the construction could not be taken up as its proposal for location of the office building in Delhi was cleared by the Screening Committee of the Ministry of Urban Development on accommodation only in October 1991 and the same would be submitted to the Cabinet Committee on Accommodation shortly.

The Ministry endorsed the reply of the Sansthan in January 1992.

Indian Institute of Technology, Madras

11. Disposal of outdated computers

The Indian Institute of Technology, Madras, placed orders in March 1987 for the purchase of a Siemens '7580' Computer System to replace two outlived systems. The new system was installed in November 1987. Proposals were sent to the Ministry in April 1988 to dispose the existing outdated systems which were approved in July 1988. They were disposed of for Rs.6.25 lakhs in September 1989.

In this connection the following points were noticed in Audit:

(i) Even after installation of the new system, the maintenance contract with M/s Computer Maintenance Corporation of India Limited for the outdated systems was continued upto September 1989 and an amount of Rs.25.28 lakhs was paid to them for the period from April 1988 to September 1989. The Ministry stated in August 1991 that the outlived systems had to be maintained in good condition as otherwise they would not fetch a good price. However, the price of Rs.6.25 lakhs for which they were sold did not justify the expenditure of Rs.25.28 lakhs on their maintenance. Further, it was noticed from the tender notice that the systems were to be sold on 'as is where is' condition and that there was no mention therein that the Institute should maintain them in working condition.

(ii) Along with the computer systems, materials like the operating systems, software spare parts etc., valued at Rs.6.52 lakhs lying in stock were handed over to the purchaser free of cost on the ground that they were junk and not in useable condition. However, some of these items costing Rs.2.89 lakhs were purchased during 1985-86 to 1987-88. These included printer ribbons and tapes worth Rs.1.94 lakhs purchased during 1987-88 after placing the order for the new system.

The Ministry stated that the materials were purchased by the Institute as normal inventory replenishment before the decision to dispose the systems was taken. The materials were, however, purchased after indents for the new systems were placed with the suppliers. The utilisation of the outdated system was therefore bound to come down, if not eliminated altogether after the installation of the new system. The procurement of consumables at the normal rate of replenishment at this point of time indicated lack of proper inventory control.

Indian Institute of Technology, Delhi

12. Irregular grant of medical benefits

According to the Statutes framed under the Indian Institutes of Technology (IIT) Act, 1961, the employees of the IIT are entitled to reimbursement of medical expenses incurred on themselves and their families. The Statutes specifically prescribe that the provisions are not applicable to retired members of staff. In December 1974, the Board of Governors of the IIT resolved that the retired/retiring persons of the Institute be provided with medical facilities at par with the Central Government pensioners and requested the Ministry, in November 1979, to make necessary amendments in the Statutes. The Ministry did not agree to the proposal of the IIT. The Board of Governors again resolved in April 1983, that the medical facilities available within the IIT campus for serving employees and their families would be extended to persons retiring/retired from the IIT and residing in Delhi/New Delhi, on payment of contribution at the rates applicable for retired Government employees under the Central Government Health Scheme. By another resolution of March 1985, the Board of Governors placed the retired persons on par with the serving employees of the Institute for the purpose of medical attendance and treatment and retired employees became eligible to claim reimbursement of medical expenses for treatment in recognised outside hospitals and dispensaries. The medical facilities were extended to the widows of the deceased employees of the Institute as well by the Board of Governors vide resolution passed in November 1987.

Besides Government hospitals, IIT had recognised 20 hospitals in the Union Territory of Delhi for the purpose of reimbursement of medical expenses of its employees. IIT incurred expenditure of Rs.2.01 lakhs between 1985-86 and 1990-91 on reimbursement of medical expenses of retired employees in 369 cases, apart from extending medical facilities available within the campus of the IIT.

Under the Act, the Board of Governors was empowered to amend or repeal the Statutes but every such amendment would require the prior approval of the Visitor (President of India). The Board of Governors neither amended the Statutes to provide for medical benefits to the retired employees and widows of the employees nor sought approval of the Visitor. Consequently, the grant of benefits, specifically prohibited by the Statutes, was irregular and unauthorised. This resulted in irregular expenditure of Rs.2.01 lakhs by way of reimbursement of medical expenses granted during 1985-86 to 1990-91 besides the expenditure incurred on the provision of inhouse facilities of the IIT.

IIT stated, in January 1991, that it was extending medical facilities to its retired employees similar to those given by the Central Government to its pensioners and that as it took considerable time to carry out amendment to the Statutes, the facilities were being extended to the retired employees with the approval of the Board of Governors. IIT further stated, in June 1991, that the Board was competent to make Statutes under the Act and that under its delegation of powers, any expenditure incurred by an authority not competent at the time of incurring expenditure could be regularised by a competent authority retrospectively. The reply was not tenable in view of the provisions contained in the Act and the Statutes cited. Further, retired Government servants/widows of Government servants are not entitled to reimbursement of medical expenses under the rules framed by the Government.

The Ministry confirmed the facts in March 1992.

Navodaya Vidyalaya Samiti

13. Blocking of funds

Mention was made in Paragraph 12 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 1990 - No.11 of 1991 - Union Government (Other Autonomous Bodies) regarding the advance payment of Rs.10 lakhs made to the National Projects Construction Corporation Limited (NPCC) in March 1988 by the Navodaya Vidyalaya Samiti (Samiti) for construction of a school building even before the site was finalised and the work was administratively approved.

In the following cases, the Samiti had paid Rs.155 lakhs for construction of school buildings to the State Public Works Department (PWD)/NPCC as far back as April/May 1988 long before the acquisition of the land, preparation of plans and estimates, grant of technical and financial sanction etc.

Particulars of the cases are as under:

(i) The location for construction of Vidyalaya in Arunachal Pradesh at Hunli (Dibang Valley) was approved by the Samiti in 1986-87. The locations for construction of Vidyalayas at Mahadevpur (Lohit), Tissa (Tirap), Sepa (East Kameng) and Lepajering (Subansiri), were approved by the Samiti in 1987-88. The Samiti was allotted land for Sepa in January 1988, Tissa in June 1988, Hunli in October 1989, Lepajering in May 1990 and Mahadevpur in October 1991. The plans and estimates of none of the sites had been approved. Notwithstanding the above position, the Samiti sanctioned payment of an amount of Rs.one crore as mobilisation advance at the rate of Rs.20 lakhs for each Vidyalaya, and drew the amounts as cheques/drafts in March 1988 and deposited the same with the State PWD in April and May 1988. As the plans and estimates had not been approved, the cost of construction was still not known, agreement with the State PWD was not executed and even land had not been allotted at two locations, the deposit of Rs.one crore with the State Government resulted in avoidable blocking of funds.

The Samiti lost interest of Rs.36 lakhs upto March 1991 on the amount computed at the rate of 12 per cent per annum. The Samiti stated, in June 1991, that the funds were deposited on receipt of assurance from the State Government about the availability of land and immediate construction work of the building. The Samiti further stated that later on there has been no proper response from the State PWD of Arunachal Pradesh.

(ii) (a) In October 1987, the Government of Karnataka earmarked land measuring 35 acres for allotment to the Samiti for construction of Vidyalaya at Bhimarayanagudi (Gulbarga). However, the land in question having already been handed over to the Forest Department, a fresh plot of land was allotted to the Samiti in July 1989. Lay out plan was prepared by November 1989 and the Samiti accorded in May 1990 administrative approval and expenditure sanction for Rs.38.76 lakhs with a directive for completion of the building within 4 months of its approval. In November 1987, even before land was finally allotted, the Samiti entered into an agreement with the NPCC without inviting any tenders for construction of the school building on cost plus agency charges and deposited a sum of Rs.10 lakhs as mobilisation advance to them in March 1988. The work which was due to be completed by September 1990 was still in progress (April 1991).

(b) In April 1987, the Government of Maharashtra agreed to make available 30 acres of land at Kaij for constructing the Vidyalaya at Dhanegaon in Beed district. Subsequently, in January 1989, the Samiti indicated its preference for an alternative site at Gadhi (District Beed) which was allotted by the State Government in July 1989. The lay out plan prepared by November 1989 and revised in May 1990 had not been approved by the Samiti so far. Notwithstanding the above position, in November 1987 itself, the Samiti entered into an agreement with the NPCC for construction of the school building on cost plus basis without invitation of tenders. In March 1988, the Samiti paid mobilisation advance of Rs.10 lakhs and an additional sum of Rs.35 lakhs in August 1988 on the basis of an estimate of Rs.157.28 lakhs sanctioned by the Samiti in August 1988 at the site originally selected. No sanction to estimates for the work at the second site had so far (June 1991) been accorded and the amount of Rs.45 lakhs paid to the NPCC remained blocked for about three years.

The payment of mobilisation advance to the NPCC in the above two cases was contrary to Government orders of July 1983 according to which mobilisation advance at 10 per cent of cost could be paid for works of a specialised nature and resulted in unauthorised aid of Rs.18.05 lakhs to the NPCC by way of interest upto 31 March 1991 computed at the rate of 12 per cent per annum.

The Samiti stated, in June 1991, that the mobilisation advance was paid because construction agencies carried out the work on full deposit basis only. The contention was not correct because NPCC was not a constructing agency like the CPWD but only a contractor.

The Ministry stated, in January 1992, that the Samiti had issued instructions, in December 1991, that mobilisation advance should be sanctioned only after the formalities for possession of land, sanctioning of layout plans and the process of awarding the work to the contractor by the concerned construction agency were completed.

North Eastern Regional Institute of Science and Technology, Itanagar

14. Retention of heavy cash in current account with bank/cash chest

A test-check of the cash book of North Eastern Regional Institute of Science and Technology (Institute) disclosed minimum closing balance as shown below during 1986-87 to 1990-91 which was held in current account with bank/cash chest.

Year	Period	Minimum closing balance	Days
		(in lakhs of rupees)	
1986-87	1.4.1986 to 31.3.1987	62.03	365
	1.4.1986 to 9.2.1987	64.10	315
	27.4.1986 to 9.2.1987	312.15	289
1987-88	1.4.1987 to 31.3.1988	59.66	365
	22.4.1987 to 31.3.1988	159.46	345
	29.4.1987 to 31.3.1988	205.28	338
1988-89	1.4.1988 to 31.3.1989	84.39	365
	1.4.1988 to 31.8.1988	95.34	153
	1.4.1988 to 31.7.1988	208.24	122
	25.11.1988 to 31.3.1989	139.14	127
1989-90	1.4.1989 to 31.3.1990	43.41	365
	1.4.1989 to 31.8.1989	84.99	153
	1.4.1989 to 30.4.1989	85.29	30
	1.9.1989 to 31.1.1990	12.83	153
1990-91	1.4.1990 to 31.3.1991	17.98	365
	1.4.1990 to 23.12.1990	15.96	267
	15.6.1990 to 15.8.1990	65.38	62

As the funds to the extent indicated above were not needed for immediate expenditure, these could have been gainfully invested in short term deposits of different denominations whereby the Institute could have earned interest of Rs.34.16 lakhs at the minimum rate of 3 per cent even if the money had been deposited with a bank for short terms of 15 days to 45 days during the relevant periods. Thus retention of excess money in current account with bank/cash chest led to loss of interest amounting Rs.34.16 lakhs.

The Institute stated in July and September 1991 that during the formative stage they could not assess their requirement of funds correctly for their programmes and it was kept in the Bank to draw as and when the need arose. They would be in a position to invest funds in short term deposit when the position stabilised with a regular dependable pattern of expenditure.

The reply of the Institute is not tenable in view of the fact that even if the money had been deposited with a bank for a minimum period of 15 days to 45 days as short term deposits during the relevant periods, the Institute would have earned interest of Rs.34.16 lakhs. Besides, the Institute was established in 1983 and till 1990-91 they had not been able to correctly assess their requirement of funds.

The matter was referred to the Ministry in June 1991; reply has not been received (March 1992).

Jawaharlal Nehru University

15. Defalcation of funds

The School of International Studies (School) of the Jawaharlal Nehru University (University) had since inception its own arrangements for despatch of letters as distinct from the Central despatch section of the University. Communications sent by the School were posted with the use of franking machine as well as by affixing private postage stamps purchased from the Post Office. From June 1982, payments to the post office were purported to have been made by means of bank drafts for which the Finance Branch of the University issued open cheques in favour of various officers and faculty members of the School which were purported to have been encashed and converted into bank drafts for making payment to the post office.

Units were inserted into the franking machine last on 3 May 1982. The machine was not used after June 1982. The Finance Branch, however, paid Rs.0.78

lakh to the Officers of the School during 1982-83 to 1988-89 as advances for cost of units to be inserted in the franking machine by way of open cheques drawn in favour of various Officers of the School for encashment and conversion into demand drafts for payment to the post office. The School neither submitted, nor the Finance Department called for receipts from the post office for cost of units inserted into the franking machine. On inquiry, the bank also confirmed that no demand drafts had been issued in favour of the post office.

For purchase of postage stamps, the Finance Branch made advance payments aggregating Rs.3.47 lakhs during 1982-83 to 1988-89 to the Officers and faculty members of the School by means of open cheques for encashment and conversion into bank drafts for payment to the post office towards the cost of stamps. The advances were adjusted on the basis of a certificate rendered by the School that the amount of advance had been spent on postage expenditure for sending urgent postage and telegrams and had been entered on a specified page of the despatch register. The particulars given in the adjustment bills were, however, found fictitious in several cases.

The irregularity came to notice in April 1989 whereafter an inquiry was ordered to be conducted in the matter. In his report submitted in September 1990, the Inquiry Officer assessed the amount defalcated during the above period at Rs.1.56 lakhs. This included an amount of Rs.0.09 lakh drawn in November 1988 and March 1989 for which advance bills were not submitted at all.

