







REPORT OF THE  
COMPTROLLER AND AUDITOR GENERAL  
OF INDIA

FOR THE YEAR ENDED 31 MARCH 1991

NO.6 OF 1992

UNION GOVERNMENT—CIVIL



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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.

2. Matters arising from the test audit of the financial transactions and accounts relating to some of the Civil Departments of the Union Government are included in this Report (No.6). Prefatory remarks in Report No.1 refer to Reports on the other Departments.

3. This Report includes audit reviews on the following matters:

- (a) National Literacy Mission
- (b) Release of grants for laying of synthetic tracks and artificial surfaces and
- (c) Command Area Development Programme

4. The cases mentioned in this Report are among those which came to notice in the course of audit during 1990-91 and early part of 1991-92 as well as those which came to notice in earlier years but could not be covered in the previous Reports. Matters relating to the transactions subsequent to 1990-91 have been mentioned, wherever relevant.





## OVERVIEW

The Audit Report for the year ended 31 March 1991 contains 103 paragraphs including 3 reviews. The points highlighted in the Report are given below:-

### **Ministry of Health and Family Welfare**

#### **I. Avoidable expenditure**

Equipment for specialised Carotid Angiography, imported at a cost of Rs.10.26 lakhs by a hospital in 1973, remained idle between 1977 and 1979 due to non-availability of trained persons and was handled by Radiographers till 1985. The equipment became outdated with the introduction of CAT scanner and expenditure of Rs.10.26 remained unfruitful.

An automatic Refrigerated Centrifuge Machine imported in August 1988 at a cost of Rs.2.42 lakhs to produce locally packed red cells for transfusion of platelet rich plasma and factor eight rich plasma required in haemophilia cases was used only on 15 occasions upto March 1991 for preparation of packed cells. In December 1991, the Hospital stated that the machine was not fit for preparation of factor eight rich plasma. The import could well have been avoided and valuable foreign exchange saved.

Surgical instruments costing Rs.42.85 lakhs, imported by a hospital in 1983 to meet any emergency during the Non Aligned Meet 1983, have remained unutilised. The relevant files on the purchase were stated to be with the Central Bureau of Investigation and were not made available to Audit.

(Paragraph 1.3 (i) (ii) (iii))

#### **II. Life expired drugs and negligent issues**

In a Medical Store Depot life expired drugs worth Rs.35.83 lakhs procured as far back as 1972

were lying unused because of improper assessment of requirement of drugs.

In another Medical Store Depot life expired drugs costing Rs.1.55 lakhs were issued, to a Chief Medical Officer who returned them.

Though not indented, medicines worth Rs.4.60 lakhs due to expire were issued by a Medical Store Depot to a Director of Health Services of a Union Territory and the medicines were returned to the Depot and were lying in its godown.

Against an indent for 2.28 lakh tablets of a medicine, a Medical Store Depot issued 4.55 lakh tablets to a Family Welfare Project. The cost of excess medicine at Rs.1.78 lakhs, had not been recovered and the indenting officer was not available at his old address.

(Paragraph 1.4)

### **III. Management failure in realising insurance claim**

The insurance claim for Rs.10.80 lakhs on a mobile clinic received in damaged condition, out of 318 such clinics imported by the Ministry in 1979-80, was not realised on the ground that the relevant file was not traceable.

(Paragraph 1.5)

### **IV. Irregular purchase of drugs**

A Medical Stores Depot irregularly purchased, locally, medicines valuing Rs.58.96 lakhs at rates higher than the rates at which drugs were purchased through DGS&D or by inviting competitive quotations resulting in avoidable extra expenditure of Rs.40.09 lakhs.

(Paragraph 1.7)

Ministry of Human Resource Development

(Department of Education)

V. National Literacy Mission

The National Adult Education Programme (NAEP) was revised and its scope enlarged in May 1988; as the National Literacy Mission (NLM) it aimed at imparting functional literacy to 300 lakh illiterates in the age group of 15 to 35 years during the period 1987-90.

Expenditure of Rs.493.84 crores was incurred on adult literacy programmes during the period 1985-90 and the average annual expenditure went up from Rs.49 crores during the years 1985-88 (pre-mission period) to Rs.89 crores during 1988-89. But the average number of persons rendered literate per year declined from 49 lakhs in 1985-88 to 44 lakhs in 1988-90. The total numbers rendered literate (133 lakhs) during 1987-90 was much below the target of 300 lakhs.

Under Rural Functional Literacy Projects 135 lakh persons were rendered literate out of 182 lakhs enrolled during 1985-90. Reports of attendance in several centres were not reliable. Payment of honorarium to instructors was delayed upto 31 months in some States; cases of non-payment of honorarium were also noticed. On the other hand appointment of project staff and instructors on regular scales of pay, instead of engaging them on payment of honorarium/fixed emoluments envisaged in the programme, resulted in avoidable extra expenditure of Rs.7.30 crores in eight States. Supply of teaching and learning materials was unsatisfactory in 16 States and materials worth Rs.19.81 lakhs purchased during 1985-90 had not been supplied to the Centres.

Out of Rs.18.99 crores paid during 1987-90 as grants to 14 States for post-literacy and continuing education through Jana Shikshan Nilayams, Rs.7.23 crores remained unutilised. The reported utilisation

in five States included Rs.2.96 crores not spent but kept in banks outside Government Account. Against target for setting up of 60,000 Nilayams upto 1990, only 11,691 had been established in 19 States though 16,351 were sanctioned upto March 1990. The number of neo-literates enrolled was not made available to Audit in several States; in two States no neo-literates were enrolled and in one State 24 out of 78 Nilayams opened did not function.

Utilisation certificates for grants amounting to Rs.35.34 crores paid to voluntary agencies during 1985-90 had not been received. Out of 406 voluntary agencies evaluated 140 needed improvement, 77 were considered not capable of undertaking literacy programmes and performance of 86 agencies (grants paid Rs.1.43 crores) was categorised as wholly unsatisfactory or their bonafides were doubtful. After receiving the first instalment of grants, 261 voluntary agencies in three States either did not apply for or were not paid the second instalment of grant during the period 1985-90. 25 agencies which terminated their projects between March 1989 and October 1991 (amount paid Rs.1.44 crores) failed to furnish reports and audited accounts to the Ministry. The State Voluntary Resource Centres had failed to supply learning and teaching material or supplied them late.

The number of courses organised by Shramik Vidyapeeths for providing education in occupational skills to urban and industrial workers and their families fell short of the target by 26 to 50 per cent during 1985-90. Vidyapeeths had not conducted systematic surveys to identify the educational needs of target groups.

Expenditure of only Rs.7.09 crores was incurred under the Mass Programme of Functional Literacy involving student volunteers though the budget allocation was for Rs.35 crores. Enrolment of student volunteers fell short of the target. No targets for number to be rendered literate were fixed.

A voluntary agency in Gujarat was paid Rs.17 lakhs between March and July 1988, but its claim of rendering 5.59 lakh persons literate was not verified and need for another phase of learning to the same persons to enable them to reach the prescribed level of literacy was felt. Rupees 136 lakhs were again paid to the same agency which did not refund unspent balance of Rs.22.96 lakhs. Literacy kits costing Rs.35.10 lakhs had remained unutilised. Despite several shortcomings noticed in the implementation of the programme by the agency, including doubtful claims about the number of persons rendered literate, further, grants-in-aid of Rs.503.15 lakhs were sanctioned to the same agency and Rs.405 lakhs were released for a third phase in June 1990 and September 1991.

Though the Nehru Yuva Kendra Sangathan (NYKS) reportedly set up 17,000 centres and enrolled 5.1 lakh illiterates against a target of 16,000 centres, only 5484 centres were set up by 31st March 1989 and 3540 Centres in 1989-90. Only 2.66 lakh illiterates were enrolled upto 1989-90. Against grants of Rs.842 lakhs paid to the Sangathan utilisation certificates for Rs.557 lakhs had not been received.

Against the budget provision of Rs.24.17 crores for the scheme of technology demonstration launched in 40 selected districts only Rs.9.61 crores were spent, which included Rs.5.58 crores diverted for expenditure by the NYKS. The Solar Power packs provided under this scheme to provide illumination were either not installed at all or were not installed at places requiring them or did not function. Other activities envisaged under the scheme were not taken up.

At the State level, State Literacy Mission Authorities (SLMA) were not constituted in two States; in six other States they were constituted after considerable delay. The Village Education Committees, State Board Steering Committees and District Adult Education Committees were not

constituted or where constituted did not meet regularly in four States.

The Directorate of Adult Education in the Ministry responsible for providing media support to the programme suffered delays in production of audio cassettes and video films. Penalties amounting to Rs.28.19 lakhs on the delays were not recovered. Expenditure of Rs.18.66 lakhs incurred on establishing a studio in the Directorate proved infructuous as the studio could not be commissioned in the absence of air conditioning.

Many monitoring reports from the States and other agencies were not received, nor pursued by the Directorate of Adult Education in the Ministry. During the years 1985-90, 21 agencies had been entrusted with the work of evaluation of the programme. 14 evaluators had not submitted their reports.

Mass programme of functional literacy through involvement of student volunteers, apparently was the most cost affective, though achievement fell short of the target for enrolment of volunteers.

(Paragraph 3.3)

## **VI. Scholarships for studies abroad**

Out of 622 scholars who went abroad in 1980-90 (expenditure incurred Rs.11.06 crores), 410 returned to India, 59 were still continuing their studies abroad and 153 did not return to India. The Ministry did not maintain record of amounts due from those violating the terms and conditions of scholarships despite assurance to Public Accounts Committee in 1986. Of the 153 who did not return to India, only 10 refunded the scholarship amount in full US\$ 20.39 lakhs, £ 0.17 lakh and Rs.8.72 lakhs was outstanding from the other defaulting scholars. The whereabouts of six defaulting scholars were not known to the Ministry. The Ministry was noticeably lax in issuing

notices to defaulting scholars; it took two years and more in 6 cases to issue notices to the defaulters. The Ministry obtained surety bonds from the scholars, but the sureties were not approached to pay in 13 cases; in another 7 cases, the sureties were addressed only after delays of two years and more.

Almost 80 per cent of the scholars were granted extension and on an average a little less than double the amount envisaged under the scheme was spent on the scholars. Two students who went abroad in 1984, three in 1985, nine in 1986 and four in 1987 were still to complete their studies. The Ministry awarded scholarships for degree/post graduate courses in printing technology, pulp and paper making despite the known availability of facilities for such courses within the country, resulting in avoidable expenditure to Government.

(Paragraph 3.4)

#### **VII. Inadequate planning and lack of control over application of funds**

The Ministry released Rs.455 lakhs as seed money to 91 Community Polytechnics at the rate of Rs.five lakhs each in March 1986. Five 'mother extension centres' were to be set up to provide first hand experience of craft related production work to the members of rural community. The scheme was not approved by Government and the seed money was to be adjusted against other grants for 1986-87. This was not done. Out of Rs.265 lakhs released, for the mother extension centres, to 53 polytechnics only Rs.31.80 lakhs were utilised by 11 polytechnics and that too not for the purposes of the scheme. The remaining amounts remained in bank deposits. The use of seed money for mother extension centres was approved only in September 1990, more than four years after the amounts were released.

(Paragraph 3.5)

(Department of Youth Affairs and sports)

**VIII. Release of grants for laying of synthetic tracks and artificial surfaces**

In January 1986, the Ministry of Human Resource Development, Department of youth Affairs and Sports introduced a scheme of financial assistance for laying of synthetic tracks and artificial surfaces to State Sports Councils and recognised National Sports Federations/Associations limited to 50 per cent of the cost and not exceeding Rs.50 lakhs per track/surface.

Less expensive varieties of surfaces and tracks which were equally acceptable were not considered for purchases under rate contracts entered into by the Department with foreign suppliers for tracks/surfaces. This resulted in avoidable extra expenditure of Rs.3.66 crores in foreign exchange.

Against a target of 13 synthetic tracks and 13 artificial surfaces 6 tracks and 14 surfaces were sanctioned, of which only two tracks and five surfaces became operational by the end of the Seventh Plan period. Grant-in-aid of Rs.50 lakhs was paid to an ineligible agency in Bombay for a synthetic track at Malabar Hill, which was not a technically suitable location.

(Paragraph 3.6)

**IX. Irregularities in payments of grants-in-aid under the scheme for training of youth**

For training youth Rs.7.49 lakhs was paid to three institutions without verification of their antecedents and locus standi. One of the institutions was found to be involved in fraudulent and objectionable activities and the grant to another institution was likely to be utilised for political purposes. Utilisation certificates for grants amounting to Rs.41.24 lakhs were still to be received in 75 cases. The grantee institutions were not



inspected by the Department and no evaluation of the utilisation of the grant and benefits derived was done.

(Paragraph 3.7)

### **Ministry of Information and Broadcasting**

#### **X. Unused costly spares**

Doordarshan procured spares worth Rs.98.15 crores between 1978-79 and 1990-91 out of which spares worth Rs.15.27 crores remained unissued upto March 1991. In 12 cases, spares valued at Rs.70.55 lakhs and involving foreign exchange of Rs.12.68 lakhs were not put to use even after two to six years of their receipt. The number and cost of stores which had become obsolete and unserviceable was not intimated to Audit.

In 78 cases, issue of stores to Kendras, on telephonic request between February 1981 and March 1990 had not been brought on record or accounted. Acknowledgement of the receipt of stores was not obtained from consignee.

Advance payments aggregating Rs.19.18 crores made to Public Sector Undertakings in 934 cases were pending adjustment. In one case though delivery period was long over and supply was not made action was not taken to recover the advance of Rs.2.54 lakhs.

In five cases penalty amounting to Rs.2.42 lakhs and in six cases interest of Rs.4.87 lakhs had not been recovered despite delays in supplies.

Physical verification of stores, taken up in June 1990 had not been completed; physical verification was not entrusted to a non-Stores officer as required by the financial rules.

(Paragraph 5.2)

## **XI. Outstanding dues from cinema houses**

Rental dues amounting to Rs.43.14 lakhs were outstanding for recovery from 1952-53 to September 1990 towards news reels and documentaries released to the Exhibitors in cinema houses. Notices for recovery of dues were issued but recoveries from closed houses from their security deposits, were not made for want of records.

(Paragraph 5.3)

### **Ministry of Labour**

## **XII. Unused equipment**

A triple action hydraulic press valued at Rs.11.59 lakhs was received in the Advanced Training Institute, Madras (ATI) in July 1981 under the United Nations Development Programme (UNDP). The equipment is lying idle for over nine years and was not useful for training purposes.

(Paragraph 6.3)

### **Ministry of Surface Transport**

(Roads Wing)

## **XIII. Funding of a bridge**

The Ministry of Surface Transport approved, in February 1986, the reconstruction of the bridge across Vedaganga river on the Bangalore - Poona road in Karnataka, to be executed by the State Government, on the condition that safe load bearing capacity of rock and sub-soil properties be assessed and the details incorporated in the notice inviting the tenders after getting approval of the Ministry. However, without fulfilling the conditions, the work was awarded in January 1987 at a cost of Rs.47.47 lakhs . After executing works valued at Rs.3.94 lakhs upto June 1989, the contractor stopped the work due to non-approval by the Ministry of revised drawings

sent in July 1990 and the Chief Engineer advised closure of contract without penalty and entrustment of the work to another agency. The balance work estimated originally at Rs.43.37 lakhs was estimated to cost Rs.49.58 lakhs at rates in 1989-90.

(Paragraph 11.3)

## **Ministry of Textiles**

### **XIV. Development of Musical Instruments**

The Development Centre for Musical Instruments (Centre) started in Madras in 1956 had since inception only trained 254 persons in the manufacture of musical instruments scientifically. It had developed four musical instruments, set up a gallery of 250 types of musical instruments out of about 500 existing in the country, set up a library with 125 books and published one brochure. Annual expenditure of Rs.3.57 lakhs was incurred on the centre on the average from 1981-82 to 1990-91.

(Paragraph 12.2)

### **XV. Unjustified release of grants-in-aid**

Grant-in-aid of Rs.5 lakhs was made to a State Handicrafts Development Corporation for the period from July 1987 to August 1989 for setting up an emporium at an International Airport in India, though the economic viability was not established and subsidy was not admissible. The total sales in the emporium were Rs.5.51 lakhs during 1987-88 and 1988-89 and the emporium was closed down in August 1989 due to poor performance.

(Paragraph 12.3)

## Ministry of Urban Development

### **XVI. Management of contracts**

Lapses of the department in managing and fulfilling contractual obligations resulted in avoidable loss of Rs.84.46 lakhs to the Department as a result of awards made by the arbitrators in favour of contractors.

(Paragraph 14.3)

### **XVII. Cost and time over runs in constructions of quarters**

288 type B quarters at Calcutta under the 'Crash Housing Programme', to be constructed by the Central Public Works Department (CPWD) by October 1982 at a cost of Rs.77.57 lakhs were handed over to the Estate Manager for allotment only in June 1990 and involved extra expenditure of Rs.27.45 lakhs towards compensation, defective workmanship, and security.

(Paragraph 14.5)

### **XVIII. Over a hundred unused airconditioners**

108 airconditioners purchased at a cost of Rs.18.59 lakhs for installation in Government Offices had remained unutilised for three years and more. The guarantee against manufacturing defects had already expired.

(Paragraph 14.6)

### **XIX. Hired office space**

The Estate Manager Calcutta paid Rs.39.24 lakhs as arrear rent in November 1989 for two private buildings hired for office space without production of proof of payment of Municipal taxes and surcharge resulting in excess unauthorised payment of Rs.10.50 lakhs.

Significant percentage of floor space hired in a metropolitan city remained vacant for long periods resulting in an infructuous expenditure of Rs.12.70 lakhs.

(Paragraph 14.7)

**XX. Connection of sewer line to storm water drain**

100 metre long unauthorised connection of sewer to storm water drain made by CPWD, in October 1979, was objected to by the Metropolitan Water and Sanitation Authority. The offer of the Authority for diverting the sewer at a cost of Rs.5.70 lakhs in April 1985 was not accepted. However CPWD later accepted a higher offer of Rs.11.47 lakhs for the same work as proposed by the Authority in March 1990.

(Paragraph 14.10)

**XXI. Irregular advance to contractor**

Secured advance of Rs.1.87 lakhs was paid by Central Public Works Department to a contractor against a non-existent contract resulting in unauthorised financial assistance to contractor.

(Paragraph 14.14)

**Ministry of Water Resources**

**XXII. Command Area Development Programme**

The Command Area Development Programme was started in 1974-75 as a Centrally sponsored scheme to speed up utilisation of the irrigation potential created for increasing agricultural production. Main components of the programme are digging of field channels, land levelling and shaping, drainage and organisation of Warabandi (weekly irrigation).

Expenditure during Sixth and Seventh Five Year Plans on the programme was Rs.881.75 crores and

Rs.1433.65 crores against the approved outlay of Rs.967 crores and Rs.1777.71 crores respectively.

Percentage of irrigation potential created and utilised ranged between 70 and 78.7 from 1979-80 to 1988-89.

Percentage of physical achievements under Field Channels, Land Levelling and Warabandi ranged between 47.29 and 86.78, 31.55 and 68.46 and 49.42 and 73.73 respectively from 1985-86 to 1990-91.

Soil survey was not taken seriously in many States. The topographical surveys were not given adequate importance.

There was excess expenditure over the norms in digging field channels; targets were not achieved and farmers' share was not recovered.

There was little appreciation of the importance of field drains in the field level agencies as well as farmers.

Land levelling and shaping was hardly implemented; it did not carry any assistance by way of grant or loan. In many States no assistance was given to small and marginal farmers though the scheme provided for it.

Warabandi was not implemented effectively and it still remains to be viewed as beneficial by the farmers.

Organisation of farmers' associations for management of assets created by Government and raising of revenue therefrom, had not been planned in adequate detail.

Training of farmers was not planned systematically with an achievable and functional aim; funds allotted were not utilised fully.

Little importance was given to the conjunctive use of surface and ground water at the field level despite incentive of subsidy.

Extra avoidable expenditure of Rs.84.16 crores was incurred on the programme. Out of the Central releases Rs.13.10 crores was utilised by the States for purposes other than those intended in Programme.

In the Central Government the programme was monitored, to the extent possible, during field visits of officers, by analysis of progress reports received, in annual plan discussions, in regional meetings of Secretaries incharge of Command Area Development and while analysing the releases of funds. In the States of Assam, Goa, Himachal Pradesh, Jammu and Kashmir, Karnataka, Madhya Pradesh and Manipur, no monitoring was done.

No evaluation study was conducted directly by any of the State Governments.

(Paragraph 15.3)

#### **XXIII. Unfruitful expenditure in the execution of works**

The work of second stage concreting of the reinforced cement concrete regulators across the rivers Pagla and Bansloi to be completed by June 1989 had not been completed till October 1991 due to improper coordination resulting in infructuous expenditure of Rs.16.01 lakhs on construction of coffer dams and related works.

(Paragraph 15.4)

#### **XXIV. Loss in procurement through DGSD**

Due to lack of unified command in giving directions to suppliers on despatch and the failure of DGSD to provide in its contract for damages for negligent despatch of 2000 tonnes of cement, responsibility for the loss of Rs.9.78 lakhs on

1040.95 tonnes of damaged cement, was not assigned to any agency.

(Paragraph 15.5)

#### **XXV. Unused Navigational lock**

Construction of a navigational lock across the river Kalindri in Malda district at a cost of Rs.3.50 crores sanctioned on priority basis, had not been completed by Farakka Barrage Authority till September 1991. Expenditure of Rs.2.24 crores incurred on the construction of lock has not given any benefit of navigation even after nine years because of non-construction of lock.

(Paragraph 15.7)

### **Ministry of Welfare**

#### **XXVI. Scholarships abroad for SC/ST etc**

Scholarships for study abroad are given to meritorious students belonging to Scheduled Castes/Schedule Tribes, Denotified, Nomadic, Semi-Nomadic Tribes, Neo Budhists, etc. for post-graduate and research studies in fields where suitable facilities were not available in India. Scholarships to 72 scholars awarded upto 1985-86 were cancelled as they could not secure admission abroad and 96 out of 129 scholars selected during the years 1986-87 to 1990-91 were still awaiting admissions to foreign institutions. Out of 232 candidates selected during the years 1981-82 to 1990-91, only 114 availed of the scholarships; of these, 37 scholars returned to India after completing their studies, 35 defaulted on condition of return to India. Action against 29 was still to be taken. No consolidated record of assistance provided to each scholar was maintained. Out of US \$ 4.95 lakhs recoverable from 20 defaulting scholars, only US\$ 0.06 lakh was recovered. Two scholars were awarded scholarship for a first degree in Printing and Technology and 34 for studies in



humanities for which facilities are available in India.

(Paragraph 16.3)

### **Union Territories**

#### **(Andaman and Nicobar Islands Administration)**

#### **XXVII. Loss due to delay in preferring claims**

On shortages and damages of foodgrains transported by the Shipping Corporation of India (SCI), thirty three claims for Rs.28.79 lakhs were rejected by SCI as time-barred. They were not preferred within a period of one month from the date of discharge by the ship. Twenty five more claims for Rs.26.24 lakhs were also preferred beyond the time limit and were under correspondence with SCI (February 1991).

(Paragraph 17.4)

#### **XXVIII. Infructuous expenditure due to administrative failure**

Construction of an industrial shed at Vijaynagar, Campbell Bay at an estimated cost of Rs.11.28 lakhs commenced in April 1986, was stopped in May 1988 after the land was found to be in the prohibited zone for construction. Expenditure of Rs.3.13 lakhs proved infructuous.

(Paragraph 17.9)

#### **XXIX. Unused barges**

To overcome inadequate jetty facilities at Port Blair Harbour for berthing of ships, two self propelled cargo barges for carrying goods between the anchorage and the shore were procured in December 1989 at a cost of Rs.212.23 lakhs. In June 1986, the Administration had commenced the work of jetty improvement facilities which was completed 18 months

ahead of schedule in January 1989 at a cost of Rs.299.04 lakhs. Consequently, facilities for berthing of ships in the jetty improved and the barges became redundant, indicating failure in planning.

(Paragraph 17.10)

**XXX. Undue delay in starting a tyre retreading plant**

Andaman and Nicobar Administration procured machineries in June 1988 at a cost of Rs.2.09 lakhs for a tyre retreading plant at Ferrargurg, South Andaman. The building for the plant was completed in October 1990 at a cost of Rs.34.97 lakhs. The expenditures have still to yield benefits due to non-installation of plant. In the meanwhile 373 tyres were retreaded through private agencies at a cost of Rs.2.53 lakhs.

(Paragraph 17.11)

**XXXI. Idle tanker**

Due to non-availability of trained and qualified personnel, an oil tanker procured in December 1989 at a cost of Rs.110.46 lakhs for movement of diesel and other petroleum products from Port Blair to power houses and other oil consumers located in outer islands was not pressed into service till December 1990. Avoidable expenditure of Rs.13.27 lakhs was incurred upto February 1991 on hiring of private vessels.

(Paragraph 17.14)

## CHAPTER I

### Ministry of Health and Family Welfare

#### 1.1 Follow up on Accounts

The capital and revenue expenditure incurred in 1990-91 from out of the grants of the Ministry (Grants No.40 and No.41) amounted to Rs.157.21 crores and Rs.1344.95 crores respectively. After adjusting the recoveries, the amounts brought to account in Finance Accounts were Rs.(-)4.45 crores and Rs.1247.65 crores respectively.

The progressive capital outlay, as at 31st March 1991, on Medical, Public Health and Family Welfare services is given below under respective capital major heads of account. The outlay should generate revenues and returns to Government. The revenue expenditure and revenue receipts in 1990-91 under the corresponding revenue heads of account are given alongside. The component of outlay invested in identifiable organisations or undertakings (whether declared commercial or not), Public Sector Undertakings and Cooperatives are given below within brackets. N.A. indicates information has not been made available in the accounts, though required to be given. The Chief Accounting Authority of the Department would need to take follow up action for getting wanting information in accounts and improving returns from capital outlays and investments. He may also need to drop from the progressive capital outlay the expenditures which are not correlatable to any assets in the register of assets, physical or financial and cannot also be truly entered in the register of asset so as to rectify omissions. Action has also to be taken to declare activities identifiable as "Departmental Undertakings" and those which should make profits as "Departmental Commercial Undertakings". All Public Sector and other Undertakings, cooperatives and Departmental Commercial and non-Commercial Undertakings need to be listed in Statement No.11 of the Finance Accounts

indicating the capital invested in them and the return realised from them.

(Rupees in crores)

Serial No.	Major Head	Progressive Capital Outlay as at the end of			Revenue Expenditure 1990-91	Revenue Receipts 1990-91
		1990-91	1989-90	1988-89		
1.	2.	3.	4.	5.	6.	7.
1.	4210-Capital Outlay on Medical and Public Health	224.23	203.27	168.88	484.63 (Head 2210)	10.86 (Head 0210)
	(4210-01-103 CGHS)	(36.37)	(29.79)	(25.20)	(64.87) (Head 2210-01-103)	(3.69) (Head 0210-01-103)
	(4200-01-102 Medical Store Depot)	(185.56)	(255.99)	(307.09)	(0.04) (Head 2220-01-104)	(0.11) (Head 0200-01-104)
	(4210-01-110 Hospitals and Dispensaries)	(81.67)	(66.81)	(54.99)	(146.41) (Head 2220-01-110)	(0.87) (Head 0210-01-020)
	(4210-02 Rural Health Services)	(39.63)	(39.63)	(39.63)	(3.78) (Head 2210-03 and 04)	(0.01) (Head 0210-03)
	(4210-80-190 Investments in Public Sectors and Other Undertakings)	(0.09)	(0.09)	(0.04)	-	(NA)
	(Hospital Services Consulting Corporation)	(0.40)	(0.40)	(0.40)	-	(Nil)
	(Indian Medicine Pharmaceutical Corporation)	(0.31)	(0.31)	(0.26)	-	(NA)
2.	4211-Capital Outlay on Family Welfare	14.89	14.78	14.65	67.73 (Head 2211)	5.24 (Head 0211)
	(Hindustan Latex Ltd.)	(12.57)	(12.57)	(12.57)	-	(0.44) (for 89-90)

The loans and advances given and outstanding as at 31st March 1991, for Medical, Public Health and

Family Welfare are also given below, as indicated in statement No.15 of the Finance Accounts. The components of loan given to identifiable organisation or undertaking are given below within brackets. The interest recovered will need to be given in the statement against loans under each minor head separately, in future, in addition to the interest on loans under the major head. Against some of the loans very little or no recovery has been made in the last three years and interest recovered is also relatively meagre. In statement No.3 of Finance Accounts, Ministry/Departmentwise and loaneewise, some of the outstanding loans and interest are indicated; but information is not complete. Also the amounts of loans outstanding and amounts of instalments overdue for recovery, both need to be given in the statement, in future. The Chief Accounting Authority in the department will need to take follow up action for getting wanting information and effect recovery of instalments and interest overdue. A certificate will need to be given in the Finance Accounts in future that except for the loaneewise details given in statement No.3, all the Chief Accounting Authorities have confirmed that instalments and interest due for recovery upto 31st March of the year to which the Finance Account relates, have been recovered.

(Rupees in crores)

Serial No.	Head of Account	Amount of loan outstanding as on 31.3.91	Recoveries during			Interest recovered during		
			1990-91	1989-90	1988-89	1990-91	1989-90	1988-89
	6210-Loans for Medical and Public Health	2.35	Nil	Nil	-0.02	Nil	Nil	Nil
	6211-Loans for Family Welfare-	12.00	Nil	1.18	1.86	0.73	1.21	2.22
	190-Loans to Public Sector and other Undertakings.							

## 1.2 Adjustments to be made in Finance Accounts

In the balances at the end of 1990-91 which are reflected in the Finance Accounts the adjustment or review of the balances under the following head of account need to be made by the Chief Accounting Authority in the Ministry/Department as indicated in the remarks column.

(Rupees in thousands)

Heads of Account	Balance as at the end of				Remarks
	1990-91	1989-90	1988-89	1987-88	
8229-Development and Welfare Funds	60	60	60	60	The reasons for non-operation of this Fund for years and advisability of lapsing the balance to revenue requires consideration.
102-Development Fund for Medical and Public Health purposes.	(Cr.)	(Cr.)	(Cr.)	(Cr.)	

## 1.3 Avoidable expenditure

(i) A Hospital imported two Mimer III Skull Tables, in 1973, at a cost of Rs.10.26 lakhs each for specialised Carotid Angiography. One was transferred to an Institute of Medical Sciences, in January 1976. The other was located in the Department of Radiology in 1975. The register maintained to note repairs or maintenance details of the equipment did not have any entries, nor any evidence showing that it was ever put to use in the Department of Radiology. According to the Hospital, the equipment remained idle between 1977 and 1979 due to non-availability of trained persons and was handled by Radiographers till 1985. A post of junior Scientific officer created for operation of the equipment was not filled up till 1983; subsequently the post was abolished on the recommendations of the Staff Inspection Unit. The Hospital stated that equipment remained idle after 1985 due to defective components, spares for which were required to be imported.

In June 1988 and January 1989, the Hospital approached the Indian agent of the foreign manufacturer for repairs. The supplier indicated, in

March 1989, that the equipment was reparable and could become functional after replacement of worn out parts at an estimated cost of Rs.3.78 lakhs (exclusive of customs duty). He also stated that due to prolonged non use of the equipment, the possibility of some components going out of order on its being put to use could not be ruled out. The Hospital stated, in July 1991, that in view of the heavy expenditure involved, the proposal for repair was not favoured. With the introduction of CAT scanner, the equipment had, anyhow, become outdated.

Due to failure of management, the equipment imported at a cost of Rs.10.26 lakhs remained largely unused and the expenditure remained unfruitful.

The Ministry stated, in January 1992, that the machine was used and operated by a trained radiographer. Since the normal span of life of this machine was over, the same was to be condemned and replaced by a new one.

(ii) The Blood Bank in a Hospital imported in August 1988 an automatic Refrigerated Centrifuge Machine needed to produce locally packed red cells for transfusion of platelet rich plasma and factor eight rich plasma required in haemophilia cases. Procurement was done through the agency of Director General Supplies and Disposal (DGSD) at a cost of Rs.2.42 lakhs (US \$ 10476 fob and rupee equivalent of US \$ 2619 paid as Indian Agents' Commission in India).

The Indian agent of the foreign supplier advised the Hospital in October 1988 to arrange for power supply and voltage stabiliser essential for installation. These were provided by the Hospital only in December 1988. While installing the equipment in January 1989, it was seen that certain spare parts in the maintenance kit, ordered with the basic equipment, had not been received. The spare parts were received in June 1989 and the equipment was finally installed in March 1990.

The equipment was used on 15 occasions from September 1990 to March 1991 for preparation of packed cells. The Hospital stated (July 1991) that the equipment could not be used for preparation of other blood components as the rotor supplied with the basic equipment was sufficient for 300 ml capacity only and a bigger rotor was being purchased for the preparation of other blood products. In December 1991, the Hospital stated that the machine was not fit for preparation of factor eight rich plasma.

In the result, the imported equipment was only marginally used.

The Ministry stated, in February 1992, that it was a new concept in the field of Blood Bank Technology and due to lack of know how at the user's end and other factors including non-availability of rotor of suitable size, the machine could not be used to its full capacity and that efforts were still on to use the machine to its maximum capacity.