Thus a total amount of Rs.2.34 lakhs was defalcated. The defalcation was facilitated because the authorities of both the School and the Finance Department of the University failed to exercise the prescribed checks on the stamp account and the adjustment bills respectively, in particular, the following:

(i) the Finance Branch issued open cheques in favour of Officers and faculty members of the School for encashment and conversion into drafts instead of obtaining bank drafts by cheques drawn in favour of the bank;

(ii) the Finance Branch did not call for receipts of post office for cost of units purported to have been inserted into the franking machine;

(iii) the School submitted the adjustment bills for advances obtained for purchase of postage stamps without test-checking the entries in the despatch registers; and

(iv) although an inspection by internal audit of the University had reported several irregularities in the maintenance of despatch register in April 1987, no follow up action was taken.

The Ministry stated, in January 1992, that the Executive Council had authorised the Vice-Chancellor to hold a departmental disciplinary enquiry in the matter which was at a very advanced stage and further action would be taken as might be decided by the Executive Council on the report of enquiry.

(Department of Culture)

Indian Museum, Calcutta

16. Unsold Publications

The Indian Museum, Calcutta (museum) brings out publications such as descriptive catalogues, monographs and guide books for increasing public awareness about various art treasures of the museum and for promoting research in different fields of art, culture and history. These are sold through a publication counter in the museum itself. Some copies are distributed free and a few are exchanged with other museums within the country and abroad.

During 1985-86 to 1989-90 the museum printed 71840 copies of twenty-three publications at a cost of Rs.5.89 lakhs including picture post cards and museum bulletins. Of these, 11961 copies representing only 16.65 percent of the total publications were sold for Rs.0.63 lakh till the end of March 1990. 645 copies were distributed free and only 67 copies were sent to other museums under exchange arrangements. At the end of March, 1990, the museum had in its stock 56929 copies of unsold publications (excluding 2238 copies of an Art album for which cost of printing was not available) printed at a cost of Rs.4.74 lakhs.

Unrealistic assessment of the number of copies of publications required for sale coupled with lack of sales promotion measures to boost sales resulted in blocking of funds to the extent of Rs.4.74 lakhs being the cost of publication of 56929 copies held in stock since 1985-86. The museum did not have any publication committee in existence since 1980-81 nor were there any arrangements for sales through any outside agency.

The Ministry stated in June 1991 that keeping in view the position of unsold stock and low sale of publication and consequent blocking of Government funds, the museum should restrict its publications to gallery guides, folders and invitations only in the ensuing years and adopt measures like system of display of publications, improvement and review of the list of publications, publicity through city edition of various newspapers and making the publications more informative, illustrative and interesting and that these observations had been brought to the notice of the museum.

(Department of Women and Child Development)

National Institute of Public Cooperation and Child Development

17. Delay in completion of project

The scheme of Integrated Child Development Services (ICDS) started in 1975 provided for imparting health and nutrition education to women in the age group of 15-45 years through use of mass media, special campaigns, home visits by Anganwadi Workers, specially organised courses in villages for about 30 women at a time etc. Anganwadi Workers' Training Centres (AWTCs) and Middle Level Training Centres (MLTCs) were established under the scheme for the training of Anganwadi Workers and other functionaries implementing the scheme. The National Institute of Public Cooperation and Child Development (NIPCCD) supplied training material for the various centres.

In view of the importance of nutrition education in the scheme of ICDS, the NIPCCD approved, in February 1984, a project 'Collection, modification and dissemination of nutrition education materials' with the main objective of production of a source book and a kit of nutrition education material for use in the training of Anganwadi Workers and supervisors. The project was to be completed in 12 months which was revised to 20 months in August 1985. The progress was as below:

- Prototype kit of nutrition and health education material and source book were developed and finalised after field testing only in May 1988.

- In July 1988, Ministry conveyed approval of the printing of 1000 copies of material and source book in diglot at an approximate cost of Rs.5 lakhs though the NIPPCD had originally assessed a requirement of 500 copies.

- In March 1989, the Ministry sanctioned Rs.2.5 lakhs to meet additional expenditure on account of escalation in cost of printing and the printing was completed at a cost of Rs.6.95 lakhs in September 1989.

- In July 1989, the Ministry agreed to the completion of project by July 1989.

- The education kits were despatched to AWTCs/MLTCs only after 10 months in June 1990.

- In August 1990, Ministry decided that the kits should also be sent to the ICDS projects and in November/December 1990, the NIPCCD despatched 630 kits to selected ICDS project only on the basis of random sampling.

The case revealed as under:

1) The project approved in February 1984, was required to be completed in 20 months. However, even in June/December 1990 the education kits were still being despatched. The NIPCCD attributed the delay to high turn over of the faculty, long time on Hindi translation of the Resource book, delay in completion of art work and the need for inclusion of latest material in the nutrition message necessitated as a result of policy changes made by Government with regard to Diarrohea Management and Immunisation schedule.

(2) No proper feed back analysis of the deucation kits was received and no evaluation was done. The NIPPCD stated, in October 1991, that feedback on the project was through acknowledgements received from 259 training centres and 234 projects.

The Ministry stated, in November 1991, that the delay in desptach of the kits was due to non availability of additional staff for the purpose. The Ministry also stated that a formal evaluation of the utility of the kits within about nine months may be premature.

Ministry of Human Resource Development
(Department of Education)
and
Ministry of Science and Technology
(Department of Biotechnology)

National Council of Educational Research and Training

18. Delay in implementation of project

The Ministry of Science and Technology, Department of Biotechnology (DBT), approved in March 1989, a scheme titled 'Strengthening of Teaching of Modern Biology and Biotechnology in schools through use of computer software as teaching aid' at a total cost of Rs.70 lakhs for the period 1988-89 (Rs.50 lakhs) and 1989-90 (Rs.20 lakhs). The main objectives of the scheme were to introduce modern teaching aids in schools through an interaction with computer aided instructional material, promote indigenous development of software for instructional purposes, extend the potential of computer based learning to remote areas of the country and create a scientific base of trained teachers. The scheme was to be implemented through the Department of Education, Ministry of Human Resource Development (Ministry) with the help of the National Council of Educational Research and Training (NCERT), Navodaya Vidyalaya Samiti (NVS), Kendriya Vidyalaya Sangathan (KVS) and Computer Maintenance Corporation (CMC).

The NCERT was responsible for training of teachers and development of software. The hardware selection and procurement was to be done by the NVS and KVS through the CMC while 50 schools (30 Navodaya Schools and 20 Kendriya Vidyalayas) were to be identified for implementation of the scheme. A monitoring committee comprising of representatives of the Ministry, DBT, NCERT, KVS, NVS and CMC was to oversee the progress of the scheme from time to time.

Against the proposed outlay of Rs.70 lakhs upto March 1990, the DBT released Rs.59.50 lakhs to various agencies as follows:

(Rupees in lakhs)

	1988-89	1989-90	1990-91	Total
KVS	8.80	3.80	Nil	12.60
NVS	13.20	Nil	5.70	18.90
NCERT	28.00	Nil	Nil	28.00
Total	50.00	3.80	5.70	59.50

No expenditure was incurred by these agencies during 1988-89 against the grant of Rs.50 lakhs paid to them. KVS paid Rs.5.90 lakhs to the CMC in 1989-90, Rs.4.95 lakhs in 1990-91 and Rs.0.95 lakh in 1991-92 (upto October 1991) to CMC for the purchase of computers and an amount of Rs.0.88 lakh remained to be paid. NVS made payments of Rs.9 lakhs in 1989-90, Rs.6.56 lakhs in 1990-91 and Rs.3.46 lakhs in 1991-92 (upto July 1991) to the CMC for purchase and installation of computers. Out of Rs.28 lakhs paid to the NCERT in 1988-89, an expenditure of Rs.3.59 lakhs was incurred upto 1990-91 and Rs.24.41 lakhs had remained un-utilised. The expenditure incurred by the NCERT included Rs.1.66 lakhs on the purchase of one computer during 1990-91 which was not envisaged in the scheme.

The physical performance against the milestones for various activities under the scheme was as under:

	Target Date	Actual date
Selection of Schools	May 1989	June 1989
Supply and installation of computers	October 1989	By December 1990 (KVS Schools) By February 1991 (NVS Schools)
Training of teachers	November 1989	July 1991
Introduction of software as training aid in schools	November 1989	Not done
Development of indigenous software	From November 1989 as a continuing activity.	Not done

(i) The supply and installation of computers in schools was delayed by 14 to 16 months. The DBT attributed the delay (January 1992) to subsequent change in hardware configuration and the time taken in site preparation in some of the schools.

(ii) Training of teachers scheduled for completion by November 1989 could commence only by December 1990 and upto July 1991, 81 teachers were trained against the requirement of 100 teachers. The DBT attributed (January 1992) the delay to late installation of computers and shortfall in number of teachers trained to non-participation of some of the selected teachers in the training programme.

(iii) Out of 81 teachers trained, 33 were non-biology teachers and one was a librarian - all in NVS Schools. According to the NCERT (January 1992), since none of the NVS schools had the plus two stage yet, they did not have biology in their schools (which was available at plus two stage only) and, therefore, they had no post graduate biology teachers. The selection of such schools was therefore, not proper and judicious.

(iv) The NCERT had procured three indigenous software packages, the price of six other packages was under negotiation and 15 packages were under scrutiny. None of the packages had been distributed to schools so far.

The DBT stated, in January 1992, that the NCERT had envisaged to organise a software mela for selection of software for import, but the response was inadequate. Also no suitable arrangement could be found in the country for conversion of available foreign software. It was, therefore, decided to give a greater thrust on indigenous development of software. This aspect presented unforeseen difficulties involving a considerable time lag in implementing the scheme.

(v) There had been no progress in the development of indigenous software by the NCERT. The DBT stated, in January 1992, that the NCERT had since developed two packages on biology education, but a review of these packages showed that the packages suffered from a number of errors which needed to be corrected.

Software as training aid in schools was scheduled to be introduced by November 1989. Due to slippages at various stages, this could not be done so far and the project remained unimplemented. An amount of Rs.24.41 lakhs out of Rs.28 lakhs paid to the NCERT in 1988-89 also remained blocked.

The NCERT stated, in July 1991 and February 1992, that the original plan was envisaged by the DBT and because the original time schedule could not be adhered to by the different participating agencies for various reasons, it had to be modified from time to time depending upon progress of implementation of the project.

The DBT stated, in January 1992, that in the absence of any clear cut availability of software packages in the country, DBT had initiated a task which was extremely difficult and involved mobilisation of resources from several different expert agencies, involving subject knowledge of biology, computer science and software development and script writers, namely the teachers, who have to be brought together for the development of indigenous software. All this showed that adequate care had not been taken in planning the project, the time schedule for its implementation was unrealistic and grant was prematurely released to the NCERT resulting in avoidable blocking of funds. The DBT stated that it had decided to ask the NCERT to refund the unspent amount of grant.

Ministry of Health and Family Welfare

All India Institute of Medical Sciences

19. Avoidable extra expenditure on foreign purchases

For purchase orders placed on suppliers abroad, the All India Institute of Medical Sciences (AIIMS) opened letters of credit for the CIF value which included the estimated air freight/insurance charges. There was no system in the AIIMS to verify the amount of actual freight/insurance charges and ensure that the letter of credit was debited/drawn to the extent of actual freight/insurance charges. It was seen that the actual expenditure on air freight/insurance was generally less than the estimated amount which was included in the amount of letter of credit and in most cases the suppliers had withdrawn the entire amount of letters of credit. In 19 cases test checked in audit, this resulted in extra expenditure of Rs.4.00 lakhs.

The AIIMS admitted, in July 1991, that the actual freight sometimes varied as compared to the estimated freight and that there had been cases where the suppliers did not ask for additional payment where the actual freight was more than the estimated freight. The AIIMS also stated that the cases pointed out by Audit had been taken up with foreign suppliers and that a clause stipulating the payment of freight on actual basis was being inserted in the letters of credit now being opened.

It was also noticed that contrary to Government instructions the AIIMS did not insist that the supplies should be shipped through Air India which were generally despatched through international airlines resulting in avoidable expenditure in foreign exchange. Further, whereas according to the procedure followed by the Director General of Supplies and Disposals, the Indian agents' commission was payable in Indian rupees on the date of supply order, the AIIMS paid the agency commission to the Indian agents at the exchange rate prevalent on the date of airway bill. With the steady appreciation of foreign currencies vis-a-vis the Indian rupee, this resulted in extra payment of Rs.0.16 lakh to the Indian agents for foreign exchange in 13 cases test checked in Audit. The AIIMS stated, in July 1991, that the agency commission was being released by the bankers on the analogy of payments released to the foreign suppliers at the exchange rate prevalent on the date of airway bill. While agreeing that there had been an appreciation of foreign currencies vis-a-vis the Indian Rupee in the recent past, the AIIMS stated that there had also been a down-ward trend in the exchange rate of foreign currencies vis-a-vis the Indian Rupee during the earlier period. The AIIMS, however, agreed that in future, payment of agency commission would be regulated with reference to the rate of exchange on the date of supply order.

The matter was referred to the Ministry in October 1991. The Ministry endorsed (January 1992) the reply of the AIIMS and stated that the AIIMS could not insist for the despatch for the supplies only through Air India as many of its items were of highly perishable nature. In the case of import of capital goods, however, a clause was being inserted in the letters of credit that the supplies would be shipped through Air India only.

Indian Nursing Council

20. Shortfalls in inspection and recovery of inspection fees

The Indian Nursing Council (Council) was constituted by the Indian Nursing Council Act, 1947 (Act) in order to establish a uniform standard of training for nurses, midwives and health visitors. The Act empowered the Council to inspect the training institutions in order to see their suitability for the purposes of training and the adequacy of the training therein. The Executive Committee of the Council decided in September 1961 that ordinarily each institution should be inspected once in three years, but, the institutions reported to be unsatisfactory should be inspected again during the next year. A test check of the records relating to inspection revealed that during 1983-84 to 1990-91, there were shortfalls in inspection of training institutions ranging from 29 to 92 per cent.