(iii) A Hospital imported surgical instruments costing Rs.52.91 lakhs in 1983 to meet any emergency during the Non Aligned Meet held in New Delhi in 1983. Instruments valued at Rs.42.85 lakhs are lying unutilized (July 1991). The relevant files regarding the purchase were stated to be with the Central Bureau of Investigation and were not made available to Audit. The instruments were offered (in April, September and October 1986, May and December 1987, April 1989 and January 1990) to heads of the various operation theatres but were not accepted. No offer was made to other hospitals. The Hospital stated (July 1991) that efforts were being made to use the instruments.

The Ministry stated, in March 1992, that many of the instruments had since been issued to different departments between August and October 1991 and all efforts would be made to put these instruments to optimum use.



#### 1.4 Life expired drugs and negligent issues

(i) In a Medical Store Depot, drugs worth Rs.35.83 lakhs procured as far back as 1972 were lying unused as life expired drugs.

Drugs valuing Rs.19.17 lakhs had become life expired between October 1981 and November 1990. In different categories of drugs, the stock that remained unused and life expired ranged between 41 and 96 per cent of the quantity procured.

The Depot stated (February 1991) that the provisioning period was 18 months for stable drugs and drugs having life of 3 years or more. It was 15 months for drugs with life over one year but below three years. It was 12 months for drugs with life below one year. The Manual governing the Government Medical Store Depot prescribes that drugs be purchased in such a manner that the stock at anytime does not exceed requirements for six months.

The Depot stated that the drugs which had become life expired were purchased on the basis of past consumption trends but there was fall in the demand from one State. The reply is not tenable as the requirement for six months has to be assessed taking demand changes into account and the drawal of medicines by one State declined only from 1989-90.

The Depot, further, stated (September 1991) that some of the firms had made free replacement of life expired medicines valuing Rs.3 lakhs and some more firms had also agreed to give replacement of upto 5 to 10 per cent of current supply orders.

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

(ii) In July 1986, a Medical Store Depot (MSD) despatched 510 packages containing 2,99,400 restorine capsules worth Rs.1.55 lakhs (excluding sales tax) to a Chief Medical Officer (CMO) of Central Government Health Scheme (CGHS), in a State. Life of the

medicines despatched was due to expire in November 1986 and medicines with shelf life of less than six months should not have been despatched as per standing instructions. The CMO returned the medicines in January 1988. MSD approached the supplier in July 1989 for replacement of the life expired medicines but did not succeed. No responsibility for failure to use in time, the medicines which became life expired, was fixed by MSD.

The MSD admitted in June 1991 that medicines having shelf life of slightly less than six months were despatched in view of availability of sufficient quantities in stock and in the expectation that indenter would take into stock such quantity as may be consumed before expiry of life and return the balance quantity, immediately. It was further stated that MSD had issued instructions to all medical depots requesting them to withhold payment of bills to the firm to the extent of Rs.1.65 lakhs. The system of procurement and the utilisation of medicines before expiry of life needs review and remedial action taken to remove negligence.

(iii) An MSD despatched between April and June 1987 medicines valued at Rs.4.60 lakhs in 73 boxes to a Director of Health Services (DHS) of a Union Territory though they had not been indented. The life of the medicines was due to expire between January and July 1988.

On their receipt in the Union Territory in August 1987, the medicines were sent back as they had not been indented. The MSD, however, did not take the medicines back on the ground that the details of the contents of the boxes had not been supplied. Even after furnishing of the details by the DHS, in November 1987, the medicines were not taken back by the MSD and were still (July 1991) lying in a godown of the Union Territory in the same station as the MSD. No responsibility was fixed by MSD for its lapses compounded by its action in allowing its stores to be in a godown.

The matter was referred to the Ministry; reply has not been received.

(iv) A Medical Stores Depot issued in June 1986, 4.55 lakhs Vebex tablets costing Rs.1.95 lakhs (including sales tax) to a family welfare project in a State though indent was only for 2.28 lakh tablets. The discrepancy was pointed out in Audit in April 1990. The MSD stated in July 1991 that the excess issue was through oversight. The indenter had demanded 455 pots of 500 tablets each, but by mistake 455 pots of 1000 tablets each were issued. A further voucher was sent for Rs.1.78 lakhs to the indenter in July 1990 for the excess quantity of tablets issued and also an adjustment voucher in May 1991. But the indenting Project officer was not traceable at his old address and MSD referred the matter to the Civil Surgeon-cum-Chief Medical Officer of the State in May 1991. The excess medicines or their cost is still to be recovered.

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

#### **1.5 Management failure in realising insurance claim**

The Ministry imported 318 mobile clinics in 1979-80. The vehicles were insured for the entire cost inclusive of duty at Rs.10.80 lakhs each. One vehicle received in damaged condition and beyond economic repairs was left in the Government Medical Stores Depot at Bombay. Against the claim the insurer offered (in July 1982) full payment provided the vehicle was lifted by insurer. The Ministry wanted information on type of accessories in the vehicle and whether any can be salvaged, and also the Insurer Surveyor's report. In December 1990, the relevant file was stated to be not traceable in any of the offices and the file is still not traceable (November 1991). In the result the insurance claim on the damaged vehicle i.e. Rs.10.80 lakhs remains unrealised.

The matter was referred to the Ministry in May 1991; reply has not been received (November 1991).

### **1.6 Low achievement in Training Drug Inspectors**

A scheme for training of Drug Inspectors was started in February 1972. Training programmes were conducted at Bombay and Pune, by the Central Drugs Standard Control Organisation of the Directorate of Health Services, Government of India.

During the years from 1972-73 to 1983-84, 453 Drug Inspectors and other officers were trained in 33 batches; an average of 38 trainees per year. During the last seven years (1984-91) only 129 persons were trained, average of only 18 per year. Only 10 courses were held against the target of 24. During the last seven years expenditure of Rs.11.49 lakhs was incurred on the staff deployed on training.

The Department stated (June 1991) that no targets were set for the number to be trained in each course for covering all the Inspectors. It depended on the number of trainees deputed by various States in each batch. The training of balance 227 persons out of 821 was expected to be completed during the next 5 to 6 years.

The shortfall in training during the period 1986-87 was attributed (August 1991) by the department to the fact of a Deputy Drugs Controller holding training as an additional charge and giving priority to answering writ petitions filed by manufacturers. The shortfall from 1987-88 was attributed to the post of Drugs Controller (Training) lying vacant.

No evaluation of the training programmes has been conducted, so far.

The findings were reported to the Ministry (November 1990 and August 1991); reply has not been received (November 1991).

### **1.7 Irregular purchase of drugs**

The Medical Stores Depots stocking generic and proprietary medicines procure centrally the medicines listed in Government of India Vocabulary of Medical Stores (VMS). Items not included in the VMS (NIV items) are not supplied by MSD, but are purchased locally by dispensaries.

A MSD purchased in 1986-87, 13 items of single ingredient generic drugs listed in the VMS, locally, at a cost of Rs.58.96 lakhs at rates higher than the rates at which the drugs were purchased through Director General, Supplies and Disposal or through competitive quotations for purchase of medicines under generic names. This resulted in avoidable extra expenditure of Rs.40.09 lakhs.

The MSD stated (June 1991) that it resorted to costlier purchase of NIV items locally to satisfy indentors who wanted drugs of proprietary trade names even when the generic equivalents were available in the list of VMS. Therefore, the Depot was obliged to purchase the costlier NIV drugs demanded. The practice though in vogue was against the instructions for purchase of medicines by MSD.

The matter was referred to the Ministry in August 1990; their reply is awaited (January 1992). Similar irregularity had been mentioned in para 78 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 1988-No.1 of 1989-Union Government (Civil). The Ministry have not intimated the rectificatory action taken thereon.

### **1.8 Dysfunctional procurement**

A quantity of 1000 portable exhibition sets were procured by the Ministry of Health and Family Welfare for use by the Field Publicity Units and mass media officers in the States and Union Territories. They were procured through the agency of the Directorate of Advertising and Visual Publicity (Directorate) of the Ministry of Information and Broadcasting. The

Directorate placed orders on two firms in August 1988. They were to supply 1000 aluminium structures, fixtures and tools (Firm 'A') and 1000 surfaces and packing cases (Firm 'B') costing Rs.22.98 lakhs and Rs.16.45 lakhs respectively. Supply was to be made within 30 days. The terms and conditions of the purchase order allowed Directorate to cancel the order or recover liquidated damages from the suppliers in the event of non adherence to time schedule.

The firms did not supply a single set within the stipulated time schedule. The Ministry decided in August 1989 that further procurement would be made through the Directorate General of Supplies and Disposals (DGSD) to an alternative design. Also the Ministry of Health and Family Welfare advised the Directorate in September 1989 to terminate the order already placed in August 1988. The Directorate instructed both the firms in September 1989 to discontinue further supplies on grounds of delay in supply. Firm 'A' had , till then, supplied 390 complete sets between October 1988 and June 1989 to the Directorate. Firm 'B' had supplied 248 packing cases and 800 surfaces in August 1989.

Out of 390 sets supplied by Firm 'A', 89 sets were defective and were replaced in February 1990. Also 410 out of 800 sets were without stands. According to the Ministry of Health and Family Welfare, their utility was doubtful.

The Directorate was advised by the Ministry of Law and Justice in March 1990 that the Directorate had the power to rescind the order, in the circumstances stated. The Directorate did not rescind the order but recovered liquidated damages amounting to Rs.2.93 lakhs.

In all, expenditure of Rs.17.11 lakhs was incurred on the purchases including part deliveries against order for Rs.39.43 lakhs.

The Ministry of Information and Broadcasting stated, in December 1991, that payment was made on recommendation of technical team of Civil Construction Wing, All India Radio. The unmatched sets were taken as delivered by Directorate despite the Health Ministry's reservation about their utility. The Ministry of Health and Family Welfare admitted, in November 1991, that Directorate had persuaded them to accept unmatched sets after getting confirmation about their possible utility from the Field Publicity Units.

The Ministry of Information and Broadcasting also stated, in December 1991 that specimen sets were approved by the Ministry of Health and Family Welfare only in December 1988, which also contributed to the delay. Since the sets were to be used for displaying exhibition posters on Family Welfare which were available in stock, it was better to have some sets than no sets at all. Despite specific inquiry by Audit (December 1991) the Ministry of Health and Family Welfare did not intimate how the unmatched sets were utilised by the Field Publicity Units.

## CHAPTER II

### Ministry of Home Affairs

#### 2.1 Follow up on Accounts

The capital and revenue expenditure incurred in 1990-91 from out of the grants of the Ministry (Grants Nos. 42 to 46) amounted to Rs.413.72 crores and Rs.2586.09 crores respectively. After adjusting the recoveries the amounts brought to account in Finance Accounts were Rs.413.70 crores and Rs.2573.46 crores respectively.

Some of the significant expenditures incurred in 1990-91 from the above grants under identifiable major heads of account, along with corresponding figures for the preceding two years and receipts under corresponding receipt heads of account are given below:

		(Rupees in crores)		
Serial No.	Expenditure	1990-91	1989-90	1988-89
1.	Police (Head 2055)	1558.12	1290.68	1124.18
	(Receipts from Police-Head 0055)	(162.55)	(168.92)	(120.99)
2.	Civil Defence (Head-2070)	99.45	98.17	80.73
3.	Census (Head-3454)	103.55	31.56	23.16
4.	Border Works (Head-5054)	97.37	41.58	53.56
5.	Police Buildings (Head-4059)	121.80	86.89	39.10
6.	Police Housing (Head-4216)	13.80	10.06	10.04
7.	North Eastern Area Development (Head-4552)	119.97	88.35	70.40

The progressive capital outlay, as at 31st March 1991, on some of the services on Home Affairs is given below under respective capital major heads of account. The outlay should generate revenues and



returns to Government. The revenue expenditure and revenue receipts in 1990-91 under the corresponding revenue heads of account are given alongside. The component of outlay invested in identifiable organisations or undertakings (whether declared commercial or not), Public Sector Undertakings and Cooperatives are given below within brackets. N.A. indicates information has not been made available in the accounts, though required to be given in some cases. The Chief Accounting Authority of the Department would need to take follow up action for getting wanting information in accounts and improving returns from capital outlays and investments. He may also need to drop from the progressive capital outlay the expenditures which are not correlatable to any assets in the register of assets, physical or financial and cannot also be truly entered in the register of asset so as to rectify omissions. Action has also to be taken to declare activities identifiable as "Departmental Undertakings" and those which should make profits as "Departmental Commercial Undertakings".

(Rupees in crores)

Major Head	Progressive Capital Outlay as at the end of			Revenue Expenditure	Revenue Receipts
	-----			1990-91	1990-91
	1990-91	1989-90	1988-89		
1.	2.	3.	4.	5.	6.
4552-Capital Outlay on North Eastern Areas	662.04	542.07	453.71	12.25 (Head 2552)	NA
(4552-2801-Power)	(237.66)	(185.44)	(165.01)	(17.1) (Head 2552- 801-Hydel)	NA
(4552-2851-Village and Small Industries)	(1.00)	(1.00)	(1.00)	--	(NA)
(4552-2055-Police)	(5.24)	(4.53)	(3.79)	--	(NA)
(4552-2852-Industries)	(6.83)	(2.50)	(6.24)	--	(NA)
(4552-2435-Other Agricultural Programme)	(2.75)	(2.50)	(2.50)	--	(NA)

1.	2.	3.	4.	5.	6.
(4552-3053-Civil Aviation)	(2.00)	(0.50)	(Nil)	--	(NA)
(4552-3054-Roads and Bridges)	(399.41)	(334.41)	(268.90)	--	(NA)
(4552-3056-Inland Water Transport)	(3.13)	(3.13)	(2.85)	--	(NA)
(Mini Cement Plant Tejpur)	(6.51)	(6.41)	(6.24)	--	(NA)
(Goa Handicrafts Rural and Small Scale Industries Development Corporation)	(0.02)	(0.02)	(0.02)	--	(NA)
(North Eastern Electric Power Corporation Shillong)	(240.26)	(213.54)	(178.11)	--	(NA)
(North Eastern Handicrafts and Handloom Dev. Corporation Shillong)	(1.32)	(1.20)	(1.00)	--	(Nil)
(Economic Development Corporation)	(2.43)	(1.33)	(0.88)	--	(NA)
(NE Agriculture Marketing Corporation, Guwahati)	(2.75)	(2.50)	(2.50)	--	(NA)
(Rehabilitation Plantation Ltd., Punalur)	(1.33)	(1.33)	(1.33)	--	(0.13) (for 1988-89 and 1989-90)

The loans and advances given and outstanding as at 31st March 1991, for Home Affairs are also given below, as indicated in statement No.15 of the Finance Accounts. Very little or no recovery of loan has been made in the last three years nor interest recovered. In statement No.3 of Finance Accounts, Ministry/ Departmentwise and loaneewise, some of the outstanding loans and interest are indicated; but information is not complete. Also the amounts of loans outstanding and amounts of instalments overdue for recovery, both need to be given in the statement, in future. The Chief Accounting Authority in the department will need to take follow up action for effecting recovery of instalments and interest overdue. A certificate will need to be given in the Finance Accounts in future that except for the

loaneewise details given in statement No.3, all the Chief Accounting Authorities have confirmed that instalments and interest due for recovery upto 31st March of the year to which the Finance Account relates, have been recovered.

(Rupees in crores)

Head of Account	Amount of loan outstanding as on 31.3.91	Recoveries during			Interest recovered		
		1990-91	1989-90	1988-89	1990-91	1989-90	1988-89
6552-Loans for North Eastern Areas. 04-Loan for Power Project 194-NE Electric Power Corporation)	68.55	Nil	Nil	Nil	Nil	Nil	Nil

## 2.2 Adjustments to be made in Finance Accounts

In the balances at the end of 1990-91 which are reflected in the Finance Accounts the adjustment or review of the balances under the following heads of account need to be made by the Chief Accounting Authority in the Ministry/Department as indicated in the remarks column.

(Rupees in thousands)

Heads of Account	Balance as at the end of				Remarks
	1990-91	1989-90	1988-89	1987-88	
8443-Civil Deposits 110-Deposits of Police Funds	(-)20,71	18,81	4,18	7,49	There cannot be a minus balance under this head. The misclassified debit needs to be written back.
8443-Civil Deposits 120-Deposits of Autonomous District and Regional Funds (Assam, Meghalaya and Mizoram)	64,21	64,21	64,21	64,21	The non-movement in Funds under this head needs to be looked into by reference to objective of the Fund.

## 2.3 Unused Spares

Consequent on closure of the Dandakaranya project in July 1985, spare parts for earth moving machinery, building materials, tools and implements,

procured from 1964 onwards and remaining unutilised were disposed off, in 1989, by auction. There was a loss of Rs.173 lakhs compared to the book value of Rs.257 lakhs.

The Project Authority stated that in spite of inviting tenders several times there was no response, due to the location of the spare in interior areas and imported spare parts having become obsolete. The nature and value of stores disposed off (some details given below) indicate that poor inventory management over the years had led to the accumulation of the stores.

(a) Imported spare costing Rs.24.30 lakhs were procured between 1976 and 1982 for three caterpillars and formed 201 per cent of the cost of the machines as compared to the prescribed ceiling of 48 per cent. Spares costing Rs.0.95 lakh was transferred to a State Government. In auctioning (January 1988) the balance quantity, offer of a firm for Rs.4.50 lakhs was not accepted as the rates were considered unreasonable. On retendering, it was sold for Rs.2.30 lakhs. The Ministry stated (October 1990) that the realisation from auction was Rs.4.57 lakhs and not Rs.2.30 lakhs inclusive of forfeited security deposit of Rs.1.32 lakhs and Rs.0.95 lakh of spares transferred to a State Government which were viewed as receipts by disposal.

(b) Spare parts of Tractor, Dozer and Scraper procured between 1965 and 1976 at a cost of Rs.45.33 lakhs were never used and were disposed off between August 1988 and April 1989 for Rs.5.08 lakhs resulting in loss of Rs.40.25 lakhs. The Department stated that the spares cannot be utilised as these were for machines procured in 1960 which had become obsolete.

(c) 6076 litres of lubricants and grease valued at Rs.1.33 lakhs were neither used nor disposed of earlier. They were sold for Rs.0.50 lakh in February 1989 resulting in a loss of Rs.0.83 lakh. The project

authority stated that the fleet strength of the vehicles came down leading to the surplus.

(d) Reinforced cement concrete hume pipes and collars procured between 1983 and 1985 were disposed for Rs.2.12 lakhs resulting in a loss of Rs.3.20 lakhs. The department stated that due to closure of the project they were not used in canal works.

#### **2.4 Construction of Observation Post towers**

On 16th February 1989, the Border Security Force (BSF) issued two work orders to contractors for construction of 27 Observation Post (OP) towers at specified locations at a cost of Rs.27.63 lakhs. The sanctioned estimate for Rs.28.46 lakhs (March 1989) was revised to Rs.32.29 lakhs in July 1990. The towers were to be constructed within 67 days from the date of issue of work orders.

The entire amount required for payment to contractor was drawn by the concerned battalion on 3rd February 1989 (Rs.19.46 lakhs) and 25th March 1989 (Rs.9 lakhs) and kept in the form of banker's cheques. The amount of Rs.19.46 lakhs was drawn even before the issue of work orders. Thus, a sum of Rs.28.46 lakhs was kept outside Government account to enable utilisation of budget provision before the end of the financial year and contrary to the financial rules of the Government for drawal of funds only when required for disbursement.

Work on the towers was still (August 1991) in progress, two years after the scheduled date for completion (April 1989).

According to the BSF, delays were due to reluctance of the contractors to operate in the hostile environment, non-availability of critical items, transportation problems, etc. Out of the amount of Rs.28.46 lakhs drawn in February/March 1989, no disbursement was made before 31st March 1989, Rs.2.98 lakhs and Rs.20.98 lakhs were paid out in 1989-90 and 1990-91 respectively. As on 31st March

1991, Rs.4.50 lakhs were still lying outside Government account and were still to be disbursed.

The Ministry stated, in November 1991, that the amount of advance had since been adjusted and action was being taken to fix responsibility. The Ministry further stated that instructions had been issued to prevent recurrence of such instances and that compensation would be charged for delay in executing the contract, before settlement of the final bill and release of security deposit of contractors.

## **2.5 Avoidable extra expenditure**

The Ministry approved in March 1986 the purchase of 2000 binoculars at a price of Rs.1062.50 per piece from a foreign firm for the Border Security Force (BSF). The binoculars were received in May 1986 and issued to the units in June 1986.

Consequent to revision in scale of issue of binoculars, the Ministry approved in October 1986 purchase of 10661 more binoculars from the same source at a price of Rs.1100; i.e. increase of Rs.37.50 per piece, which was considered reasonable. The binoculars were received in January 1987.

In March 1988 the Ministry approved the purchase of 4177 more binoculars from the same supplier for Rs.1060 per piece and supply was received in June/July 1988.

Compared to the lower rate for the order in 1988, the higher rates paid for the procurement of 2000 binoculars in 1985-86 and 10661 binoculars in 1986-87 resulted in avoidable extra expenditure of Rs.4.31 lakhs.

The Ministry stated, in January 1992, that the order was placed on the same supplier in 1986-87 keeping in view the need for standardisation of equipment in the Force and taking into account the satisfactory performance of binoculars already procured and that it was not possible for the BSF to

anticipate at that point of time the subsequent drop in the price of binoculars. However, the Ministry had not invited competitive tenders nor even limited tenders. It had not also held any negotiations with the supplier for obtaining cost reduction despite the large size of the order placed in 1986-87, nor brought on record ruling prices elsewhere in the world for binoculars of comparable quality.

## **2.6 Embezzlement of Government money**

Rupees 2.35 lakhs was embezzled in the office of Director of Census Operations, Lucknow between January 1989 and June 1990 by recording fictitious payments amounting to Rs.1.51 lakhs in the cash book, remittances amounting to Rs.0.54 lakh into Bank which were not actually made and by not recording departmental receipts amounting to Rs.0.30 lakhs.

Had the Drawing and Disbursing Officer been vigilant while attesting the entries of receipts and payments in the cash book by looking into the supporting documents, the misappropriation could have been detected in time.

The Registrar General and Census Commissioner stated (September 1991) that steps were being taken to fix responsibility for the lapse, recover the amount and remedy the procedure to avoid recurrence.

The matter was reported to the Ministry in August 1991; reply has not been received (September 1991).

## CHAPTER III

### Ministry of Human Resource Development

#### 3.1 Follow up on Accounts

The capital and revenue expenditure incurred in 1990-91 from out of the grants of the Ministry (Grants Nos.47 to 50) amounted to Rs.6.16 crores and Rs.2170.76 crores respectively.

The progressive capital outlay, as at 31st March 1991, on Human Resources Development is given below under respective capital major heads of account. The outlay should generate revenues and returns to Government. The revenue expenditure and revenue receipts in 1990-91 under the corresponding revenue heads of account are given alongside. The component of outlay invested in identifiable organisations or undertakings (whether declared commercial or not), Public Sector Undertakings and Cooperatives are given below within brackets. N.A. indicates information has not been made available in the accounts. The Chief Accounting Authority of the Department would need to take follow up action for getting wanting information in accounts and improving returns from capital outlays and investments. He may also need to drop from the progressive capital outlay the expenditures which are not correlatable to any assets in the register of assets, physical or financial, and cannot also be truly entered in the register of assets so as to rectify omissions. Action has also to be taken to declare activities identifiable as "Departmental Undertakings" and those which should make profits as "Departmental Commercial Undertakings". All Public Sector and other Undertakings, Cooperatives and Departmental Commercial and non-Commercial Undertakings need to be listed in Statement No.11 of the Finance Accounts indicating the capital invested in them and the return realised from them.



(Rupees in crores)

Serial No.	Major Head	Progressive Capital Outlay as at the end of			Revenue Expenditure	Revenue Receipts
		1990-91	1989-90	1988-89	1990-91	1990-91
	4202-Capital Outlay on Education, Sports, Art and Culture	396.76	355.68	318.47	1641.03 (Heads 2202, 2203, 2204 and 2205)	13.91 (Head 0202)
	(01-203 University and Higher Education)	(12.56)	(10.77)	(9.04)	(413.48) (Head 2202-03)	(0.22) (Head 0202-01-103)
	(02-Engineering and Technical Colleges and Institutions)	(9.47)	(4.80)	(2.18)	(227.98) (Head 2203-112)	(NA)
	(03-101 Youth Hostels)	(11.45)	(8.30)	(5.09)	--	(NA)
	(04-106 Museums)	(6.14)	(5.42)	(3.50)	(28.26) (Head 2205-107)	(NA)
	(Education Consultants India Ltd.)	(1.25)	(0.75)	(0.75)	--	(0.10) (for 1988-90)

The loans and advances given and outstanding as at 31st March 1991, for Human Resources Development are also given below, as indicated in statement No.15 of the Finance Accounts. Against some of the loans very little or no recovery has been made in the last three years and interest recovered is also relatively meagre. In statement No.3 of Finance Accounts, Ministry/Departmentwise and loaneewise, some of the outstanding loans and interest are indicated; but information is not complete. Also the amounts of loans outstanding and amounts of instalments overdue for recovery, both need to be given in the statement, in future. The Chief Accounting Authority in the department will need to take follow up action for getting wanting information and effect recovery of instalments and interest overdue. A certificate will need to be given in the Finance Accounts in future that except for the loaneewise details given in statement No.3, all the Chief Accounting Authorities have confirmed that instalments and interest due for

recovery upto 31st March of the year to which the Finance Account relates, have been recovered.

(Rupees in crores)

Head of Account	Amount of loan outstanding as on 31.3.91	Recoveries during			Interest recovered during		
		1990-91	1989-90	1988-89	1990-91	1989-90	1988-89
6202-Loans for Education, Sports, Art and Culture	17.23	0.06	2.27	0.61	nil	0.07	0.33

### 3.2 Adjustments to be made in Finance Accounts

In the balances at the end of 1990-91 which are reflected in the Finance Accounts the adjustment or review of the balances under the following heads of account need to be made by the Chief Accounting Authority in the Ministry/Department as indicated in the remarks column.

(Rupees in thousands)

Serial No.	Heads of Account	Balance as at the end of			Remarks
		1990-91	1989-90	1988-89	
1.	6202-Loans for Education, Sports, Art & Culture 797-Transfer to/from Revenue Fund and Deposit Accounts	(-)12,00	(-)12,00	(-)12,00	The excess credit transferred from Fund or deposit head needs to be written back and credited to revenue.
2.	6202-Loans for Education, Sports, Art & Culture 03-Sports & Youth Services 800-Other Loans	(-)19,67	(-)19,67	(-)20,18	The excess credit by excess recovery of loan need to be taken to correct head if it is a misclassification or transferred to revenue.
3.	8229-Development and Welfare Funds 101-Development Fund for Educational purposes.	7 (Cr.)	7 (Cr.)	7 (Cr.)	The reasons for non-operation of the Fund for years and advisability of lapsing the balance to revenue requires consideration.

## Department of Education

### 3.3 National Literacy Mission

#### 3.3.1 Introduction

The National Adult Education Programme was started in 1978. It was revised and enlarged into the National Literacy Mission (NLM) launched in May 1988 with emphasis on literacy in the age group 15 to 35 years. Pedagogical advances were built into the Mission and benefit to the deprived sections of the society was aimed at. The Mission aimed at imparting functional literacy to 80 million illiterate persons in the age group of 15 to 35 years; 30 million by 1990 and 50 million by 1995.

Changes were effected in other connected programmes which were used in the Mission. Accordingly, the Rural Functional Literacy Projects (RFLP), the scheme for assistance to voluntary agencies, scheme for strengthening of administrative infrastructure, the Shramik Vidyapeeths (SVPs) and the State Resource Centres (SRCs) were re-organised. The scheme of Post-Literacy and Continuing Education (PLCE) was institutionalised by setting up Jana-Shikshan Nilayams (JSNs). The Mass Programme of Functional Literacy (MPFL) was expanded and a new scheme of Technology Demonstration was introduced.

#### 3.3.2 Scope of Audit

This review in audit covers the expenditure on the National Adult Education Programme and its successor the National Literacy Mission (NLM) during the years 1985-86 to 1989-90.

#### 3.3.3 Organisational setup

Under the Department of Education of Government of India a National Board of Adult Education was set up in 1977 to advise on policies and it was replaced by the National Literacy Mission Authority (NLMA) in June 1988. At the State level, the State Boards of

Adult Education were advised by Steering Committees. After NLM was launched, the State Directors of Adult Education took over the functions of NLM in the respective States. At the district level, the Adult Education Centres (Centre) under the charge of instructors with an average enrolment of 30 learners and a supervisor to oversee the work of 30 centres were operating till NLM became operational. Thereafter, the supervisor was redesignated as prerak, to oversee about 8-10 Centres. A project with 100 to 300 Centres in a compact area was placed under a Project Officer (PO). The Project Officers, the Assistant Project Officers (APO), Supervisors, Preraks and instructors were to be trained for prescribed periods under NLM.

#### 3.3.4 *Highlights*

- The original outlay of Rs.130 crores on National Adult Education Programme in the Central sector of the Plan (1985-90) went upto Rs. 366 crores in the budgets for the five years, consequent upon launching of the expanded National Literacy Mission (NLM) in May 1988. While the average annual expenditure during 1988-90 after launching of NLM went upto Rs.89 crores from Rs.49 crores during 1985-88, the average number of persons rendered literate per year declined from 49 lakhs during 1985-88 to 44 lakhs in 1988-90. Only 133 lakh adult illiterates were rendered literate during 1987-90 against a target of 300 lakhs. Under the Rural Functional Literacy Project (RFLP) which was the main component of the original National Adult Education Programme (which became part of NLM), only 135 lakh persons were rendered literate out of 181.80 lakhs illiterates enrolled. (Paragraphs 3.3.1, 3.3.5, 3.3.6 and 3.3.7)
- Mass programme of functional literacy through involvement of student volunteers apparently was the most cost effective. (Paragraphs 3.3.3, 3.3.6, 3.3.8 and 3.3.11)

- Key posts of Project Officers and Assistant Project Officers remained vacant. The functionaries of RFLPs and Adult Education Centres were not trained at all or were trained for significantly lower periods than necessary. Payment of honorarium to instructors was delayed upto 31 months in some cases. Cases of non-payment of honorarium were also noticed. Supply of teaching and learning materials to the Centres and learners was unsatisfactory in 16 States. In six States, teaching materials valued at Rs.19.81 lakhs, purchased during 1985-90 had not been supplied to the Centres. The literacy classes were closed prematurely at 12364 Centres in 14 States. The attendance of learners was poor in several States and records of attendance in several Centres gave indications that they were not reliable. Jeeps intended for use of the RFLPs were diverted in three States for other purposes. (Paragraph 3.3.7)
  
- Out of Rs. 18.99 crores paid during 1987-90 as grants to 14 States for post literacy and continuing education through Jana Shikshan Nilayams (JSNs), Rs. 7.23 crores remained unutilised; the reported utilisation in five States included Rs.2.96 crores not spent and kept in banks outside Government account. Against 16351 JSNs sanctioned upto March 1990, only 11691 JSNs were established in 19 States. The number and details of neo-literates enrolled into JSNs to prevent relapse into illiteracy were not made available to Audit in several States during test check. (Paragraph 3.3.8)
  
- Utilisation Certificates for grants amounting Rs.35.34 crores given to voluntary agencies during 1985-90 had not been obtained. According to evaluation reports in 140 out of 406 voluntary agencies, performance needed improvement, 77 agencies were considered to be not capable of undertaking the literacy programme and performance of 86 agencies (grant

paid Rs.142.84 lakhs) were categorised to be wholly unsatisfactory or their bonafides doubtful. After receiving the first instalments of grants amounting to Rs.223.06 lakhs during 1985-90, 70 voluntary agencies did not apply for or were not paid the second instalment of grant. Data on the achievement of literacy using voluntary agencies was not available in six States. Several cases of irregular expenditure and shortcomings in implementation of programme by voluntary agencies were noticed. In six States the supply of teaching and learning materials by the Voluntary State Resource Centres (VSRCs) was delayed or were inadequate to meet the needs. Achievement of targets for training of functionaries of RFLPs and Adult Education Centres in the SRCs run by voluntary agencies fell short by upto 26 per cent during 1985-90. The period of training was also significantly less than the prescribed period of 21 days. (Paragraph 3.3.9)

- The number of programmes organised by the Shramik Vidyapeeths in 1985-90 fell short of the target by 26 to 50 per cent during 1985-90. The Shramik Vidyapeeths had not conducted systematic surveys to identify the educational needs of the target group. (Paragraph 3.3.10)
  
- Expenditure of Rs.7.09 crores incurred upto March 1990 on the Mass Programme of Functional Literacy (MPFL) was very much less than the budget allocation of Rs.35 crores. The shortfall in achievement of target for enrolment of student volunteers ranged between 22 to 51 per cent in the case of NSS student volunteers; 27 to 79 per cent in the case of non-NSS volunteers and 72 to 92 per cent in the case of NCC volunteers. No targets for the numbers to be rendered literate through MPFL were fixed. Against expectation of 2 to 5 illiterates being rendered literate by each student volunteer, even the average enrolment (as distinguished

from numbers made literate), was 1.9 for 1986-87, 2.2 for 1987-88 and 1.1 for 1988-89 per volunteer.

The State Resource Centres including those run by voluntary agencies (SRCs) failed to supply the literacy kits to the extent required each year. Out of grants amounting to Rs.10.08 crores paid out for production of kits, utilisation certificates for Rs. 5.14 crores had not been received. No arrangements for post literacy and continuing education were made and monitoring was inadequate. Evaluation studies revealed several distortions and shortcomings in the implementation of the scheme.

A voluntary agency in Gujarat was paid Rs.17 lakhs, but its claim of rendering 5.59 lakh persons literate was not verified. Need was felt for a second phase of learning to the same learners to enable them to reach the prescribed level of literacy. Evaluation of the programme run by the voluntary agency for which Rs.136 lakhs were again paid between January 1989 and February 1990 revealed several shortcomings in implementation. The unspent balance of Rs.22.96 lakhs as on 31st March 1991 was not refunded and literacy kits costing Rs.35.10 lakhs had remained unutilised. Further, grants-in-aid of Rs.503.15 lakhs were sanctioned to the same agency and Rs.405 lakhs were released for a third phase of the Abhiyan in June 1990 and September 1991. (Paragraph 3.3.11)

- Though the Nehru Yuva Kendra Sangathan reportedly set up 17000 Centres and enrolled 5.1 lakh illiterates against a target of 16000 Centres, the Sangathan had set up only 5484 Centres by 31st March 1989 and 3540 Centres in 1989-90 and enrolled 2.66 lakh illiterates upto 1989-90. Prescribed progress reports were not furnished by the Sangathan. Against grants of Rs.842 lakhs paid to the Sangathan utilisation

certificates for Rs.557 lakhs had not been received. (Paragraph 3.3.12)

- Against the budget provision of Rs.24.17 crores for technology demonstration under NLM, only Rs.9.61 crores was spent which included Rs.5.59 crores relating to another component of NLM. Solar power packs were either supplied to ineligible centres or were not installed. Audio-video equipments supplied for installation in 25 villages in four States were either not installed at all or were not installed at appropriate locations or did not function. (Paragraph 3.3.13)
- Against a budget provision of Rs.150 lakhs for National Literacy Mission Authority for the period 1987-90, the expenditure was only Rs.25.11 lakhs. The State Literacy Mission Authorities were either not set up or were not regularly meeting in the States. (Paragraph 3.3.15)
- The prescribed quarterly and annual returns for monitoring the progress were either received very late or were not received at all by the Directorate in the Ministry from the States and several reports were overdue for receipt from 1985-86. (Paragraph 3.3.16)
- There were delays in production of audio cassettes and video films and penalties amounting to Rs.28.91 lakhs for such delays were not recovered. The cost of production of video films was determined without observing the prescribed norms.

An expenditure of Rs.18.66 lakhs incurred on establishing a studio in the Directorate proved unfruitful as the studio could not be commissioned in the absence of airconditioning. (Paragraph 3.3.18)



### 3.3.5 Financial outgo

In the Seventh Five Year Plan (1985-90) initially the outlay for adult education programme was Rs.360 crores (Rs.130 crores in the Central sector and Rs.230 crores in the State sector) and enrolment target was 8.7 crore adult illiterates. With the setting up of NLM in 1988, the outlay for the years 1987-90 was stepped up to Rs.550 crores (Rs.340 crores in the Central sector and Rs.210 crores in the State sector) but target was revised to rendering 3 crores persons literate.

The table below indicates the budget provisions made and the expenditure during the years 1985-86 to 1989-90 on adult literacy programmes:-

(Rupees in crores)		
	Budget provision	Expenditure
<b>Central sector</b>		
1985-86	65.06	43.33
1986-87	65.20	45.58
1987-88	77.78	58.89
1988-89	78.03	86.96
1989-90	80.03	91.15
<b>Total</b>	<b>366.10</b>	<b>325.91</b>
<b>State sector</b>		
1985-86	26.54	21.24
1986-87	33.61	25.44
1987-88	37.97	27.97
1988-89	41.62	40.77
1989-90	55.92	52.51
<b>Total</b>	<b>195.66</b>	<b>167.93</b>
<b>Total (Central and State)</b>	<b>561.76</b>	<b>493.84</b>

In addition Rs.16.18 crores were released by the UGC for adult literacy through colleges and universities.

The scheme-wise break-up of outlay, budget provision and expenditure in the Central sector is given below:-

(Rupees in crores)

Name of the scheme	Outlay 1985-90	Budget provision 1985-90	Total approved budget provision in the 3 years of NLM 1987-90	Expenditure 1987-90	Expenditure 1985-90	Out of Col.6 grants in aid given to State Govts. and UT's.
1.	2.	3.	4.	5.	6.	7.
1. Rural Functional Literacy Projects	78.65	192.90	117.90	120.37	183.33	182.69
2. Post Literacy and Continuing Education through JSNs	7.50	39.00	35.00	31.80	34.87	34.60
3. Strengthening of Adminis- trative Structure	8.00	14.70	10.30	14.05	19.52	19.12
4. Nehru Yuva Kendra	--	3.00	3.00	2.83	2.83*	-
5. Mass Programme for Functional Literacy	10.00	35.00	7.00	7.09	7.09	0.59
6. Technology Demonstration	--	24.17	24.17	9.61	9.61**	-
7. Assistance to voluntary agencies	21.00	41.51	26.29	40.31	54.09	-
8. National Literacy Mission Authority	--	1.50	1.50	0.25	0.25	-
9. Shramik Vidyapeeths	2.80	8.20	5.85	3.91	5.76	1.04
10. Directorate of Adult Education	2.05	6.12	4.84	6.79	8.56	-
	130.00	366.10	235.85	237.01	325.91a	238.04

\*- Excluding Rs.5.59 crores diverted from Sl.No.6.

\*\* - Including Rs.5.59 crores diverted to Sl.No.4.

Note: In addition, Rs. 10.14 crores and Rs. 16.18 crores were released by the UGC for adult literacy through colleges and Universities during 1987-90 and 1985-90 respectively.

The amounts released from the Central Sector were also expended mostly by the State Governments in respect of schemes at Sl. No. 1, 2, and 3.

State-wise break-up of outlay approved by the Planning Commission and expenditure incurred during the years 1985-90 in the State Sector is given in Appendix-I.

### 3.3.6 Achievements

The achievements were as under:-

Year	(Number in lakhs)		
	Number of persons to be rendered literate	Number enrolled	Persons rendered literate
1985-86	75.50	66.53	47.26
1986-87	83.60	81.59	54.29
1987-88	89.22	83.10	45.29
1988-89	99.13	78.07	55.09
1989-90	133.16	74.74	32.96*
Total	480.61	384.03	234.89

\* (Provisional)

During the year 1990-91 against target for rendering 173.33 lakh persons literate, the enrolment was only 91.66 lakhs.

The State-wise achievements are given in Appendix II.

While the average annual expenditure during 1988-90 after launching of NLM went up to Rs.89 crores from Rs.49 crores during 1985-88, the average number of persons rendered literate declined from 49 lakhs per year during 1985-88 to 44 lakhs per year in 1988-90. Only 133 lakh adult illiterates were rendered literate during 1987-90 against the target of 300 lakhs. The enrolment in 1988-89 and 1989-90 declined compared to the enrolment during 1987-88. Shortfalls in enrolment ranged from 30 per cent to 87 percent during the years 1986-87 to 1989-90 in the States of Goa, Gujarat, Haryana, Himachal Pradesh, Jammu and Kashmir, Manipur, Meghalaya, Orissa, Tripura, Chandigarh and Lakshadweep. The shortfall in target for rendering persons literate during the years 1985-86 to 1989-90 was 51 per cent while the shortfall in expenditure compared to the outlay was 11 per cent. At the macro level, about 235 lakh adults were rendered literate all over India during the Seventh Plan period, and expenditure of Rs.307 crores was incurred. The per capita cost in adult literacy achievement worked out to Rs.131. This would

support an assumption on attendance of only 15 illiterates on the average in the Centres (against target of 30). Out of the expenditure norm of Rs.2000 (towards 15 illiterates) per centre, the honorarium paid to the instructor of the illiterates was to be Rs.1200, the balance Rs.800 being accounted for by administrative overheads.

### 3.3.7 *Rural Functional Literacy Projects*

Farmers' Functional Literacy Project introduced in the sixties and the scheme of Non Formal Education introduced in the States' were merged into the Rural Functional Literacy Projects (RFLPs) which was introduced in 1978 and was fully funded by the Central Government. Upto the end of Sixth Five Year Plan, 513 RFLPs were sanctioned in different States with the objective of providing atleast one project in each district. Each RFLP was to consist of 100-300 Adult Education Centres (Centre) with each Centre having 30 adult learners in the age group 15 to 35 years. The Statewise distribution of the RFLPs is given in Appendix III. While the RFLP was implemented by State Governments the cost of the RFLP was borne fully by the Central Government, through grants-in-aid given to State Governments. But the States had also set up Centres under programmes financed by them for eradication of illiteracy in the rural areas. The RFLP continued as part of NLM.

(i) The table below indicates the position of grants released by the Government of India to State Governments and amounts utilised and carried forward from year to year during the years 1985-86 to 1989-90 under RFLP.

(Rupees in crores)

Year	Grants carried forward	Grants released	Total funds available	Expenditure incurred	Balance carried over to next year
1985-86	9.05	30.85	39.90	31.23	8.67
1986-87	8.67	31.87	40.54	36.54	4.00
1987-88	4.00	32.83	36.83	34.93	1.90
1988-89	1.90	45.78	47.68	40.92	6.76
1989-90	6.76	41.37	48.13	43.58	4.55
Total		182.70		187.20	

Source: (i) Grants released: as per accounts.

(ii) Expenditure: as per records of the Department.

Grants (including amounts brought forward) were not fully utilised in 26 States. Part of the grant remained unutilised in Assam (Rs.42.37 lakhs out of Rs.699.65 lakhs), Haryana, (Rs.95.82 lakhs out of Rs.501.22 lakhs), Kerala (Rs.100.00 lakhs out of Rs.617.09 lakhs), Manipur (Rs.35.89 lakhs out of Rs.234.71 lakhs), Orissa (Rs.65.39 lakhs out of Rs.870.10 lakhs), Rajasthan (Rs.77.31 lakhs out of Rs.1512.32 lakhs), West Bengal (Rs.186.83 lakhs out of Rs.873.02 lakhs) and Goa, Daman and Diu (Rs.36.75 lakhs out of Rs.56.29 lakhs). The reasons given for short-utilisation of grants included delays in sanction, delay in positioning of staff and delays in opening of Centres.

On the other hand, the expenditure exceeded the grants in six States. Major part of the excess occurred in Gujarat (Rs.38.29 lakhs excess over grant of Rs.683.90 lakhs), Maharashtra (Rs.109.07 lakhs excess over grant of Rs.1640.89 lakhs) and Uttar Pradesh (Rs.208.24 lakhs excess over grant of Rs.2658.04 lakhs).

(ii) Achievement: The table below indicates figures of enrolment and persons rendered literate under the RFLPs during the years 1985-90:-

Year	Enrolment (i n	Persons rendered literate l a k h s)	Shortfall	Percentage shortfall
1985-86	34.73	33.31	1.42	4
1986-87	38.65	30.57	8.08	21
1987-88	40.15	23.75	16.40	41
1988-89	33.65	25.26	8.39	25
1989-90	34.62	22.11	12.51	36
Total	181.80	135.00	46.80	26

The achievement of 38.65 lakhs enrolled and 30.57 lakhs rendered literate in the year 1986-87 under RFLP prior to the launching of NLM was not maintained in the years 1988-89 and 1989-90 after NLM was launched, though expenditure on RFLP went up from Rs.36.54 crores in 1986-87 to Rs.40.92 crores in 1988-89 and Rs.43.58 crores in 1989-90.

The achievement under RFLP during the years 1985-86 to 1989-90 State-wise is given in Appendix IV. The achievement against target for enrolment in the various States is summarised below:-

- Upto 25 per cent : Goa, Daman and Diu
- 26 to 50 per cent : Haryana, Himachal Pradesh, Mizoram
- 51 to 80 per cent : Andhra Pradesh, Arunachal Pradesh, Assam, Bihar, Karnataka, Madhya Pradesh, Maharashtra, Manipur, Meghalaya, Nagaland, Sikkim, Tamil Nadu, Tripura, Andaman and Nicobar Islands, Dadra and Nagar Haveli, Lakshadweep
- 81 per cent and above : Jammu and Kashmir, Orissa, Rajasthan, Uttar Pradesh, West Bengal and Delhi

In Kerala achievement of literacy was 100 per cent.

(iii) *Avoidable extra expenditure:* Following irregularities were noticed during test-check in audit:

(a) In Gujarat, a sum of Rs.21.61 lakhs was lying un-utilised with five district panchayats (March 1990).

(b) In Himachal Pradesh, during the year 1988-89, money received from Centre was also spent on adult education centres started under a programme of the State Government. The extent of such expenditure was not made available.

(c) In Kerala, the "total literacy scheme", approved by Government of India in September 1988, was introduced by the State Government in one district in January 1989, but 9000 learners in 300 centres enrolled under RFLP were shown as enrolled under the "total literacy scheme". Expenditure of Rs.10.6 lakhs was incurred in the district on the 300 Centres under RFLP.

(d) In Madhya Pradesh, a sum of Rs.125.85 lakhs, drawn from the Government of India during the year 1985-90, was still lying in civil deposit account (July 1990).

(e) In Manipur, the Project Officer of an RFLP drew a sum of Rs.1.45 lakhs on 11th January 1990, and credited the amount into his personal bank account.

(iv) *Survey:* In 16 States viz., Andhra Pradesh, Bihar, Gujarat, Haryana,, Himachal Pradesh, Jammu and Kashmir (Kashmir region), Kerala, Madhya Pradesh, Maharashtra (11 out of 30 districts), Manipur, Meghalaya, Rajasthan, Sikkim (upto 1988-89), Uttar Pradesh, West Bengal and Chandigarh, no survey was conducted for identification of the beneficiaries under the scheme.

(v) *Administrative shortcomings:* No Project Advisory Committees were constituted in the States of Bihar, Kerala, Meghalaya, Sikkim, Tamil Nadu, Uttar Pradesh and Pondicherry. In Haryana, such committees did not meet after 1986-87. In Himachal Pradesh district level boards were constituted in August 1989, but they did not hold any meetings.

Posts of Project Officers and Assistant Project Officers remained vacant in Karnataka (63 APOs in 21 out of 25 projects), Kerala (posts of APOs in 11 out of 12 projects) and Madhya Pradesh (posts of POs in 5 to 20 projects and APOs in 42 projects out of 52 projects).

In Manipur, the engagement of staff in ten categories was not in conformity with the norms prescribed and 317 posts of education workers were created between May 1987 and March 1988 at a remuneration of Rs.300 per month per worker at a cost of Rs.10.46 lakhs though there was no budget provision. 23 lower division assistants were appointed in six projects though only six were sanctioned during 1987-88. Appointment of 149 supervisors against 75 supervisors required to be appointed as per norms resulted in extra expenditure of Rs.4.32 lakhs. The State Government also engaged 77 and 48 supervisors during the years 1986-87 and 1988-89 respectively in areas where no Education Centres functioned.

In West Bengal, the State Government did not adopt the revised staff pattern and category-wise entertainment of staff against the norms fixed was not made available to Audit.

In most States, instructors, POs and APOs and other project staff were appointed in regular scales of pay though under RFLP they were to be paid only a fixed honorarium/fixed emoluments monthly for a period of 12 months. This resulted in excess expenditure of Rs. 729.65 lakhs noticed in test-check in Gujarat (Rs.3.90 lakhs), Kerala (Rs.10.20 lakhs), Madhya Pradesh (Rs.557.23 lakhs), Maharashtra



(Rs.62.15 lakhs), Punjab (Rs.16.20 lakhs), Sikkim (Rs.1.98 lakhs), Delhi (Rs.71.38 lakhs) and Pondicherry (Rs.6.61 lakhs).

(vi) *Irregular payments:* In Gujarat, Karnataka, Kerala, Madhya Pradesh, Maharashtra and Rajasthan payment of honorarium was delayed for one to 31 months. The delays were attributed to late receipt of sanction and delayed release of funds by the project officers, non-return of material issued to instructors and difficulties experienced in checking the attendance of instructors. In Karnataka and Rajasthan, honorarium was not paid or was short paid to the instructors during the years 1985 to 1990 to the extent of Rs.1.14 lakhs and Rs.2.76 lakhs respectively. In Madhya Pradesh, Rs.37.18 lakhs were advanced during the years 1985-90 to panchayats for payment to instructors in four districts, but the amounts remained undisbursed.

(vii) *Shortcomings in training:* The POs and APOs were to be given training and orientation course for 21 days. In the States of Jammu and Kashmir, Kerala, Meghalaya, Andaman and Nicobar Islands, Lakshadweep and Pondicherry, no training was imparted. In Bihar, Rajasthan, Tamil Nadu, Uttar Pradesh, West Bengal and Delhi, training was not given for the full period and many POs and APOs had not been given any training.

The supervisors and instructors were to be given training by the POs for 21 days. In Bihar, Haryana,, Himachal Pradesh, Jammu and Kashmir, Kerala, Madhya Pradesh, Meghalaya, Rajasthan, Sikkim, Tamil Nadu, West Bengal, Andaman and Nicobar Islands, Chandigarh, Delhi, Lakshadweep and Pondicherry, training was not given for the full period and many supervisors or instructors were not trained. No evaluation of the training was done in almost all the States though it was prescribed.

(viii) *Shortcomings in supply of learning materials:* In the States of Andhra Pradesh, Gujarat, Haryana,, Karnataka, Kerala, Maharashtra, Rajasthan and Uttar Pradesh, delays of one to 11 months occurred in

making supplies of learning and teaching material to the Centres. In the States of Andhra Pradesh, Bihar, Gujarat, Himachal Pradesh, Karnataka, Madhya Pradesh, Maharashtra, Manipur, Meghalaya, Rajasthan, Uttar Pradesh, West Bengal, Delhi and Pondicherry, there were also non supply or short supply of material. In the States of Bihar, Gujarat, Meghalaya, Uttar Pradesh, Chandigarh and Pondicherry learning material worth Rs.19.81 lakhs purchased during the years 1985 to March 1990 had not been supplied at all. In an action taken note given to the Public Accounts Committee in January 1988, the Ministry had stated that the States had been advised to ensure timely supply of teaching and learning materials.

(ix) *Premature closure of Centres:* The Centres were expected to function for a period of 12 months, in two phases of eight and four months. But 12,364 Centres were closed before completion of the full period of 12 months in the States and Union Territories of Andhra Pradesh, Bihar, Gujarat, Madhya Pradesh, Maharashtra, Meghalaya, Punjab, Rajasthan, Sikkim, Uttar Pradesh, West Bengal, Andaman and Nicobar Islands and Pondicherry.

The premature closure of the Centres was attributed to poor attendance, instructors leaving the job and migration of learners. In Bihar, expenditure incurred on closed Centres amounted to Rs.66.42 lakhs.

(x) *Enrolment and attendance:* Each Centre was expected to teach 30 illiterates, but attendance was only upto 50 per cent in several Centres in the three States (Bihar, Haryana, and Punjab). In Andhra Pradesh, the attendance was upto 66 per cent in 18017 out of 30705 Centres for which information was available. Attendance registers were not reliably entered in several centres in Himachal Pradesh and Pondicherry as attendance had been marked for dates like 29 to 31 of February, 31 of April and 31 of June.

Many learners left the Centres midway without completing study in States and Union Territories of Andhra Pradesh, Bihar, Haryana,, Himachal Pradesh, Kerala, Punjab and Pondicherry.

The Department stated, in January 1992, that implementation was entirely the concern of the State Governments/UT Administrations.

The contention of the Department is not tenable as being the funding as well as the nodal authority for overseeing the entire mission it was responsible for implementation and monitoring of the programme.

*(xi) Other shortcomings:*

(a) Though enrolment of illiterates was to be in the age group of 15 to 35 years, one to 45 per cent of enrolment was outside this range in States of Andhra Pradesh, Himachal Pradesh, Kerala, Meghalaya and Rajasthan. In Himachal Pradesh, 46 learners who were declared successful in 1988-89 were again enrolled in 1989-90. In Gujarat, evaluation registers containing centre-wise information on number of learners who qualified were not maintained. In Haryana, no evaluation examination was conducted in 1989-90. In Kerala though written tests were conducted at the end of the course in four districts, no reports on number of persons who participated in the tests and number declared successful, were available. Answer scripts in 284 Centres revealed that only 48 per cent (4049 out of 8520 learners) appeared in the tests and answer scripts of only 1957 were valued.

(b) Under RFLP, a jeep was permitted for each project. In Bihar, two wheelers served the purpose in 10 out of 56 projects. In Gujarat, only 7 out of 10 jeeps were in running condition (June 1990). In Himachal Pradesh, 14 jeeps purchased at a cost of Rs.16.04 lakhs were not used for RFLP. In Maharashtra, jeeps were out of order for periods ranging from 8 to 36 months. In Manipur, one car, three jeeps and two Maruti gypsies purchased at a total cost of Rs.7.26 lakhs were not used for RFLP.

In Delhi, none of the five vehicles (Rs.4.91 lakhs) procured was used for RFLP.

(c) In Andhra Pradesh, 46 out of 272 sewing machines to be given out as incentive to outstanding learners and instructors were not in working condition, and distribution of the sewing machines was also delayed for upto 5 years. 115 industrial sewing machines (cost Rs.5.75 lakhs) were without the motors and were supplied after delays of 2 to 3 years; and only 100 sewing machines had been installed. In Bihar, 1212 sewing machines (cost Rs.10.71 lakhs) were not distributed and the eligible recipients were not identified. The feasibility of distribution of the machines in the Jana Shikshan Nilayams was being considered (April 1990). In Madhya Pradesh, out of Rs.25 lakhs received in 1983-84 from Central Government for giving awards for performance in promoting literacy among women by construction of hostel-cum-training institute for instructors etc., Rs.5.25 lakhs were spent on unauthorised purposes in the years 1984-85 and 1985-86 and the balance amount was lying in a deposit account (March 1990). In Uttar Pradesh, Rs.23 lakhs was received from the Central Government for grant of awards in the shape of sewing machines, knitting machines, looms, books, projectors, and vans, but was spent on construction of a hostel-cum training institute for women.

### 3.3.8 *National Literacy Mission (NLM) and Jana Shikshan Nilayams (JSN)*

The NLM sought to institutionalise the follow-up of continuing education by opening Jana Shikshan Nilayams (JSN) at the Centres and by organising evening classes for 3 to 4 hours once a week, providing reading room and library, and by organising *charcha mandals* and training programmes of short duration. The cost of the JSNs was to be met by Central Government.

(i) Central Government released Rs.34.60 crores to the State Governments and Union Territories during the years 1985-86 to 1989-90. In 14 States, Rs.7.23

crores out of Rs.18.99 crores (38 per cent) remained unutilised; substantial savings were noticed in Himachal Pradesh (72 per cent), Madhya Pradesh (56 per cent), Manipur (79 per cent), Meghalaya (60 per cent) and Pondicherry (69 per cent). In Maharashtra the expenditure was Rs.0.26 crore in excess of the grant of Rs.1.20 crores.

The Department stated, in January 1992, that after the JSNs have been sanctioned the State Governments have to take action to identify the districts, blocks and villages where JSNs are to be located. After identifying the location for JSNs the field level agencies are advised to select Preraks and get them trained. It is generally after the Preraks have been trained that the JSNs are started. Thereafter the Adult Education Department processes the proposals for release of funds to the District Adult Education Officers in consultation with their Planning and Finance Division in the State Governments. The entire process of utilisation of funds for post literacy and continuing education is, therefore, time consuming because of which funds remain unutilised in many cases. The Department needs to streamline these procedures for expeditious operationalisation and commencement of JSNs and ensure that funds are released to the State Government commensurate with the progress in establishment of JSNs.

(ii) *Avoidable extra expenditure:* Following cases of avoidable release of funds were noticed in audit:

Bihar: Out of Rs.237.73 lakhs reported to have been utilised, only Rs.59.10 lakhs were disbursed and balance of Rs.178.63 lakhs was kept in bank outside Government account (March 1990).

Karnataka: Rupees 51 lakhs released by the State Government in March 1988 for setting up 600 JSNs, by August 1988, were disbursed to Zilla Parishads in August 1988. The amounts were kept in bank by the Zilla Parishads or by the State Directorate of Education. Rupees 1.63 lakhs were diverted for

purchasing a mini-bus in one district and Rs.0.95 lakh were spent on a paper copier machine in another district.

Maharashtra: The reported utilisation of Rs.146.16 lakhs included Rs.56.23 lakhs kept outside the Government account in banks (March 1990).

Manipur: 29 and 49 preraks were appointed for one month each in 1987-88 and 1988-89 respectively without opening any JSN. Against 18 JSNs sanctioned in January 1989, 27 preraks were appointed (9 in excess) for 6 to 7 months. The services of 26 preraks were terminated in October 1989 as the JSNs did not become operational. The expenditure on these infructuous appointments amounted to Rs.0.62 lakh.

Punjab: The reported amount utilised included a sum of Rs.6.87 lakhs kept in banks outside Government account (March 1990). Expenditure of Rs.5.72 lakhs was incurred in two districts for purchase of books, journals, furniture and sports materials but no preraks to supervise the JSNs were appointed. In another district, expenditure of Rs.3.18 lakhs was incurred in 1989-90 on books, furniture etc. but no library was set up nor were any neo-literates enrolled.

Tamil Nadu: In March 1990, the State Government retained a sum of Rs.3.50 lakhs in banks outside Government account but reflected the same as expenditure incurred under the scheme.

West Bengal: Out of Rs.23.87 lakhs released for setting up 210 JSNs in 1988-89 and 1989-90, only Rs.2.38 lakhs were spent for the activities of the JSNs.

Pondicherry: Though no JSN functioned up to end of 1989-90, expenditure of Rs.2.71 lakhs was incurred on purchase of furniture, sports articles, cycles, etc. and the materials were given to voluntary organisations, Government departments and schools for use of persons other than neo-literates.

The Department stated, in January 1992, that the question of retention of unutilised amount in banks has been taken up with the State Governments and in the sanctions to be issued now onwards, a condition is proposed to be put that the State Governments will not keep the amount in the banks. The need for conserving funds within Centre till they are needed in States requires to be considered.

(iii) *Opening of JSNs*: 60,000 JSNs were to be set up by 1990, each JSN was to cover about 10 Centres (300 learners) in four to five contiguous villages covering a population of about 5000. Against 16,351 JSNs sanctioned upto 1989-90 in 19 States, only 11,691 JSNs were set up by March 1990, (shortfall 28 percent).

No JSN was set up in Jammu and Kashmir, against 310 sanctioned. In nine other States, there were shortfalls in excess of 25 per cent and upto 71 per cent (Andhra Pradesh: 29 percent, Bihar: 71 per cent, Madhya Pradesh: 36 per cent, Manipur: 67 per cent, Meghalaya: 44 per cent, Punjab: 55 per cent, Tamil Nadu: 49 per cent, West Bengal: 63 per cent and Lakshadweep: 40 per cent).

In Gujarat, 14 JSNs were opened in two districts in January 1990 but were closed in May 1990 due to irregular supervision by the preraks. In Kerala, no JSNs were functioning in the years 1987-88. In 1988-89, 279 JSNs functioned which were continued in 1989-90; no additional JSNs were opened in 1989-90.

In Manipur, 5 JSNs were set up in Imphal city though JSNs were to be set up only in rural areas. In West Bengal, in five districts, 78 JSNs were set up in 1988-89 but 24 were not functioning.

The Department stated, in January 1992, that operationalisation of JSNs was delayed because of various lengthy processes involved. The Department attributed the non-operationalisation of JSNs in Kerala, Goa and Pondicherry to their plan for Total Literacy campaign and start of JSNs only on

conclusion of Total Literacy campaigns. The Department's reply only indicated the need for better coordination and planning.

(iv) *Shortcomings in administration of classes:* Records relating to post-literacy classes conducted at the Centres were not available during test-check in audit in Andhra Pradesh and Karnataka. Survey to identify neo-literates was not conducted in Himachal Pradesh and West Bengal, and such survey had been conducted only in nine out of 30 districts in Maharashtra. Neo-literates were not enrolled in the JSNs in Himachal Pradesh and Sikkim. In Gujarat, out of 24,840 persons who successfully completed literacy classes in Centres in three districts, only 14,645 persons (59 per cent) were enrolled for post literacy follow-up in JSNs.

In Kerala, 26286 persons were enrolled in 279 JSNs (less than 100 per JSN). No record of attendance was available in 7 out of 8 blocks test-checked in audit. In the remaining block, the attendance ranged between 8 and 37 per cent of the enrolled. The poor attendance was attributed to enrolment of the same learners under another scheme called total literacy scheme, conducted by a voluntary agency.

In Tamil Nadu, in four projects, test-checked in audit, posts of preraks remained vacant for periods ranging from 2 to 12 months.

In Uttar Pradesh, data on number of beneficiaries enrolled in the JSNs was not available in the State Directorate of Adult Education. Test-check of one project revealed that out of 26053 neo-literates, only 2180 (8 per cent) were enrolled in the JSNs.

In Gujarat, the JSNs did not hold *charcha mandals* or impart training in suitable trades. In Karnataka, no records of such activities were available in five out of eight projects test-checked. In Manipur, *charcha mandal* and other such activities were not undertaken in the year 1989-90.



The Department stated, in January 1992, that it was not necessary that all the neo-literates would come to the JSN regularly. It further stated that neo literates in an area were not able to benefit regularly from the JSN on account of long distance for travel. JSNs were not there in every village and different strategies are now being tried out in areas which are covered by the Total Literacy Campaign.

(v) *Shortcomings in supply of reading materials:* The JSNs were to be supplied books and writing material for conducting the post literacy classes, books and newspapers to run a library in reading room, material for organising sports and other activities. Test check in Audit revealed that in Andhra Pradesh, Gujarat, Kerala, Punjab, Sikkim, Tamil Nadu and Uttar Pradesh, reading and sports materials were not supplied or were supplied late or inadequately to the JSNs.

(vi) *Shortcomings in giving training under the scheme:* The preraks were to be provided initial training for 21 days and refresher training for 10 to 11 days each year. No training was imparted to Preraks in Himachal Pradesh and Punjab. In Maharashtra out of 1713 preraks, only 413 were given initial training, thereafter no training was given to them. In Sikkim Preraks appointed in 1987-88 only were given training for 7 days. In Manipur no information on training was available with the State Directorate of Education.

The Department stated, in January 1992, that at the beginning of the scheme of Post Literacy through JSN, there were difficulties in various aspects including training and that the State Governments and the State Resource Centres had been advised to ensure that the Preraks were trained in time.

### 3.3.9 *Assistance to voluntary agencies*

Voluntary agencies, engaged in adult literacy work were eligible to get assistance to cover 75 per cent of their administrative cost and 100 per cent of

the programme cost. The number of voluntary agencies which were given assistance by the Department and the amount of grants paid to them during the years 1985-86 to 1989-90 are given below:

Year	Number of States	Number of Voluntary Agencies	Grants released (Rupees in crores)
1985-86	18	368	5.71
1986-87	19	383	6.93
1987-88	18	301	7.34
1988-89	17	347	12.44
1989-90	18	498	17.33
Total			49.75

In addition, Rs.4.35 crores were paid to the Voluntary State Resource Centres (SRCs) i.e. SRCs run by voluntary agencies during the same period.

(i) In the absence of data with the Government on number of persons rendered literate by each of the voluntary agencies, it is not possible to compute the per capita cost of rendering persons literates under this programme.

Assessment of achievement could not be made as the Department of Education could not furnish to Audit all utilisation certificates. Even information on the number of voluntary agencies given grants and amounts for which utilisation certificates were not received could not be furnished. From the Register of Grants-in-aid it was seen that utilisation certificates for Rs.35.34 crores of grants released to the voluntary agencies and SRCs during the years 1985-86 to 1989-90 had apparently not been received (September 1991).

Year	Number of sanctions	Amount (Rupees in crores)
1985-86	274	2.03
1986-87	336	2.61
1987-88	200	3.50
1988-89	308	8.04
1989-90	587	19.16
Total	1705	35.34

Grants were continued to be paid to 25 voluntary agencies in subsequent years even though utilisation certificates for earlier years were not received. Only ten voluntary agencies (who were given grants in 1985-86 amounting to Rs.3.81 lakhs) were not given further grants because utilisation certificates had not been received.

(ii) *Evaluation of performance:* During the years 1985-90, the Departmental teams evaluated the performance of 406 voluntary agencies. The performance of only 41 agencies (10 per cent) was found to be satisfactory. Performance of 140 agencies (34 per cent) needed improvement and 62 agencies (15 per cent) implemented the programme sincerely but with shortcomings. The Department stated (October 1991) that workshops were organised to improve performance. 77 voluntary agencies (19 per cent) were found to be incapable of continuing the programme and the department decided not to give further grants to them. Information on settlement of accounts for past grants is awaited (October 1991). Performance of 86 voluntary agencies (21 per cent: grant paid Rs.142.84 lakhs) was found to be unsatisfactory or their *bonafides* were found to be doubtful. The Department stated, in January 1992, that notices for refund of grants had been issued to them and recovery was being pursued. Legal action had been initiated to sue them in the court of law and their names had been sent to the Ministry of Home Affairs with the request that their names be brought to the notice of all Departments so as not to give them any grant.

(iii) *Loopholes in system:* Grants to voluntary agencies were released in two instalments; the second one being released on receipt of recommendations from the State Government that the literacy project was running satisfactorily in an approved area and further release was justified. But the second instalment of grant was not asked for by 21 voluntary agencies in Gujarat, 49 agencies in Rajasthan and 191 agencies in Uttar Pradesh. The amount of first

instalments paid to the 70 voluntary agencies in Gujarat and Rajasthan amounted to Rs.223.06 lakhs.