Year	Total number of institutions	Number of institutions due for inspection	Number of institutions inspected	Shortfall	Percentage of shortfall
1983-84	715	238	29	209	88
1984-85	715	238	28	210	88
1985-86	724	241	20	221	92
1986-87	717	239	90	149	62
1987-88	767	256	181	75	29
1988-89	753	251	140	111	44
1989-90	702	234	132	102	44
1990-91	684	228	73	155	68

The number of institutions inspected which had peaked from 29 in 1983-84 to 181 in 1987-88 again declined to 140 in 1988-89, 132 in 1989-90 and plummeted to 73 in 1990-91. As many as 86 institutions were not inspected since their inception dating as far back as 1970. Further, the inspection of 81 institutions was in arrears for 4 to 19 years; of these, 45 institutions were in arrears for 4 to 9 years, 34 institutions for 10 to 15 years and 2 institutions were in arrears for 17 to 19 years. The Council stated, in June and October 1991, that as there were no permanent inspectors of the Council and the ad hoc inspectors were State/Central Government employees or retired nursing personnel of State/Central Government who dropped the inspection at the last moment, the inspections could not be finalised. In order to meet the challenge of inspection work, proposal for creation of 4 posts of Zonal Inspectors was sent to the Ministry in 1987 and approval of the Ministry was still awaited. The Ministry stated, in October 1991, that it was processing the matter for creation of these posts in consultation with the Integrated Finance Division.

The Council was required to charge an inspection fee of Rs.1000/- annually from each training institutions from 1983-84 onwards. It was, however, observed that the inspection fee amounting to Rs.29.26 lakhs was outstanding against various training institutions as on 31st March 1991. As many as 300 institutions had not paid inspection fee for five years and more; of these 264 institutions had not paid since 1983. The Council stated, in June 1991, that the matter was being followed up with the institutions for recovery of outstanding fees.

The Ministry stated, in October 1991, that it had written to the State Governments in October 1991 to ensure that the inspection fees were paid regularly to the Council.

Pharmacy Council of India

21. Non-receipt of fees from the State Pharmacy Councils

The Pharmacy Act, 1948 (Act) provided for the constitution of the Central Pharmacy Council of India, and State Pharmacy Councils for the regulation of profession and practice of pharmacy. Under the Act, the State Councils were required to furnish abstract of their accounts to the Central Council and pay to the Central Council before end of June each year, 25 per cent of the fees realised by them during the preceeding financial year. During 1989-90 and 1990-91, the State Councils remitted only Rs.1.73 lakhs and Rs.1.63 lakhs respectively to the Central Council as per the provision of the Act. However, the State Councils did not furnish abstracts of their accounts to the Central Council. Consequently the total amount of fees actually payable and outstanding was not ascertainable. According to the Central Council, out of 20 State Councils, 16 had defaulted in the remittance of fees for three to 17 years from 1973-74 onwards. The Central Council stated, in August 1991, that it had no coercive/penal powers over the State Councils under the Act to recover the pending dues. Non-receipt of the prescribed percentage of fees from the State Councils resulted in increased budgetary support to the Central Council by the Ministry.

The Ministry stated in December 1991 that the State Government had been requested to impress upon the State Councils to remit the fees to the Central Council without any further delay and to ensure that the fees are paid regularly by the State Councils.

Ministry of Industry

Khadi and Village Industries Commission

22. Blocking of funds in defunct units of State Boards

The Khadi and Village Industries Commission (KVIC) with its Headquarters at Bombay was set up on 1 April, 1957 under an Act of Parliament with a view to ensure the proper growth and promotion of khadi and village industries. The KVIC receives loans and grants from Government of India for its activities and is entrusted with planning, promotion, organisation and implementation of programmes for the development of khadi and village industries in rural areas in co-ordination with other agencies engaged in rural development. The KVIC further disburses loans and grants for implementation of various khadi and village industries programmes in rural areas to State Boards/Institutions etc.

It was observed that 7,13,234 agencies/ institutions/co-operatives/individuals were financed by twenty State Boards as on 31 March, 1990 from KVIC funds amounting to Rs.40,602.61 lakhs. Out of these 73,499 agencies were reported as defunct, blocking an amount of Rs.4,115.55 lakhs as on 31 March 1990. The position of unrecovered amount remaining with the defunct/liquidated State agencies is given below:-

Name of the State	Number of agencies assisted by the Board	Amount of assistance (Rs. in lakhs)	Number of defunct/ liquidated agencies	Amount involved in defunct/ liquidated agencies (Rs. in lakhs)	Amount recovered from these defunct agencies (Rs. in lakhs)	Amount remitted to the KVIC	Percentage of defunct agencies
1.	2.	3.	4.	5.	6.	7.	8.
Andhra Pradesh	96,592	3,188	6,190	384.54	--	--	6.40
Assam	7,412	230	570	17.30	5.23		7.69
Bihar	50,464	1,043.52	1,381	100.20	1.74		2.74
UT Chandigarh	429	43.11	85	9.03	.92		19.81
Delhi	5,277	241.85	620	16.57	64.66		11.75
Gujarat	6,151	407.88	1,179	220.30	5.65		19.17
Haryana	31,633	1,952.35	5,100	278.26	36.28		16.12
Himachal Pradesh	17,314	1,254.15	1,991	158.61	2.90		11.50
Jammu and Kashmir	22,098	810.07	241	7.73	--		1.09
Karnataka	13,879	3,866.52	3,638	551.82	60.30		26.21
Kerala	20,062	3,728.77	2,094	405.69	36.92		10.44
Madhya Pradesh	18,564	713.81	1,141	29.48	17.03	17.56	6.15
Maharashtra	25,838	2,817.20	5,129	328.21	6.60		19.85
Meghalaya	2,901	96.14	72	2.04	0.38		2.48
Orissa	4,112	1,890.15	1,032	176.61	3.47		25.09
Punjab	41,233	1,658.72	9,644	291.72	45.91		23.39
Rajasthan	1,04,621	4,339.35	9,571	309.14	13.71		9.15
Tamilnadu	36,099	1,805.79	1,106	199.50	.66		3.06
Uttar Pradesh	1,43,473	8,219.22	22,325	898.28	15.56		15.56
West Bengal	65,082	2,296.01	390	50.09	1.65		0.60
	7,13,234	40,602.61	73,499	4,435.12	319.57	17.56	

Although an amount of Rs.319.57 lakhs was recovered by the State Boards, only an amount of Rs.17.56 lakhs was remitted to the KVIC by the Madhya Pradesh State Board

KVIC could not effectively monitor the pending recoveries as no records in respect of the defunct units of each State Board were maintained by it. It did not ascertain the reasons for the agencies becoming defunct so as to investigate the drawbacks, take remedial measures and devise a proper policy for the security of the funds invested by it.

The matter was referred to the Ministry in September 1991, reply has not been received (March 1992).

23. Blocking of funds and avoidable payment of compensation

Khadi Gramodyog Bhavan (Bhavan), New Delhi is a departmental trading unit of Khadi and Village Industries Commission (KVIC). The Bhavan purchased a two acre plot of land for Rs.11.99 lakhs from Delhi Development Authority (DDA) in Okhla Industrial Estate for construction of its godown in 1976. On a visit to the plot in 1982, it was found that the land was encroached by jhuggi dwellers and a Primary School was also functioning therein.

The matter for removal of encroachment was taken up by the KVIC with the DDA, Delhi Administration and Municipal Corporation of Delhi, in July 1987. Since the DDA had to incur an expenditure of Rs.10,000/- per family for settlement of 128 jhuggi dwellers, KVIC was asked to deposit Rs.12.8 lakhs as the encroachment was on account of the indifferent and non-vigilant attitude of KVIC. Accordingly, the Bhavan deposited Rs.12.80 lakhs with DDA in November, 1988. Vacant possession of the plot was yet to be taken by the Bhavan (November 1991).

The KVIC stated (October 1990) that eviction proceedings had already been initiated by DDA against the encroachment under Public Premises Act and after finalisation of proceedings the plot will be got vacated. It was also stated (October 1990) that enquiry proceedings had been initiated against the former Manager of the Bhavan for the failure to discharge his duties properly to ensure that there was no scope of encroachment on the plot by taking security measures such as putting up of a fence or appointing of a watchmen etc., which caused the KVIC to incur an avoidable expenditure of Rs.12.80 lakhs.

The KVIC had directed its Chief Vigilance Officer to initiate disciplinary proceeding against the then Manager of the Bhavan for the failure to discharge his duties properly. Instead of taking any action against the Manager the KVIC withdrew all charges framed against him in December 1990.

The failure on the part of the KVIC to take any measures for protection of the plot from encroachment resulted in blocking of Rs.11.99 lakhs from June 1978 to July 1991 and avoidable payment of Rs.12.80 lakhs as compensation to jhuggi dwellers. Further, there was loss of interest of Rs.15.59 lakhs at the rate of 10 per cent from July 1978 to June 1991 on the blocked up capital of Rs.11.99 lakhs.

The matter was referred to the Ministry in August 1991; reply has not been received (March 1992).

24. Irregular release of funds

A grant of Rs.127.45 lakhs was released by the Khadi and Village Industries Commission (KVIC) to the Directorate of Leather Industry (Directorate) for implementation of 'Karnal Project of Leather Industry' in Haryana on 31 March 1989. The project was conceived with a view to establishing a mother servicing unit at Karnal, with adequate infrastructure to be run departmentally with numerous satellite units. According to Government of India's directives the project was to be implemented as an 'Action Plan' with specific benefits for upliftment and improvement of the skills of Schedule Castes and Scheduled Tribes during 1989-90. The action plan was to be implemented with specific milestone of 31 August 1989, 31 October 1989, 31 December 1989 and 31 March 1990 and the Ministry of Industry was to be informed about the progress of implementation at every stage.

It was however observed that the amount of Rs.127.45 lakhs released at the end of the year was not utilised by the Directorate during 1989-90 and was refunded to the KVIC on 30 March 1990. The interest of Rs.8.03 lakhs accrued on the investment in short time deposits was also refunded to the KVIC.

The KVIC stated (May 1990) that since the entire amount was placed at the disposal of the Directorate it was expected that concurrent with the creation of infrastructure for the mother unit at Karnal corresponding developments could be achieved at satellite units also which involved purchase of land, construction of building, installation of machines etc. However, as the process of executing such a huge project departmentally was time consuming and fraught with several problems the amount of Rs.127.45 lakhs was invested in short term deposits. The KVIC further stated that since non release of funds during 1988-89 would have caused undue burden on the following year's budgetary resources it released funds at the end of the year as it had its own commitments on the basis of agreed programme etc.

The KVIC further stated (June 1991) that setting up of mother unit at Karnal was modified and that of subsidiary units at other places was dropped and the financial outlay was brought down from Rs.127.45 lakhs to Rs.70 lakhs in 1990-91, implementation of which was in progress.

To sum up :-

a) Since the funds were not required for utilisation immediately in the absence of adequate infrastructure and unrealistic approach in respect of the project the release of entire amount by the KVIC, at the end of the year in one instalment was irregular.

b) The non implementation of the 'Action Plan' resulted in denial of benefits to the Scheduled Caste and Scheduled Tribe beneficiaries.

c) Had the funds been invested in long term deposit the interest earned would have been Rs.11.47 lakhs at the rate of 9 per cent per annum on the amount of Rs.127.45 lakhs instead of Rs.8.03 lakhs earned by investing in short term deposits which were extended from time to time resulting in loss of interest of Rs.3.44 lakhs.

d) The contention of the KVIC that non-release of funds in 1988-89 would have caused undue burden on the following year's budgetary resources was not correct from the regularity and propriety point of view as funds not required for immediate utilisation were released to avoid lapse of funds and refund of the same to Government.

The Ministry confirmed (November 1991) the facts and stated that the fund could not be utilised on account of unforseeable circumstances and that the whole system of sanctions, releases and accounting was being reviewed by a professional agency to improve the same and avoid such idling of resources.

25. Misappropriation of money

The Khadi Bhandar, Tharad is a production-cum-sales centre functioning under the regional office of the Khadi and Village Industries Commission (KVIC) at Radhanpur in Gujarat State with a supervisor in charge. During 1982-83 the supervisor had misappropriated an amount of Rs.4.61 lakhs by indicating statistics of fictitious readymade production and debiting bogus bills of expenditure in the accounts books. The records did not show whether the supervising officer had inspected the unit as per the time schedule. No stock taking was conducted in the centre as per the prescribed procedure. On detection of the misappropriation a police complaint was lodged in June 1983 but the supervisor was absconding. KVIC also decided to take departmental action in October 1984.

KVIC stated (April 1992) that an amount of Rs.1.72 lakhs released during April 1983 to November 1983 on account of sundry debtors and goods available at centre was adjusted against the amount misappropriated. A charge sheet was framed in January 1986 against the official but it could not be served as he was not available either at his place of work or residence. Eventually KVIC decided in May 1986 to initiate action under Section 19 B of KVIC Act, 1956 read with rules 25 A and 25 B of KVIC Rules, 1957 against the delinquent for recovering the remaining amount of Rs.2.89 lakhs as arrears of land revenue but since his whereabouts and details of property could not be ascertained no further action could be taken. The amount is yet to be realised (March 1992).

The matter was referred to the Ministry in August 1991; reply has not been received (March 1992).

Ministry of Labour

Employees' State Insurance Corporation

26. Under-utilisation of hospital facilities

The Regional Director, Employees' State Insurance Corporation (ESIC), Bombay administers the ESIC Scheme in Maharashtra region. The Scheme envisage sharing of expenditure on medical care between the ESIC and the State Government in the agreed ratio of 7:1 and the entire cost of construction of hospitals, dispensaries etc. to be borne solely by the ESIC.

The construction of an ESIC hospital at Thane having 600 beds based on the scale of four beds per 1000 covered employees with total additional coverage of 1.5 lakh employees was approved by ESIC in 1978. The hospital was commissioned in April 1981 at a cost of Rs.545 lakhs. An expenditure of Rs.23.14 lakhs was incurred on its maintenance and repairs from 1981-82 to October 1990 and equipment costing Rs.0.81 lakh was purchased in 1989-90. The occupancy of the hospital ranged between 46 beds and 148 beds during April 1981 to November 1991.

Poor utilisation of the capacity of the hospital was attributed by the Government of Maharashtra in February 1989 to lack of facilities in various disciplines though establishment of 8 new departments with 14 posts of specialists was sanctioned in May 1989. ESIC stated in July 1990 that the responsibility of running the hospital and its full utilisation rested with the Government of Maharashtra. According to the Ministry (December

1990), the reasons for the low occupancy were the decrease in the number of covered employees due to the strike in the Textile Industry during 1982-83, the shifting of some factories outside Bombay due to change in the industrial policy and large number of employees in Bombay going beyond the pay limit of Rs.1600/- upto which the scheme applies.

To an audit suggestion about keeping the hospital open to non-ESIC patients on payment basis in view of the shortage of hospitals in Bombay region, ESIC stated in May 1991 that it was not its policy to allow outsiders to make use of its facilities. The Government of Maharashtra also stated that their recommendation for utilisation of the hospital's surplus space by establishing an occupational Health Centre and proposal for admitting non-ESIC patients in all the ESIC hospitals including ESIC Thane was pending with ESIC since May 1991.

Thus factors affecting full capacity utilisation of the hospital on which an expenditure of Rs.568.95 lakhs had been incurred could not be foreseen which was further compounded by lack of coordination between ESIC and Government of Maharashtra. Alternative use of the capacity available was also not explored when the infrastructure of the hospital and its facilities were under-utilised to the extent of 67 percent.

The Ministry stated (January 1992) that ESIC has agreed in principle to the suggestion for admitting non-ESIC patients in its hospitals at Bombay on payment basis. Further, ESIC in October 1991 recommended the wage ceiling for coverage at Rs.3,000/- p.m. with a provision for reduction in employer's and employee's contribution. The Central Government has issued the preliminary notification for carrying out the recommendation of ESIC. The coverage is likely to touch 11.50 lakh workers by this. In the meantime the following steps have been/are being taken to utilise the constructed areas in the hospital.

(1) A State Drug laboratory has been set up by the Government of Maharashtra in a part of the fourth floor of the building.

(2) The remaining accommodation of the fourth floor has been let out to the Central Drug Standard Organisation (under the Drug Controller, Ministry of Health, Government of India) for setting up a laboratory for testing of samples of imported drugs.

(3) It is proposed to set up an Occupational Diseases Centre under the ESI Scheme on the fifth floor of the building.

Ministry of Surface Transport
(Ports Wing)
Bombay Port Trust

27. Unfruitful expenditure on procuring a dredger

Bombay Port Trust (BPT) decided in April, 1988 to acquire the Trailer Suction dredger 'Zuari' from Mormugao Port Trust (MPT) in replacement of dredger 'Vishal' which capsized in December 1987. MPT who had procured 'Zuari' in 1965, had decided in November 1987 to scrap it as it had almost completed its life span and it was more convenient to entrust dredging work to the Dredging Corporation of India (DCI).

The procurement of the dredger by BPT was approved by the Ministry of Transport in September 1988 at an estimated cost of Rs.1.10 crores on the condition that the expenditure would be met from within the approved Annual Plan outlay for 1988-89 of BPT. The dredger was to act as a stop-gap arrangement due to non-availability of a proper dredger with DCI, the requirement for maintenance dredging in some areas in Bombay Port throughout the year and availability of the existing staff of the condemned 'Vishal'. BPT sanctioned, in March 1989, procurement of 'Zuari' at an estimated cost of Rs.117.44 lakhs which included voyage cost (Rs.2.10 lakhs) and special repair charges (Rs.54.05 lakhs). At that time it was known that even with large scale repairs the safety construction certificate given by the classification authorities could be extended only upto 1990, after which the dredger would have to be laid up for renewed survey and repairs.

'Zuari' was acquired by BPT in June 1988 on payment of Rs.44.76 lakhs towards 90 per cent of the book value of the dredger plus total voyage cost. It could however be commissioned only in June 1989 after incurring an expenditure of Rs.75.85 lakhs for special repairs. In August 1990 it was again laid up for annual overhaul. During the period from June 1989 to July 1990 the dredger was laid up for more than seven months and the percentage of utilisation worked out to 36.8, the quantity dredged being only 2,43,400 cm as against the fair output of 6,61,500 cm.

Due to low utilisation of 'Zuari', DCI dredgers had to be deployed on hire for dredging work in the Main Harbour Channel, Pir Pau Channel and Indira and P&V Dock Channel for which an expenditure of Rs.9.94 lakhs was incurred during the years 1988-89 and 1989-90. The staff employed in the capsized dredger 'Vishal' remained idle due to the delay in commissioning of 'Zuari' and hence the other reason for acquisition of 'Zuari' viz re-deployment of the existing staff of 'Vishal' lost its relevance. Repairs to the dredger to be carried out in three months time took one year. Thus, delay in commissioning of the dredger and its frequent laying up even after incurring the huge expenditure, defeated the very purpose of acquiring the second hand dredger as a stop-gap arrangement.

The Ministry had accepted (April 1991) the fact regarding delay in commissioning of the dredger but stated that the expenditure on dredger was unavoidable and that the percentage of utilisation was low due to her old age. Besides, the decision to acquire the dredger, purely as a stop-gap arrangement was based on the reports from Engineers and the operating staff. Improper assessment of the conditions of the dredger which was in service at MPT for more than 23 years resulted in delay in commissioning and increase in expenditure for repairs.

As replacement for 'Vishal' or 'Zuari' had not been ordered pending Government sanction it was decided to take up special repairs which was sanctioned at an estimated cost of Rs.122.43 lakhs in order to enable it to continue its operation till 1994. The work commenced in January 1991 and an amount of Rs.17.87 lakhs had been incurred upto July 1991. However, while carrying out pre-repair checks on the crankshaft of starboard engine, serious defects/damages were noticed. A committee, appointed in February/March 1991 to look into the matter had expressed doubts about repairs to the crankshaft, the uncertainties involved even if repairs were carried out due to her old age and recommended that cost of repairs would not be commensurate with the dredging output that can be expected in the next four years. Besides, the experiment of suction instead of grab dredging by the DCI's dredgers had proved successful. However, it was decided by the Board in June, 1991 to spend an amount of Rs.1.55 lakhs for carrying out inspection of the crankshaft to find out whether it could be repaired. As the repair and re-commissioning of the dredger is still uncertain, its acquisition at a total cost of Rs.120.61 lakhs proved to be an unprofitable proposition.

28. Cases of irregularities in the legal department

Cases of irregularities in the legal department of Bombay Port Trust (BPT) noticed in audit as a result of test check of records are given below.

28.1 Delay in recovery of decretal amount

A consignment of 2 Motor Truck dumpers imported by a firm 'A' was lying uncleared since 1967. As the importer had not paid the pre-confiscation charges amounting to Rs.5.71 lakhs and demurrage charges at the rate of Rs.500/- per diem in respect of the above consignment, the department filed a suit on 5 May 1971 and a decree was passed in favour of BPT in February 1980.

The defendants were ordered to pay a sum of Rs.5.81 lakhs towards pre-confiscation charges and demurrage charges of Rs.500 per diem from the date of suit till the date of judgement and court charges amounting to Rs.13,500. Though a Commissioner appointed by court was authorised to sell the consignment it was sold by BPT in February 1983 for Rs.65,000 without informing or taking leave of the Commissioner. As a huge decretal amount of Rs.22.21 lakhs was to be recovered from the importer and he was carrying on business with a firm in New Delhi, the solicitor initiated action in December 1983 regarding the enquiry on financial position of the judgement Debtor from a Delhi based advocate. However, the execution application was sent to the advocate only on 4 February 1992 which was filed in the Delhi courts on 17 February 1992.

28.2 Failure to initiate proper legal action

A plot measuring 278.71 square metres in Mazagaon Sewree Reclamation Estate was let out to a lessee for storage of coal from May 1973 on a monthly rent of Rs.170.71. As the lessee committed breach of contract by subletting the premises, change of users and non-payment of rent, a suit was filed in 1976 for ejectment and recovery of ejectment cost. The suit was dismissed in February 1983, on the ground that notice to quit was not legally and properly served. This resulted in loss of Rs.21,122.86 on account of arrears upto March 1982 and the cost of the suit. Thereafter no new suit was filed. BPT stated that action under Public Premises Eviction Act, 1971 was awaited (March 1992).

28.3 Loss of assets due to failure to initiate proper and timely action

BPT filed a suit against a lessee for ejectment and recovery of arrears in respect of premises at

Mody Bay Estate for breaches such as change of user, non-payment of dues and non-submission of insurance policy. The lessee had started demolishing and reconstructing the building during the pendency of the suit. An order of injunction was granted in August 1986 by the Small Causes Court restraining the lessee from completing the reconstruction. The High Court passed an order in January 1987 to maintain status-quo on the writ petition of the lessee. The lessee recommenced construction violating the orders of the Small Causes Court, which came to the notice of the department on 25 July 1987. As per Section 20 of the Contempt of Court Act 1971, no Court shall initiate any proceedings for contempt either on its own motion or otherwise after the expiry of one year from the date on which contempt was alleged to have been committed. The solicitors were asked on 6 August 1988 to take necessary action for contempt proceedings, which could not be pursued as it had become time-barred.

28.4 Non-fulfilment of statutory requirements

Under Section61(1) and (2) of the Major Port Trusts Act, 1963, the Board of Trustees shall, after the expiry of two months from the time any goods have passed into its custody, if rates or rent are not paid or lien for freight not discharged, be given ten days notice of sale by publication thereof in the official Gazette and atleast in one of the principal local daily news papers. Under Section 61(3) notice shall also be given to the owner of the goods if the address has been stated in the manifest of the goods or in any other documents. In the following cases involving an amount of Rs.21.58 lakhs, the statutory requirements were not fulfilled.

(a) A proposal to recover the sale deficit of Port charges amounting to Rs.0.51 lakh arising out of the sale proceeds in respect of 9 bales of Nylon waste was forwarded to the solicitor in July 1986 for filing a suit against the consignee. The solicitors returned the proposal in the same month without filing the suit as notice of sale was not published as per provisions of the Act. This resulted in a loss of Rs.0.51 lakh.

(b) A consignee firm 'A' sold 17 bundles to firm 'B' on the high seas out of 48 uncleared bundles of galvanised steel sheets. As Port charges had not been remitted by either of the firms, the consignment was sold in November 1981 without serving the notice of sale under Section 61(3) of Major Port Trust Act 1963 on firm 'A'. The solicitor opined that the sale by BPT was bad in law as the statutory requirement had not been fulfilled.

The writ of summon was not served to the consignee and the suit was still pending in the court. The deficit amount of Rs.18.98 lakhs could therefore not be recovered so far (March 1992).

(c) A consignment of 31 pellets containing plain polyster film was imported by a firm. The General Landing Date and Last Free Date of the vessel fell on 15 July 1982 and 22 July 1982 respectively. The consignment was subsequently confiscated by customs in February 1983. The preconfiscation charges on the goods worked out to Rs.2.09 lakhs. As the amount was not remitted by the importer, a suit was filed in August 1985 in the High Court. The demand notices sent to the party were returned to the department as they were not sent to the registered office of the firm. A suit was filed to recover the preconfiscation charges with interest which is still pending (March 1992).

The Ministry stated in February 1992 that BPT should have taken expeditious steps to file proper legal suits against defaulting parties and they were being advised to take prompt action in such case to avoid time bar and resultant loss of review.

29. Excess payment of Central Excise duty

A contract for design, construction and erection of a Linkspan for provision of Roll on/Roll off facilities at No.3 Ferry Wharf, Bombay which included a floating craft was awarded to a foreign contractor 'A' for a fixed sum of Rs.135 lakhs in September 1985 inclusive of all taxes and duties. According to BPT neither basic price nor tax component had been indicated by the contractor in the original contract. When excise duty was revised upwards they informed BPT that original price of Rs.135 lakhs included 10 per cent towards excise duty.

The full liability for payment of all taxes was the responsibility of the contractor. The liability for any statutory change in the current rate of taxes except Income Tax was that of BPT. Further, it was also made clear that downward variation if any, should be passed on to BPT

The contractor claimed reimbursement for a difference of 5 per cent excise duty, as the excise duty on floating craft had increased to 15 per cent as against 10 per cent at the time of offer for the work. BPT agreed for payment of the difference amounting to Rs.6.14 lakhs due to statutory change in March 1987. Accordingly, a part payment of Rs.4.60 lakhs was made to the Indian sub-contractor to whom the work was sublet by contractor 'A'. However, before making final payment the matter was taken up with the Excise Department in July 1987 to ascertain the actual duty paid by the firm. The sub-contractor had paid excise duty of Rs.2.37 lakhs only, as a small scale manufacturer by declaring the value of floating craft as Rs.62.47 lakhs. The amount of Rs.4.60 lakhs paid to the Indian sub-contractor towards increased excise duty was recovered by BPT in February 1988 and BPT decided that no additional excise duty was payable to the contractor, since the actual duty paid was 5 per cent of the assessable value.

The main contractor 'A' had derived a benefit of Rs.9.90 lakhs by executing the work through an Indian sub-contractor who happened to be a small scale manufacturer by availing concessional rate of excise duty. However, the downward variation had not been passed on to BPT in accordance with the terms of contract.

BPT stated (October 1991) that as the contract did not contain any specific sum towards excise duty nor did the contractors declare basic price at the time of quotation, it is not proper to split the contract price. Further, since it was a lumpsum contract Government notification enabling the sub-contractor to avail excise duty at a concessional rate cannot be construed as a reduction in the rate of excise duty. This contention is not acceptable since when the excise duty was revised upward, the contractor informed BPT that the original price included 10 per cent thereof i.e. Rs.12.27 lakhs as excise duty. However, when the sub-contractor had declared the value of work as Rs.62.47 lakhs for payment of excise duty, the remaining amount should be considered as expenditure involved for design, drawing, approval fees, supervision etc. which were not subject to levy of excise duty. In view of the above position the downward variation of Rs.9.90 lakhs, which benefited the contractor should have been passed onto BPT.