The Department stated, in January 1992, that the condition for obtaining the recommendations of the State Governments for release of second instalments was dispensed with from 1987-88 and voluntary agencies were only required to send their requirements for release of second instalment to the State Governments for their opinion. The reply was silent on action taken to check capability and bonafides before release of first instalment.

Voluntary agencies are required to maintain records of assets acquired out of the grant. Assets of agencies which closed down were to revert to Government. Twelve agencies in Gujarat and 26 agencies in Karnataka did not return the assets acquired out of the grants on their closure. In Tamil Nadu, only one out of 15 voluntary agencies whose records were test-checked in audit furnished record of assets created out of grants; seven did not maintain any asset register at all.

Voluntary agencies were required to furnish Annual Project Report and final accounts duly certified by Chartered Accountant to the Department after termination of project. Twelve agencies (amount paid Rs.74.54 lakhs) which terminated their projects between December 1990 and October 1991 and 13 agencies (amount paid Rs.69.29 lakhs) which terminated their projects between March 1989 and October 1991 failed to furnish Annual Project Reports and audited accounts to the Ministry (February 1992). Eight agencies which completed their projects from July 1989 to June 1991 did not refund the unspent balance of Rs.6.06 lakhs (February 1992).

Performance achievement by all the voluntary agencies was not available with the State Governments in Andhra Pradesh, Bihar, Manipur, Nagaland, Rajasthan and Delhi although payments of grants was recommended by the concerned State Governments. But from the records coming to notice of Audit during

test check in the Ministry and State Governments, following facts were revealed.

(a) In Andhra Pradesh, 56 voluntary agencies received grants amounting to Rs.174.85 lakhs in 1988-89 to run 4060 Centres. Only 24 agencies opened 2200 Centres. Evaluation of 47 out of the 56 voluntary agencies was done in December 1989 by a Joint Evaluation team constituted by Government of India. Performance of six agencies was considered unsatisfactory. Although, Department of Central Government ordered in January 1990 recovery of the grant of Rs.5.66 lakhs paid to four agencies and unspent balances lying with the other two agencies, no recovery had been made (August 1990).

In March 1989, grant of Rs.11.40 lakhs was paid to a voluntary agency to run 360 Centres in 27 mandals, even before a formal application indicating area of operation was received, examined and accepted. Later it was noticed that 19 out of the 42 mandals in the district were already covered by two Government agencies and another voluntary organisation. The agency was not prepared to organise the Centres in the remaining 23 mandals on the ground that it was not given a free hand. No steps were taken to recover the grant from the agency. The Department allowed the agency, in January 1990, to divert the grant for running a different project viz. Indian Literacy Project where Central Government contribution was limited to 29 per cent of the total expenditure. No information was available on utilisation (August 1990). The Department stated, in January 1992, that the agency would not be able to implement the proposed project and as such it had been requested in December 1991 to refund the entire grant of Rs.11.40 lakhs with interest at the rate of 6 percent per annum. Refund was awaited. The facts of the case and the reply of the Department are indicative of the inadequate scrutiny of the applications of voluntary agencies prior to sanction of financial assistance.

The same agency was also paid a grant of Rs.5.94 lakhs in May 1989 to hold a national convention of voluntary agencies, vice- chancellors and NSS co-ordinators. Unspent amount of Rs.0.93 lakh out of this grant has not been recovered (August 1990).

(b) In Bihar, the State Government conducted an inquiry, in June 1990, into the working of a voluntary agency which had received Rs.6.05 lakhs as grants during the years 1985-86 to 1989-90 for running 100 centres. Inquiry showed that attendance was taken in the centres only once or twice a month, on the basis of which 100 per cent attendance of learners was reported. Supply of reading and writing materials was short of requirements. Even after expiry of seven months, the learners could not write their names. Their work books were blank. In some centres, attendances were marked upto February 1990 though they had been closed down in November 1989.

(c) In Gujarat, a grant of Rs.0.39 lakh out of total sanctioned grant of Rs.0.51 lakh was paid to a voluntary agency in January 1987 for a nucleus project for promotion of adult education through adult literacy classes, post literacy classes, non-formal education, exhibitions, teaching of handicrafts etc. Progress report and final accounts were not received though the project was scheduled to close by December 1988. It was admitted by the Department that the staff of agency was serving more as secretariat for its day to day activities rather than being engaged on the specific project for which grant was released. The Department paid additional grants of Rs.4.41 lakhs in October 1988 and Rs.3.75 lakhs in June 1989 to the agency for running adult education centres without ascertaining utilisation of grant paid in January 1987.

In another case Rs.1.20 lakhs was paid as first instalment against sanctioned grant of Rs.2.47 lakhs to a voluntary agency during 1988-89 for running a project of 60 Centres. A scrutiny of the report on the Project which was completed in July 1989 revealed

that it opened only 45 Centres, 15 of which were closed prematurely. Against the target of 1800 learners, it enrolled 857 adults and only 278 were rendered literate.

(d) In Karnataka a grant of Rs.4.39 lakhs was sanctioned to one agency in 1988-89 and Rs.3.20 lakhs were released for implementing a project of 100 Centres in Chikmangalur. The District Adult Education Officer, Chikmangalur reported, in January 1989 that the majority of centres run by the agency were not functioning and Government sponsored RFLP Scheme was operating in Chikmangalur taluka which aimed at covering all the illiterates of the taluka by 1995. Release of Rs.3.20 lakhs to this agency thus resulted in duplication of effort and proved infructuous.

The Department released Rs.3.20 lakhs against sanction of Rs.4.38 lakhs to another agency during 1988-89, for activity which was to commence from 1st April 1988. The agency failed to furnish audited accounts and Annual Project Report. According to the Directorate of Mass Education, Bangalore (May 1990) the agency was not at all committed to adult education programme and there were a lot of deficiencies in the implementation of the programme.

(e) In Kerala a grant of Rs.6.77 lakhs was paid to a voluntary agency for setting up 5000 Centres (each of 30 learners) in 1000 wards of the district. The agency opened 16000 Centres enrolling only 10 learners per centre. Test check of records of 100 Centres in audit revealed that 34 Centres had less than 5 learners and 51 Centres had 5 to 10 learners only.

(f) In Madhya Pradesh, Rs.7.34 lakhs were paid to a voluntary agency out of sanctioned grant of Rs.11.30 lakhs during 1989-90 and 1990-91. Progress reports furnished by the agency in October 1990 revealed that its area of operation was Bilaspur Block which was covered by the Total Literacy Campaign for which the Department had separately paid grants of Rs.148.86 lakhs during 1989-90. The second instalment of

Rs.1.27 lakhs was released in March 1991 without insisting upon the submission of accounts of expenditure for the first instalment. As per the audited accounts for March 1990 submitted by the agency in August 1991 the agency had kept Rs. one lakh in fixed deposits; notwithstanding this, the department released further amount of Rs.3.07 lakhs to the agency in September 1991.

(g) In Maharashtra Rs.42.42 lakhs, Rs.74.86 lakhs, Rs.16.68 lakhs, Rs.64.27 lakhs and Rs.28.45 lakhs were paid in the 5 years 1985-90 to 52, 58, 23, 36 and 17 agencies respectively. The number of Centres run by them decreased from 2480 in 1987-88 to 870 in 1988-89 and was only 1085 in 1989-90. The number of illiterates enrolled came down from 76371 in 1987-88 to 28272 in 1988-89 and to 67 per cent of the 1987-88 level in 1989-90 (51429). The percentage of illiterates completing the course successfully came down from 72 in 1987-88 and 1988-89 to 34 in 1989-90.

Test check of records showed that attendance had been checked by supervisors on dates when the Centres did not function. Attendance registers were not there in certain Centres. Numbers of learners present on the dates the supervisors checked were less than the numbers marked as present in the attendance register. Some adult learners were shown as present in more than one centre or continued to be learners in another centre, even after successfully completing course in one centre. Adult learners above 35 years and upto 50 years of age were also enrolled. Persons already literate were enrolled as illiterates.

(h) In Rajasthan, the performance of 11 out of 20 voluntary agencies working in the State was reported to be unsatisfactory. Eight agencies in two districts were paid the first instalments of grants amounting to Rs.5.03 lakhs in 1986-87. Their performance was found by Government to be below standards. Seven agencies had misutilised sums amounting to Rs.4.20 lakhs paid to them.



The Department stated, in January 1992, that out of 18 voluntary agencies evaluated during 1987-88 performance of 9 was found unsatisfactory and their grant had been stopped. Out of these 9 voluntary agencies, 7 had been served notices for recovery of grant.

(j) In Tamil Nadu, in two districts, 14 Centres run by voluntary agencies were closed after they had functioned for 5 to 8 months and for the balance period, new centres were opened by them. In none of the Centres, full literacy course was conducted. There were delays ranging from 2 to 3 months in supply of learning and teaching materials.

Payment of honorarium to instructors was delayed due to delay in release of Government grant. Record of visits by preraks were not kept in six agencies. One voluntary agency, to which the first instalment of grant of Rs.2.80 lakhs was paid in February 1990 had not set up the Centres (June 1990).

In the case of another agency, the second instalment of grant was not paid after release of the first instalment of Rs.1.62 lakhs out of the total grant of Rs.2.10 lakhs in January 1991 in view of the deficiencies in the implementation of the programme and maintenance of accounts pointed out by the State Director of Non-Formal Education.

One voluntary agency entrusted with the task of organising mobilisation meetings in 21 blocks under NLM, did not organise such meetings. It did not also prepare films, posters and publicity materials required.

(k) In Uttar Pradesh, the State Government had no information on submission of audited accounts and utilisation certificates by 405 voluntary agencies which were paid grants amounting to Rs.666.79 lakhs during 1985-86 to 1989-90. Three voluntary agencies in one district to which first instalments of grant of Rs.3.08 lakhs were paid in 1989-90 misutilised the

grant; complaints were lodged with the police in January and April 1990. Further reports were awaited.

(l) In West Bengal, the State Government had no information on the extent of participation by voluntary agencies in the literacy programme. One voluntary agency was paid a grant of Rs.2 lakhs in 1986-87 and Rs.3.20 lakhs in 1988-89 for running the Centres. Against 3111 learners enrolled in 1986-87 and 3147 in 1988-89, the successful persons numbered only 1754 in 1986-87 (56 per cent) and 1740 in 1988-89 (55 per cent).

(m) In Delhi, grants amounting to Rs.237.62 lakhs were paid to 99 voluntary agencies during the years 1985-90. The Delhi Administration was to oversee the functioning of these agencies. But it had no information on their activities. 34 agencies were paid grants amounting to Rs.71.64 lakhs during 1985-90, but 14 of them were categorised as agencies of doubtful bonafides by the joint evaluation teams. Grants amounting to Rs.45.98 lakhs were recoverable. Two agencies diverted grants amounting to Rs.4.09 lakhs to inadmissible purposes but no recovery was made.

The Department stated, in January 1992, that necessary action arising out of the evaluation had been initiated.

(n) In Pondicherry, the first instalment of Rs.71 lakhs (Rs.35 lakhs in November 1989 and Rs.36 lakhs in August 1990) was paid to one voluntary agency out of the total approved grant of Rs.81.66 lakhs. It was for imparting literacy to 1.5 lakh illiterates through 15000 volunteers who were to be trained for three days each by 300 resource persons. The literacy mission was planned to be completed in 3 months (against the normal period of 8 months in the first phase). Survey revealed that the illiterates to be enrolled were only 1.01 lakh though grant was based on 1.50 lakh illiterates. On a proportionate basis, the grant stood overpaid to the extent of Rs.16.02 lakhs. The agency had spent Rs.0.41 lakh out of

Government grant on purchase of two motor cycles and paid a compensation of Rs.1.16 lakhs to a party involved in an accident with the agency's vehicle. For training the volunteers, one project was held in March 1991 but in two other regions, they were due to be completed only in May 1991 and July 1991.

The Department stated, in January 1992, that necessary follow up action had been initiated in cases pertaining to Andhra Pradesh, Bihar, Manipur, Nagaland, Rajasthan and Delhi. It further stated that it had been decided to shift the strategy from 'Centre-based' to total literacy in a specified area as the Centre-based approach suffered from shortcomings.

(iv) *Voluntary State Resource Centres*: Some voluntary agencies in the States were used as State Resource Centres from 1976-77 for performing the following functions:

- (a) preparation of teaching and learning materials,
- (b) preparation of training material viz., teacher guides and teaching aids, etc. and
- (c) organisation of training programmes for trainers.

The expenditure on the Voluntary State Resource Centres (VSRCs) was to be borne in the ratio of 80:15:5 by the Central Government, State Government and the voluntary agency. Grants amounting to Rs.435.49 lakhs were given to the State Resource Centres during the years 1985-86 to 1989-90 by the Central Government.

In Andhra Pradesh, Literacy House of Andhra Mahila Sabha, which functioned as VSRC, did not supply even by August 1990 a new integrated primer for use in Centres though they were required from the beginning of 1990-91.

In Gujarat, for use of 20.29 lakh learners under RFLP and SAEP during the years 1985-86 to 1989-90, the SRC supplied only 9.62 lakh primers. Learners' books and teachers' books were not produced and supplied, but expenditure of Rs.3.30 lakhs was incurred on design of books, honorarium, field tests etc., (August 1990). Only 27920 instructor guides were supplied against the requirement of 46744. The shortfalls in supply were attributed to failure of officers responsible for running the Centres at different levels to collect material from the VSRC.

In Karnataka, delays in supply of books to the Centres by the VSRC ranged from one to six months. The delay was attributed to delayed payments and consequential delays in printing. No stock account was kept by the VSRC of the books printed and supplied. Supplies as per accounts exceeded available stock at certain times. No physical verification of stock was conducted by the VSRC.

In Maharashtra, the State Government directed (August 1986) that purchase of teaching and learning materials be done only from the VSRC. It was seen in audit that purchases valuing Rs.4.27 lakhs were made from private parties in four districts.

In Manipur, no action plan was formulated by the VSRC for preparation and distribution of teaching and learning materials. No study on the learning and training materials was conducted till June 1990. The VSRC distributed only 3000 copies each of 5 pamphlets as training materials to 5559 Centres and 247 JSNs.

In Uttar Pradesh, against the requirement of 4.77 lakh books in 1988-89, the VSRC supplied only 4.09 lakh books, 0.74 lakh books were supplied in 1988-89, two months after start of the session.

Progress in training conducted by VSRCs is given below:

Trainee	Men-in position	Persons trained	Shortfall	Percentage shortfall
DAEOs	291	215	76	26
POs	982	872	110	11
APOs	698	560	138	20
Supervisors	6154	5252	902	15
Preraks	10771	7933	2838	26
	18896	14832	4064	22
Instructors:				
RFLP	89387	78929	10458	12
SAEP	76477	71716	4761	6
VAs	14228	13486	742	5
NYKS	3895	3797	98	3
	183987	167928	16059	9

In Gujarat, the VSRC trained on an average only 18 POs and APOs and 108 supervisors and preraks though 81 POs and APOs and 430 supervisors and preraks were in position. Shortfall in training was attributed to failure of DAEOs to sponsor candidates for training.

In Karnataka, the VSRC did not conduct any training programme for DAEOs and APOs during the years 1985-86 to 1987-88 and for supervisors during the year 1988-89 due to administrative constraints.

In Madhya Pradesh, the programme was to train all adult education functionaries by March 1990. The VSRC trained only 550 (89 percent) out of 615 supervisors and preraks and 8367 (44 percent) out of 18990 instructors. The training was imparted to them for only 2 to 5 days against 21 days prescribed.

### 3.3.10 Shramik Vidyapeeth

The scheme of Shramik Vidyapeeth (SVP) was initiated in 1967 with a view to provide education in occupational skills to urban and industrial workers and their families. Under NLM, the scope of the scheme was enlarged to include educational needs of

workers in urban and rural areas. SVPs were to be organised as autonomous organisations by universities, State Governments and voluntary agencies financed by grants-in-aid from the Central Government.

(i) As on 31st March 1990, 40 SVPs had been established in various industrial cities and towns, of which only 36 were reported to be working effectively; SVPs established at Jammu, Rajkot, Ranchi and Varanasi were closed down in 1987-88 as they became dysfunctional. The SVP at Delhi, was established by Government and is run by it. No new SVP had been established in rural areas after NLM was launched.

The Department stated, in January 1992, that the SVP at Jammu had since started functioning.

The budget provision, grants released and expenditure incurred during the years 1985-86 to 1989-90 were as under:-

(Rupees in lakhs)				
Year	Number of SVPs	Budget estimates	Grants released	Expenditure incurred by SVPs
1985-86	37	91.20	97.18	90.17
1986-87	35	144.75	88.18	110.83
1987-88	36	205.56	118.34	95.93
1988-89	36	176.80	116.80	116.93
1989-90	36	202.00	155.82	127.57
		820.31	576.32	541.43

The Department stated (May 1991) that the savings in budget were due to vacancies at different levels in SVPs during the respective years.

The Department had not so far (August 1991) received utilisation certificates for 2 grants amounting to Rs.1.78 lakhs given in 1987-88, one given in 1988-89 for Rs.2 lakhs and 24 grants given in 1989-90 for Rs.25.91 lakhs.

On an average, the SVPs were to organise 156 programmes annually; however, the number of programmes conducted by them during 1985-90 fell short of the target as indicated below:-

Year	Number of SVPs	Target number of programmes	Number of programmes organised	Short-fall	Percentage of short-fall	Number of beneficiaries
1985-86	40	6240	3131	3109	50	71708
1986-87	40	6240	4589	1651	26	90797
1987-88	36	5616	3730	1886	34	73411
1988-89	36	5616	3455	2161	38	69113
1989-90	10	1560	910	650	42	17596
Total			15815			322625

Per capita cost of imparting literacy would work out to Rs.168 under this programme.

The Department stated, in January 1992, that the fall in number of programmes was mainly due to stress on quality/technical training programmes of reasonably longer duration instead of programmes of short duration.

(ii) *Avoidable extra expenditure:* In Bihar there were two SVPs at the beginning of 1984-85. The one at Ranchi received grants to the extent of Rs.4.18 lakhs during the years 1985-87. No information on the utilisation of the grant was available; the SVP had ceased functioning. The other SVP at Jamshedpur did not conduct any survey to identify and ascertain the educational needs of different categories of labour population.

In Haryana,, no survey to identify and ascertain the educational needs of different categories of labour population was conducted. Only Rs.0.03 lakh out of the total expenditure of Rs.19.85 lakhs was spent on educational activities. No evaluation of the work and activities of the SVP was undertaken since its establishment in 1982.

In Karnataka, the SVPs had not regularly conducted surveys for identifying target groups, preparing socio-economic profile and finalising nature of programme to be conducted.

In Maharashtra, grants amounting to Rs.96.85 lakhs were paid to five SVPs and expenditure of Rs.70.98 lakhs was incurred. Only the SVP at Nagpur had fixed target of 2528 programmes and conducted 738 programmes (29 per cent) during the years 1985-90. A Centre started by SVP at Nagpur in April 1989 was closed in August 1989 due to poor response.

In Tamil Nadu, accrual of benefits (securing employment or becoming self employed) was ascertained only in respect of 976 out of 41836 individuals trained by SVPs during the years 1985-86 to 1989-90.

In Uttar Pradesh, two SVPs at Kanpur and Lucknow incurred expenditure of Rs.33.87 lakhs in the years 1985-86 to 1989-90. The SVP at Lucknow established in 1985 compiled profile of workers in the city only, by July 1988. The SVP trained 51 resource persons during 1986-87, 1988-89 and 1989-90 of whom 18 only were available for imparting training to workers. The SVP enrolled only 619 learners under Adult education programme.

In Chandigarh, one SVP was functioning in the Union Territory of Chandigarh from November 1984. No survey to identify the needs and requirements of participants was conducted nor any training imparted to resource persons.

### 3.3.11 *Mass Programme of Functional Literacy*

(i) The Mass Programme of Functional Literacy (MPFL) was launched on 1st May 1986 involving student volunteers. It was enlarged after NLM was launched and extended to all sections of the society. No honorarium was to be paid to volunteers each of whom was expected to impart literacy to 2 to 5 illiterates.



The implementation of the programme was to be coordinated by coordinators under the National Service Scheme (NSS), Heads of Departments of Adult and Continuing Education, Universities and Colleges, and the NSS Programme Officers. The coordinators designated as Master Trainers were to impart literacy to adult learners through student volunteers. Thirty five percent of NSS students (out of strength allocated to each university) and 25 per cent of the authorised or posted cadet strength of the National Cadet Corps (NCC) were to act as student volunteers under the scheme. The State Governments were responsible for identification of the universities, colleges, student volunteers and the illiterate persons to be rendered literate. The Department of Education, Government of India, released grants-in-aid to State Resource Centres (SRCs) for production and distribution of literacy kits free of cost.

The cost of the kit was not to exceed Rs.20. The budget allocation and expenditure incurred under the programme were as follows:-

(Rupees in lakhs)		
Year	Budget Allocation	Expenditure
1985-86	1000.00	*
1986-87	1800.00	*
1987-88	300.00	205.00
1988-89	150.00	203.50
1989-90	250.00	300.00
<b>Total</b>	<b>3500.00</b>	<b>708.50</b>

The Department stated (May 1991) that the budget provision remained un-utilised during the years 1985-86 and 1986-87 and partially during 1987-88 as the programme was approved only in February 1988. The

\* During 1985-86 and 1986-87, Rs.126.00 and Rs.162.22 lakhs were spent on literacy kits. The expenditure was met from grants released to voluntary agencies (VSRCs).

programme gained momentum with larger involvement of students during the years 1988-89 and 1989-90 resulting in expenditure in excess of budget.

Master Trainers were to be given one day's training by the SRCs and student volunteers were to be given three days' orientation by the Master Trainers. The number of Master Trainers who were trained during the years 1986-87 to 1989-90 was not available with the Department. 73, 96 and 104 universities were involved in the years 1986-87, 1987-88 and 1988-89 respectively. Information for the year 1989-90 was not available. The number of Master Trainers (NSS) who were engaged on the programme was 2511 in 1986-87, 2129 in 1987-88 and 3832 in 1988-89. The number of student volunteers from NSS, NCC and other agencies who were engaged in the programme during the years 1986-87 to 1989-90 was as under:

Number of student volunteers engaged

(In thousands)

Year	NSS			NCC			Non-NSS (Others)		
	Target	Achievement	Percentage shortfall	Target	Achievement	Percentage shortfall	Target	Achievement	Percentage shortfall
*1986-87	200	98	51	Nil	Nil	Nil	100	50	50
1987-88	200	112	44	75	6	92	100	73	27
1988-89	350	259	26	75	21	72	150	31	79
1989-90	500	388	22	75	14	81	150	NA	NA

NA: Not available.

The shortfall in engaging student volunteers ranged from 22 to 51 per cent in the case of NSS volunteers, from 72 to 92 per cent in case of NCC

\* The Department furnished revised figures of student volunteers for 1986-87 in January 1992. According to these figures, the total number of student volunteers engaged during 1986-87 was 167 thousands. The Department did not however, intimate the break up of the figure as between different categories of student volunteers.

volunteers and from 27 to 79 per cent in the case of other volunteers indicating that the response from NCC was relatively poor.

Against the target of 35 percent of NSS students to be engaged on the programme the percentage of students actually involved was only 11 to 30 percent in Andhra Pradesh, 4 in Bihar (Ranchi university), 20 in Gujarat, 17 to 32 in Haryana,, 21 to 31 in Himachal Pradesh, 13 to 28 in Karnataka and up to 30 in Andaman and Nicobar Islands during the years 1986-90. The Department stated (June 1990) that the numbers were still to pick up. No targets of the number of persons to be rendered literate were fixed under the programme.

Number of adult illiterates enrolled during the years 1986-87 to 1989-90 was as under:-

(Number in lakhs)

Year	Learners enrolled				Student volunteers engaged	Number of learners per student volunteer on the average
	NSS	NCC	Others	Total		
1986-87	1.75	-	1.08	2.83	1.48 *	1.9
1987-88	2.46	0.12	1.61	4.19	1.91	2.2
1988-89	2.68	0.34	0.48	3.50	3.11	1.1
1989-90	NA	0.20	NA	-	-	-

NA: Not available.

Number of learners per student volunteer was still to pick up to the target of 2 to 5 and the fall in 1988-89 is not encouraging.

Assuming that the learners were all imparted literacy by the student volunteers, the cost per literate under the programme works out to Rs.54. It was only Rs.58 per literate during the year 1988-89. The scheme would appear to be the most cost effective scheme, so far, though its coverage is not yet

\* See foot note on previous page.

extensive. Of the 3 components the impact of NSS would appear to be the most cost effective.

In Andhra Pradesh, against the target of enrolment of 2 lakh illiterates by NSS volunteers each year, during 1988-89 and 1989-90, only 0.75 lakh and 0.43 lakh were enrolled. Of those enrolled only 1 to 17 per cent were rendered literate. The percentage rendered literate were better in Bihar (Ranchi university); 55 per cent during the years 1987-88 and 1988-89. In Karnataka it was 56 to 79 per cent and in Rajasthan, 67 and 91 per cent (in two years). In Andaman and Nicobar Islands it was 35 and 72 percent (in two years).

(ii) *Programme through universities and colleges:* In districts having literacy below the national average (36.17 as per 1981 census) 15000 to 20000 adult literacy centres were to be organised every year in the first phase. In the second phase (ending March 1990) 30,000 new centres were to be set up involving all the universities and colleges. Colleges for women and colleges in rural, backward and tribal areas were to be given priority in the establishment of these centres. The area development approach, instead of centre-based approach, was to be adopted in the third phase which was to go upto 1995. Thereafter the liability for continued implementation of the programme including the staff appointed was to be taken over by the State Governments.

Grants to cover the entire cost in the universities and colleges were given by the UGC, directly upto September 1983 and through the universities from October 1983 onwards. The first instalment of 75 per cent of the grant approved was to be paid to the universities by 15th May each year and the balance instalment (25 per cent) by December or January on receipt of progress report, expenditure statement, utilisation certificates and recommendation of the university about satisfactory progress. The programme officers, supervisors and instructors from Universities and Colleges were to be

trained before starting the centres with the help of resource persons from universities and other agencies.

The number of universities involved, grants sanctioned by the UGC, funds released and centres approved and opened during the years 1985-86 to 1989-90 as mentioned in the annual accounts or reports of the UGC are given below:

(Amount: Rupees in lakhs)

Year	Number of universities/ colleges involved	Funds released by the UGC	Number of centres (Thousands)		
			Approved by the UGC	Organised	percentage
1985-86	72	402.42	25	17	68
1986-87	48	201.56	18	15	83
1987-88	61	370.44	18	12	67
1988-89	78	224.34	16	NA	NA
1989-90	NA	419.08	NA	NA	NA
Total	NA	1617.84	NA	NA	NA

NA: Not available.

The UGC did not furnish any information to Audit though asked for.

In contrast to the above figures in the annual reports of the UGC, in the Annual Reports of the Directorate of Adult Education of the Ministry, the achievement figures reflected and given below, were substantially less.

Year	Number of centres opened	Number of centres completing the programme	Percentage	Enrolment in centres completing courses	Successful learners	Percentage
1985-86	4355	3182	73	79387	34384	43
1986-87	4387	3504	80	101838	66420	65
1987-88	3930	3328	85	102452	54996	54
1988-89	3749	3233	86	108845	45535	42
1989-90	3183	2416	76	91432	32541	36
Total	19604	15663	80	483954	233876	48

The Department stated, in January 1992, that it was likely that the Directorate of Adult Education did not have complete information. The reply of the Department only underlines the need for better monitoring of the progress of the implementation of the scheme by its Directorate. The Department stated that the present thinking was that adult education being implemented through universities and colleges should be phased out during the next three to four years and wherever it is taken up, it should be taken up taking into account the area approach for literacy.

(iii) *Supply of literacy kits:* During the years 1985-90 grants-in-aid of Rs.10.08 crores were released to the SRCs and voluntary agencies for preparation and supply of literacy kits free of cost. Utilisation certificates for Rs.5.14 crores of grants had not been received (May 1991).

The table below indicates the number of literacy kits received and the number of learners enrolled during the years 1986-87 to 1989-90:-

Year	Number of learners enrolled	Number of literacy kits received	Shortfall	Percentage of shortfall
		(In lakhs)		
1986-87	2.83	2.51	0.32	11
1987-88	4.19	3.64	0.55	13
1988-89	3.50	2.13	1.37	39
1989-90	0.20 *	0.11 *	0.09	45

\* (Figures on teaching by NCC cadets only were received)

The literacy kits were to be ready by 15th April so that the same could be made available to student volunteers before 1st May i.e. before commencement of summer vacation. Delays in supply of kits for periods ranging from 3 months to 2 years during the years 1986-87 to 1989-90 were noticed in Andhra Pradesh, Bihar, Karnataka and Uttar Pradesh.

In Gujarat, out of 1.80 lakh kits prepared by the SRC during 1986-87 to 1988-89, only 1.12 lakh

kits were distributed and 0.68 lakh kits (value Rs.13.63 lakhs) remained in stock. The SRC did not obtain full feedback on the number of kits utilised.

In Haryana,, while 0.62 lakh kits out of 0.65 lakh prepared during the years 1986-87 to 1989-90 were distributed, utilisation certificates for kits valuing Rs.8 lakhs were awaited from the universities and colleges.

In Manipur 61 per cent of the literacy kits prepared during the years 1988-89 to 1989-90 remained undistributed, failure to distribute the kits to volunteers resulted in infructuous use of funds amounting to Rs.1.46 lakhs.

In Nagaland, the programme remained in-operative in 1988-89 due to delay in release of grant by the Department. During 1989-90, the grant of Rs.0.60 lakh was spent for procuring teaching and learning material from a private supplier.

In Punjab, the preparation of kits was far short of the targets, shortfall being 89 per cent.

In Tamil Nadu at Salem out of 6500 kits received during November 1988 and January 1989, 2884 (i.e. 44 per cent) remained undistributed upto March 1990.

In Pondicherry information with regard to the utilisation of the kits was not available.

Similar shortcomings in the utilisation of kits were noticed by the Director General, NLM during his visits to Bihar, Orissa, Tamil Nadu and Uttar Pradesh in 1988-89 and 1989-90. As observed by him, the SRCs produced literacy kits without ascertaining actual requirement and without getting any feed-back from universities regarding actual utilisation of the kits. Non-utilisation of kits resulted in infructuous expenditure of Rs.17 lakhs (1987-88) in Orissa and Rs.0.40 lakh (1988-89) in Tamil Nadu.

(iv) *Post-Literacy effort*: The mass programme was to be followed by efforts at post-literacy and continuing education but no such efforts were made in Bihar, Punjab and Chandigarh.

(v) *Monitoring*: The student volunteers were required to send initial reporting cards (IRs) soon after the commencement of teaching and terminal reports (TRs) after the completion of teaching.

In seven States (Gujarat, Karnataka, Manipur, Nagaland, Sikkim, Chandigarh and Pondicherry), no records existed to show that the required returns were received or were ever insisted upon by the departments concerned. In Maharashtra, the State Directorate reported that the Programme Coordinator at the university level did not furnish the consolidated report regularly.

In three States (Punjab, Rajasthan and Tamil Nadu) reports were not submitted. In Andaman and Nicobar Islands, IRs and TRs were not available with the Directorate for the years 1986-87 and 1987-88.

(vi) *Evaluation*: No evaluation of the programme was conducted in Gujarat, Manipur and Sikkim by SRCs.

In Karnataka, the SRC conducted evaluation in one year (1987-88) only. In Madhya Pradesh, a study was conducted by the SRC in 1986 only and in Rajasthan in 1987-88 only. These evaluation studies showed that voluntary involvement of the students in the programme was minimal. Programme coordinators confessed that students joined the programme only under pressure. The volunteers sent the IRs and TRs even without distributing literacy kits to the learners. Some student volunteers claimed achievement of targets even though literacy kits were never distributed. Evaluation of learners was left to the student volunteers without any verification to ascertain whether any test had been conducted. The resource persons attending the training programme did not concentrate on training and teaching methods. No records were maintained indicating distribution and



balance of literacy kits. The duration of the training for the programme coordinators was too short and the content of the training was inadequate. There was no linkage of basic literacy to continuing education.

(vii) *Other points:* The Department of Education released grant of Rs.17 lakhs, between March 1988 and July 1988, to Gujarat Vidyapeeth for preparation of literacy kits, training and media facilities under a programme called "Saksharta Abhiyan" involving 650 voluntary agencies and 1.82 lakh volunteers. It was claimed that 9.09 lakh potential learners were contacted of whom 5.59 lakh were rendered literate and in 167 villages achievement was cent per cent during 1988-89.

Records indicated that teaching was done for only 90 hours instead of 150 hours laid down. The claim that 5.59 lakh persons were rendered literate and achievement was cent per cent in 167 villages was not verified. In public evaluation tests conducted in February 1989 only 6235 neoliterates appeared against 5.59 lakh persons claimed to have been rendered literate.

An evaluation of the programme conducted during September 1988 by a team deputed by the Department pointed out several shortcomings in the implementation like inadequate duration of teaching, absence of post literacy arrangements for the neoliterates and inadequate duration of the orientation programme for volunteers. The team recommended a second phase with the same learners to enable them to reach the prescribed level of literacy. No second phase was undertaken.