The matter was referred to the Ministry in August 1991; reply has not been received (March 1992).

30. Avoidable expenditure for late payment of Sales Tax

According to an amendment to the Bombay Sales Tax (BST) Act, 1959 notified in August 1985 by the Government of Maharashtra, the Bombay Port Trust (BPT) had been deemed, to be a 'dealer' in respect of disposal of any goods uncleared or unserviceable or scrap material by auction or otherwise directly or through an agent. Consequent upon the amendment, the Controller of Stores, BPT was allotted a registeration number and became an authorised dealer with effect from 16 August 1985.

In accordance with the time schedule prescribed by the Sales Tax Department, payment of sales tax along with the filing of returns is required to be done by 21 of the month for the transactions of the previous month. However, it was noticed in audit that BPT had paid an amount of Rs.1.75 lakhs as penalty under Section 33(4) and 33(5) of BST Act 1959 for the late payment of sales tax collected during the period from 1985-86 to 1987-88. Further, under Section 63 (10) (d) of BST Act 1959 an amount of Rs.0.02 lakh was paid as penalty for late filing of the sales tax returns.

Hence lack of timely and proper action as per the procedure laid down under the BST Act, 1959 resulted in an avoidable expenditure of Rs.1.77 lakhs.

BPT stated (August 1991) that it had filed a writ petition in the Bombay High Court praying, to declare the provision of explanation to Section 2(ii) of BST Act 1959 as unconstitutional, ultravires and null and void, which is pending. However, the fact, that BPT had paid an amount of Rs.1.77 lakhs as penalty for late payment of sales tax collected from parties and for late filing of sales tax returns remained. Further, though the amendment came into effect from August 1985, the writ petition was filed only in 1990 and BPT was liable to pay the penalty according to the procedure till the finalisation of the writ petition.

The matter was referred to the Ministry in July 1991; reply has not been received (March 1992).

Calcutta Port Trust

31. Material Management in Haldia Dock System

31.1 Introduction

Functional since February 1977, Haldia Dock Complex (HDC) comprises one river-side oil jetty, two fully mechanised berths and four other berths within an impounded dock. The HDC has its own internal railways connecting the dock with South Eastern Railway. The activities of HDC are carried out by four operational divisions, viz. Plant and Equipment (P & E), Infrastructure and Civic Facilities (I & CF), Marine and Traffic and three administrative divisions viz. Administration, Personnel and Industrial Relations (P & IR) and Finance.

Till 1983, materials required for operations were being procured by respective divisions of HDC and consumable materials through the Controller of Stores of Calcutta Dock System.

A Material Management Division (MMD), was created by HDC in 1983 to deal with all matters connected with materials management like planning, procurement, ordering, receipt, inspection, accountal, storage, issues, inventory control, sale of unserviceable materials etc.

The total value of stores and materials with HDC at the end of March 1991 stood at Rs.937.85 lakhs. Materials normally required by HDC include such items as spares of plant and equipment, oil, engineering items, steel, paints and railway track spares.

31.2 Scope of Audit

A review of the systems and procedures followed by HDC in regard to material management as well as various activities connected therewith during 1983-84 to 1990-91 was conducted by Audit during January 1989 to June 1991.

31.3 Organisational set up

The MMD is headed by a Material Manager. The division consists of a purchase wing and stores wing - each headed by one Junior Assistant Manager. The purchase wing attends to the procurement of stores while the stores wing is concerned with functions like placing of requisition for purchase, receipt, inspection, accountal, issue of stores, inventory control etc.

31.4 Highlights

- **Although the MMD was created in 1983 for centralised procurement of stores, during 1983-84 to 1990-91, the MMD procured stores amounting to only Rs.1653.73 lakhs out of the total procurement of Rs.3444.06 lakhs. (Paragraph 31.5)**

- **On an average inventory holding during a year was 4.12 times of annual consumption indicating inventory holding in excess of actual requirement. (Paragraph 31.6)**

- **Procurement of materials already held in substantial quantities disproportionate to requirements resulted in blocking of funds amounting to Rs.163.74 lakhs. (Paragraph 31.6)**

- **Material worth Rs.7.22 lakhs procured during 1971 to 1986 were not utilised till March 1991. (Paragraph 31.7)**

- **No account was maintained to show the aggregate balance of advances paid to suppliers on a date and there was no system to pursue adjustment of advance. (Paragraph 31.8)**

- **Issue challans for stores worth Rs.5.42 crores pertaining to previous years were prepared during 1988-89. Goods Receipt Notes for stores worth Rs.123.32 lakhs pertaining to the previous year were prepared in 1990-91. The balance sheet did not exhibit correct value of stores due to irregular documentation of receipt and issue. (Paragraph 31.9)**

- **Physical verification during August to November 1989 revealed shortage valued at Rs.31.97 lakhs in respect of 42 items of stores. The**

verification had not been processed and reconciled till January 1992. (Paragraph 31.10)

- **Defective sale conditions led to non-levying of ground rent of Rs.74.07 lakhs. (Paragraph 31.11 (i)**

31.5 Performance of the MMD

The total man-power available with the MMD was 29 including five officers of different categories against 56 envisaged at the time of its setting up in 1983. The average annual procurement made through the MMD during 1983-84 to 1990-91 was Rs.206.72 lakhs and average annual expenditure incurred on manning and maintenance of the MMD during the said period was Rs.8.75 lakhs.

Although the MMD was created at HDC in 1983 for centralised material management, this had not been introduced till the end of January 1992. Procurements were made both by MMD and user divisions. The actual procurements during 1983-84 to 1990-91 are given below:-

(Rupees in lakhs)

Year	Procured by MMD	Procured by user divisions	Total procurement
1983-84	81.57	218.94	300.51
1984-85	197.52	215.18	412.70
1985-86	185.75	145.36	331.11
1986-87	194.42	163.86	358.28
1987-88	471.20	228.44	699.64
1988-89	160.15	232.43	392.58
1989-90	175.43	174.99	350.42
1990-91	187.69	411.13	598.82
	1653.73	1790.33	3444.06

From 1983-84 to 1990-91, on an average 51.98 per cent of the total procurement was made by user divisions themselves. It was further noticed that the items procured by the MMD mainly comprised books and forms, stationery, P.O.L. and its products and cement and these numbered only 1108 out of total number of inventory of 5000. The responsibility of procurement of major items like engineering goods, spares, tools, tackles, railway track materials etc. remained with the user divisions. Out of 28 total number of stocking locations, MMD managed only three stocking locations. The purpose of creating the MMD to introduce an integrated material management system, was thus, frustrated. CPT stated in July 1989 that the system of centralised procurement and management of stores could not be enforced for want of man power at appropriate level of responsibility owing to restriction on recruitment. The CPT could not, however, clarify the position for not providing appropriate man power in the MMD even after withdrawal of restriction on recruitment from August 1989.

31.6 Procurement in excess of requirement resulting in blocking of funds

There was no prescribed limit on inventory holding in HDC nor had the HDC introduced modern methods of inventory control such as categorisation of stores. CPT stated in July 1989 that action had been taken for categorisation of materials in the form of 'vital', 'essential' and 'desirable' (VED) after the introduction of the system of centralised stores management and clearance of the back log work.

The HDC did not follow any system of identification of critical items nor had it prescribed minimum holding for those items. On an average, inventory holding during a year was 4.12 times of annual consumption as against 1.5 times of annual consumption provided for in the Stores Manual relating to Calcutta Dock System. Test check in Audit revealed that during November 1984 to September 1987 HDC had made further procurement of five items of steel and nylon materials, already in stock in quantities over five times the requirement of average annual consumption. Holding of stock disproportionate to requirement resulted in blocking of funds amounting to Rs.163.74 lakhs.

The CPT stated in this context, in July 1989, that maintenance of non-moving (high-value) items mostly of non perishable nature was imperative even though these items may not have been requisitioned for years together. These are normally in the nature of 'recommended parts of insurance type' and a sudden requirement of the items, if not readily available, might put the normal functioning of the port in total disarray. The CPT did not, however, clarify on the need to procure high-value items when they were already holding stock of these items to the extent of five times of the annual consumption.

31.7 Slow-moving and non-moving stores

HDC did not maintain any separate records to sort out slow moving and non moving items of stores to streamline proper utilisation of all materials and ensure disposal of the materials not required in time. Since there was no separate records for slow-moving/non-moving items of stores, the details, such as yearwise position, period for which they were lying unmoved and value of stores could not be ascertained. Test check revealed that five items of non-perishable materials worth Rs.7.22 lakhs procured during 1971 to 1986 had been in stock unutilised till March 1991.

The CPT stated in July 1989 that action had been taken for complete verification of stock in hand and grouping them in to 'fast', 'slow' and 'non-moving' items of stock. The categorisation of materials had not been completed by the CPT till January 1992 for reasons not on record.

31.8 Advances paid to supplier

HDC did not maintain any accounts to show aggregate balance of advances paid to suppliers on a date. These were accounted for under a common suspense head 'Debits Pending Recovery' alongwith advances on other scores. There was no review of outstanding balance of advances made for supply of stores at regular intervals for their timely adjustment Nor was there any provision in this respect in the Accounts manual of HDC. Test check revealed that during 1985 to 1988, 100 per cent payment amounting to Rs.82.44 lakhs was made to a supplier against 10 proforma invoices for supply of 8434 metric tonne of cement. The firm did not execute the delivery in full and an amount of Rs.11.03 lakhs remained unadjusted till May 1989 on those accounts. The firm refunded the balance amount to HDC during June 1989 to February 1990. In the absence of provisions in the supply order for initiating penal action HDC could not proceed against the firm for the delay in refund.

The Ministry stated, in January 1992, that cement was a controlled item and for procurement of a controlled item, the purchaser has to follow the terms preferred by the manufacturer only. Accordingly, the advance payment was made and no provision for payment of interest for the amount refundable for non-supply was included.

31.9 Stores accounting

The stores received and issued were accounted for under a general head "Stores and materials". No priced stores ledger was maintained showing separately accounts of transactions (quantity as well as value) in respect of each individual item of stores. Consequently, the value of stores reflected in the balance sheet was not susceptible to check with the aggregate value of the individual item of stores.

In the absence of any laid down procedure and time schedule, preparation of goods receipt notes and issue challans by the concerned units and submission thereof to the control account section, were also very irregular. Test check revealed that during the year 1990-91 stores of an aggregate value of Rs.293.43 lakhs were received in the different divisions of HDC. Out of these, stores valued at Rs.123.32 lakhs were accounted for under stores and materials head on the basis of Goods Receipt Notes issued after a time lag ranging from one month to 12 months. Goods Receipt Notes for stores of the balance amount of Rs.170.11 lakhs were yet (May 1991) to be issued and the said amount stood included in the common suspense head "Debit Pending Recovery". Test check also revealed that issue challans in respect of one item conveyor belt valued at Rs.2.24 crores pertaining to the period from 1984-85 to 1988-89 were prepared and sent to the Finance Division in the year 1988-89. Another lot of issue challans of various items of stores valued at Rs.3.18 crores pertaining to the previous period were prepared by the concerned divisions and submitted to the Finance Division in 1988-89. The exact period to which the issue pertained was, however, not on record. Due to irregular documentation of receipt and issue of stores the value of stores and materials exhibited in the balance sheet did not represent the value of materials at stock.

While accepting the observations made by Audit, the CPT stated in July 1989 that there had been deficiencies in the present system of working and reflection of such deficiencies had appeared in the accounts. The Management was seriously considering introducing a system of centralised control of materials management with sub-stores, which had not been done (January 1992). The Ministry stated in January 1992 that with a view to streamlining the system, CPT had engaged Indian Institute of Management, Calcutta as consultants in May 1991. Their report is awaited (January 1992).

31.10 Stock verification

Materials stored in each stocking location are required to be physically verified once in every financial year. Physical verification of stores and materials of HDC had, however, not been conducted since 1977-78.

For the purpose of enquiry into a theft case, a special verification of only railway track materials including railway track from Durgachak to coal and ore berth was, however, undertaken in August 1987. The net value of shortage detected in verification amounted to Rs.7.75 lakhs. Papers made available to Audit did not indicate whether any investigation was made or any administrative action was taken to fix responsibility in this regard.

The CPT stated in July 1989 that shortages of man-power rendered the verification of such large volume of stores impossible. However, for physical verification of all the stores under the MMD and other divisions holding stores as on 31 March, 1989 the CPT appointed a consultant in March 1989. A total sum of Rs.0.50 lakh was paid in September 1989 and March 1990 to the consultant. The verification report was submitted in November 30, 1989 but it was yet (June 1991) to be processed by the HDC. A scrutiny of the verification sheets of 42 major items revealed shortages of stores to the extent of Rs.31.97 lakhs. Owing to delay in processing the verification report the shortages detected remained un-reconciled for more than 22 months. The consultant was also engaged for verification of stores for the year 1989-90 and 1990-91. The verification report for 1989-90 was submitted in December 1990, reconciliation of the report was yet to be completed (January 1992). Regarding verification of stores for the year 1990-91, the report of the consultant was awaited (January 1992).

31.11 Sale of unserviceable materials

The scrap yard under the control of the MMD started functioning from December 1985. Unserviceable items sent to scrap yard by different divisions were being disposed of by inviting open tenders through newspaper advertisement. The last sale conducted by the MMD was held in May 1990. The following short-comings/deficiencies were noticed in connection with sale of unserviceable materials:-

i) The tenders for sale of unserviceable materials did not include any provision for recovery of ground rent in the case of delay in taking delivery of the materials already sold out to the buyers concerned. Test check in audit revealed that there had been delay in taking delivery of the materials ranging from two to 207 days. Availability of such a provision would have enabled the HDC to levy rent upto Rs.74.07 lakhs calculated on the basis of rates indicated in the standard sale conditions laid down by the Board of Trustees applicable in case of sales conducted by the Controller of Stores under Calcutta Dock System.

On receipt of Audit observation the CPT included a provision of ground rent in the tender documents relating to the last sale conducted in May 1990.

ii) Loss on sale:- Certain items of condemned materials, such as conveyor belts, mild steel materials, idler rollers, wire ropes etc. were sold to the successful tenderers during May 1988 to December 1988. Although the stores were forwarded to the scrap yard after recording thereon the weight/number of materials, shortages were detected in respect of certain items at the time of delivery and an amount of Rs.4.45 lakhs had to be refunded to the purchaser. A departmental enquiry committee comprising two Junior Assistant Managers, one each from MMD and Plant and Equipment Division, one Assistant Vigilance Officer and one Assistant Commandant, Central Industrial Security Force was set up in August 1988. The committee submitted its report to the Deputy Chairman, HDC in September 1988 which was examined further by the Deputy Chairman, HDC. The findings of the committee that natural wastage of materials had "contributed to the discrepancy in a big way" had been accepted by the HDC. Ministry stated in January 1992 that in line with the recommendations of the committee preventive action to tone up the existing storage system by eliminating the possibility of long-term storage had been taken and this had led to encouraging results since 1989-90.

While accepting the deficiencies of material management in HDC as observed by Audit, the Ministry stated in January 1992 that it is necessary that a centralised and independent system is entrusted with all the aspects of material management including procurement, storage and issue to take care of operational requirements of various Divisions. It was felt that a separate material management consultancy was necessary for HDC. This had also been referred to the Indian Institute of Management, Calcutta in May 1991. The report is awaited (January 1992).

32. Poor performance of converted grab dredger

Calcutta Port Trust (CPT) converted in July 1986 one surplus hopper barge into a grab dredger with hopper capacity of 790 cubic metre per load through a Government of India undertaking at a cost of Rs.350 lakhs. The vessel was tried out in July 1987 and commissioned at Haldia Dock Complex (HDC) from November 1987. The task of the dredger was to carry out continuous dredging to augment the maintenance dredging in HDC from the available 0.5 million cubic metre (mcm) per year to one mcm per year. It was also expected that the practice of sending Calcutta based dredgers to Haldia at intervals for maintenance dredging could be dispensed with.

The dredger went out of commission in September 1989 and was sent to Calcutta in April 1990 for survey and repairs by an outside firm at an estimated cost of Rs.60 lakhs. The repairs to the dredger were yet to be completed (August 1991). Expenditure incurred on this account till July 1991 was Rs.28.87 lakhs.

From November 1987 to August 1989 the dredger worked for 173 days and remained out of operation for the rest of the period due to break downs. Even during these 173 days, the performance of the dredger was not satisfactory. As against 16 lifts on average per day recommended by a joint committee formed by the Government of India in December 1982, the grab dredger effected only 1.5 lifts per day on an average. Further, during this period it lifted only 0.203 mcm of spoils which worked out to 0.110 mcm per year as against one mcm per year. The Manager, Marine Operation Division attributed the failure of the converted grab dredger to use of substandard materials during conversion even though the work was executed under the joint superintendence of the fabricator and CPT.

Owing to the unsatisfactory performance of the dredger, Calcutta based dredgers were used in HDC at intervals, as before. During November 1987 to August 1989, the converted grab dredger and the Calcutta based dredgers lifted in aggregate 0.648 mcm of spoils which worked out to 0.353 mcm per year. During September 1989 to April 1991, the Calcutta based dredgers lifted 0.420 mcm of spoils which worked out to 0.252 mcm per year. CPT stated (July 1991) that the short-fall could not be overcome by any other means and consequently, the drafts of the vessels had to be cut at times. The extent to which drafts were cut and the impact it had on CPT or the trade are, however, not on record.

CPT stated (September 1991) that the poor performance of the grab dredger was attributable to the frequent breakdown of machinery and also to manning of the dredger by inexperienced crew. While the frequent breakdown of machinery was attributable to the use of sub-standard materials during conversion, the CPT could not clarify the reasons for deputing inexperienced crew to the grab dredger which was specifically deployed for augmentation of maintenance dredging at HDC.

The matter was referred to the Ministry in August 1991; reply has not been received (March 1992).

33. Non-recovery of rent

Calcutta Port Trust (CPT) let out two plots of land measuring 6055.32 square metres (sqm) and 12816.966 sqm to a private firm from May 5, 1966 and December 17, 1975 at monthly rent of Rs.5700.39 and Rs.12,558.93 respectively. The firm defaulted in payment of rent for the land under Plate No.HL-577 A from January 1980 and for the land under Plate No.HL-577 B from January 1979. CPT issued notices to the firm in September 1982 for vacating the plots but the firm did not comply with the ejection notice. The ejection suit filed by the CPT under the Public Premises Act (Eviction of Unauthorised Occupants) 1971, was not pursued to finality and the plots of land continued to remain under the occupation of the defaulting firm.

Meanwhile, in May 1988, a sale notice of the assets and properties of the firm appeared in a local newspaper for liquidation of its debts to a Nationalised Bank under a decree of the Calcutta High Court. CPT then preferred (January 1990) a claim for Rs.12.11 lakhs to the Receiver representing rent and taxes in respect of lands occupied by the firm upto January 1990 and requested the Receiver to protect their claims while distributing the sale proceeds of the assets and properties of the firm. In a meeting between the Receiver, the representative of CPT and the representative of plaintiff Bank it was, however, held (August 1990) that the sale proceeds of the entire movable and immovable assets and properties would go towards liquidation of the debts of the plaintiff bank and CPT might take steps for their dues, if any, in accordance with the law. CPT did not take any further step in this regard (September 1991) for reasons not on record nor stated.

The plots of land have not yet (July 1991) reverted to CPT. Rupees 12.56 lakhs are recoverable from the firm for the period ended September 1990. The dues for the period from October 1990 to date were yet to be worked out (September 1991). After full absorption of the sale proceeds of all movable and immovable assets and properties of the firm in repayment of its debts to another party, the possibility of recovery of such huge amount by the CPT from the firm, was remote. CPT stated in October 1991 that it would not suffer any loss of revenue as dues would be recovered either from the Receiver or from the actual occupier of land. But the CPT could not clarify the mode of recovery of dues from above persons.

The Ministry (March 1992) endorsed the views of CPT.

34. Infructuous expenditure

Under the scheme of developing data logging and processing system, Calcutta Port Trust (CPT) procured in March 1986 one LSI-11/23 computer with spares from an overseas supplier through their agents in India at a cost of Rs.3.92 lakhs involving foreign exchange of US $ 27674.10. The procurement was made on the basis of single tender and was approved by the Ministry of Shipping and Transport in March 1985. The equipment was to be installed by the Indian Agents of the foreign supplier with a warranty for 90 days from the date of installation or 120 days from the date of shipment, whichever was earlier.

The equipment shipped in January 1986 was received in March 1986. The local agents attempted installation of the equipment in December 1986 but failed due to inherent defects in the disc controller board and disc processor board of the equipment. They requested (December 1986) their principals to replace the same. As there was no response, CPT sent back the disc system to the foreign supplier in May 1987 for replacement. In February 1988 the foreign supplier returned the same system after replacement of only defective items instead of new replacements. The Indian agents of the foreign supplier did not, however, report for installing the equipment. CPT then got the equipment installed in March 1988 by another firm entrusted with integration and software finalisation of the scheme. The computer did not function even this time as the replacement of only defective items failed to remove inherent defects. CPT did not contact the foreign supplier any more, thereafter, for reasons not on record.

In November 1989 CPT installed an indigenous computer at a cost of Rs.1.35 lakhs in place of this imported computer, as the cost of the former was found to be lower than that of replacement of the disc system of the latter (Rs.2.00 lakhs). Consequently Rs.3.92 lakhs incurred on procurement of the imported computer was rendered infructuous. The LSI-11/23 computer is yet to be disposed (August 1991). CPT stated (September 1991) that the computer system is in the process of condemnation and has not yet been disposed of.

The Ministry also endorsed the views of CPT.

35. Procurement of cloth

During the period May to July 1989, Calcutta Port Trust (CPT) procured 59,355.50 metres of cotton cloth for distribution to the staff of Haldia Dock Complex (HDC) as summer uniforms at a cost of Rs.6.83 lakhs. The cloth procured was for the years 1989 (27,292.30 metres) and 1990 (32,063.20) metres). The staff unions of HDC had been demanding revision of norms for supply of uniforms since 1986 and the demand was finally settled in May 1990 when it was decided that the staff would accept cotton cloth for summer uniforms as per the existing norms only upto the year 1989 and from 1990 onwards they would be supplied terry cotton cloth. Following this agreement, the cotton cloth procured for supply during the year 1990 (32,063.20 metres) valued at Rs.3.69 lakhs was rendered surplus. CPT stated that they are exploring all avenues for appropriate use of the cloth and 1360 metres have since been utilised for providing uniforms to the canteen staff. Expenditure of Rs.3.69 lakhs thus incurred on procurement of cotton cloth not immediately required, proved infructuous.

Procurement of such cloth in advance of requirements was made by HDC even though in the Calcutta Dock system, the procurement is made in the years when these are required. The procurement was also in violation of financial rules which prohibit purchase in excess of immediate requirements. CPT stated in July 1991 that as the accepted bidders were mostly located outside the State, the procurement of materials by tendering creates delays and difficulties due to locational disadvantages of Haldia. To avoid delay it was decided that the cloth required for supply of uniform for two years would be procured together. CPT, however, could not explain why they resorted to advance procurement of cloth for uniforms in May 1989 for their use in 1990 when there was a demand from the staff unions for revision of the existing norms since 1986.

While endorsing the views of CPT the Ministry stated (December 1991) that, they had advised the CPT to take immediate steps to dispose off the excess cloth by auction.

36. Wasteful expenditure

For meeting immediate replacement of parts in the tug 'Kunti', Calcutta Port Trust (CPT) placed an order in June 1984 on an overseas firm for four sets of highly flexible vulcan E.Z. elements costing Rs.0.91 lakh, inclusive of freight and insurance. The purchase involved foreign exchange outflow of DM 22004.

The spares landed at Calcutta dock in March 1985 and were duly entered in the landing tally sheet of the dock. CPT paid Rs.1.49 lakhs in March 1985 as customs duty for clearance of the materials. However, the consignment entered in the tally sheet could not be located in the dock and the relevant tally sheet was not traceable. Hence CPT could not collect the materials even after six years (June 1991).

The CPT could not clarify how in the absence of the spares, the emergency for which the spares were procured was met and how the tug was made operational. It was, however, stated by them in June 1991 that the spares can still be utilised if found in good condition. Thus there was no certainty of the spares being put to use even if traced out as it was dependent on their being found in good condition.

Expenditure of Rs.2.40 lakhs was therefore incurred towards procurement of spares that could not be put to use.

The Ministry stated (January 1992) that the consignment was cleared from the dock by CPT in August 1991 in good condition after physical appraisal and other customs formalities. They also stated that the spare parts were purchased for being kept on board to avoid the possibilities of the crafts going out of commission and they would be put to use. The reply is not tenable since the indent placed by the Engineer-incharge of the vessel in September 1983 indicated that two sets were for immediate use and two for emergency purposes. The fact remained that the spares indented for immediate use in September 1983 are yet to be put to use (January 1992)

37. Loss of revenue due to irregular delegation of power

The Major Port Trusts Act, 1963 (Act) vests the Board of Trustees of the Calcutta Port Trust (CPT) with the power to issue notices to concerned persons in cases of short levy or excess refund of the charges leviable for port services. In July 1975, the Board of Trustees of CPT delegated this power to the Chairman, the Deputy Chairman and the Financial Adviser and Chief Accounts Officer (FA & CAO). This was approved by the Central Government in February 1976. The delegation was in contravention of the provisions of the Act which permit delegation of powers exercisable by the Board only to the Chairman and not to the officers subordinate to him.

Eight notices issued during July to October 1981 by the FA & CAO of CPT in the exercise of such delegated power were challenged in the Calcutta High Court during the years 1981 and 1982 by a party, who contended among other things, that the FA & CAO was not competent to sign such notices. The Court quashed (March 1990) the notices on the ground that the Board was not competent to delegate powers exercisable by it to an authority subordinate to the Chairman. CPT did not prefer any appeal against the order of the Court as the same might not be in the interest of CPT. The bills involved in the notices for payment of under-charge of Rs.1.87 lakhs were cancelled as they had by then become time barred.

The position was corrected from November 1988 by arranging issue of notices over the fascimile signature of the Chairman. The CPT stated in July 1991 that the delegation of powers was done under the provision of the Act duly approved by the Government but the same was not considered in order by the Court on technical ground.

The Ministry stated (November 1991) that necessary remedial action had already been taken by the CPT in this regard and the notices were being issued under the signature of the Chairman only.

Jawaharlal Nehru Port Trust

38. Avoidable additional expenditure

In November 1982, Jawaharlal Nehru Port Trust (JNPT) invited tenders for the work of construction of Landing Jetty on north side of the existing Sheva Beacon in Bombay Harbour. Only three contractors submitted their offers for the work in December 1982. Since offers were conditional, the tenders received were rejected and fresh tenders invited from the same three contractors in February 1983. The lowest offer from firm 'A', after negotiation to withdraw their counter conditions was for Rs.361.18 lakhs as against the second lowest offer of Rs.527.53 lakhs. The consultant appointed by JNPT in July 1982, recommended acceptance of the lowest offer.

However, the Board of Trustees of JNPT decided in March 1983 to reinvite the tender for the third time on the ground that (i) tender documents were not issued to all the six prequalified tenderers, (ii) tender floated earlier did not follow the procedure prescribed for Major Port Trusts and (iii) several clauses were ambiguous, e.g. regarding payment of mobilisation advance, source of quarry after obtaining clearance from the Department of Environment and there were other procedural lapses on the part of the consultants.