The Department, however, released a further grant of Rs.136 lakhs to the same agency in three instalments during January 1989 (Rs.45 lakhs), November 1989 (Rs.34 lakhs) and February 1990 (Rs.57 lakhs) for organising another Saksharta Abhiyan (total literacy campaign) aimed at imparting literacy to adult illiterates in 100 talukas of the State by

1989-90. The programme could not be completed during 1989-90 and the agency furnished the audited accounts and utilisation certificate as on 31st March 1991 only in June 1991. The unspent balance of Rs.22.96 lakhs as on 31st March 1991 was not refunded. Only 15.96 lakhs were rendered literate against the target of 23 lakhs. Out of 33 lakh literacy kits printed (cost Rs.99 lakhs), only 21.30 lakh kits had been used and 11.70 lakh kits costing Rs.35.10 lakhs remained unutilised.

An evaluation conducted by a team of the Directorate of Adult Education in July 1990 pointed out the inadequacy of the kit and several other loopholes in the implementation of the programme. It was stated that the claim of the Vidyapeeth that some villages had attained total literacy was not correct. The team got the impression that the number of literacy kits distributed was taken as number of people rendered literate which led to bogus claims. Coordination between the Department of Adult Education and Gujarat Vidyapeeth for the Abhiyan was yet to be established. It was found that DAEOs/POs had very little information about the Abhiyan. According to the terms and conditions of the grants for the Abhiyan, the operation of RFLP/SAEP was to be suspended in the areas where the mass campaign for complete literacy had been launched, but no decision had been taken by the Government of Gujarat (August 1990).

Notwithstanding the findings of the evaluation teams in September 1988 and July 1990, the Department sanctioned another phase of the Saksharta Abhiyan with central assistance at Rs.503.15 lakhs and released Rs.375 lakhs and Rs.30 lakhs as first and second instalments of grant to the Vidyapeeth in June 1990 and September 1991 respectively. This Abhiyan, aimed at rendering 30 lakhs adults literate in 100 talukas, was to run from May 1990 to November 1990. While the programme was to be completed in November 1990 its period of operation was extended by the Department upto December 1991. It was, however,

expected to go even upto May 1992. The Department noted in August 1990, that unutilised kits from previous phases of the Abhiyan which were found deficient to meet the needs of the learners were being used under the current phase in spite of the fact that Rs.3.55 crores had been released for improved kits. The Vidyapeeth in its reply (August 1990) stated that the new primers would be ready for distribution in September 1990 i.e. five months after the commencement of the seven month programme. According to a report submitted by the Vidyapeeth in July 1991, 680 voluntary agencies had participated in the programme and total 10.78 lakh persons had been enrolled out of which 8.85 lakhs were rendered literate upto March 1991. According to the evaluation by an independent agency, only 378 voluntary agencies had participated/reported participation.

The Department did not furnish information whether any evaluation of the Abhiyan launched in June 1990 had been conducted by it, particularly in view of the findings of the earlier evaluation teams.

### *3.3.12 Adult education through Nehru Yuvak Kendra Sangathan*

The Department released grants amounting to Rs.558.80 lakhs in 1988-89 (by diverting funds earmarked for Technology Demonstration referred to in next paragraph) and Rs.283 lakhs in 1989-90 to the Nehru Yuvak Kendra Sangathan (NYKS) for implementing adult education programmes. The expenditure incurred by NYKS in 1988-89 was only Rs.125.65 lakhs. The amount spent in 1989-90, could not be indicated to Audit by the Department. But as per entries in the grant-in-aid register of the Ministry, utilisation certificates for grants amounting to Rs.543.91 lakhs paid in 1988-89 and for Rs.12.69 lakhs out of grant of Rs.283 lakhs paid in 1989-90 were still to be received.

The NYKS was required to set up 16000 Adult Education Centres and 1500 JSNs by May 1989. In the performance budget of the Ministry for 1989-90, it

was stated that, against 16000 Centres sanctioned, the NYKS had started 17000 Centres and was expected to enroll 5.1 lakh adult learners and render 3.4 lakh adults literate. But, as per progress reports in the Directorate of the Ministry, the NYKS had opened only 5484 Centres upto 31st March 1989 and 3540 Centres in 1989-90. The number of persons enrolled was 1.61 lakhs in 1988-89 and 1.05 lakh in 1989-90 against the target of 5.1 lakhs for the two years; the number of persons rendered literate against the target of 3.4 lakhs was not available. Information on the number of JSNs started was not also available.

The Department stated, in January 1992, that the figures of achievement collected by the Directorate varied widely from the information available with the NYKS. The Department did not state that it was satisfied that the figures of the NYKS were accurate or reliable.

According to the sanctions issued by Government, the NYKS was required to complete each project within eight months of sanction unless formal extension was granted by the Ministry and furnish quarterly progress reports, annual progress reports and statement of assets acquired out of Government grants. The NYKS was also required to give an operational plan in respect of the projects to the District Adult Education Officers (DAEOs) with a view to avoid duplication of centres in a particular block/area.

The NYKS did not submit either the quarterly report, or annual reports showing progress in the Centres started by it to the Ministry. The statement of assets created out of grant was also not received in the Ministry.

In a note prepared in the Department for a meeting held on 26 December 1989, it was stated that efforts by NYKS to establish Nehru Yuvak Kendras had resulted in duplication of efforts in setting up 967 Centres in States of Andhra Pradesh (60), Manipur (60), Orissa (267), Rajasthan (300), Tamil Nadu (100)

and Uttar Pradesh (180). There was no coordination between DAEOS and NYKS to avoid the duplication in effort.

The NYKS sent to the Department a proposal in September 1989 for running Centres in Phulpur area of Allahabad district. Without a demand for any particular amount as grant-in-aid coming from the NYKS, the Ministry sanctioned Rs.2.93 lakhs and released an amount (50 percent) of Rs.1.46 lakhs in November 1989. In reply to an Audit query, the Department stated, in September 1990, that the project was wound up subsequently and that the first instalment issued to the NYKS had since been refunded to Government. The Department further stated, in January 1992, that the project could not take off and the grant was refunded due to certain operational snags.

In Andhra Pradesh, the State Directorate did not have comprehensive data on the number of NYKS which received financial assistance from Government of India, number of Centres opened and number of learners enrolled during the year 1988-89.

For centres in four districts in Rajasthan NYKS received Rs.12.86 lakhs as grant during the year 1988-89 and incurred expenditure of Rs.12.28 lakhs. No further instalments were released during 1989-90 and reasons were not on record. No evaluation was done of the learners at Centres run by NYKS during 1988-89 in two districts. In two other districts (Sri Ganganagar and Tonk) 20 Centres (expenditure Rs.0.20 lakh) were either closed prematurely (13) or were found to have run for incomplete duration (7). In one district (Bikaner), assets valuing Rs.0.27 lakh were lying with the Anndeshaks (instructors) after closure of centres in November 1989. Work books, though in stock, were not issued to learners. In another district (Sirohi) exercise and work books were supplied to the centres after delays ranging between 5 and 8 months after commencement of the centres in December 1988.

In Tamil Nadu, grants totalling Rs.23.17 lakhs were released to 10 kendras and Rs.23.09 lakhs were spent. The accounts pertaining to two kendras were not made available to Audit. Accounts in three other kendras revealed that the Centres were run in all the three kendras during the year 1989-90 for a period of 11 months and not the prescribed period of 12 months. Two of the 60 centres sanctioned in one kendra (Erode) during the year 1989-90 did not function at all and four of the 100 centres sanctioned in Coimbatore Kendra during 1989-90 were closed within three months of their opening due to poor attendance. In one district (Pudukotai) out of 25 centres visited by the DAEO during the period when they were to be in session, only two centres were actually functioning and the estimated attendance of learners at these centres was 10 only against 30 learners enrolled. No plan to cover all the illiterate population in the age group 15-35 years during 1989-90 was prepared in Erode kendra.

### 3.3.13 *Technology Demonstration*

(i) Technology Demonstrations sought to apply the findings of scientific and technological research to improving the pace and quality of the literacy programme. Under the scheme 40 districts were identified. Each district was to have 500 Centres during 1987-88 with 50 JSNs per district. During 1988-89 and 1989-90, in each of the selected districts, 250 additional Centres and 30 additional JSNs were to be started each year under RFLPs, SAEPs and voluntary agencies so that each district would have 1000 Centres by 1990. For taking up research and development work in transfer and application of techno-pedagogic inputs, collaborating agencies were identified.

The budget provision and expenditure incurred during the years 1987-88 to 1989-90 on technology demonstration are given below:-

(Rupees in lakhs)

Year	Budget Provision	Expenditure
1987-88	1050.00	Nil
1988-89	1000.00	616.02
1989-90	367.00	344.99
Total	2417.00	961.01

The Ministry stated, in July 1991, that as the scheme was approved only in February 1988, there was little time available to utilise the budget provision during the year 1987-88. Out of the amounts shown as released for technology demonstration during the year 1988-89, Rs.558.80 lakhs were diverted to "Nehru Yuvak Kendra Sangathan". The lesser expenditure on technology demonstration was attributed by the Ministry in July 1991 to identification of lesser number of collaborating agencies than planned.

(ii) It was noticed in Audit that the activity taken up, in fact, was only supply of solar power packages (SPPs) to selected forty districts, to facilitate Centres to function after sunset. But, the SPPs were either not supplied or were installed or commissioned after delays.

In Bihar, against the target for supply of 825 SPPs in four identified districts, only 73 SPPs were supplied in two districts in March 1990; they were lying unopened (June 1990) as no Centres were set up in the districts in 1989-90.

In Gujarat, 85 SPPs supplied at a cost of Rs.15.50 lakhs in 1988-89 to one of the two districts selected, were installed in 85 JSNs out of which 39 were in villages having electricity supply. Further, the 85 JSNs functioned during the day time only and did not need the SPPs.

In Karnataka, the State Government furnished a list of unelectrified villages in the selected districts only in April 1989 against the prescribed

date of March 1988. Although 48 SPPs were supplied to two districts in February 1990, for installation within one week, the SPPs were not installed even by May 1990.

In Madhya Pradesh, against the requirement of 1200 SPPs in two districts, 80 SPPs were installed by February 1990 of which six SPPs (cost Rs. 0.99 lakh) went out of order within three months of installation.

In Maharashtra, 152 SPPs were supplied in two selected districts during the years 1988-89 and 1989-90. But 42 SPPs (cost Rs.6.88 lakhs) had not been installed in one district even by July 1990. In the other district 12 SPPs (cost Rs.1.97 lakhs), installed in 1988-89, were not in working condition (September 1990).

In Rajasthan, against 50 SPPs sanctioned (cost Rs.7.50 lakhs) for one of the two identified districts, 70 SPPs were procured in 1988-89 at a cost of Rs.7.45 lakhs. Of these, 23 SPPs (cost Rs.2.45 lakhs) were lying out of order (May 1990) and 27 SPPs (cost Rs.2.87 lakhs) were installed in electrified villages. The SPPs were stated to have been poorly installed with substandard electric fittings and were poorly maintained.

In Tamil Nadu, out of 60 SPPs received in one selected district in February 1990 for installation within one week, only 43 SPPs were installed by April and May 1990. In another district, 38 SPPs were installed at a cost of Rs.6.67 lakhs after the Centres ceased to function in the buildings where SPPs were installed.

In West Bengal, against the requirement of 463 SPPs, only 80 SPPs were supplied and installed.

The Department attributed (January 1992) short supply and delay in installation of SPPs to difficulties in identification of sites, Parliament and State Assembly elections, change of sites and



difficulties in transportation. The Department also stated that the reasons for supply of SPPs in electrified villages would have been erratic power supply in those villages.

(iii) Another activity taken up under the name 'Vivek Darpan' was to supply 'Sanghmitra' sets (a combination of colour TV and video) for installation in 25 villages in four selected districts; Aligarh in Uttar Pradesh, Bikaner in Rajasthan, Jhabua in Madhya Pradesh and Ranchi in Bihar. Rs.33.30 lakhs for 112 sets were released by the Central Government to Electronics Trade and Technology Development Corporation Ltd. New Delhi (ET&T) in March 1989 (Rs.30.00 lakhs) and March 1990 (Rs. 3.30 lakhs).

In Aligarh, out of 25 sets, 7 sets were installed at locations other than those decided upon or in the houses of the Pradhans. Most of the sets were not functioning.

In Bikaner, 11 out of 25 sets supplied did not function since installation in July 1989.

In Jhabua, till December 1989 all 28 sets supplied had not been installed.

In Ranchi, out of 28 sets and 365 cassettes valuing Rs.5.11 lakhs, only 24 sets and 216 cassettes were distributed to the centres in January 1990. The 24 sets supplied to various Centres had not been put into service as the supplying firm had not supplied necessary accessories and components.

In Nagaland, a videorama supplied in 1988-89 at a cost of Rs. 0.86 lakh was lying idle (May 1990) with the package unopened, due to failure of the supplier to depute personnel for installation in accordance with the terms of supply.

Against the amounts released to them, the ET&T was to supply battery charging equipment and camcorders (four numbers) costing Rs.2.60 lakhs but there was no record that these were supplied.

The Department stated, in January 1992, that activity 'Vivek Darpan' did not make much progress in Ranchi and there were some initial difficulties in other three districts. In view of the administrative and other difficulties faced in implementation it had been decided that the scheme would, as far as possible, be implemented through voluntary agencies.

### 3.3.14 Grants for strengthening infrastructure

Under the National Adult Education Programme introduced in 1978, the expenditure on creating necessary administrative infrastructure according to a prescribed scale was to be borne by the Ministry. After NLM was launched, the States were grouped into four categories - A, B, C and D on the basis of the size of the adult education programme being run by them and separate norms were prescribed for provision of staff at the State level. The districts implementing the programme were also categorised into two groups, depending upon the number of Centres run by them.

The amount of grants sanctioned, and amounts released as grants for strengthening of administrative infrastructure upto the end of 1989-90 are given below:-

(Rupees in lakhs)

Year	Budget provision	Expenditure
1985-86	200.00	267.77
1986-87	240.00	278.65
1987-88	330.00	352.25
1988-89	350.00	461.20
1989-90	350.00	591.77
<b>Total</b>	<b>1470.00</b>	<b>1951.64</b>

In nine States the expenditure incurred was only Rs.811.95 lakhs against grants received for Rs.973.81 lakhs. The saving was attributed mainly to non-sanction by the State Governments of posts approved

by the Central Government, non filling up of posts and non-purchase of jeeps in some cases.

In Andhra Pradesh, 90 additional posts admissible as per the revised pattern were not sanctioned by the State Government (February 1990) despite receipt of Central grant amounting to Rs.31.45 lakhs in September 1989.

In Gujarat, though grants amounting to Rs.144.43 lakhs were received from Central Government, seven out of 31 sanctioned posts remained vacant in the Directorate (July 1990). In the two districts of Banaskantha and Rajkot, posts of DAEO were lying vacant for 22 and 14 months respectively.

In Haryana,, the additional posts sanctioned from 1988-89 were not operated due to non-implementation of JSN programme.

In Himachal Pradesh, the additional posts were sanctioned by the State Government only in February 1990 and out of the grant of Rs.23.17 lakhs received, Rs.8.21 lakhs remained unspent as on 31st March 1990.

In Karnataka, the additional posts sanctioned from 1988-89 were not created in the State till 31st March 1990.

In Punjab, against the grant of Rs.30.63 lakhs received during 1985-90, only Rs.15.87 lakhs were spent. Savings were attributed to non-purchase of jeep and non-posting of additional staff by the State Government.

In Uttar Pradesh, according to the revised norms, 187 additional posts at various levels were to be filled in 1988-89 but none of the posts was filled in till June 1990 as the State Government did not issue sanctions for creation of posts.

### 3.3.15 *Control and Direction*

Expenditure incurred on the National Literacy Mission Authority (NLMA) during the years 1987-88 to

1989-90 was significantly below estimates as given below:-

(Rupees in lakhs)

Year	Budget provision	Expenditure
1987-88	50.00	5.30
1988-89	75.00	7.11
1989-90	25.00	12.70
Total	150.00	25.11

The Ministry stated (October 1991) that the saving in 1987-88 was due to delay in launching NLM. In the subsequent years, the NLMA continued to be part of the Department (though it was to function as an independent autonomous body) with the result that expenditure on the NLMA was met out of Ministry's budget.

At the State level, State Literacy Mission Authorities (SLMA) were not constituted in the States of Gujarat and Uttar Pradesh. In six other States and Union Territories (Bihar, Himachal Pradesh, Kerala, Madhya pradesh, Rajasthan and Andaman Nicobar Islands) the SLMAs were constituted after delay.

The Village Education Committees, State Board Steering Committees and District Adult Education Committees were not constituted or where constituted did not meet regularly in four States (Bihar, Madhya Pradesh, Rajasthan and West Bengal).

### 3.3.16 *Monitoring by Directorates in states*

Quarterly reports from State Governments were to be received in the Directorate of Adult Education in the Ministry in the following month after each quarter and an annual report in the first quarter after the end of a financial year. Many reports were not received nor their receipt pursued.

Year	Quarterly progress reports			Annual progress reports		
	Number to be received	Number not received	Percentage of non receipt	Number to be received	Number not received	Percentage of non receipt
1985-86	32	1	3	32	3	9
1986-87	32	2	6	32	3	9
1987-88	32	3	9	32	7	22
1988-89	192	127	66	192	135	70
1989-90	192	139	72	192	167	87

The monitoring was also inadequate because Directorate did not receive reports on achievement from some of the RFLPs and voluntary agencies, as indicated below:-

Year	Number of reports to be received		Number of reports received		Percentage of shortfall	
	RFLPs	Voluntary agencies	RFLPs	Voluntary agencies	RFLPs	Voluntary agencies
1985-85	513	506	448	178	13	65
1986-87	515	368	438	212	15	42
1987-88	513	446	367	222	28	50
1988-89	513	420	412	236	20	44
1989-90	513	NA	429	NA	16	NA

NA: Not available.

The Directorate stated, (August 1991), that while some States did not submit reports, a few took 3 to 4 months and more in sending annual reports. Indefinite delay made it difficult for the Directorate to monitor progress of achievement. The Department further stated, in January 1992, that to ensure timely availability of information both from Projects having centres and TLC areas, a computerised monitoring system had been designed. The Department added that monitoring would be done by frequent visits to the field so that implementation details could be collected on the spot involving concerned workers.

Lack of cooperation from voluntary agencies, universities and SVPs in sending reports was mentioned in Bihar. There were delays of 4 to 5 months in Bihar in the State Directorate receiving reports from the executing agencies. In Jammu and Kashmir, there was no system of monitoring and evaluation of the programme and credibility of reports received from agencies could not be vouchsafed. The reports were not also received regularly. In Nagaland there were 700 Centres upto 1986-87 and 600 thereafter. No reports from instructors or preraks of Centres and JSNs were available. In Rajasthan, most of the reports for the years 1988-89 and 1989-90 received in two districts were seen to be incomplete.

In West Bengal, the reports submitted by the Centres under RFLP were not examined. The supervisors during their visits to Centres did not assess the functioning of the Centres. Reports were not received or were incomplete in Sikkim.

No check of data in reports was being done in the States of Gujarat, Himachal Pradesh, Karnataka, Kerala and Tamil Nadu.

### 3.3.17 *Evaluation*

During the years 1985-90, 21 agencies were entrusted with the work of evaluation of programme in the States. No target date was prescribed for completion of the evaluation. 14 evaluators have not, so far (August 1991), submitted their reports. The Director General of NLM also conducted during the years 1988-89 and 1989-90, a review of the pace and progress of the NLM in 12 States. The following were his findings on NLM:

- (i) The quality and quantum of training of the functionaries were poor.
- (ii) The learning environment in Centres was inadequate and the lighting arrangements poor.

(iii) The supply of learning materials was delayed and inadequate; cases of non-supply of the learning materials to Centres were also noticed.

(iv) The participation of learners was irregular, the incidence of drop outs was high and achievement against enrolments was low.

(v) There was considerable misreporting of achievements and the monitoring system lacked credibility and check of data was ineffective.

(vi) The post literacy and continuing education arrangements were inadequate or non-existent which adversely affected the programme and the neo-literates tended to relapse into illiteracy.

(vii) The coordination between the Central Government, the States, the voluntary agencies and other institutions was not adequate.

### 3.3.18 *Avoidable extra expenditures*

The Directorate under the Ministry incurred expenditure of Rs.81.21 lakhs on production of audio and video programmes during the years 1988-89 and 1989-90. The Directorate also appointed 16 consultants, and incurred expenditure of Rs.5.28 lakhs in paying honorarium to them. No targets were fixed. Upto March 1991, 33 audio cassettes and video films had been produced by assigning the work to outside producers. 27 films had been produced since 1989.

The following cases of avoidable extra expenditure were noticed in Audit:

(i) Production of 12 films was delayed by upto 6 months and 7 films by 7 to 15 months. Receipt of 6 films from producers was overdue (October 1991) by 5 to 9 months. Penalty amounting to Rs.28.19 lakhs was leviable for the delays, but was not recovered.

(ii) The Ministry of Information and Broadcasting was not consulted on the reasonableness

of cost of production and two films were assigned to Jamia Millia Islamia, New Delhi for production at a cost of Rs.8.78 lakhs.

(iii) In December 1987 after consultation with the Ministry of Information and Broadcasting, the Directorate framed guidelines for preparation of a panel of producers, but no panel of producers was prepared. The Directorate invited proposals from certain producers without getting open competitive rates.

(iv) One film was entrusted to the National Institute of Design, Ahmedabad in January 1986 at a cost of Rs.8.25 lakhs. It was completed in March 1989 against the scheduled date of December 1986. No penalty for delay was levied, instead the Directorate paid an extra amount of Rs.0.83 lakh towards cost escalation.

(v) One film produced at a cost of Rs.2.09 lakhs in November 1986 was rejected by Doordarshan for telecast due to the unsatisfactory quality of production. Expenditure incurred on the film was rendered infructuous. But the Directorate entrusted production of another film to the same producer in March 1988 at a cost of Rs.0.77 lakh and paid Rs.0.45 lakh as advance for its production. The film which was required to be completed by November 1988 had not been received so far (June 1990).

(vi) The Directorate incurred expenditure of Rs.3.55 lakhs on civil works and Rs.15.11 lakhs on equipment for converting its premises into a studio for production of video films. But the studio was not commissioned as the electric substation for air-conditioning plant could not be installed due to non-availability of land. The expenditure of Rs.18.66 lakhs has remained infructuous.

(vii) In Haryana,, 5 projectors purchased between 1982-83 and 1985-86, for screening films were used only 47 times during the five years 1985-86 to 1989-90.



(viii) In Kerala, in four districts, cassette recorders, cassettes and batteries purchased at a cost of Rs.1.19 lakhs between July and September 1989 for use in adult education centres were not distributed as the centres were to be closed down in October-November 1989.

(ix) In Rajasthan, in four districts, film projectors (cost Rs.0.53 lakh) were provided to Centres in April 1981, January 1984, May 1984 and March 1987. But, three projectors were lying idle from September 1987, December 1988 and August 1989 respectively. In one district, the projector had not been used to the full extent due to absence of films, trained operator or projector being under repair.

The State Government purchased 1310 TVs at a cost of Rs.27.43 lakhs for supply to JSNs in February 1989 (810 sets) and March 1990 (500 sets). But against the demand of only 28 TV sets, 57 TV sets were supplied to some centres. 25 TV sets could not be used as they were beyond 25 kms. from TV relay centres. Of 158 sets sent to some centres, only 9 were used and 3 were sent to other places; the remaining were lying in stock. 310 TV sets were supplied without antennae and could not be used. 15 TV sets were lying in stock with the State authorities. 152 TVs sets useable on VHF were supplied to places where UHF transmission was on.

### 3.3.19 Publication

The Publication unit of the Directorate in the Ministry incurred expenditure on publications as indicated below:-

Year	Budget Provision (Rupees in lakhs)	Expenditure (Rupees in lakhs)	Number of titles printed	Number of copies printed (in lakhs)
1985-86	3.00	2.99	47	5.33
1986-87	5.50	5.90	52	5.47
1987-88	7.40	7.38	56	11.98
1988-89	24.00	24.08	60	4.36
1989-90	29.00	29.12	58	5.00
<b>Total</b>	<b>68.90</b>	<b>69.47</b>	<b>273</b>	<b>32.14</b>

2.17 lakh copies of 11 titles costing Rs.2.27 lakhs, remained in stock (August 1990).

The Department stated, in January 1992, that most of the publications have since been distributed to SRCs, States and others.

Desk Top Publishing System costing Rs.3.31 lakhs purchased in April 1990 was lying idle for seven months and was installed only in November 1990.

### **3.4 Scholarships for studies abroad**

Under the scheme of scholarships for studies abroad introduced in 1971-72, and revised in 1983-84, Government provided financial assistance to meritorious students who were citizens of India and did not have the means to go abroad for higher studies in specific fields. The financial assistance included payment of maintenance allowance, equipment and journey allowance, cost of books, study tours, railway fare/air passage, tuition and examination fees, medical/health insurance charges etc., at prescribed rates. Fifty scholarships were to be awarded every year and the duration of the scholarships ranged between one and three years which could further be extended by one year in special circumstances.

Selected students were required to execute a personal bond (which was replaced by a surety bond in 1980-81) to abide by the terms and conditions of the scholarship scheme. The bond *inter alia* provided that:

- they would not return to India without completing the course,
- they would return to India immediately after expiry of the period of scholarship and report to the Government of India within two weeks of their arrival in India, and

- they would stay in India continuously for five years following the completion of their studies.

On violation of any of the conditions prescribed in the bond, the awardees/sureties were liable to refund to the Government of India a sum of Rs.20,000 or the actual expenditure on studies together with interest, whichever was more. The scheme was discontinued from the year 1990-91; however, old scholars were being paid scholarships etc. under this scheme.

Till 1988, 622 students were awarded scholarships under the scheme. The amount of expenditure incurred from 1980-81 to 1989-90 was Rs.1105.68 lakhs.

Paragraph 22 of the Report of the Comptroller and Auditor General of India for the year 1983-84 - Union Government (Civil)- brought out irregularities noticed in the operation of the scheme including absence of proper records of disbursements made under the scheme, failure of the awardees to return to India on completion of scholarship and lack of adequate follow up action on the part of the Ministry. The Ministry submitted an Action Taken Note in May 1986 on the remedial measures taken in which it assured *inter alia* that action had been initiated to maintain the consolidated record of assistance given to each beneficiary in the Ministry itself and also keep account of amount outstanding from the scholars which would also give the position of actual refund from a particular scholar at a given time. A review of the operation of the scheme from 1983-84 was taken up and the results of test check of records of the Ministry in audit, during the period May to July 1991 were communicated to the Ministry in August 1991 and its reply obtained. The findings of Audit are given in the following paragraphs.

(i) Out of 622 students who were awarded scholarships under the scheme till 1988, 410 students returned, 59 were still studying abroad and 153 did not return to India. Out of the last category, 10

students had refunded scholarships in full to Government as intimated by the Ministry. The table below indicates the number of students awarded scholarships, number of defaulters and the amounts outstanding for recovery from the defaulters.

Year for sponsoring	Number sponsored	Number of defaulters	Number who repaid in full	Balance due for recovery (In lakhs)		
				Rs.	US \$	₤
1971-75	183	63	1	4.07	7.12	-
1976-80	147	43	1	1.43	4.41	0.17
1981	28	7	-	0.66	1.70	-
1982	33	7	-	0.67	1.60	-
1983	36	10	1	0.44	1.99	-
1984	40	6	-	0.11	1.35	-
1985	42	5	3	0.57	1.07	-
1986	39	9	2	0.59	1.02	-
1987	43	1	-	0.18	0.13	-
1988	31	2	2	-	-	-
	622	153	10	8.72	20.39	0.17

Despite the assurances given in the Action Taken Note in May 1986, the Ministry did not maintain any consolidated account of the amount spent by Government in India and abroad, the amount recovered from time to time and balance due for recovery. Consequently, the correctness of the amount intimated by the Ministry to Audit could not be verified.

The Ministry stated, in October, 1991, that the accounts of expenditure were maintained by the Missions concerned and Pay and Accounts Office of the Department of Education. Besides, concerned section in the Ministry had also been maintaining a register to watch budget provisions and expenditure incurred. The reply of the Ministry was not in conformity with the assurances given in the Action Taken Note cited.

(ii) Out of 32 cases of default relating to the period from 1982 (in respect of whom the files were available) review of 26 cases revealed as follows:

(a) Part recoveries of \$13,700 had been made against outstanding amount of \$1.49 lakhs and Rs.0.33 lakh in four cases.

(b) The whereabouts of the scholars were not known to the Ministry in six cases.

(c) Only in six cases, the first notices were issued to the defaulters for recovery/compliance with the conditions of scholarships, within 3 months of the scheduled date of completion of the study. In 16 cases, the delays in issue of first notices were to the following extent:

	<u>No. of cases</u>
4 to 6 months	3
7 months to 1 year	3
1 to 2 years	4
over 2 years	6
	-----
Total	16
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In the remaining four cases, even the first notices had not been issued. These included two cases in which the scholars were due to return in August 1985 (over six years back), and two other cases in which the scholars were due to return in April 1989 and October 1990.

The Ministry stated in, October 1991, that as violation of bonds in any case came to the notice of the Department of Education through the Missions or otherwise appropriate action was taken to deal with such violations. It further stated in that cases of scholars whose whereabouts were not known, efforts were being made to trace them or their sureties, as the case may be, to initiate legal action to recover violation money.

(d) The sureties were approached for fulfillment of their obligations and/or payment of the amount within a period of 3 months only in one case out of 26 cases reviewed. In 12 cases the delays ranged as under;

	<u>No. of cases</u>
7 months to 1 year	2
1 year to two years	3
over 2 years	7
	-----
Total	12
	-----

In the remaining 13 cases, the sureties had not been addressed. In five of these cases, the scholars were due to return by 1985, in four cases by 1987, in two cases in 1989 and in two cases in 1990.

(e) After issue of first notices to the scholars and/or sureties the follow up action was not regular. In some cases, a few reminders were issued, in certain others no reminders were issued at all.

(f) In none of the 26 cases, any recovery was made from the sureties with the result that the objective of getting two sureties was not fulfilled.

To the extent the Ministry failed to take proper and timely follow up action, the investment on the scholars who did not return, was infructuous apart from the brain drain involved.

The Ministry also stated that only after it had been established that the concerned scholar had actually violated the bond, suitable action was taken. The reply of the Ministry is too general to be considered valid, it does not explain the specific reasons for long delays in initiating action which have ranged for two years and more as mentioned above.

(iii) It was observed that though the scholarships under the scheme were available for a period of one to three years only, with provision of grant of extension upto one year in deserving cases, a study conducted by the Ministry revealed that almost 80 per cent of the scholars got extension to four years. On an average, a little less than double the amount envisaged under the scheme was spent on the scholars. It was noticed in audit (May 1991) that

two students sent abroad in 1984, three students sent in 1985, nine students in 1986 and four students sent in 1987 were still (May 1991) to complete their studies.

The Ministry stated, in October 1991, that extension with or without scholarship beyond one year was granted on merits of each case, such as illness of the scholar, change of institution or absence of guide for a longer period than expected at the time of award of scholarships, compulsion to post-graduation in USA etc. for registration for Ph.D Course.

(iv) No review of the courses for which the scholarships could be awarded was done with a view to see whether similar courses were available in India, as a result of improvement in the educational facilities within the country. According to the Ministry some scholarships were awarded for B.Tech in printing technology and M.Tech. in pulp and paper making at a time when facilities for such courses were available within the country resulting in avoidable expenditure of valuable foreign exchange.

(v) Despite the assurance of the Ministry in the Action Taken Note on remedial measures that consolidated record of assistance provided to each beneficiary would be maintained, no such record was available with the Ministry. The Ministry stated, in June and October 1991, that it issued sanctions authorising the Indian Missions abroad to incur expenditure on the studies of students and the accounts were maintained by the Missions. Since the payments were made by the Missions, recoveries were also maintained by the Missions. It is indeed surprising that after giving an assurance to the Public Accounts Committee, the Ministry has tried to absolve itself of the responsibility for maintenance of consolidated record of assistance provided to the scholars and the amount due from them in the event of violation of terms and conditions of awards.

### 3.5 Inadequate planning and lack of control over application of funds

A scheme of community polytechnics was instituted by the Ministry in 1978-79 in 36 polytechnics which were to act as focal points to promote transfer of technology to rural community. Forty six polytechnics were covered under the scheme by the end of Sixth Five Year Plan. The total number of polytechnics increased to 118 by the end of the Seventh Five Year Plan. Under the scheme, central assistance at the rate of Rs.5 lakhs was to be provided to each of the polytechnics to establish five 'Mother Extension Centres' at a cost of Rs.1 lakh per centre per polytechnic to provide first hand experience of crafts related production work, to the rural community. The Ministry released to 91 polytechnics Rs.455 lakhs in March 1986 towards setting up such Mother Extension Centres. But it approved continuation of the scheme in May 1986 only on the existing funding pattern which did not require seed money being released for 'Mother Extension Centres'. The Ministry did not, adjust the seed money paid in 1985-86 against the amounts of grants due in 1986-87. Only in September 1990, Ministry approved use of the seed money for the Mother Extension Centres.

The Ministry stated, in September 1991, that a few institutions which had utilised or adjusted temporarily the seed money towards normal expenditure had transferred a part of the amount to the seed money accounts. The details were, however, not furnished. From the information separately collected by Audit, it was noticed that in 53 polytechnics to which Rs.265 lakhs were released, expenditure of Rs.31.80 lakhs was incurred and Rs.16.03 lakhs retained in Government treasuries and Rs.217.17 lakhs in bank accounts.

The Ministry stated, in September 1991, that the seed money could not be adjusted. The institutes were asked to refund the money. But the Ministry did not



give any reasons for releasing the grants in March 1986 without approval to the scheme. The Ministry also did not give reasons for delay in approving the scheme.

### **Department of Youth Affairs and Sports**

#### **3.6 Release of grants for laying of synthetic tracks and artificial surfaces**

##### *3.6.1. Introduction*

A scheme for giving financial assistance for laying synthetic tracks and artificial surfaces was notified in January 1986 by the Department of Youth Affairs and Sports (Department). It was designed to enable upcoming Indian sportspersons, with adequate opportunities, to familiarise themselves with such tracks and surfaces and thereby acquire a competitive edge in international sports.

##### *3.6.2 Organisational setup*

The Department was the nodal agency responsible for the implementation of the scheme. State Sports Councils and National Sports Federations/Associations concerned with sports were eligible for financial assistance under the scheme. Proposals from the State Sports Councils were to be routed through the respective State Governments while the National Sports Federations/Associations were free to submit their proposals direct to the Department. A committee headed by the Secretary of the Department was to consider the proposals received for assistance and select places for laying the tracks/surfaces and the kind of track/surface to be purchased. The Indian Missions abroad were to be consulted, before selection of suppliers for the tracks/surfaces.

##### *3.6.3 Scope of Audit*

A test check of records of the Department relating to the implementation of the scheme during the years 1985-90 was conducted by Audit in May-

October 1990. The results of test-check, supplemented by points noticed in scrutiny of records of State Governments and Ministry of Railways and the user agencies, were communicated to the Department in June and September 1991. The Department has accepted (November 1991), the facts and figures, in general, and their replies have been taken into account in arriving at the following findings.

3.6.4. *Highlights*

- Against outlay of Rs.13 crores in the Seventh Plan (1985-90), and budget provision of Rs.9.88 crores financial assistance released for synthetic tracks and surfaces was Rs.8.99 crores during the five years. It included Rs.3.05 crores drawn in March 1990 but not disbursed till much later. In two cases the grants-in-aid paid exceeded the amount admissible by Rs.82.49 lakhs. (Paragraphs 3.6.5, 3.6.7 (ii), 3.6.7 (iii) and 3.6.7 (iv))
- While selecting tracks/surfaces the less expensive varieties offered were not considered leading to avoidable extra expenditure of Rs.3.66 crores. By not contracting in US dollars but Deutsch Mark extra expenditure of Rs.22.48 lakhs was incurred in one case. The rates and brands selected in February and April 1987 were to be reviewed by December 1987 to see if prices could be reduced but review was not done. (Paragraph 3.6.6)
- Grant-in-aid of Rs.50 lakhs was paid to an agency which was not eligible for it and the location of its track was far away from the places where athletes could be expected to come. (Paragraph 3.6.7 (i))
- Grants of Rs.2.03 crores paid to four agencies did not have approval of Parliament as the amounts exceeded the limits prescribed for "New Service" or "New Instrument of Service". (Paragraph 3.6.8).

- Against a target of 13 synthetic tracks and 13 artificial surfaces, proposals for 6 tracks and 14 surfaces were approved. Only two tracks and five surfaces became operational by the end of the Seventh Plan period. Regional balance in location of artificial surfaces and synthetic tracks did not appear to have been considered. (Paragraphs 3.6.9 and 3.6.10).
- Avoidable extra expenditure of Rs.7.77 lakhs due to re-excavation at the site was allowed to be accounted for against grant-in-aid in one case. (Paragraph 3.6.7 (iii)).
- The work of synthetic track at Hissar for which a grant of Rs.40 lakhs was paid in October 1988 stood suspended and the State Government had ordered a vigilance enquiry (Paragraph 3.6.10 (ii)).
- The civil works done at a cost of Rs.32.07 lakhs through a public sector undertaking without inviting tenders against the estimated cost of Rs.16.80 lakhs which included inadmissible expenditure of Rs.5.70 lakhs, were allowed to be accounted for against grant-in-aid. (Paragraph 3.6.10 (iv)).
- An artificial surface for which grant of Rs.40 lakhs was released prematurely in November 1988 has not become operational due to non-completion of civil works and the money was invested in a bank by the user agency. (Paragraph 3.6.10 (v)).
- Conditions attaching to the grant for proper administration and utilisation of the tracks/surfaces were not enforced. (Paragraphs 3.6.11 and 3.6.12)

### 3.6.5 *Financial Investment*

Grant of financial assistance of Rs.13 crores was planned during the Seventh Five Year Plan (1985-90) on the laying of artificial tracks and surfaces.

The annual budget provisions and expenditure incurred by way of grants-in-aid given under the scheme during the years 1985-86 to 1989-90 are given below:-

(Rupees in lakhs)		
Year	Budget Estimates	Expenditure
1985-86	44.00	44.00
1986-87	70.05	70.05
1987-88	250.00	200.00
1988-89	324.00	267.03
1989-90	300.00	317.55
<b>Total</b>	<b>988.05</b>	<b>898.63</b>

Each synthetic track/surface was expected to cost Rs.100 lakhs; 50 per cent of the actual expenditure or Rs.50 lakhs whichever was less, was to be met by the Central Government. The remaining expenditure was to be met by the concerned State Sports Council or the National Sports Federation/Association.

The payment of grant was subject to the condition that it would be utilised within a period of one year from the date of sanction. The amount of grant was to be adjusted, based on the actual expenditure. Also utilisation certificates for the grants received were to be sent to the Department alongwith audited statement of accounts, by the grantees.

Grants amounting to Rs.898.49 lakhs were paid to 20 user agencies during the years 1985-86 to 1989-90 (one each in 1985-86 and 1986-87, five in 1987-88, six in 1988-89 and seven in 1989-90). Audited accounts and/or utilisation certificates were received only from three user agencies, viz., the Railway Sports Control Board, New Delhi, Government of West Bengal and Guru Nanak Dev University, Amritsar. They had not been obtained from the other user agencies so far (November 1991).

The Department stated (September 1991) that it was for the user agencies to submit the utilisation

certificates and audited accounts and that the Department was not responsible for the delays or non-submission of the accounts. The reply is contrary to the financial rules governing grants-in-aid. The Department is accountable for ensuring that grants-in-aid moneys are in fact spent for the purposes for which they are voted by the Parliament. The utilisation certificates and accounts are two of the means towards that end and have to be demanded by the Department in fulfillment of the accountability to Parliament.

3.6.6 *Rate contract for purchase of synthetic tracks (for athletics) and artificial surfaces (for hockey)*

(i) *Calling for quotations:* The National Institute of Sports, Patiala (NIS) had addressed selected foreign suppliers, the International Amateur Athletic Federation (IAAF) and the International Hockey Federation (FIH) early in March 1986 to obtain lists of recognised suppliers of synthetic tracks and artificial surfaces. It did not seek the assistance of the Indian Missions abroad. The IAAF furnished in April 1986 names and addresses of four suppliers who laid synthetic tracks. It confirmed that all were capable of laying athletic tracks to specifications acceptable to IAAF. NIS did not ascertain the IAAF specifications or call for quotations to such specifications. In March 1986 NIS issued communications to seven foreign suppliers inviting samples and catalogues of their synthetic tracks. Four offers received were considered including one from a supplier (firm 'F') from whom NIS had not sought quotations and which was not in the list of suppliers furnished by the IAAF.

For artificial surfaces (for hockey) the FIH grants two types of approvals: (i) "General Approval", for surfaces on which all competitions including World Cups and Olympic Games could be played and (ii) "Limited Approval" for surfaces on which international matches other than World Cups and

Olympic Games could be played. In reply to an inquiry made by NIS in March 1986, the FIH furnished the names and addresses of three suppliers whose artificial turfs had the "General Approval" of FIH. It did not furnish lists of suppliers who were given "Limited Approval" of FIH. The NIS addressed, in March 1986, three foreign suppliers (two who held "General Approval", and one who held "Limited Approval"), for furnishing samples of their artificial surfaces. In November 1986 it considered the offers of the three suppliers and, in addition the offer of another supplier who had furnished quotations in response to a reference from FIH.

(ii) *Selection of suppliers:* The Department constituted a committee in January 1987 with the Joint Secretary (Sports) as chairman for considering offers for synthetic tracks and artificial surfaces and for holding discussions and negotiations with the suppliers and obtaining the best possible terms. It was also to advise on the terms and conditions of contracts/agreement with the suppliers.

(a) *Synthetic tracks:* On synthetic tracks, the committee held discussions in January 1987 with two suppliers, out of the four, from whom offers were received and who were listed in the comparative statement prepared by the NIS. According to the report of the committee dated 4th February 1987, the other two suppliers expressed their inability to attend on the dates suggested and sought unspecified extensions of time. The quotations of the two suppliers with whom negotiations were held were as follows:-

	Original rate (Rate per square metre in US dollars)	Negotiated rate per sq.mt.in DM	
		Contract by 31st December 1987	Contract by 31st March 1990
<u>Supplier E</u>			
Type I	62	142	149
Type II	42	-	94
Type III	35	Not negotiated	
<u>Supplier F</u>			
TYPE-IV	65	128	136.5
TYPE-V	49	83	88
Type VI	42	Not negotiated	

Note: There were two rates for each track or surface - one for agreements finalised by 31st December 1987 and a higher rate for agreements finalised after that date and upto end of 1989-90.

Both the suppliers had offered full polyurethane type tracks used in standard international competitions and warranty for seven years. The committee noted that three or four other parties would arrive for discussion in the near future and that further recommendations would be made in due course for the long term requirements. The committee recommended that the immediate requirements for synthetic tracks at three sites viz. Calcutta, Bangalore and Kerala (city not mentioned), would be met by purchase of one track from supplier E and two tracks from supplier F. The costliest varieties from both suppliers were recommended. The fact that the SAF games were scheduled to be held in Calcutta at the end of 1987 was given as justification for recommending the costlier variety in Calcutta. The recommendations of the committee were accepted by the Government in February 1987.

In another meeting held after a month on 6th March 1987 the committee fixed 15th March 1987 as the cut off date for receiving fresh proposals and from other suppliers. The offer of one supplier G was not

considered on the ground that no intimation had come from IAAF on the standing of the supplier. After holding negotiations with three suppliers H, I and J, the committee recommended that the negotiated offers of H and J be accepted. The rates per square metre recommended were as under:-

Supplier	Contract by 31st December 1987	Contract by 31st March 1990
H	56260 Lira	68870 Lira
J	114 D.M.	114 D.M.

The committee noted that offer of H was the lowest (being almost 60 per cent of that quoted by others), and that tracks laid by that firm had been used for certain international competitions, including the Asian Athletic Track and Field Meet at Jakarta. IAAF had also recommended this supplier. But the committee felt that his product needed to be first tried out. The committee decided that a letter of indent might be issued, but their product be first tried out in a university or some other places where major international events were not expected to be held. Letters of indent were recommended to be given, in all, to four suppliers, viz., E, F, H and J. The committee also recommended that for orders to be placed upto 31st December 1987, no more discussions be held and that for orders to be given for 1988, further discussions be held in the last quarter of 1987.

(b) *Artificial surfaces:* On artificial surfaces (for hockey), the committee confined its evaluation to three suppliers A, B and C who held General Approval of FIH. In respect of supplier B it recommended acceptance of a costlier variety out of two varieties offered by him with a price differential of 20 percent. The rates recommended were as under:



Name of supplier	(Rate per square metre)	
	Contract by 31st December 1987	Contract by 31st March 1990
A.- Type VII	152.10 D.M.	152.10 D.M.
Type VIII	139.50 D.M.	139.50 D.M.
B.	71.50 US \$	75.00 US \$
C.	73.25 US \$	73.25 US \$

The committee did not consider all the offers available with the NIS for artificial surfaces. The offer of supplier D was the lowest at Rs.36.81 lakhs and it had the 'Limited Approval' of FIH. But this offer did not feature in the report of the committee, nor were reasons given for ignoring it.

The committee was not justified in excluding the offer for surfaces with 'Limited Approval' from the scope of its consideration in view of the substantial price differential involved.

The Department stated (September 1991), that it decided to instal the best quality of surface or track as they were needed for the training of elite athletes. Sub-standard athletic track or hockey surface was not favoured. The Department added that factual comments could only be offered by the members of the Committee, none of whom was presently in the Department. Prestigious international hockey tournaments were not permitted to be played on surfaces having 'Limited Approval', and this could be a reason for ignoring artificial surface having 'Limited Approval'.

The statement of the Department is not tenable as there was nothing on record to indicate that the committee had objectively examined the qualities of various types of tracks and surfaces offered including those with 'Limited Approval' and that it had come to the conclusion that any of them was sub-standard by reference to the requirements or specification prescribed by the Department for a

proposed track or surface in any particular site in India.

The Department took note of the fact that though quotations were coming from more suppliers, the committee had decided not to entertain any fresh offer after 15th March 1987. Government issued a circular in April 1987 (in effect a rate contract) containing the rates and terms and conditions to be enforced by the purchasers going in for offers of suppliers E, F, H and J for synthetic tracks and suppliers A, B and C for artificial surfaces (with two types of surfaces from supplier A). The rates were subject to a downward sliding scale depending on the number of tracks or surfaces ordered.

(iii) *Irregularities in selection:* The procedure followed in the evaluation and selection of offers suffered from the following irregularities.

(a) For synthetic tracks: One supplier 'F' whose offer was recommended by the committee had submitted his quotation in US dollars. However the rates of the supplier were given in Deutsche Mark (DM) in the recommendations of the committee. The rates mentioned in the Memorandum of Understanding (rate contract) was also in DM. The reasons for this change were not on record. Due to appreciation of DM over U.S. dollar, the change led to extra expenditure of Rs.22.48 lakhs being incurred by two user agencies who placed purchase orders on the said supplier in October 1988 and April 1989, which was taken into account for release of grants-in-aid.

The Department stated (September 1991) that it was for the suppliers to quote in the currency they feel like and the Department cannot control the same. The reply is not tenable as the Department can request them to continue to quote in a particular currency and there was nothing on record why this was not done by the committee.

(b) The committee did not consider, in January 1987, offers of two suppliers for synthetic tracks on the

ground that they had expressed their inability to attend on the dates suggested and sought unspecified extension of time. While one of these suppliers featured in the subsequent negotiations in March 1987, no information regarding the second supplier, (whether he was invited for negotiations subsequently or even informed that negotiations were being held in March 1987) was available. In its report of February 1987, the committee made its recommendations for synthetic tracks based only on two offers (F and H). The rates of the two additional offers (I and J) recommended by the Committee in its second report of April 1987 were substantially lower by about 10 to 40 per cent. Although the committee was aware that additional offers were available, it did not wait for negotiations on the lower offers and made its earlier recommendations by considering only two offers. Two orders each were placed on suppliers F and H and one each on suppliers I and J. The offer of supplier H for synthetic track was the lowest and nearly 60 per cent of others and its track was used successfully in the national games at Thiruvananthapuram. But subsequent orders were not placed on supplier H. Failure to ensure placement of orders under lowest rate contract by releasing grants accordingly resulted in avoidable extra expenditure of Rs.72.40 lakhs, (computed at the exchange rates prevailing at the time of acceptance of tender). The avoidable extra expenditure was incurred in foreign exchange.

The Department stated that after the life of track supplied by 'H' expires, the track has to be fully replaced. But in case of other approved tracks, only top surface (3-4 mm out of total 13 mm thickness) will need to be rubbed off and laid afresh. Consequently, in the long run, track of 'H' may prove to be costlier than the other tracks. Hence, the possible savings calculated by Audit cannot be authenticated. Also it is the choice of the user agency to choose a particular track, as they invest the major share in the project. Department of Youth Affairs and Sports cannot force any track on the users. The reply is based on the assumption that

reparable track is better track. No objective assessment of tracks based on study of technical specifications or repair experience abroad of other users obtained through Indian Missions abroad has been advanced. No advice from R&D establishments having expertise on synthetic and artificial fabrics would also appear to have been taken.

(c) For artificial surfaces: The user agencies placed orders for artificial surfaces with supplier B in 10 cases, supplier A in 3 cases and supplier C in one case. There were no proposals for conducting hockey tournaments of World Cup or Olympic Games standard in the country requiring surfaces with "General Approval". Purchases of surfaces with "Limited Approval" would have sufficed and a saving of Rs.293.53 lakhs could have been effected by procuring from supplier 'D'.

The Department stated (September 1991) that the product is not so transparent as to lend itself to an amateur analysis. The Indian users and coaches and even other experts are not in a position to make qualitative comments in a confident manner about any track. Department of Youth Affairs and Sports is watching the behaviour of all these tracks. But a stage has not been reached where it can pronounce upon the relative merits and demerits of each track. The reply is silent on the non-association of R&D establishments in India specially in artificial fibres and petrochemicals and binding materials with the earlier selection or watching the behaviour of the tracks.

(d) The committee was not required in its terms of reference to invite quotations through the Indian Missions abroad or to consult them on the synthetic tracks and artificial surfaces, offered from abroad though the scheme required consulting them before selection of tracks/surfaces.

According to the Department (September 1991) consultations with Missions abroad were not considered necessary, because the ultimate source of

information was the International Federation concerned. The reply is not tenable as Indian Missions could make enquiries from users abroad while International Federations will not help in selection process in such manner.

(e) In its first report dated 4th February 1987, the committee observed that the items to be procured were proprietary in nature and it was not necessary to invite open or global tenders. But in the same report the committee also stated that three or four parties could well arrive for discussions in the near future, thereby admitting that the purchases were not covered by any proprietary certificate from any prospective indenter.

(f) In its second report of April 1987, the committee fixed the cut off date after which fresh proposals would not be considered as 15th March 1987 for orders to be placed by 31st December 1987. The reasons for such a cut off date being fixed, the number of parties which were considered and the offers received from them was not given by the committee in its report nor placed on record.

(g) On technical suitability, the Committee was required to make recommendations on the types of artificial surfaces and synthetic tracks to be procured for particular sites in India. No such recommendation was made by the committee except for two tracks financially assisted by the Department and one track and three surfaces financially assisted under a scheme of the Sports Authority of India. The committee also did not spell out the complete technical specifications of the surfaces and tracks recommended at the prices negotiated. The specifications were also not laid down in the Memorandum of Understanding signed by the Department with the suppliers as a kind of rate contract for purchases to be made by the user agencies.

The Department stated (September 1991), that the synthetic track/surface was a product totally new to India, at that time. The track or surface recommended

was not site specific. The drawing or design of the surface was modified to suit the site. The committee at a later stage refrained from specifying the particular brand of track sanctioned for a particular site. The reply indicates failure to grow technical competence using experts in the scientific fields available in R&D establishments in India.

(iv) *Downward trend in prices:* It was noted by the Department in January 1988 that only a very limited number of suppliers were called by the committee and that almost all of them were issued letters of intent and given memoranda of understanding. If more suppliers were called the prices could be more competitive and saving in foreign exchange effected. The Government might be guided by the experience gained from the two types of tracks laid (at Calcutta and Thiruvananthapuram). A new committee was constituted in May 1988 which held one meeting in July 1988, and identified for further examination the necessity of going in for cheaper varieties of tracks and surfaces and the desirability of going in for global tenders for short-listing suppliers.

In a communication dated 14th September 1988, the Government of Madhya Pradesh suggested to the Department the need to have cheaper synthetic surfaces, particularly in schools and colleges, as was in vogue in foreign countries.

The Ministry of Finance, when approached for release of foreign exchange for purchase of synthetic track at Hissar, advised the Department, in September 1988 that the prices might have come down because of the advances in technology and diversification in supply sources.

The Department constituted yet another committee in December 1988 which met once, in April 1989. But the Department decided in September 1990 to extend the validity of the memorandum of understanding (rate contract) beyond 1989-90, without a review of either the rates accepted or the types of tracks or surfaces selected.

According to the Memorandum of Understanding (rate contract) signed between the Department and the foreign suppliers for import of tracks and surfaces, the prices agreed to were to remain firm upto 31st March 1990 subject to the condition that if, during that period, lower price was offered by the supplier to any other party the same price would be offered by it to the Government of India.

The Department stated (September 1991) that the observations made in January 1988 in the Department's file were only a conjecture, and much may not be read into it. The need for cheaper surfaces would be taken into consideration during the next round of negotiations. A review could not have been conducted in the short time available. Steps were taken to constitute a committee for short listing after considering offers from as many suppliers as possible. Formulation of technical requirement of the product and transfer of procurement to the Sports Authority of India for shortlisting fresh suppliers was done. The Department added that prices of surfaces had gone up all over the world and hence it was not considered worthwhile to write to the Missions abroad to find out the price situation. It would have certainly come to know of supplies at lesser prices through the competitors of supplies since all suppliers were watching others' prices and marketing strategies. The reply is not tenable as it does not indicate why global quotations and cross check on prices through Indian Missions were not done over and above all other measures which do not substitute them.

(v) *Un-intended benefit given to the supplier:* According to the memorandum of understanding and agreement, the supplier was required to mobilise all equipments necessary for the project at his own risk and cost, and re-export the equipment after the installation of the track or surface, within a period of six months.

Supplier B had entered into contract with more than one user agency for laying artificial hockey surfaces in India. He used the same machinery and equipment for laying artificial hockey surfaces at Sports College, Lucknow, Shivaji Stadium, New Delhi, Railway Stadium, Gwalior and NIS Centre, Calcutta. For this purpose, extension of time to complete work was granted to him from time to time. This resulted in substantial unintended benefit to the suppliers, no part of which was demanded by the Department while agreeing to grant extension of time under the contract.

The Department stated (January 1991) that it was not possible to force the supplier to pass on the benefit. It was entirely between the supplier and the purchaser to discuss and negotiate it. The Department added, in September 1991, that the quantum of such benefits could not be determined. The reply of the Department is not tenable because 50 percent of the cost was met by the Department and it was in its interest to keep the cost to the user agency down and recover compensation for delay in completion of work to suit convenience of supplier in adding to his profits.

(vi) *Delay in completion of work:* The model agreement furnished by the Department to the user agencies did not include any clause for penalty or liquidated damages for delays in performance of contracts by the foreign supplier. In eight cases delay in completion of work by the supplier was noted.

The Department stated (February 1991) that the insertion of a penal clause in the agreement would be negotiated and taken care of while signing a fresh memorandum of understanding with the suppliers.

(vii) *Irregular release of third instalment to supplier:* As per the memorandum of understanding (rate contract), before the last (third) stage payment was made to the supplier, an acceptance certificate by a joint acceptance committee was to be issued within 30 days of laying of track or surface.



The acceptance certificate was to be accompanied by a performance guarantee supported by bank or insurance guarantee, equal to 5 per cent of the value of the contract.

The acceptance certificate was not given within the prescribed period, in a single case. In respect of two user agencies guarantees given by banks functioning outside India were accepted, but according to Ministry of Law, the guarantees were required to be enforceable in India and irrevocable in nature. Information on issue of performance guarantee was not available with the Department in the remaining cases.

3.6.7 *Release of grants in aid and non-observance of conditions attaching thereto*

(i) *Synthetic track at Priyadarshini Park, Malabar Hill, Bombay*: The Department sanctioned an assistance of Rs.50 lakhs in March 1989 to a private local residents' society for laying a synthetic track at Priyadarshini Park, Malabar Hill, Bombay, though, under the provisions of the scheme, grants were admissible only to State Sports Councils and to recognised National Sports Federations/Associations concerned. The residents of a local residents society were not eligible for assistance and were not a recognised Sports Federation/Association. The sanctioning committee in the Department had objected (February 1989) to the assistance on the grounds that (i) the site was located right on the sea shore, and the consequential wind velocity was not accepted in athletics; so the track could not be utilised for holding prestigious tournaments; and (ii) the site was far from the places from where the athletes could be expected to come and real athletes would not be able to use the track; the track was likely to be used by rich persons for jogging, walking, etc.

The technical expert from Government observed in a letter dated 28th December 1988 that the location of the track was on the sea point on a filled up soil, that a lot of precautions should be taken in

ensuring that the sub-soil water did not rise due to fluctuations in the sea level and that a suitable number of deep cut-off walls were required to see that peripheral water was drained away suitably and was not allowed to raise the sub-soil water. No information on measures taken to meet these technical problems was available on record.

The user agency stated that a spectators' gallery would be constructed to control the wind velocity. However, the Department neither ascertained the estimated cost of such a gallery nor satisfied itself that the agency possessed the financial resources to construct the same. The action taken to construct the gallery was also not on record. The State Government recommended (February 1989) the case on the ground that there were several domestic servants and other less privileged persons who were in dire need of sports facilities and that there were vast dhobi ghats and several restaurants employing young persons as waiters, all of whom were in dire need of recreation and developing their potential in the world of sports.

The Department stated that the synthetic track installed at Malabar Hill was recommended and supported by the Government of Maharashtra; that the residents' society had invested about Rs.70 lakhs from their own resources and that had the proposal not been approved, the country would have lost the investment of private resources in sports infrastructure. The Department did not furnish the sources from which the remaining expenditure was incurred. It was, however, noticed in audit that the society had income of Rs.0.36 lakh in 1985-86 and Rs.0.05 lakh in 1986-87 and that apart from Central Government, it had received Rs.10 lakhs from the State Government, Rs.15 lakhs from State Bank of India and Rs.19.85 lakhs from the Bank of India.

The Department stated (September 1991) that there was no track in the whole of Maharashtra State, when the application of the private local residents'

society was considered. The society was directly involved in promotion of sports and had developed a sports complex on the same site and that there was no valid ground for objecting to its selection. The reply has not stated why the State Sports Council and the recognised Sports Federation/Association in a major State like Maharashtra and a metropolis like Bombay were overlooked on the one hand or on the other hand why the scheme was limited to assistance to or through State Sports Councils and National Sports Federations/Associations.

The track became operational in February 1991, but account for expenditure had not been rendered to the Ministry so far (November 1991). Information on nature of sports activities conducted at the site was not available.

(ii) *Railway Stadium, Gwalior*: The Department paid in February 1988 and March 1990, Rs.47.49 lakhs to the Railway Sports Control Board, New Delhi, for laying artificial hockey surface at Railway Stadium, Gwalior at a cost of Rs.94.99 lakhs. The balance of expenditure of Rs.47.50 lakhs which should have been met by the Board or a National level Federation was also met by the Government in the Ministry of Railways.

The Department stated (September 1991) that it was not concerned about from where the Railway Sports Control Board found its half of the cost of the project. The reply is not tenable as the scheme was not intended to benefit Commercial organisations under the Government encouraging sports out of surplus generated by them but only to State Sports Councils and National Sports Federation.

(iii) *Synthetic track at Salt Lake City Stadium, Calcutta*: The Department paid in March 1987 assistance of Rs.70 lakhs to the Society for Sports and Stadium, Calcutta, for laying synthetic track in its Stadium in Salt lake City, Calcutta. The assistance exceeded the limit of Rs. 50 lakhs fixed in the scheme. The contract for sub-base work at Salt

Lake Stadium, Calcutta, amounted to Rs.84.44 lakhs (an increase by 141 per cent over the estimated cost) and was completed after delay of 4 1/2 months beyond the prescribed schedule. No penalty was recovered for the delay. Further sub-base work was done at the very site where, earlier between January and April 1986, earthwork for a different type of track (Type IX) was done at a cost of Rs.16.91 lakhs. Re-excavation was done again at a cost of Rs.3.43 lakhs rendering infructuous expenditure of Rs.4.34 lakhs of work done earlier for laying the (Type IX) track. Such escalations in cost were taken into account which also led apparently in releasing grant in excess of limit.

The Department stated (October 1990) that the release of assistance of Rs.70 lakhs (estimated cost of track) in this case was given in pursuance of the Prime Minister's package programme of assistance to the Government of West Bengal for completion of the Salt Lake City Stadium, Calcutta for holding SAF games in 1987. It was a special grant, not bound by the terms and conditions of the scheme. The Department also stated (September 1991) that in exceptional cases Government could go beyond (the condition attaching to) a scheme if considered essential, and that ex-post facto sanction would be obtained, (from authority competent to allow deviation from the conditions governing the scheme).

(iv) *Release of grants much in advance of requirement:* Grants in aid were to be disbursed under the scheme only on completion of formalities and requirements, such as, signing of agreements by the user agencies with the supplier of track or surface.

(a) In March 1986, even before an agency to supply the artificial surface was selected, the Department paid Rs.44 lakhs to the U.P. State Sports College, Lucknow.

(b) In March 1990, in the last month of the Seventh Five Year Plan, the Department sanctioned financial assistance amounting to Rs.305 lakhs for laying of

synthetic tracks and artificial surfaces to seven user agencies. The amount was drawn before 31st March 1990 but was not disbursed to the user agencies due to non-completion of formalities. Out of the seven agencies, only in one case, an agreement was signed on 28th February 1990 and assistance of Rs.45 lakhs was sent to a user agency at Chandigarh in April 1990. The Department sent bank drafts to three agencies in October 1990 (Rs.140 lakhs), to two agencies in February 1991 (Rs.75 lakhs) and to one agency in March 1991 (Rs.45 lakhs), after agreements were entered into by them. Thus Rs.260 lakhs were drawn in six cases much in advance of the requirement and in violation of Government financial rules prohibiting drawals in advance of requirement. Calculated at the borrowing rate of Government (11.5 per cent) the locking up of funds in the form of drafts for such long periods resulted in loss of interest of Rs.19.98 lakhs to the Government.

The Department stated (September 1991) that it could not disburse the grant unless the agreement was executed and that it was not responsible if the State Governments failed to select suppliers and execute agreements promptly. The reply does not meet the point of drawing the grant-in-aid much in advance of the time of payment to the supplier by the grantee.

(c) Under the scheme, the Central assistance was to be released in two equal instalments. However in all cases the assistance was released in one instalment only. The Department stated, in January 1991, that lump sum amount was released in the interest of timely completion of the project and to avoid cost over-runs. The plea is not tenable as payments to foreign suppliers were to be made in three instalments and laying of track/surface was to be preceded by civil works for ground preparation.

The Department stated (September 1991) that the banks did not open letters of credit unless full cost of surfaces to be imported was deposited and that the user agencies did not have funds to make prior

payment and claim reimbursement later. The reply indicates oversight of such practical constraints while framing the scheme and building into it condition of user agencies providing 50 per cent of the funds which as per the reason advanced must apparently be violated to fulfil the objectives of the scheme.

### 3.6.8 *Grantee wise amounts not reported to Parliament*

On the recommendations of the Public Accounts Committee (PAC), Government prescribed financial limits for different categories of expenditure not approved by Parliament beyond which the expenditure constitutes "New Service" or "New Instrument of Service". As per extant instructions on "New Service" and "New Instrument of Service" the details of lump sum provision made for providing grants-in-aid to statutory and other public institutions and private institutions (other than for export promotion scheme) under a scheme should be reported to Parliament if institution-wise breakup is not approved in the budget. The Department made only lumpsum provisions in the budget for the years 1985-86 to 1989-90 still, grants-in-aid to statutory and other Government controlled institutions (Rs.152.49 lakhs) and one private institution (Rs.50 lakhs) were released without the details being reported to the Parliament. This contravened the directions of the PAC on "New Service" and "New instrument of Service".

### 3.6.9 *Regional locations of tracks/surfaces*

Under the scheme, artificial surfaces and synthetic tracks were to be provided in all regions of the country on an equitable pattern taking into account the popularity of particular sport or game in the area. No guidelines were, however, framed for equitable regional distribution nor did the Department decide in advance, the regional distribution of the tracks and surfaces or invite proposals accordingly. The Department stated, in September 1990, that the applications were considered

for assistance only when they were in accordance with the scheme and that the 'grants committee' did keep in mind the regional requirement and the suitability of the site. However, scrutiny of the minutes of the meetings of the 'grants committee' did not indicate that the need for ensuring regional balance was considered before approving proposals for provision of synthetic tracks/artificial surfaces. It was noticed that after taking into account the two tracks and one surface that existed in 1985-86 and the number (two and three) taken up by SAI during the period 1985-90, the concentration of synthetic tracks and artificial surfaces in some States/regions did occur. Five of the ten synthetic tracks were provided in Delhi, Haryana, Punjab and Uttar Pradesh. Ten of the 18 artificial surfaces were provided in Chandigarh, Delhi, Madhya Pradesh, Punjab and Uttar Pradesh.

The Department stated (September 1991) that the country needed many more synthetic tracks/surfaces even in the regions which were perceived to have a heavy concentration of such playing surfaces and that there was hence no concentration. The Department added that installation depended upon the response, which could not be ignored and was dependent upon the financial strength of the user agency.

3.6.10 *Failure to derive early benefits from the grants-in-aid given*

(i) Thirteen synthetic tracks and 13 artificial surfaces were to be commissioned during the Seventh Plan. But, only six synthetic tracks and 14 artificial surfaces were sanctioned. The tracks/surfaces which became operational by March 1990 were a track at Calcutta (October 1987) and one at Thiruvananthapuram (December 1987). Also five surfaces, i.e. one at Lucknow (January 1988), one at Delhi (December 1988), one at Gwalior (February 1989), one at Amritsar (January 1990) and one at Jalandhar (March 1990) became operational by the end of the Seventh Plan (1985-90). The works of laying

the tracks at four places (Hissar, Bombay, Ludhiana and Lucknow) and surfaces at nine places (Bombay, Ranchi, Pune, Bhopal, Chandigarh, Rourkela, Srinagar, Rampur and Varanasi) were still to start or were not completed by the end of the Plan period.