Fresh tenders were, therefore, invited with some modifications in tender documents, in April 1983, from all the six originally selected tenderers. Out of the six firms, firm 'A' responded, in May 1983, and their offer of Rs.416.21 lakhs was accepted. When the cost of the work at item rates quoted by firm 'A' in May 1983, was compared with the rates offered by them in February 1983, taking into consideration revised quantities due to modifications in tender documents, the excess cost worked out to Rs.78.40 lakhs.

The Ministry stated in November 1990 that the recommendations of the consultants were based on certain assumptions which could not be relied upon and an order could not be placed on the tender recommended by the consultants. It was apprehended that if these assumptions were not fulfilled it might lead to considerable claims and counter claims during the execution of the work and would vitiate the initial financial evaluation. Further, the consultants did not invite tenders from all the six prequalified bidders and hence the decision of the Board of Trustees to withdraw the item and to retender was based on valid grounds. Further, while retendering, some of the tender conditions were modified and an opportunity was taken to make certain changes in technical specifications such as change in alignment and cross section of Jetty which was not specified earlier. The offer received in May 1983 was, therefore, inevitably higher and a comparison with the offer received in response to tenders invited in December 1982 and February 1983 was not correct.

The reply of the Ministry is not tenable for the following reasons:-

(i) A comparison of the cost at item rates offered by firm 'A' in May 1983 with the rates offered by them in February 1983, revealed that within a gap of just two months there was a sharp increase in rates. By reinvitation of tender in April 1983, an opportunity was given to the contractor to increase his rates substantially keeping in view the margin of rates offered by the other competitors during second call.

(ii) The change in technical specifications in alignment of the jetty, change in the cross section, addition of grade 'B' rock in the approach bund etc. are also not tenable for acceptance of higher rates, as after making the above changes all the items in section I of the contract underwent reduction in quantities except the additional item of grade 'B' rock provided for the first time in the tenders invited in April 1983.

(iii) Ambiguous clauses and technical data were provided in the tender documents. There were also procedural lapses on the part of the consultants while preparing tender documents, which were pointed out only after recommendations were received from the consultants for acceptance of lowest tender. Had JNPT initiated the matter prior to invitation of tenders in February 1983, and issued necessary guide lines, retendering could have been avoided which had resulted in acceptance of the only offer of firm 'A' at higher rates in May 1983. No action for lapse on the part of the consultants could be taken by the JNPT since there was no provision for penal action against the consultants in the agreement.

Thus preparation of incorrect tender documents with certain implicit assumptions while inviting tenders in February 1983, which were not pointed out by JNPT earlier had necessitated re-invitation of tenders and given an opportunity to the firm to increase its rates resulting in an avoidable additional expenditure of Rs.78.40 lakhs on the work.

39. Non-recovery of 'Dwell-time' charges

Under Section 58 of the Major Port Trusts Act, 1963 port charges are required to be paid in full before any goods are removed from the port premises. In contravention of the provisions of the Act, the Jawaharlal Nehru Port Trust (JNPT) allowed the cargo agents of ten vessels which used berths between May 1989 and March 1990, to remove cargo without making payment of port dues on account of dwell-time charges on the ground that the receiving system of the port was still under trial, the mechanised despatch system had not been commissioned and the unloading despatch and bagging operations had not been upto the mark. The delivery of cargo brought by the sea vessels was completed between November 1989 and May 1990 and an amount of Rs.37.96 crores accrued as dwell-time charges payable by the agents. The cargo agents had also represented in November 1989 for exemption from levy of dwell-time charges, atleast for one year, on the ground that it was the trial period and port operations were still to stabilise and had stated that after one year they would also develop necessary facilities for clearing and transporting the cargo from the port premises at the rate at which the port discharged it.

JNPT further considered the issue in March 1990 and May 1990 and granted ninety percent remission of the total dwell-time charges. Though the Port authorities had owned almost the entire responsibility for delay in delivery of cargo due to problems faced during trial and testing period and allowed cargo to be removed without levying dwell-time charges, it was seen that the delay was also attributable to the supply of sub-standard bags by the consignees leading to the break-down of the bagging operations and severe congestion in the port sheds. They also did not have the necessary facilities for receiving the cargo at the rate at which the port discharged it. As such remission of dwell-time charges allowed by the JNPT to the agents was not justified. Further, the JNPT issued instructions in September 1989, specifying that the dwell-time advance for fifty percent of the cargo assuming ten days of storage in JNPT yard should be included in the advance amount payable alongwith vessel identification advice form. However, neither any advance on account of storage charge for any period in accordance with the instructions above nor the recovery of the port charges under Section 58 of the Major Port Trust Act, 1963 including ten percent of the dwell-time charges after grant of remission amounting to Rs.3.79 crores had been effected. This resulted in notional loss of interest amounting to Rs.66.47 lakhs at the rate of fifteen percent per annum upto March 1991 from the date of completion of delivery.

JNPT replied in July 1990 that the matter regarding recovery of the balance amount of Rs.3.79 crores had been taken up with the concerned parties. Some of them like Rashtriya Chemicals and Fertilisers Ltd. (RCF) Bombay had however, preferred counter claims in July 1990 representing that they had incurred considerable loss in bringing the ships to JNPT. JNPT refused to accept their counter claim and at one stage JNPT had stopped despatch of materials to them, which was subsequently released with the understanding that RCF and JNPT would strive for a mutually acceptable settlement, which was still awaited.

The matter was referred to the Ministry in July 1990. In reply, the Ministry stated in October 1990 that JNPT was required to collect the charges prior to delivery of cargo. However, they could not do so because they felt it inappropriate to collect full charges when delivery could not be effected in time for which JNPT was also partly responsible. Further, the parties have been informed about the intention of the port to charge penal interest for delay in making payment of dwell-time charges. The Ministry also stated that JNPT is being advised to strictly follow the procedures and not allow delivery of cargo without realising charges.

Kandla Port Trust

40. Wasteful expenditure on modification of Pontoon Grab Dredger

The Kandla Port Trust (KPT) purchased a Pontoon Grab Dredger installed with P & H Crane in 1969 at a cost of Rs.15.92 lakhs. To enhance the life of the Crane and the Pontoon by another 10 years, KPT decided (January 1981) to carry out special repairs to the dredger and instal one pneuma dredger plant on it at an estimated cost of Rs.34.50 lakhs revised (June 1985) to Rs.45.81 lakhs. The justification given by KPT was that due to high velocity of current at Kandla and the material dredged being light it was not possible to carry out dredging with the grab bucket of the dredger. By using pneuma dredger plant the compressed air system would effectively bring out the entire quantity of material from the bottom to the hopper barge and could be used for dredging throughout the day in Bunder and cargo jetty area without disturbance to the ships.

Based on the specifications of the pneuma dredger pump recommended by the overseas representatives of the manufacturers in Italy and their Indian agents and after inspection of the site conditions, the pneuma dredger plant was imported from Italy in August 1981 at a cost of Rs.16.72 lakhs. In addition, the required diesel generation set and air compressors of indigenous manufacture were purchased in June 1984 at a cost of Rs.18.72 lakhs. The entire work of special repairs to the Pontoon (Rs.8.59 lakhs) and installation of the above

Rs.1125 per trip compared to movement by road and would be used in urgent situations only.

In effect, the project for speedy transportation of pilots to Vadinar on which expenditure of Rs.38.05 lakhs was incurred was infructuous. In addition, expenditure on salaries and wages of the staff for its maintenance amounted to Rs.4.80 lakhs (upto January 1991).

The matter was referred to the Ministry in September 1991; reply has not been received (March 1992).

New Mangalore Port Trust

42. Fall in container traffic

The New Manglore Port trust (NMPT) in its Board meeting in December 1986, noted that the Ministry had accepted in principle that all major ports should provide minimum container handling facilities and that as per summary projections drawn up by the Indian Ports Association (IPA) for various periods, container traffic in NMPT was to increase from 5420 containers in 1985-86 to 12,920 in 1990-91. When the receipt of containers at NMPT was not as per these projections, and there was a shortfall in targets on account of non-availability of adequate equipment facilities, in March 1987 a 30 tonne diesel hydraulic crane was procured by NMPT after obtaining the sanction of the Ministry and commissioned at a cost of Rs.98.45 lakhs. By the end of December 1988, one tractor-trailer costing Rs.8.50 lakhs was also procured and commissioned for handling containers.

However, in spite of providing adequate equipment facilities at a total cost of Rs.107 lakhs, the container traffic registered a decline as given below:

Year	Number of containers handled both empty and loaded	Cargo handled through containers (In tonnes)
1986-87	3060	24054
1987-88	3031	21130
1988-89	2226	20761
1989-90	1216	8552
1990-91	1063	9668

Thus, the shortfall in container traffic which was attributed by NMPT in December 1986 to non-availability of equipment was not based on facts. In spite of the declining trend of container traffic in NMPT, they procured and commissioned in April 1991 two hand operated mechanical spreader bar attachments at a cost of Rs.3.38 lakhs.

NMPT stated in August 1990 that the traffic projections were made by IPA on the assumption that container traffic was on the increase but it had not materialised in their case. It added that the decline in container traffic was due to the reduction in the number of people coming on transfer of residence basis from the Gulf countries, fall in the handling of containerisd coffee traffic and that containers from the ICD of Banglore was going to the Madras/Cochin Ports due to the Broad Gauge Railway facility.

The Ministry endorsed the views of NMPT and stated that the equipment acquired by it was the essential minimum requirement for handling of containers.

43. Unproductive investment

The New Mangalore Port Trust (NMPT) considered in February 1982, a proposal for extension of its VIP guest house by addition of four suites but the matter was not pursued since there was under utilisation of the existing two suites and the extension involved an investment of about Rs.10 lakhs. The work estimated to cost Rs.11.75 lakhs was however, taken up as

44. Retention of non-moving stores

Out of stores valued at Rs.80.97 lakhs held in stock at the end of March 1991 by the New Mangalore Port Trust (NMPT), 3,954 items of various kinds including those acquired in 1969-70, valued at Rs.34.38 lakhs (43 per cent) remained unutilised for considerable periods as indicated below:-

Period	Number of items	Value
		(Rupees in lakhs)
More than 10 years	2,392	16.68
More than 5 years but up to 10 years	876	8.69
More than 3 years but up to 5 years	686	9.01
Total	3,954	34.38

A majority of these items related to the spare parts of machinery and equipment, vehicles, floating crafts and electrical spares. Though the physical verification of stores for the period ended March 1990 had been completed in March 1991, NMPT had not identified the items that were not required by it, for disposal. No action was taken (August 1991) on the shortage of 66 main contact sets (crane spares) costing Rs.0.23 lakh noticed during the verification.

Continued retention of non-moving items involves the risk of their being rendered unfit for use besides resulting in locking up of capital.

The Ministry stated in January 1992 that a review was being undertaken to identify items to be regarded as emergency spares and to classify others as surplus, movable or dead. Regarding the shortage of contact sets, it was stated that the responsibility for the loss could not be fixed on any individual and that the NMPT was taking measures to ensure that no such shortage occurred in future.

45. Non-recovery of charges

The New Mangalore Port Trust (NMPT) had leased 14.378 acres of land to the Indian Oil Corporation (IOC) in December 1973 for establishment of a tank farm. The tank farm was being served by a road (river bank road) which had been constructed in September 1976 by NMPT as an approach road to a village since the earlier road connecting the village had been acquired and blocked by it. The river bank road had been designed to cater to the normal requirements of the villagers and could not bear the heavy loads of the IOC road tankers.

Due to excessive wear and tear caused by large number of tankers plying on the river bank road NMPT decided to strengthen the road and took up the matter with IOC in May 1980 for bearing the cost and the annual maintenance charges. Since IOC did not agree, NMPT decided in March 1983 to impose a levy of Rs.15 per tanker plying on the road. But the point of incidence of the levy and the agency for its collection were not specified. The levy was approved by the Ministry in December 1983 and after its publication in the Gazette, came into force from 26 January 1984. The levy was, however, not brought into effect on the ground that it would be reasonable to charge it only after completion of the work taken up in February 1984 and completed in March 1985 at a cost of Rs.57.40 lakhs.

Considering the difficulties expressed by the IOC in May 1984 in collecting the charges from the tankers, NMPT in the general revision of wharfage effective from 15 November 1984, enhanced the rates for oil products keeping in view the levy already imposed but not given effect to. NMPT thereafter sought in June 1985 approval of the Ministry for cancellation of the notification imposing the levy of Rs.15 per tanker. The Ministry in May 1988 was of the view that NMPT Board was competent under Section 53 of the Major Ports Act, 1963 to exempt fully any goods from the payment of any rate but for future

NMPT also did not utilise the 22.5 tonne tug purchased in May 1988. The tug could be used round the clock only after a period of six months since the crew had to get acquainted with its operation, despite the fact that at the time of seeking the Board's approval in May 1988 for hiring of Tug VI in place of Tug IV, it was stated that one month would be required for use of the 22.5 tonne tug for regular ship movements. The Ministry had sanctioned posts in November 1987 to operate the new tug for two shifts and NMPT had completed training by June 1988. In fact, NMPT utilised the new tug round the clock for a short period from 4 to 12 September 1988.

The matter was referred to the Ministry in June 1991; reply has not been received (March 1992).

47. Loss of revenue due to delay in publication of revised berth hire charges

A rationalised structure of berth hire charges including charges for service of wharf cranes as proposed by the New Mangalore Port Trust (NMPT), in February 1988, was approved by the Ministry in April 1988. However, while according approval the Ministry had quoted an earlier reference of September 1987 from NMPT in which methodology for working out only certain rates was mentioned. NMPT sought clarification from the Ministry in June 1988. After repeated reminders, the Ministry confirmed in October 1988 that its approval was to the rates proposed by it in February 1988. Since the revised rates were to come into effect after their notification in the Gazette as required under Section 52 of the Major Port Trusts Act, 1963, NMPT forwarded the notification to the Compiler, Karnataka Gazette only in February 1989 but without making necessary payment as required which was made only in March 1989. The notification was published in the Karnataka Gazette in April 1989, i.e., after a delay of about one year.