Under the scheme administered by the Sports Authority of India (SAI), tracks at two places (Bangalore and Gandhinagar) and surfaces at three places (Bangalore, Calcutta and Gandhinagar) were also sanctioned and laid during the Seventh Plan period.

The Department stated (September 1991), that unreasonable delay, if any, that had occurred was the responsibility of the user agency and not of the Department which was vigorously pursuing the pending cases with user agencies and concerned State Governments. The reply is not tenable as on the achievement of the purpose for which grants are given, the Department is accountable to Parliament which votes the grants.

(ii) *Synthetic track at Haryana Agriculture University, Hissar:* The Department released Rs.40 lakhs in October 1988 to the Haryana Agriculture University, Hissar, for laying the synthetic track. The University entered into agreement with a foreign supplier in July 1988. The material which was due to be received by February 1989 was actually received in February 1990. The track has not so far (July 1991) been laid, as the related sub-base works, allotted in June 1989 and due to be completed by November 1989 had not been completed so far (July 1991); the work stood suspended from October 1990 after incurring expenditure of Rs.20.87 lakhs. A vigilance enquiry was instituted by the State Government in respect of the work; the findings were not available.

The Department stated (September 1991) that the user agency was responsible for not completing the civil work and not the Department. The reasoning is not tenable as grants-in-aid are liable to be recovered by the Department if the purpose for which



these are given is not achieved. Further, the Department is responsible for selection of grantees, as well as for achieving the objectives of the grant.

(iii) *Synthetic track at Guru Nanak Stadium, Ludhiana*: The Department sanctioned grant of Rs.50 lakhs to the State Sports Council in February 1989 for laying a synthetic track at Guru Nanak Stadium, Ludhiana. According to the technical expert, the soil composition for laying of the synthetic track at Ludhiana was not very satisfactory and it could create problems if the soil upto a depth of one metre was not replaced or improved. Though the Department had forwarded (February 1989) the findings of the technical expert to the Punjab State Sports Council, no action on the measures suggested by the technical expert was taken. The user agency in consultation with the supplier, decided to lay a Type X base instead of macadam/ashphalt base approved by the Department. It entered into an agreement in March 1989 with the same foreign supplier for laying of Type X base at a cost of Rs.37 lakhs without calling for quotations. Against this, payment of Rs.35.75 lakhs was made to a private party and not to the supplier and thus a proper discharge of the contract was not on record.

The Sports Council stated (January 1992) that the private party was the official representative of the supplier.

According to the agreement with the supplier entered into in August 1989, for the supply and laying of the synthetic athletic track, the work was to be completed by mid October 1989. The imported material reached the site of work in the first week of December 1989 only and the work has not been completed so far (September 1990).

The District Sports Officer, Ludhiana reported in February 1990 that after rainfall, water was standing at many places in the track due to unevenness of the track and that due to several

deviations in execution, the level of the track was found to be sub-standard.

The Department stated (September 1991) that the Government of Punjab was responsible for assigning the work for sub-base for the synthetic track to the foreign supplier and that though the track was physically complete, the defects observed were still to be rectified. The reply is silent on the action taken by the Department to verify the competence of the grantee, before selecting it for release of grants, as well as for achieving the objectives of the grant.

(iv) *Laying of artificial hockey surface at Shivaji Stadium:* The Department paid grant of Rs.40 lakhs to the New Delhi Municipal Committee (NDMC), in 1987-88 for laying artificial hockey surface at Shivaji Stadium, New Delhi. Though the artificial hockey surface was commissioned in December 1988, the final account of expenditure was still to be rendered (March 1991). The work on sub-base was got completed through a public sector undertaking without inviting tenders, at a cost of Rs.32.07 lakhs against the cost of Rs.16.80 lakhs estimated by the NDMC in the application made to Government; the final bill of the contractor was still to be paid. The progressive expenditure reported by NDMC included inadmissible items of work costing Rs.5.70 lakhs.

The Department stated (September 1991) that it was not concerned with the execution of the contract for preparation of sub-base for the hockey surface at Shivaji Stadium. The reply is silent on responsibility of Department to obtain the accounts and adjust the grant amount if necessary after excluding inadmissible items of expenditure incurred by the grantee.

(v) *Artificial hockey surface at Morhabadi ground, Ranchi:* The Department sanctioned a grant of Rs.40 lakhs in November 1988 to the Bihar State Sports Authority for laying the hockey surface at Morhabadi ground, Ranchi, and paid the amount in June 1990. The

sub-base work which was entrusted to a contractor in October 1990 is still incomplete (October 1991). The contract for supply of artificial surface was entered into with the supplier in March 1989 for completion of supply and laying of the surface by December 1989. However as the sub-base work itself has not been completed, the artificial surface has not been laid. Consequent on release of funds, far ahead of need, the State Sports Authority had invested the funds in fixed deposit in banks.

The Department stated (September 1991) that funds for the hockey surface at Ranchi were released on time, that the inefficiency was on the part of the user agency who was responsible for completing the sub-base and that more than the interest earned, the agency was losing in cost escalation. The reply is silent on the responsibility of the Department to verify the competence of an applicant before selecting him for release of grant and release of grant only when it is needed.

#### 3.6.11 *Upkeep and maintenance*

According to the provisions of the scheme, separate local managing committees of representatives of the Central Government, the concerned State Sports Council, and others were to be constituted to look after the utilisation, maintenance and control of the synthetic tracks and surfaces. The recurring expenditure on maintenance of the facilities was to be provided for by the State Sports Councils or the National Sports Federations/Associations and income derived was to be utilised in accordance with rules to be framed by the Central Government. The committees were to be responsible to the Central Government for proper maintenance and utilisation of the synthetic tracks and artificial surfaces under their control.

The Department stated (July 1990) that Government of India was primarily concerned with the release of Central assistance under the scheme based on the applications received from the user agencies

in the prescribed manner and that it was for the user agencies to constitute local managing committees with one representative of the Government. The Department further stated, in January 1991, that it had received information from three user agencies viz. NDMC (Shivaji Stadium, New Delhi), Railway Sports Control Board (Railway Stadium, Gwalior) and Guru Nanak Dev University (Amritsar) about formation of local managing committees. The Department had nominated its representative on committees of these user agencies. No rules had been framed on utilisation of income. The Department also stated (September 1991), that the user agencies were responsible for utilisation and maintenance of the tracks and surfaces. There was hardly any income from the tracks and surfaces and it was not considered desirable to frame rules.

#### 3.6.12 Guarantee

Under the agreements with the suppliers, the synthetic tracks and artificial surfaces were guaranteed for seven to ten years, during which the suppliers would depute, at their cost, qualified personnel to inspect the surface atleast once a year.

In Shivaji Stadium, New Delhi (completed on 20th December 1988), Guru Nanak Dev University, Amritsar (completed in January 1990) and University Stadium, Thiruvananthapuram (completed on 14th December 1987) no annual inspection was done by the suppliers nor was it insisted upon by the user agencies. In the case of synthetic track at Salt Lake City Stadium, Calcutta (completed on 16th October 1987) the first inspection of the track was made only on 9th June 1990.

The Department stated (September 1991), that the clause was included to safeguard the user agencies and that so far no report had been received about any defect in the tracks and surfaces.

### 3.7 Irregularities in payments of grants in aid under the scheme for training of youth

- (i) A State Government recommended, in July 1987, application of an institution for grant of Rs.9.02 lakhs for training 100 women in two batches for 6 months in health education and food nutrition. Without referring case to the Ministry of Home Affairs for ascertaining the locus standi and antecedents of the institution, the Department sanctioned in August 1987 grant of Rs.4.51 lakhs for training one batch of 50 youths (women) for 90 days in health education and food nutrition.

The prescribed scale of grant was not to exceed Rs.50 per day per trainee plus the actual travel cost and accordingly only Rs.2.26 lakhs were admissible. The institution sent on 15th July 1988, the utilisation certificate, audited statement of accounts and progress report indicating that the training was closed on 31st March 1988. The Department referred the progress report to the Director of Youth Services of the State Government at Lucknow for investigation and report in August 1988 but no report was received despite reminders issued in October and November 1988 and January and July 1990. In February 1989, the Ministry of Home Affairs sent a report on verification of antecedents and locus standi of the institution and on that basis, the Department declared on 27th March 1989 that the institution was involved in fraudulent and objectionable activities and further assistance was not to be released to it.

No action was, however, taken by the Department to recover the grant of Rs.4.51 lakhs paid to the institution. The State

Government stated, in November 1991, that a senior officer in the State Government had been requested to take proper action against the grantee.

- (ii) A State Government recommended in February 1989 the application for grant of Rs.5.10 lakhs to an Institution to train 105 persons for three months in the field of management. The case was referred to Ministry of Home Affairs on 17th March 1989 for verification of antecedents and locus standi of the organisation but without waiting for its reply, Rs.1.85 lakhs was sanctioned on 28th September 1989 and Rs.1.39 lakhs was released on 5th October 1989. As per the report of Ministry of Home Affairs, dated 30th October 1989, the organisation had not started any significant activity due to paucity of funds and nothing adverse had come to notice. A training programme was reportedly conducted for 30 days between 14th October and 13th November 1989. Based on the statement of accounts furnished on 18th December 1989 by the organisation, grant of Rs.1.68 lakhs (and not Rs.1.85 lakhs) was admissible as per the prescribed pattern of assistance. Still the Department released a further amount of Rs.0.46 lakh on 2nd March 1990 (total releases made to Rs.1.85 lakhs). The Department did not examine the amount of grant admissible while releasing the second instalment of grant of Rs.0.46 lakh.

In July 1990 when the case was examined, it was noticed that a number of participants belonged to one and same family including family of the chair person of the Institution, that some participants appeared, from the photographs sent, to be less than 10 years of age and some others

over 50 years of age. Only youth in age group of 15-35 years was entitled to be trained under the scheme. Payment to printers (Rs.0.73 lakh) and tent house (Rs.0.52 lakh) without address were not valid and expenditure of Rs.1.52 lakhs on food was much in excess of Rs.0.63 lakh considered reasonable. The case was referred to the Intelligence Bureau in June 1990, which reported in July 1990 that the aim of the institution was to get maximum grant from the Central Government which was likely to be utilised by the office bearers for political purposes. Thus, payment of grant to the institution without adequate scrutiny of antecedents and activities resulted in infructuous expenditure of Rs.1.85 lakhs.

The Department stated in December 1991 that the excess grant was released due to calculation mistake and that such mistake would not occur in future. The Department did not, however, offer any comment on the misutilisation and irregular utilisation of grant and remedial action indicated. No reasons were given for releasing grant to the institution without waiting for the report of the Intelligence Bureau.

(iii) A State Government recommended in September 1988 the application of an institution, for grant of Rs.6.90 lakhs for conducting training in selected trades to youths. The application did not contain certain vital data on the training institution, such as its address, past experience and details of the beneficiaries.

Application was not referred to the Ministry of Home Affairs for its opinion on the institution, and grant of Rs.1.50 lakhs was sanctioned in November 1989 for

training 40 youth in cutting and tailoring for 3 months. The first instalment of Rs.1.13 lakhs (75 per cent) was released to the grantee on 22nd May 1990. The institution did not send any information (December 1991) on conduct of training courses. Training in cutting and tailoring was not included in the scheme for training youth and grant was irregular. As per estimates, furnished by the Institution, grant of only Rs.0.54 lakh at the rate of Rs.15 per day for 90 days for 40 youth could have been paid. The Department had neither examined the eligibility of the institution for the grant nor verified the admissibility of the amount by reference to the estimates received.

The Department stated in December 1991 that it had held up the release of second instalment pending receipt of utilisation certificates and progress reports.

- (iv) Grants amounting to Rs.80.54 lakhs were paid to 76 institutions during the years 1987-88 to 1989-90. Following procedural irregularities in release of grants and non-compliance with conditions of grants were noticed, as detailed below:
- (a) The Department sanctioned grants aggregating Rs.27.99 lakhs to 28 institutions for conducting training for periods less than one month. The duration was two to three days in the case of 17 institutions to which grants of Rs. 16.77 lakhs were paid. The Department stated, in November 1991, that since certain training programmes could be viably conducted within a month, they had been taken up.
- (b) Twenty institutions did not execute the bond prescribed under the scheme. The Department stated, in November 1991, that



in future no money would be released till bond was received from grantee.

- (c) Progress reports and/or accounts had not been obtained from 29 grantees. The Department stated, in November 1991, that earlier the entire amount of grant was released in one instalment. Since the grant was now being released in two stages, the second instalment would not be released without the receipt of accounts and progress reports on the earlier amount released. The matter was being taken up with grantees from whom accounts had not been received.
- (d) Rs.1.48 lakhs was paid in excess and recovery of only Rs.0.13 lakh was made.
- (e) Entries in the grants-in-aid registers maintained in the Department were not completed and control over follow up on grants released was poor. The register had not been reviewed by the grant sanctioning authorities. The Department stated, in November 1991, that it was a fact that the register was not being maintained properly. However, it was now being maintained properly and appropriate entries were being made and authenticated.
- (f) None of the grantee institutions was inspected by the Department. Utilisation certificates were not being received, though grantees are required to furnish certificates of utilisation of amounts paid to them within six months of the close of the financial year. Utilisation certificates for Rs.41.24 lakhs were still to be received in 75 cases, out of 84 cases examined in audit and covering grants paid amounts to Rs.93.20 lakhs.

The Department stated, in November 1991, that the grant was now being released in two instalments and the second instalment was released only after the utilisation certificate for first instalment was received.

- (g) No evaluation of the utilisation of the grant and benefits derived was done by the Department (December 1991). The Department stated, in November 1991, that the matter would be taken up with the Planning Commission.

### **3.8 Irregular retention of funds outside Government account**

The Department of Youth Affairs and Sports (Department) sanctioned grants to voluntary organisations and autonomous bodies etc., for implementation of various schemes. The grants were drawn by the drawing and disbursing officer and paid to the grantees through demand drafts/bankers cheques. The sanctions were operative to end of the financial year in which the sanctions were issued.

A review of the bill register for grants-in-aid for 21 schemes test checked in Audit revealed that out of 426 cheques/drafts obtained in March 1989 and 335 cheques/drafts obtained in March 1990, only 133 and 95 cheques/drafts were despatched during the financial year. No information regarding dates of despatch of cheques/drafts to the grantees was available in 58 cases for Rs.104.78 lakhs drawn in March 1989, and 71 cases for Rs.286.20 lakhs drawn in March 1990. In the remaining 235 cases relating to March 1989 and 169 cases relating to March 1990, the cheques/drafts were despatched only in the subsequent financial year after one to twelve months.

Thus on grants amounting to Rs.952.05 lakhs unauthorised retention of funds outside the Government account resulted in loss of interest of

Rs. 5.26 lakhs (calculated at the borrowing rate of Government of 11 1/2 per cent per annum).

The matter was referred to the Ministry in August 1991; reply has not been received (January 1991); reminders were issued in November and December 1991.

## CHAPTER IV

### Ministry of Industry

#### 4.1 Follow up on Accounts

The capital and revenue expenditure incurred in 1990-91 from out of the grants of the Ministry (Grant No.51 to 53) amounted to Rs.537.65 crores and Rs.526.94 crores respectively. After adjusting the recoveries the amounts brought to account in Finance Accounts were Rs.537.57 crores and Rs.526.13 crores respectively.

The progressive capital outlay, as at 31st March 1991, on Industry is given below under respective capital major heads of account. The outlay should generate revenues and returns to Government. The revenue expenditure and revenue receipts in 1990-91 under the corresponding revenue heads of account are given alongside. The component of outlay invested in identifiable organisations or undertakings (whether declared commercial or not), Public Sector Undertakings and Cooperatives are given below within brackets. N.A. indicates information has not been made available in the accounts, though required to be given. The Chief Accounting Authority of the Ministry would need to take follow up action for getting wanting information in accounts and improving returns from capital outlays and investments. He may also need to drop from the progressive capital outlay the expenditures which are not correlatable to any assets in the register of assets, physical or financial and cannot also be truly entered in the register of assets so as to rectify omissions. Action has also to be taken to declare activities identifiable as "Departmental Undertakings" and those which should make profits as "Departmental Commercial Undertakings". All Public Sector and other Undertakings, Cooperatives and Departmental Commercial and non-Commercial Undertakings need to be listed in Statement No.11 of the Finance Accounts indicating the capital invested in them and the return realised from them.

Serial No.	Major Head	Progressive Capital Outlay as at the end of			Revenue Expenditure 1990-91	Revenue Receipts 1990-91
		----- 1990-91	1989-90	1988-89		
1.	2.	3.	4.	5.	6.	7.
1.	4851-Capital Outlay on Village and Small Industries.	150.86	128.54	116.68	331.79 (Head 2851)	5.93 (Head 0851)
	(101-Industrial Estate)	(29.84)	(28.50)	(26.94)	(0.38) (Head 2851-101)	(0.75) (Head 0851-101)
	(102-Small Scale Industries)	(91.24)	(82.43)	(74.47)	(40.23) (Head 2851-102)	(1.27) (Head 0851-102)
	(103-Handloom Industries)	(13.35)	(11.03)	(8.96)	(14.23) (Head 2851-103)	(0.13) (Head 0851-103)
	(104-Handicraft Industries)	(23.94)	(6.32)	(5.32)	(23.70) (Head 2851-104)	(0.51) (Head 0851-104)
	(109-Composite Village and Small Industries Cooperatives)	(0.55)	(0.40)	(0.20)	(0.41) (Head 2851-110)	NA
	(National Federation of Industrial Corporatives Ltd.)	(1.31)	(1.16)	(0.96)	--	(NA)
2.	4854-Capital Outlay on Cement and Non-Metallic Mineral Industries	336.99	316.98	279.73	0.15 (Head 2852-02)	0.46 (Head 0852-02)
	(01-Cement 190-Investment in PSUs)	(140.65)	(120.65)	(83.40)	(NA)	(NA)
3.	488-Capital Outlay on Engineering Industries	1653.75	1593.27	1396.14	69.59 (Head 2852-06)	0.14 (Head 0852-06)
	(02-Other Industrial Machinery Industries 190-Investments in PSUs)	(4.40)	(3.80)	(2.30)	--	(NA)
	(03-Transport Equipment Industries 190-Investment in PSUs)	(10.27)	(10.27)	(10.27)	--	(NA)

1.	2.	3.	4.	5.	6.	7.
	(04-Ship Building Industries 190-Investment in PSUs)	(148.20)	(121.04)	(50.75)	--	(NA)
	(05-Aircraft Industries 190-Investment in PSUs)	(48.50)	(48.50)	(20.00)	--	(NA)
	(60-Other Engineering Industries 190-Investment in PSUs)	(221.13)	(188.41)	(91.57)	--	(NA)
4.	4860-Capital Outlay on Consumer Industries	1311.77	1254.45	1157.03	213.93 (Head 2852- 08)	0.84 (Head 0852- 08)
	(03-Leather 190-Investment in PSUs)	(2.67)	(2.67)	(1.35)	--	(NA)
	(05-Paper and News Print 190-Investment in PSUs)	(63.86)	(58.46)	(47.88)	--	(NA)
5.	4875-Capital Outlay on other Industries 60-Other Industries	659.99	658.49	657.53	(0.15) (Head 2875- 001)	(0.10) (Head 0852- 80)
	(190-Investment in PSUs)	(582.43)	(580.93)	(579.97)	--	(NA)
	(NSIC)	(49.49)	(42.99)	(36.99)	--	Nil (loss Rs.5.13 crores) (end of 31.3.87)
	(Bharat Brakes & Valves)	(3.59)	(3.59)	(3.59)		Nil (loss Rs.6.51 crores)
	(Bharat Bhari Udyog)	(25.05)	(15.87)	(8.99)		(NA)
	(BHEL)	(244.76)	(244.76)	(244.76)		Dividend (24.47) (for 89-90)
	(BHPV)	(23.80)	(23.80)	(23.80)		(Nil) (losing)
	(Bharat Leather)	(5.56)	(5.56)	(5.09)		Nil (loss Rs.3.47 crores) (end of 31-3-90)
	(Bharat Ophthalmic)	(4.21)	(4.21)	(3.78)		(Nil) (Loss Rs.24.11 crores)

1.	2.	3.	4.	5.	6.	7.
	(Bharat Pumps & Compressors)	(18.92)	(18.92)	(18.92)		(Nil) (loss Rs.33.85 crores)
	(Bharat Wagon & Engineering)	(4.22)	(4.22)	(4.22)		(Nil) (loss Rs.2.56 crores)
	(Bharat Yantra Nigam)	(22.76)	(16.02)	(10.17)		(NA)
	(Brathwail & Co.)	(14.56)	(14.56)	(14.56)		(Nil) (loss Rs.34.14 crores)
	(Brenford Electric)	(0.29)	(0.37)	(0.37)		(NA)
	(Brige Roof Coy.)	(7.18)	(7.18)	(7.18)		(Nil) (loss to the end of 31-3-87 was Rs.3 lakhs (prov.
	(Barn Standard)	(39.22)	(39.22)	(39.22)		(Nil) (loss Rs.53.39 crores)
	(Cement Corporation of India)	(336.98)	(316.98)	(279.73)		(Nil) (loss Rs.92.03 crores)
	(Cycle Corporation of India)	(12.02)	(12.02)	(12.02)		Nil (loss Rs.61.93 crores)
	(Engineering Projects India Limited)	(7.82)	(7.82)	(7.82)		(Nil) (loss Rs.241.33 crores)
	(HEC)	(207.49)	(198.49)	(187.06)		(Nil) (loss Rs.273.00 crores)
	(HMT)	(78.56)	(74.06)	(54.06)		(NA)
	(Hindustan Paper Corporation)	(479.36)	(479.99)	(475.61)		Nil (loss Rs.274.28 crores)
	(Hindustan Photofilms)	(119.53)	(101.53)	(65.53)		(Nil) (for 90-91)

1.	2.	3.	4.	5.	6.	7.
	(Hindustan Salt)	(2.77)	(2.59)	(2.09)		Nil (loss Rs.0.52 crores)
	(Instrumentation Ltd.)	(18.72)	(16.92)	(14.55)		(1.07) (for 88-89)
	Jessop & Co.)	(37.18)	(37.18)	(37.18)		Nil (loss Rs.16.26 crores)
	(Maruti Udyog)	(66.15)	(66.15)	(66.15)		
	(MAMC)	(36.53)	(35.18)	(32.81)		(Nil) (loss Rs.32.71 crores)
	(National Bicycle Corporation)	(5.64)	(5.64)	(5.64)		(Nil) (loss Rs.35.11 crores)
	(NIDC)	(1.37)	(1.17)	(0.72)		(NA)
	(National Instruments)	(8.14)	(7.91)	(7.41)		(Nil) (loss Rs.16.49 crores)
	(NEPA)	(59.46)	(55.43)	(47.23)		(NA)
	(Praga Tools)	(5.34)	(5.34)	(5.34)		(NA)
	(RIC)	(4.76)	(4.76)	(4.76)		(Nil) (loss Rs.46.65 crores)
	(Richardson and cruddas)	(11.94)	(11.94)	(11.94)		(Nil) (loss Rs.21.47 crores)
	(Scooters India)	(5.67)	(5.67)	(5.67)		(Nil) (loss Rs.1.70 crores)
	(Triveni Structural)	(6.91)	(6.91)	(6.91)		(Nil) (loss Rs.11.49 crores)
	(Tungabhadra Steel)	(1.52)	(1.52)	(1.52)		(Nil) (loss Rs.2.95 crores)



1.	2.	3.	4.	5.	6.	7.
	(TAFCO)	(15.01)	(15.01)	(14.16)		(Nil) (loss Rs.85.46 crores)
	(Tyre Corporation)	(55.75)	(45.25)	(26.75)		(Nil) (loss Rs.39.83 crores)
	(Wagon India)	(0.02)	(0.02)	(0.02)		(Nil) (loss Rs.1 lakh)
	(Andrew Yule)	(6.88)	(6.88)	(6.88)		Dividend (1.16) (for 89-90)
	(Bharat Process Mechanical Engineering)	(4.11)	(4.11)	(4.11)		(Nil) (loss Rs.3.68 crores)
	(Elgin Mills)	(Rs.418)	(Rs.418)	(Rs.418)		(NA)
	(Gresham Crevan)	(Rs.90,000)	(Rs.90,000)	(Rs.90,000)		(NA)
	(Hindustan Motors)	(Rs.4000)	(Rs.4000)	(Rs.4000)		(NA)
	(Indo Libya Electrical Construction)	(0.67)	(0.67)	(0.67)		(NA)
	(Lagan Jute Machinery Corporation)	(1.70)	(1.70)	(1.70)		(NA)
	(Machinery Manufacturing Corporations)	(0.40)	(0.40)	(0.40)		(Nil) Incurring losses
	(Premier Automobiles Ltd.)	(Rs.3000)	(Rs.3000)	(Rs.3000)		(Nil) Incurring losses
	(TELCO)	(Rs.80000)	(Rs.80000)	(Rs.80000)		(NA) Incurring losses

The loans and advances given and outstanding as at 31st March 1991, for Industry are also given below, as indicated in statement No.15 of the Finance Accounts. The components of loan given to identifiable organisation or undertaking are given below within brackets. NA indicates that information has not been made available in the accounts, though required to be given. The interest recovered will

need to be given in the statement against loans under each minor head separately, in future, in addition to the interest on loans under the major head. Against some of the loans very little or no recovery has been made in the last three years and interest recovered is also relatively meagre. In statement No.3 of Finance Accounts, Ministry/Departmentwise and loaneewise, some of the outstanding loans and interest are indicated; but information is not complete. Also the amounts of loans outstanding and amounts of instalments overdue for recovery, both need to be given in the statement, in future. The Chief Accounting Authority in the Ministry will need to take follow up action for getting wanting information and effect recovery of instalments and interest overdue. A certificate will need to be given in the Finance Accounts in future that except for the loaneewise details given in statement No.3, all the Chief Accounting Authorities have confirmed that instalments and interest due for recovery upto 31st March of the year to which the Finance Account relates, have been recovered.

(Rupees in crores)

Serial No.	Head of Account	Amount of loan outstanding as on 31.3.91	Recoveries during			Interest recovered		
			1990-91	1989-90	1988-89	1990-91	1989-90	1988-89
1.	2.	3.	4.	5.	6.	7.	8.	9.
1.	6851-Loans for Village and Small Industries	995.66	159.60	163.83	181.57	65.52	4.89	100.04
	(101-Industrial Estates)	(8.49)	(5.01)	Nil	Nil	(NA)	(NA)	(NA)
	(102-Small Scale Industries)	(2.40)	(2.37)	(1.94)	(0.87)	(NA)	(NA)	(NA)
	(103-Handloom Industries)	(3.91)	(5.45)	(5.03)	(4.60)	(NA)	(NA)	(NA)
	(104-Handicrafts Industries)	(0.83)	(Nil)	(Nil)	(0.05)	(NA)	(NA)	(NA)
	(105-Khadi and Village Industries)	(762.61)	(146.58)	(156.70)	(175.96)	(NA)	(NA)	(NA)
	(106-Coir Industries)	(0.37)	(0.03)	(0.03)	(0.03)	(NA)	(NA)	(NA)

1.	2.	3.	4.	5.	6.	7.	8.	9.
2.	6854-Loans for Cement and Non-Mettalic Mineral Industries 01-Cement 190-Loans to PSUs.	185.39	Nil	Nil	Nil	Nil	Nil	4.21
3.	6858-Loans for Engineering Industries  (01-Electrical Engineering Industries 190-Loan to PSUs)  (02-Other Industrial Machinery Industries -190-Loans to PSUs)  (03-Transport Equipment Industries -190-Loans to PSUs)  (60-Other Engineering Industries 190-Loans to PSUs).	2000.32	75.84	320.38	82.20	105.31	229.09	83.59
		(121.16)	(7.79)	(8.24)	(14.84)	(NA)	(NA)	(NA)
		(291.31)	(7.35)	(6.05)	(3.08)	(NA)	(NA)	(NA)
		(528.19)	(48.25)	(35.81)	(36.70)	(NA)	(NA)	(NA)
		(1030.63)	(12.46)	(270.28)	(27.58)	(NA)	(NA)	(NA)
4.	6860-Loans for Consumer Industries  (03-Leather-190-Loan to PSUs)  (04-Sugar) (101-Loans to Coop. Sugar Mills)  (190-Loans to PSUs)	3036.62	34.58	13.77	17.29	242.70	184.94	510.32
		(53.14)	(Nil)	(Nil)	(Nil)	(NA)	(NA)	(NA)
		(52.17)	(Nil)	(Nil)	(Nil)	(NA)	(NA)	(NA)
		(250.31)	(Nil)	(Nil)	(31.17)	(NA)	(NA)	(NA)
5.	6875-Loan for Other Industries 60-Other Industries (190-Loans to PSUs)	98.05	(Nil)	(Nil)	(Nil)	(Nil)	(Nil)	(Nil)
6.	6885-Other Loans to Industries and Minerals  (60-195-Loans to Industrial Cooperatives).	1684.88	62.91	58.10	47.55	NIL	54.36	0.23
		(23.85)	(Nil)	(Nil)	(Nil)	(NA)	(NA)	(NA)

## 4.2 Adjustments to be made in Finance Accounts

In the balances at the end of 1990-91 which are reflected in the Finance Accounts the adjustment or review of the balances under the following head of account needs to be made by the Chief Accounting Authority in the Ministry/Department as indicated in the remarks column.

(Rupees in thousands)

Heads of Account	Balance as at the end of			Remarks
	1990-91	1989-90	1988-89	
6860-Loans for Consumer Industry	(-)283,97,01	(-)1,87,39,15	(-)64,82,95	The excess credits upto 1988-89 and onwards need to be checked and mistakes in book keeping rectified and excess credits written back or lapsed to revenue.
04-Sugar				
797-Transfer to/from Reserve Fund and Deposit Account				

### (Department of Industrial Development)

## 4.3 Cement Regulation Account

A Cement Control Order (CCO) was issued in 1967 under the provision of Sections 18 G and 25 of the Industries (Development and Regulation) Act, 1951 by the Department of Industrial Development. The de-control order on cement price and distribution came into effect from 1st March 1989.

The Development Commissioner for Cement Industry (DCCI) had implemented the objectives of the CCO covering 88 cement producing factories, as on March, 1989.

On a prescribed percentage of the cement produced (called levy cement) the amount by which the sale price of cement (within ceiling fixed by DCCI) exceeded the sum of ex-factory price of the cement, mandatory expenses as fixed by DCCI from time to time, and excise duty paid and packing charges was to be credited to a Cement Regulation Account (Account) by the producers. Amounts paid by the producers

under the CCO into the Account were used for equalising the expenditure incurred by the producer on freight, paying concessions granted in the matter of price, freight on supplies to Government or for public purpose and meeting expenses of the DCCI including those incurred for increasing cement production. On non-levy cement produced, an amount of Rs.9 per tonne was payable into the account upto December 1986.

The following points were noticed in audit:

(i) *Dues not realised:* Amounts due from 25 cement producers for credit to the Account amounted to Rs.66.22 crores as at the end of December 1990. Amounts due in 15 cases were for more than rupees one crore each. Rs.22.77 crores were due from 4 units which had closed down in June 1984, October 1985, September 1986 and June 1988 respectively. Effective steps had not been taken, in time, to recover the amounts. Producers of cement had delayed the remittance during the years 1984 to 1987 by 11 to 20 months (four cases) and three to seven months (eight cases) in violation of the provisions of the CCO.

In reply to an audit query DCCI stated (January 1991) that dues to the extent of Rs.239.19 lakhs and Rs.257.64 lakhs were recovered by DCCI during the year 1989 and 1990 respectively. The outstanding dues as in August 1991 amounted to Rs.51.15 crores.

Recovery of outstanding dues was enforceable in the Court of Law as per an opinion given by the Ministry of Law (July 1978), but no suits were filed. DCCI stated (January and September 1991) that pressure was being maintained on the cement units even by issue of legal notices and legal action was being contemplated in some cases. Show cause notices were issued to 13 Companies during 1990 but legal suits were not filed.

(ii) *Superfluous staff:* The Staff Inspection Unit (SIU) of Ministry of Finance studied the Office of DCCI and concluded (February 1991), that the entire

organisation DCCI could be wound up. It recommended that the residuary functions could be transferred to some other office under the Ministry without sanctioning additional staff for the residual work. The recommendation has not been given effect to, so far (November 1991).

(iii) *Non-utilisation of asset:* DCCI purchased a computer, costing Rs.9.16 lakhs which was installed in February 1987. Fault in the system, detected at the time of installation, was rectified only in November 1990 and supplier was still to provide requisite software (September 1991). As a result, the computer had not been used though full payment had been made. DCCI stated (August 1991) that supplier agreed to provide training to five persons and maintain computer free of cost for one year. The National Informatics Centre had identified two areas for computerisation, viz. energy audit system, and production information system.

(iv) *Inspection:* Internal Audit Wing of DCCI had not checked the accounts of 41 units. Further, Rs.16.46 crores was due for recovery since 1986 from 69 cement units, consequent to checking of the accounts of the factories in internal audit, upto 1986. The recoveries were towards excess freight claimed, use of second hand gunny bags not claimed by consumers, vouchers not produced, contributions not paid etc.