NMPT stated that the composite berth hire rate which included wharf hire was an attempt at rationalisation and it was not intended at revision of rate aimed at an increase of revenue on that account. It was, however, observed by Audit that the delay in publication of the notification resulted in a net loss of revenue of Rs.6.84 lakhs after setting off Rs.1.37 lakhs collected separately as charges for wharf cranes for the period from June 1988 to March 1989 in accordance with the then existing schedule of rates.

The Ministry informed (April 1990) that the delay in publication of the charges resulting in the loss of revenue was due to lack of co-ordination among various wings of NMPT. It added (July 1991) that it had taken a serious view and that the NMPT had been advised to investigate the matter and fix responsibility.

48. Short collection of wharfage

In December 1988, the New Mangalore Port Trust (NMPT) collected wharfage at Rs.30 per tonne on a Jack-up Drilling Rig weighing 8500 tonnes shipped by the Mazagon Dock Limited (MDL) classifying it under "Unenumerated goods and goods not otherwise rated" instead of collecting wharfage at Rs.70 per tonne applicable to "Heavy Lifts of 10 tonnes and more". This had resulted in a short collection of revenue to the extent of Rs.3.40 lakhs. The Ministry accepted in March 1990 the contention of Audit that the rig being one compact unit should be treated as a heavy lift for the purpose of wharfage and that the NMPT was being advised to levy wharfage accordingly. However, before receipt of such instructions another rig weighing 7403 tonnes was cleared by the NMPT, in April 1990 collecting wharfage at Rs.30 instead of at Rs.70 per tonne, resulting in a short collection of Rs.2.96 lakhs. In both the cases, bills for the differential amount of Rs.6.36 lakhs had been raised by NMPT in April and August 1990 but the claims were yet to be realised (December 1991).

Similarly during 1989-90, commodities like off-shore structures, HR/HT Jackets, M.S. Piles, Transition pieces, etc., were cleared by NMPT

3.5 per cent levied by the Central Public Works Department (CPWD). Contrary to Government orders, the agreement for construction was on cost plus basis and provided for payment of actual cost to the NBCC and 15 per cent thereon to cover the head-office overheads and margin of profit; this was also in excess of 12.5 per cent levied by the NBCC itself in several other cases. Thus the Institute was required to pay 19 per cent over and above the actual construction cost against the fee of 8 per cent levied by the CPWD for turn-key projects costing Rs.two to five crores.

According to the terms and conditions of agreement for consultancy, the NBCC furnished preliminary estimate for Rs.1.82 crores in February 1984 based on the CPWD Plinth Area Rate (PAR) of 1976 enhanced to cost index of 265 as applicable to works in Delhi and revised preliminary cost estimates for Rs.3.12 crores in November 1985 (which included cost of internal and external services connection) based on CPWD PAR of 1976 enhanced to a cost index of 314.66 to arrive at the estimated cost. The increase of Rs.1.30 crores was attributed to addition of basement under each block (Rs.61.88 lakhs), provision of additional specification (Rs.18.69 lakhs), increase in cost index (Rs.29.05 lakhs) and due to consequential increase in 3 per cent contingencies, 12 per cent supervision charges and 4 per cent planning fee of the NBCC (Rs.20.19 lakhs) which was over the above the cost of work computed on the upgraded PARs. These estimates were approved in the General Council Meeting of the Institute in December 1985. Based on these rates, the NBCC placed the ceiling cost of work at Rs.3.39 crores by adding 15 per cent plus in terms of the construction agreement. Since the CPWD PAR already included contingency charges, supervision charges, planning fee and contractor's overheads and profits, the cost estimates as well as the ceiling cost were both inflated.

The Institute paid in March 1984 Rs.18.20 lakhs to the NBCC as interest free mobilisation advance for construction in terms of the construction agreement in addition to Rs.one lakh as advance in terms of consultancy agreement. The advance payment was contrary to Government orders of July 1983 according to which interest bearing mobilisation advance limited to 10 per cent of cost of construction could be granted to a contractor for capital intensive work of specialised nature.

The work which commenced in February 1985 and was scheduled to be completed by February 1988 was still in progress (September 1991) and a payment of Rs.3.21 crores uptill March 1991 had been made as per the 85 Running Account Bill. In the meantime, the NBCC revised the ceiling cost to Rs.3.48 crores in May 1990 and again in March 1991 to Rs.3.77 crores. The NBCC intimated, in September 1991, further revised cost ceiling of Rs.3.92 crores exclusive of the consultancy charges of 4 per cent and requested for completion time upto October 1991. The cost ceiling now intimated by the NBCC included 3 per cent towards contingencies which was inadmissible in view of the cost plus nature of agreement. The work had not been completed so far (March 1992).

The NBCC stated, in May 1991, that since the nature of contract was actual cost plus 15 per cent, no separate break-up of escalation was worked out which was due to handing over the site to NBCC in a phased manner, delay in release of drawings, delay in approvals of local bodies, delay in decisions/ approvals of the Institute, increase in estimated quantities and subsequent changes/alterations in drawings/designs. The Institute attributed, in May 1991, the reasons for delay due to handing over the site to the NBCC in a phased manner, rise in prices of labour and material, delay in release of drawings by the consultant, increase in the estimated quantities and changes/ alterations in the designs and drawings, lack of proper planning and unrealistic estimates.

The case revealed as follows:-

(i) The Ministry awarded both the consultancy and construction work to the same contractor.

(ii) The architectural consultancy fee was fixed at 4 per cent which was in excess of the usual fee of 3 per cent, and also in excess of the fee of 3.5 per cent levied by the CPWD.

(iii) Contrary to Government financial rules, the construction work was entrusted to the NBCC on cost plus basis, and 15 per cent of actual cost was to be paid towards contractor's head office overheads and margin of profit against 12.5 per cent charged by the NBCC from several other organisations.

(iv) The preliminary cost estimates prepared by the NBCC were defective and inflated; the NBCC did not prepare detailed estimates as required under the agreement. The ceiling cost was worked out on inflated estimates.

(v) NBCC did not furnish statements of theoretical and actual consumption of material.

(vi) In view of (iv) and (v) above, no effective control over cost was possible. The cost of the work had escalated from the estimates of Rs.3.12 crores in November 1985 to Rs.3.92 crores exclusive of consultancy charges in September 1991.

(vii) The work which was required to be completed by February 1988 had not been completed so far (March 1992). The agreement did not provide for levy of penalty for time over run; on the other hand cost over run due to delay in completion was inherent in the very nature of cost linked agreements for consultancy and construction.

(viii) An intensive examination of the work conducted by the Chief Technical Examiner in April 1988 had brought out serious irregularities in award of sub contracts by the NBCC, use of sub standard material, double/erroneous payments, unsatisfactory workmanship etc. According to the information furnished by the Institute, it had been represented in the opening of tenders/conducting negotiations for most of the major work and purchases made by the NBCC from time to time. The NBCC did not intimate the action on the irregularities pointed out by the Chief Technical Examiner.

The matter was referred to the Ministry in October 1991; reply has not been received (March 1992) despite reminders issued in December 1991.

Dharamvir

(DHARAM VIR)
Director General of Audit
Central Revenues-I

New Delhi
The

24 APR 1992

Countersigned

(C.G.Somiah)
Comptroller and Auditor General of India

New Delhi
The

27 APR 1992

Appendix - I
(Vide sub paragraph 1.3)
Outstanding Utilisation Certificates

Ministry/Department	Period to which grants relate (upto September 1989)	Number of utilisation certificates outstanding at the end of March 1991	Amount in lakhs of rupees
1	2	3	4
Agriculture and Co-operation	1976-77	8	4.28
	1977-78	12	13.99
	1978-79	46	357.06
	1979-80	15	204.99
	1980-81	18	196.24
	1981-82	29	448.75
	1982-83	42	383.12
	1983-84	53	942.79
	1984-85	73	563.11
	1985-86	54	235.54
	1986-87	53	521.81
	1987-88	137	126.24
	1988-89	116	11755.94
	1989-90	62	1084.04
		718	16837.90
Andaman and Nicobar Administration	1980-81	3	1.33
	1981-82	3	0.07
	1982-83	20	9.38
	1983-84	23	21.65
	1984-85	39	70.13
	1985-86	33	56.47
	1986-87	42	63.39
	1987-88	43	180.00
	1988-89	31	187.48
	1989-90	26	123.91
		263	713.81
Civil Aviation	1988-89	2	0.95
	1989-90	22	85.63
		24	86.58

1	2	3	4
Central Board of Direct Taxes	1987-88	2	1.41
	1988-89	5	1.40
	1989-90	15	1.15
		22	3.96
Chandigarh Administration	Not received		
Commerce	Not received		
Delhi Administration	Not received		
External Affairs	1984-85	2	22.00
	1985-86	4	9.00
	1986-87	5	216.00
	1987-88	7	4.00
	1988-89	13	839.00
	1989-90	5	491.00
		36	1581.00
Enviornment and Forests	1981-82	28	35.57
	1982-83	90	53.89
	1983-84	120	211.11
	1984-85	256	271.53
	1985-86	280	521.41
	1986-87	320	1064.01
	1987-88	340	3345.44
	1988-89	688	1549.36
	1989-90	750	5201.04
		2872	12253.36
Finance			
(i) Revenue	1989-90	2	10.50
		2	10.50
(ii) Economic Affairs (ERIS and Banking)	1989-90	1	0.03
		1	0.03
(iii) Economic Affairs	1989-90	3	164.35
		3	164.35

1	2	3	4
Home Affairs	1983-84	1	0.02
	1985-86	2	0.01
	1986-87	9	1.53
	1987-88	7	1.14
	1988-89	24	2.58
	1989-90	8	0.68
		51	5.96
Health and Family Welfar			
(i) Family Welfare	1976-77	18	7.43
	1977-78	12	13.04
	1978-79	12	25.47
	1979-80	18	64.15
	1980-81	29	99.13
	1981-82	38	193.68
	1982-83	42	84.74
	1983-84	74	340.81
	1984-85	103	558.17
	1985-86	68	640.25
	1986-87	44	1193.31
	1987-88	87	655.45
	1988-89	76	1785.48
	1989-90	67	1906.38
		688	7567.49
(ii) Health	Not received		
Human Resource Development			
(i) Culture	Not received		
(ii) Education	1976-77	253	266.56
	1977-78	241	491.48
	1978-79	505	534.57
	1979-80	398	590.68
	1980-81	257	419.93
	1981-82	257	1227.49
	1982-83	601	1531.43
	1983-84	574	6204.71
	1984-85	22532	20800.23
	1985-86	2774	19030.56
	1986-87	2628	19555.50
	1987-88	2395	17241.53
	1988-89	399	4561.82
	1989-90 / 1990-91	3283	66386.94
		37097	158843.43

1	2	3	4
(iii) Youth Affairs and Sports	Not received		
(iv) Women and Child Development	1986-87	282	2377.95
	1987-88	452	3724.26
	1988-89	625	3674.72
	1989-90	726	4311.74
		2085	14088.67
Information and Broadcasting	1976-77	2	40.00
	1977-78	2	50.00
	1978-79	1	22.18
	1982-83	1	4.22
	1983-84	2	3.37
	1986-87	1	19.77
	1987-88	1	30.00
	1989-90	11	168.26
		21	337.80
Industry			
(i) Small Scale Industry	Not received		
(ii) Industrial Development	Not received		
(iii) Public Enterprises	Not received		
Law and Justice			
(i) C.I.L.A.S	1982-83	5	1.70
	1983-84	11	5.24
	1984-85	11	5.69
	1985-86	17	10.48
	1986-87	8	1.02
	1987-88	2	0.10
	1988-89	4	2.93
	1989-90	5	1.30
		63	28.46
(ii) Official Language Wing	1986-87	2	0.50
	1987-88	2	0.50
	1988-89	2	0.20
	1989-90	1	1.00
		7	2.20

1	2	3	4
Labour	Not received		
Personnel, Public Grievances and Pensions	Not received		
Planning	Not received		
Patreoleum Chemicals and Fertilizers	1985-86	1	50.00
	1986-87	1	25.00
Chemicals and Fertilizers	1987-88	1	67.00
	1988-89	3	458.00
	1989-90	10	1706.40
		16	2306.40
Power and Non-conventional Energy Sources			
Power	1979-80	2	3.27
	1980-81	4	9.45
	1981-82	7	16.16
	1982-83	6	16.22
	1983-84	3	4.00
	1984-85	4	63.06
	1985-86	19	248.71
	1986-87	16	163.06
	1987-88	1	3.25
	1988-89	23	365.91
	1989-90	3	123.12
		88	1016.21
Rural Development	1987-88	144	484.27
	1988-89	161	497.38
	1989-90	239	5394.98
		544	6376.63
Surface Transport	1987-88	9	27.22
	1988-89	16	1575.79
	1989-90	3	263.00
		28	1866.01

1	2	3	4
Steel and Mines			
(i) Mines	1983-84	1	0.52
	1988-89	1	10.00
		2	10.52
Textiles	Not received		
Urban Development	Not received		
Water Resources	1984-85	2	2.34
	1985-86	12	8.05
	1986-87	17	21.61
	1987-88	16	60.53
	1988-89	17	53.56
	1989-90	1	200.00
		65	346.09
Welfare	Not received		

E R R A T A

Page	Line	For	Read
xv	18th from bottom	17.87	17.71
xxxii	14th from bottom	Earthqake	Earthquake
7	2nd (Heading of the Table)	(Deficit)	(Deficit) Surplus
	2nd (Heading of the Table)	Plan grant Surplus	Plan grant
81	11th	48.4	48
	12th	as on 1986	as of September 1986
84	5th from bottom	Lakshdweep	Lakshadweep
104	12th from bottom	as on 1986	as of September 1986
	13th from bottom	48.4	48
	14th from bottom	17.87	17.71
118	16th	dispose	dispose of
152	4th from bottom	review	revenue
154	2nd from bottom	registeration	registration
169	13th	disposed	disposed of
	17th from bottom	(32,063.20) metres)	(32,063.20 metres)
192	11th from bottom	over the above	over and above
201	6th	Patreoleum	Petroleum