The Department in their reply stated (November 1991) that the recovery of outstanding dues to Cement Regulation Account is an ongoing process; in a few cases, the matter has been taken up with the Law Ministry and they would be finalised keeping in view the legal opinion. About the employment of superfluous staff, the Department stated that the action towards implementation of the recommendations of the Staff Inspection Unit of the Ministry of finance is being taken. In regard to blocking of funds on the equipment the Department stated that it was not known that there would be a scheme for total de-control of the cement; the computer would have

been fully utilised, if there was control on cement. As regards the amount of outstanding internal audit objections the Department stated that efforts were being made to settle them as early as possible. The reply does not indicate time by which long overdue action would be completed nor proposed manner of utilisation or disposal of computers.

#### **4.4 Infructuous expenditure due to inadequate planning**

The Ministry set up in June 1983, a Field Testing Station (FTS) at Chambaghat (Solan) for carrying out basic tests of mechanical watches and their components in Himachal Pradesh. While an Assistant Director, Promotion Officer, an Upper Division Clerk, a Stenographer, a Lower Division Clerk, a Peon and a watchman were appointed between July 1983 and October 1984, no equipment was procured for the FTS.

Consequently, the FTS did not function. Further, all the seven units engaged in watch assembly ran into difficulties in importing the watch components allegedly due to change in import policy of the Government. The staff (except for the watchman) were transferred between April 1990 and March 1991 to the office of the Director Small Scale Industries Service Institute, Chambaghat though no additional work was assigned to that office to engage the additional staff.

The Development Commissioner, Small Scale Industries, New Delhi ordered (November 1989) the closure of the FTS for watches at Chambaghat (Solan) and the setting up of another FTS for plastic materials at Parwanoo to be manned by the staff recruited for the FTS at Chambaghat. The Assistant Director, Upper Division Clerk, Peon and the Watchman were transferred to Parwanoo in March 1991 but FTS, Parwanoo is still to start functioning (August 1991).

The Development Commissioner (Small Scale Industries) while admitting the above facts stated in

May 1991 that the FTS building at Parwanoo was inaugurated in March 1991 and work was expected to start by September/October 1991.

Inadequate planning before setting up the FTS resulted in infructuous expenditure of Rs.7.88 lakhs on the salary of the staff from June 1983 to August 1991 (Rs.7.63 lakhs) and furniture, etc. (Rs.0.25 lakh).

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

#### **4.5 Failure in planning and premature acquisition of assets**

Government of India sanctioned (July 1982) the establishment of Field Testing Stations (FTS) at selected places under the four Regional Testing Centres of the Department with the objective of providing equipment and facilities for testing the quality of products manufactured in the small scale sector. The State Governments were to provide the lands and buildings free of cost.

In Tamil Nadu, a FTS was started in Madurai in April 1984 in a building provided by Government of Tamil Nadu to test pumps and electric motors. The Development Commissioner sanctioned (November 1984) Rs.5.07 lakhs for the purchase of machinery for the testing station. Machinery was procured at a cost of Rs.4.83 lakhs in the years 1985 to 1988. The machinery and equipment purchased were not commissioned. The building was stated to be unsuitable for installing them and certain civil works, viz. closing the ventilator openings which covered 60 per cent of the wall area, false ceiling, additional area for sump and hydraulic structures as well as power wiring were considered to be necessary. Some more equipments essential to test electrical motors as per relevant BIS specifications were sanctioned at a cost of Rs.4.17 lakhs by the Development Commissioner in October 1988. These were still to be procured (October 1991).



Thus, procurement of machinery at a cost of Rs.4.83 lakhs was premature as the necessary infrastructural facilities had not been planned for in detail and the machinery lay idle for 2 to 6 years locking up Government funds.

Though the laboratory was not commissioned, two skilled workers were appointed to operate the machines. Expenditure of Rs.3.32 lakhs was incurred on their salaries from August 1985 to March 1991.

The Ministry stated (April 1991) that the prime reason for the delay in commissioning the laboratory was due to carrying out modifications and repairs to the building provided by the State Government. The reply is silent on action taken, if any, to go in detail into the complementary plans of the State Government before incurring the expenditure (on machinery and salaries) with a view to achieve the objectives for which money was planned to be expended.

#### **4.6 Lack of proper planning before acquisition of assets**

The Regional Testing Centre, Guindy, Madras imported an Ultra Violet Spectrograph, a Bar Fatigue Testing Machine and a Torsion Testing Machine between June 1978 and February 1980 at a total cost of Rs.5.87 lakhs.

The spectrograph was intended to provide testing service to the Small Scale Industries. However, as the Centre was already equipped to provide the testing service otherwise (by wet analysis) there was no demand for testing service utilising the spectrograph and the machine remained idle since its installation in February 1981.

The Bar Fatigue Machine meant for testing the shafts of rotating machines was installed in November 1978 and the Torsion Testing machine, meant for testing the twisting strength of spring and ACSR conductors was installed in February 1980. They were

also not put to use since installation, as they did not have provision to carry out the tests at the required temperatures.

When the avoidable expenditure on purchase of these machines was pointed out by Audit (April 1990), the Centre stated (May 1990) that it was not in a position to state the circumstances under which these machines were purchased, since the relevant files were not traceable. The Centre proposed to the Deputy Director (SSI), New Delhi in April 1990 to transfer these machines to educational institutions. Orders on the proposal are still to be issued (October 1991).

In the result purchase of equipment without proper planning resulted in infructuous expenditure of Rs.5.87 lakhs.

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

## CHAPTER V

### Ministry of Information and Broadcasting

#### 5.1 Follow up on Accounts

The capital and revenue expenditure incurred in 1990-91 from out of the grants of the Ministry (Grants No.54 and No.55) amounted to Rs.266.91 crores and Rs.786.15 crores respectively. After adjusting the recoveries the amounts brought to account in Finance Accounts were Rs.107.17 crores and Rs.637.86 crores respectively.

The progressive capital outlay, as at 31st March 1991, on Information and Broadcasting is given below under respective capital major heads of account. The outlay should generate revenues and returns to Government. The revenue expenditure and revenue receipts in 1990-91 under the corresponding revenue heads of account are given alongside. The component of outlay invested in identifiable organisations or undertakings (whether declared commercial or not), Public Sector Undertakings and Cooperatives are given below within brackets. N.A. indicates information has not been made available in the accounts, though required to be given. The Chief Accounting Authority of the Ministry would need to take follow up action for getting wanting information in accounts and improving returns from capital outlays and investments. He may also need to drop from the progressive capital outlay the expenditures which are not correlatable to any assets in the register of assets, physical or financial and cannot also be truly entered in the register of asset so as to rectify omissions. Action has also to be taken to declare activities identifiable as "Departmental Undertakings" and those which should make profits as "Departmental Commercial Undertakings". All Public Sector and other Undertakings, cooperatives and Departmental Commercial and non-Commercial Undertakings need to be listed in Statement No.11 of the Finance Accounts indicating the capital invested in them and the return realised from them.

Serial No.	Major Head	Progressive Capital Outlay as at the end of			Revenue Expenditure	Revenue Receipts
		1990-91	1989-90	1988-89	1990-91	1990-91
1.	2.	3.	4.	5.	6.	7.
1.	4220-Capital Outlay on Information and Publicity.	27.06	23.21	19.95	84.16 (Head 2220)	21.04 (Head 0220)
	(4220-01-190 Investment in Public Sector and Other Undertakings)	(2.43)	(1.00)	(0.91)	-	NA
	(4220-01-052 and 200-Films)	(6.34)	(4.66)	(3.06)	(23.48) (Head 220-01)	(7.62) (Head 02220-01)
2.	4221-Capital Outlay on Broadcasting	1142.31	1040.33	866.09	550.86 (Head 2221)	296.05 (Head 0221)
	(4221-02-Television)	(563.03)	(504.29)	(432.42)	(380.64) (Head 2221-02)	(254.97) (Head 0221-02)

The loans and advances given and outstanding as at 31st March 1991, for Information and Broadcasting are also given below, as indicated in statement No.15 of the Finance Accounts. The components of loan given to identifiable organisation or undertaking are given below within brackets. NA indicates that information has not been made available in the accounts though required to be given. The interest recovered will need to be given in the statement against loans under each minor head separately, in future, in addition to the interest on loans under the major head. Against some of the loans very little or no recovery has been made in the last three years and interest recovered is also relatively meagre. In statement No.3 of Finance Accounts, Ministry/Departmentwise and loaneewise, some of the outstanding loans and interest are indicated; but information is not complete. Also the amounts of loans outstanding and amounts of instalments overdue for recovery, both need to be given in the statement, in future. The

Chief Accounting Authority in the Ministry will need to take follow up action for getting wanting information and effect recovery of instalments and interest overdue. A certificate will need to be given in the Finance Accounts in future that except for the loaneewise details given in statement No.3, all the Chief Accounting Authorities have confirmed that instalments and interest due for recovery upto 31st March of the year to which the Finance Account relates, have been recovered.

(Rupees in crores)

Head of Account	Amount of loan outstanding as on 31.3.91	Recoveries during			Interest recovered		
		1990-91	1989-90	1988-89	1990-91	1989-90	1988-89
6220-Loans for Information & Publicity	2.66	0.27	0.11	0.04	0.14	0.07	0.06
(6220-01-190 Loans to Public Sector and Other Undertakings for Films)	(1.98)	(0.16)	(Nil)	(0.04)	(NA)	(NA)	(NA)
(6220-60-190 Loans to Public Sector and Other Undertakings for Other purposes)	(0.68)	(0.11)	(0.11)	(Nil)	(NA)	(NA)	(NA)

## 5.2 Unused costly spares

5.2.1 The Central Purchase and Stores (CPS) office of Doordarshan was created in 1976 when Doordarshan was separated from the All India Radio. It procures stores (mainly spares) for the entire Doordarshan network. The Doordarshan centres (Kendras) maintain sub-stores which obtain their requirements of stores from the CPS. The CPS makes purchases from abroad by indenting on the Directorate General of Supplies and Disposals (DGSD) and after obtaining clearance from Director General Technical Development (DGTD)

5.2.2. The yearwise procurement of spares and their issue by CPS for purpose of maintenance of equipment has been going up over the last seven years as indicated below:-

(Rupees in crores)

Year	Value of spares procured	Value of spares issued
1978-79 to		
1983-84	13.94	11.93
1984-85	5.30	4.70
1985-86	4.78	4.12
1986-87	6.53	6.05
1987-88	8.98	7.95
1988-89	11.85	7.88
1989-90	18.14	19.52
1990-91	28.63	20.73
	98.15	82.88

The value of spares remaining in stores unissued as on March 1991 was Rs.15.27 crores.

The year-wise break-up of stores valuing Rs.5000, or more in stock as on 31st March 1990 in CPS by reference to year of purchase is given below:-

Year of procurement	Number of spares	Value (Rupees in crores )
upto 1983-84	141	0.38
1984-85	62	0.15
1985-86	65	0.40
1986-87	60	0.25
1987-88	56	0.38
1988-89	44	0.50
1989-90	116	1.57
Total	544	3.63

Doordarshan stated, in November 1990, that the spares to be procured and the quantities thereof were based on requirements projected by Kendras from time to time and pattern of failure of equipment modules and components etc. Only in the case of equipment in use failure pattern would be a guide. But because of technology changes and manufacturers discontinuing production of spares life time requirement of spares for the equipment were needed to be purchased. In case of new types of equipment, a set of initial spares as recommended by the manufacturer is procured alongwith equipment. Doordarshan stated that under Indian environment, failures did take place outside the recommended list and it became necessary to

project the requirement empirically rather than based on experience. It was natural for errors of judgement in anticipating the requirements, leading to procurement of stores in excess of requirement.

But the following cases of spares purchased during the years 1983-87 of which significant percentage was not used by the Doordarshan indicated that the surplus could not be explained by a conservative judgement.

Description	Date of receipt	Quantity received	Quantity issued to Kendras	Balance		
				Number	Total Cost (Rupees in lakhs)	Foreign Exchange
Tools and Kits for Eclair TV Film Camera	March 1985	1 Kit	-	1 Kit	1.80	0.63
Circulator channels (spares for 10 KW transmitters)	July 1985	5	2	3	5.42	-
Spares for CSF Thomson Microwave Link	December 1985	1 Set	-	1 set	4.47	1.68
Head Units of Direct Reception Sets	June 1986	32	-	32	3.49	-
PCB-Assembly Modules	June 1986	8	4	4	7.44	-
Spare for video equipment	August 1986	1 Kit	-	1 kit	2.38	-
S Band TVRO's	November 1986	10	7	3	7.66	-
Microwave links type FLV70101 (MK III MLV 12010)	January 1987	1 set	-	1	3.15	0.78
Extender Boards	October 1987	15	-	15	1.32	-
S Band TVRO's	March 1988	14	-	14	1.38	-
Spares for Microwave Link equipment MLV-12010	June 1988	1	-	1	16.45	4.67
Spares for Microwave Link equipment	July 1988	1	-	1	15.59	4.92
	Total				70.55	12.68

(a) In two cases DGSD purchased spares for Doordarshan from a foreign firm, in February and March 1987 respectively, under proprietary article certificate. They were received in June and July 1988 at a cost of Rs.32.04 lakhs including Rs.9.59 lakhs in free foreign exchange. These spares were still lying unused (July 1991).

Doordarshan stated, in November 1990, that the spares were processed for procurement during 1986 to enable servicing of defective microwave links in the network and repair of these microwave links was proposed to be undertaken at the workshop attached to the CPS. The procurement was made according to the assessment of requirement made initially. On receipt of the items, servicing was attempted but did not succeed because of fault in areas not anticipated earlier. The Service Engineer of the foreign firm was consulted who wanted additional items which were under process of procurement. The repairs of the equipment had not been completed so far (July 1991). Despite inquiry by Audit in July 1991, Doordarshan did not intimate whether a comprehensive repair requirement of microwave links was prepared before the spares were ordered. Thus, spares costing Rs.32.04 lakhs procured in June and July 1988 remained unutilised for three years while what was needed were different or additional spares. The delay gives rise to the further question whether the expenditure of Rs.32.04 lakhs was not avoidable.

(b) In January 1984, Doordarshan placed an indent on the DGSD for procurement of spares for an equipment, which were urgently required. The spares received in December 1985 at a cost of Rs.4.47 lakhs (including Rs.1.68 lakhs in free foreign exchange) were still lying unutilised (July 1991). No reasons were furnished to audit.

(c) Doordarshan placed order for supply of initial spares and modules costing Rs.24.11 lakhs on a firm in September 1985. Four modules costing Rs.7.44 lakhs



were received by CPS in June 1986 but have not been utilised so far (July 1991).

The CPS stated, in May 1991, that the order for initial spares was placed by the Director General, and CPS was not in a position to state how the requirement of spares was determined. On enquiry (August 1991) Doordarshan did not intimate basis for determination of requirement of initial spares and modules. Doordarshan did not also intimate whether the remaining four modules were utilised by the Kendras.

(d) Spares costing Rs.2.56 lakhs including 0.78 lakh in free foreign exchange were ordered by Doordarshan on the Indian agent of a foreign firm on proprietary basis in November 1985 for maintenance of microwave link used in Doordarshan network. The spares were received in January 1987 at a cost of Rs.3.15 lakhs. The spares were lying unused even after four years of their procurement. The CPS did not intimate the basis of determination of requirement for these spares.

(e) Doordarshan procured two 'circulator channel 8' and three 'circulator channel 9' from a firm in July 1985 at unit cost of Rs.1.81 lakhs per channel. Both the 'circulator channel 8' and one of three 'circulator channel 9' were lying unused (July 1991). The basis of requirement and the reasons for non-utilisation were not furnished to Audit.

(f) The CPS placed order for purchase of 10 S-Band TVRO Electronics consisting of LNA Down Convertor Unit (FEC) and Indore Convertor (TEC) alongwith interconnecting cables in June 1986. The spares estimated to cost Rs.21.30 lakhs were required for repairing defective units at various relay centres and were received between November 1986 and August 1987 by Doordarshan Kendras-Bangalore (one unit), Panaji (one unit) and CPS (eight units). Out of eight sets received by CPS five sets were issued to different Kendras in September 1987, and the remaining three sets costing Rs.7.66 lakhs were still lying in the stores since September 1987. Information

regarding utilisation of seven sets received at the Kendras was not furnished by Doordarshan to Audit.

5.2.3. Doordarshan did not furnish information to Audit on the number and cost of stores that had become obsolete and unserviceable. The Directorate stated in November 1990 that there was a set procedure for disposal of obsolete/ unserviceable stores available at Kendras. However, the CPS was unable to dispose of the stores unless they were issued to Kendras and cost recovered. With the change of technology there was no demand at Kendras for the stores. As such, the stores were neither disposed of nor issued to Kendras. The number and cost were not intimated to Audit.

5.2.4. The following other irregularities in issue of stores were also noticed.

(a) *Unaccounted issues:* On stores sent to Kendras in 78 cases between February 1981 and March 1990 formal accounting of the issue of the stores was not done.

The CPS stated, in June 1990, that an item needed immediately was sent to Kendras, in most cases on telephonic request. The items remained to be formally issued due to rush of work. It was not clear why the telephonic request was not brought on record and entries made in stores registers on that basis and account record completed and acknowledgements demanded from consignee Kendra.

(b) *Non recovery or adjustment of advance payments:* As on 31st March 1990, amount of Rs.19.18 crores paid as advance to Public Sector Units (PSUs) against supplies to be made was outstanding for adjustment or recovery. The years in which the advances were made and amounts for adjustment or recovery are given below:-

(Rupees in crores)

Year	Number of items	Advance outstanding
From 1978-79		
to 1983-84	15	0.14
1984-85	24	0.19
1985-86	77	0.90
1986-87	74	1.01
1987-88	104	2.09
1988-89	159	2.88
1989-90	481	11.97
Total	934	19.18

CPS was unable to indicate whether the supplies had been received in these cases and if so why the advances were not adjusted in the final bill and why advances have not been recovered though delivery period was long past.

(c) *Advance payments not recovered:* The CPS placed order in August 1984 on the Indian agent of a foreign firm for supply within 120 days of certain spares costing Rs.7.36 lakhs. In December 1987, the Indian agent expressed his inability to supply the spares, but the advance of Rs.2.54 lakhs had not been recovered so far. (May 1991)

(d) *Non levy of penalty for delay in supplies:* In 5 cases, supplies were delayed for periods ranging from 1 to 20 months. But penalty amounting to Rs.2.42 lakhs was not recovered. In six cases interest amounting to Rs.4.87 lakhs on advance paid was not recovered, despite delay in delivery.

(e) *Physical verification:* The CPS stated, in June 1990, that the physical verification of stores was taken up during 1988-89 but was not completed. It was entrusted to the office-in-charge of stores and not to a non-stores officer as required by the financial rules.

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

### 5.3 Outstanding dues from cinema houses

Under Cinematographic Act of 1952, Films Division of the Ministry releases newsreels and documentaries to the exhibitors (cinema houses) for giving publicity to various schemes of Government as well as for dissemination of news to the public. The exhibitors are to pay rent to the Films Division assessed at the rate of one percent of average weekly collections of the cinema house excluding entertainment tax and surcharge thereon.

Test check of records of Films Division, Lucknow whose jurisdiction extends to cinema houses in the States of Uttar Pradesh, Punjab, Haryana, Himachal Pradesh, J&K and Union Territory of Delhi, revealed that rental dues amounting to Rs.43.14 lakhs were outstanding for recovery for the period from 1952-53 to September 1990 as shown below:-

Sl. No.	Year	Total number of cinema houses	Amount due (Rupees in lakhs)
1.	1952-53 to 1987-88	434	1.74
2.	1988-89	19	0.96
3.	1989-90	75	33.97
4.	1990-91 upto (September 1990)	Not available	6.47
Total			43.14

The outstanding rental dues were recoverable from (i) live and permanent cinema houses (Rs.22.44 lakhs) (ii) cinema houses treated as defaulters (Rs.18.01 lakhs) and (iii) closed cinema houses (Rs.2.69 lakhs).

Although a record of rent due from each cinema house was maintained yearwise, the rent received was not being noted yearwise, with the result that the yearwise outstandings in respect of each cinema house could not be ascertained. The demands on the cinema houses were being raised yearly, but most of the

exhibitors paid their due only in March when they need a clearance certificate from the Films Division for renewal of their cinema licence.

In reply to audit queries, the department stated in June 1990 and August 1991 that notice for recovery of outstanding dues from the first two category of cinema houses had been issued and the recoveries were in progress. As regards recoveries from closed cinema houses it was stated that these recoveries were adjustable from their security deposits but they were not adjusted for want of old records in the treasuries.

Ledger of security deposits of closed cinema houses, however, revealed that security of Rs.1.93 lakhs only was available against the outstanding dues of Rs.2.69 lakhs.

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

#### **5.4 Avoidable extra expenditure**

All India Radio (AIR) invited tenders in February 1988 for construction of 90 staff quarters in a Television Centre but rejected all the three offers received (lowest offer was for Rs.149.89 lakhs) as being abnormally high.

Tenders were again invited in July 1988 and offer at Rs.144.57 lakhs was accepted in October 1988. But AIR decided (October 1988) to withdraw from the work order four items of work and reduced the value of order to Rs.136.86 lakhs. The contractor did not accept the revised order and AIR forfeited his earnest money deposit of (Rs.0.20 lakh) and rescinded the contract in (March 1989).

AIR again invited tenders in May 1989 for construction of 46 Quarters in phase I and 44 in phase II but the four items of work withdrawn were restored in the tender. Orders were placed for Rs.75.37 lakhs and Rs.76.87 lakhs respectively for

phase I and phase II (total 152.24 lakhs). On the four items earlier withdrawn there was reduction of Rs.4.49 lakhs in the value of one but because of change in specification from cement concrete to fibreglass. If the change had been allowed earlier the contracted amount would have come down from Rs.144.57 lakhs to Rs.140.08 lakhs. Had this been done, AIR could have saved additional expenditure of Rs.12.16 lakhs (Rs.152.24 lakhs less Rs.140.08 lakhs).

The AIR in its reply (July 1991) to Audit comment did not explain restoration of these four items of work. There was also nothing on record to suggest that reduction in work was negotiated with the earlier contractor.

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

#### **5.5 Extra expenditure due to failure to hand over the work site**

The work of construction of the transmitter building and other ancillary works at Kurseong, was awarded by All India Radio (AIR) to a contractor in November 1982, but the site for construction was made available to him only in August 1984.

Because of the delay the contractor claimed an additional payment of Rs.5.99 lakhs towards cost escalation and claim for Rs.2.12 lakhs was allowed to him in the award of the Arbitrator given in February 1988 together with interest at 12 percent per annum.

The appeal by the AIR, was dismissed by the Assistant District Judge Darjeeling. As a result AIR incurred an avoidable expenditure of Rs.2.97 lakhs.

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

## CHAPTER VI

### Ministry of Labour

#### 6.1 Follow up on Accounts

The capital and revenue expenditure incurred in 1990-91 from out of grant of the Ministry (Grant No.56) amounted to Rs.0.25 crore and Rs.278.73 crores respectively. After adjusting the recoveries the amounts brought to account in Finance Accounts were Rs.0.16 crore and Rs.267.70 crores respectively.

The expenditure on labour and employment (major head 2230) as also major components therein and corresponding receipts (Major Head 0230) in 1990-91 and the previous two years were as given below:

	(Rupees in crores)		
Expenditure/Receipts	1990-91	1989-90	1988-89
Revenue Expenditure (Head 2230)	288.57	274.17	250.83
(01-111-Social Security for labour)	(209.54)	(201.85)	(186.08)
(03-Training of Craftsmen and Supervisors)	(14.33)	(15.41)	(12.12)
Revenue receipts (Head 0230)	1.31	1.13	1.22

The progressive capital outlay, as at 31st March 1991, on Labour is given below under respective capital major heads of account. The outlay should generate revenues and returns to Government. The revenue expenditure and revenue receipts in 1990-91 under the corresponding revenue heads of account are given alongside. The component of outlay invested in identifiable organisations or undertakings (whether declared commercial or not), Public Sector Undertakings and Cooperatives are given below within brackets. N.A. indicates information has not been made available in the accounts. The Chief Accounting Authority of the Department would need to take follow up action for getting wanting information in accounts

and improving returns from capital outlays and investments. He may also need to drop from the progressive capital outlay the expenditures which are not correlatable to any assets in the register of assets, physical or financial and cannot also be truly entered in the register of assets so as to rectify omissions. Action has also to be taken to declare activities identifiable as "Departmental Undertakings" and those which should make profits as "Departmental Commercial Undertakings". All Public Sector and other Undertakings, Cooperatives and Departmental Commercial and non-Commercial Undertakings need to be listed in Statement No.11 of the Finance Accounts indicating the capital invested in them and the return realised from them.

(Rupees in crores)

Serial No.	Major Head	Progressive Capital Outlay as at the end of			Revenue Expenditure	Revenue Receipts
		1990-91	1989-90	1988-89	1990-91	1990-91
1.	2.	3.	4.	5.	6.	7.
	4250-Capital Outlay on Other Social Services	22.46	19.44	16.54	1.56 (Head 2250)	0.02 (Head 0250-800)
	(Labour Societies)	(0.03)	(0.02)	(0.02)	--	(NA)

The loans and advances given and outstanding as at 31st March 1991, for Labour are also given below, as indicated in statement No.15 of the Finance Accounts. Against some of the loans no amount of interest was recovered during 1989-90 and 1990-91. In statement No.3 of Finance Accounts, Ministry/ Departmentwise and loaneewise, some of the outstanding loans and interest are indicated; but information is not complete. Also the amounts of loans outstanding and amounts of instalments overdue for recovery, both need to be given in the statement, in future. The Chief Accounting Authority in the department will need to take follow up action for getting wanting information and effect recovery of instalments and interest overdue. A certificate will



need to be given in the Finance Accounts in future that except for the loaneewise details given in statement No.3, all the Chief Accounting Authorities have confirmed that instalments and interest due for recovery upto 31st March of the year to which the Finance Account relates, have been recovered.

(Rupees in crores)

Head of Account	Amount of loan outstanding as on 31.3.91	Recoveries during			Interest recovered during		
		1990-91	1989-90	1988-89	1990-91	1989-90	1988-89
6250-Loans for other social services	0.89	0.13	0.37	1.38	Nil	Nil	0.23

## 6.2 Adjustments to be made in Finance Accounts

In the balances at the end of 1990-91 which are reflected in the Finance Accounts the adjustment or review of the balances under the following head of account needs to be made by the Chief Accounting Authority in the Ministry/Department as indicated in the remarks column.

(Rupees in thousands)

Heads of Account	Balance as at the end of			Remarks
	1990-91	1989-90	1988-89	
6250-Loans for Other Social Services	(-)32,47	(-)32,47	(-)10,01	The excess credit afforded to this head from Fund or Deposit head needs to be written back to the Fund or Deposit head. If details are not available, the excess credit under this head needs to be transferred to revenue.
797-Transfer to/from Reserve Fund and Deposit Accounts				

## 6.3 Unused equipment

A triple action hydraulic press valued at Rs.11.59 lakhs was received in the Advanced Training Institute (ATI) of the Ministry at Madras in July 1981 under the United Nations Development Programme (UNDP). The ATI was not aware of how it was received and why. An expert from International Labour Organisation (ILO) who was in

ATI, at the time, for assisting in setting up Production Technology discipline installed the Press but failed to commission it.

The Director of Apprenticeship Training, Government of India, stated (April 1991) that the machine was not useful for training purposes.

Efforts made to dispose of the press were unsuccessful. Some industries which were contacted by ATI, showed no interest in the machine. The press is lying idle for over 9 years without serving any purpose. The UNDP aid valued at Rs.11.59 lakhs has been of little use.

The matter was referred to Ministry in July 1991; the Ministry generally accepted the facts (August 1991).

**CHAPTER VII**

**Ministry of Personnel, Public Grievances and Pensions**

**7.1 Follow up on Accounts**

The capital and revenue expenditure incurred in 1990-91 from out of grant of the Department (Grant No.59) amounted to Rs.5.15 crores and Rs.43.49 crores respectively.

The progressive capital outlay which is mainly on land and buildings, as at 31st March 1991, for Personnel training is given below under respective capital major head of account. The revenue expenditure and revenue receipts in 1990-91 under the corresponding revenue heads of account are given alongside. N.A. indicates information has not been made available in the accounts. The Chief Accounting Authority of the Ministry need to drop from the progressive capital outlay the expenditures which are not correlatable to any assets in the register of assets, physical or financial and cannot also be truly entered in the register of assets so as to rectify omissions.

(Rupees in crores)						
Serial No.	Major Head	Progressive Capital Outlay as at the end of			Revenue Expenditure	Revenue Receipts
		1990-91	1989-90	1988-89	1990-91	1990-91
1.	2.	3.	4.	5.	6.	7.
	4070-Capital Outlay on the Administrative services 003-Training	4.42	4.15	1.82	130.91 (Head 2070)	(NA)

In Statement No.3 of the Finance Accounts it is inter-alia indicated that loans amounting to Rs.12 lakhs given by the Ministry are outstanding as at 31st March 1991 and the terms of the loans are still to be settled. Action needs to be taken to finalise the terms or recover the loans.

## 7.2 Irregular encashment of leave

In June 1979, the Government of Andhra Pradesh allowed an additional earned leave of 30 days per annum to its police personnel of the rank of Inspectors and below. This was to compensate them for duty performed on holidays and beyond normal office hours. The additional earned leave was also allowed to be encashed.

In March 1980, the Government of Andhra Pradesh stated that the benefit would be applicable to police personnel sent on deputation to Government of India, Autonomous Bodies, etc. This was not endorsed by Government of India. In July 1986, the Government of Andhra Pradesh stated that the financial liability on the additional earned leave to its police personnel who are on deputation to the Government of India etc., should be borne by the foreign employers i.e. Government of India. This was also not endorsed by Government of India.

The terms and conditions of deputation to the Government of India issued, in February 1961 remained unchanged and did not provide for payment by Government of India of any benefits to the deputationists policemen from the Government of Andhra Pradesh because of additional earned leave or its eligibility for encashment. The Central Bureau of Investigation (CBI) however allowed to police personnel from Government of Andhra Pradesh who were on deputation to the CBI the benefit of additional earned leave and also its encashment expecting the Government of Andhra Pradesh to reimburse the cash equivalent of the benefit to the CBI. There was no basis for this expectation in view of the statements of Government of Andhra Pradesh made in July 1986 referred to above. During the period from July 1979 to July 1991, Rs.3.55 lakhs was irregularly paid by the CBI. The CBI referred the matter in April 1982 to the Ministry of Home Affairs requesting it to regularise this benefit granted to the deputationists from Government of Andhra Pradesh. No orders have

been issued by the Ministry so far (March 1992) regularising the payment.

The matter was referred to the Department in July 1991; reply has not been received (September 1991).

## CHAPTER VIII

### Ministry of Petroleum and Chemicals

#### 8.1 Follow up on Accounts

The capital and revenue expenditure incurred in 1990-91 from out of the grants of the Ministry (Grants No.60 and No.61) amounted to Rs.155.39 crores and Rs.107.45 crores respectively. After adjusting the recoveries the amounts brought to account in Finance Accounts were Rs.155.22 crores and Rs.107.45 crores respectively.

The progressive capital outlay, as at 31st March 1991, on Petroleum and Chemicals is given below under respective capital major heads of account. The outlay should generate revenues and returns to Government. The revenue expenditure and revenue receipts in 1990-91 under the corresponding revenue heads of account are given alongside. The component of outlay invested in identifiable organisations or undertakings (whether declared commercial or not), Public Sector Undertakings and Cooperatives are given below within brackets. N.A. indicates information has not been made available in the accounts, though required to be given. The Chief Accounting Authority of the Department would need to take follow up action for getting wanting information in accounts and improving returns from capital outlays and investments. He may also need to drop from the progressive capital outlay the expenditures which are not correlatable to any assets in the register of assets, physical or financial and cannot also be truly entered in the register of assets so as to rectify omissions. Action has also to be taken to declare activities identifiable as "Departmental Undertakings" and those which should make profits as "Departmental Commercial Undertakings". All Public Sector and other Undertakings, Cooperatives and Departmental Commercial and non-Commercial Undertakings need to be listed in Statement No.11 of the Finance Accounts indicating the capital invested in them and the return realised from them.

(Rupees in crores)

Serial No.	Major Head	Progressive Capital Outlay as at the end of			Revenue Expenditure 1990-91	Revenue Receipts 1990-91
		1990-91	1989-90	1988-89		
1.	2.	3.	4.	5.	6.	7.
1.	4802-Capital Outlay on Petroleum	1627.22	1627.39	1616.65	95.21 (Head 2802)	509.07 (Head 0802)
	(01-Exploration and Production of Crude Oil and Gas)	(1351.18)	(1351.18)	(1351.18)	--	(NA)
	(02-190-Investment in Public Sector and Other Undertakings -refining and marketing of Oil and Gas)	(276.04)	(276.20)	(265.46)	--	(NA)
	(ONGC)	(342.86)	(342.86)	(342.86)		54.86 (for 89-90)
	(BPCL)	(16.57)	(16.57)	(16.57)		(10.00) (for 89-90)
	(Biecco Lowre)	(1.64)	(1.64)	(1.44)		(Nil) (loss Rs.46.02 crores)
	(Bitumen Marketing Corporation)	(0.02)	(0.02)	(0.02)		(No shares acquired. pre incorporation expenses need to be written off from investment head)
	(BRPL)	(199.82)	(199.82)	(199.82)		(7.99) (for 89-90)
	(Cochin Refineries)	(42.16)	(42.16)	(42.16)		(8.85) (for 89-90)
	(EIL)	(0.14)	(0.14)	(0.14)		(0.25) (for 89-90)

1.	2.	3.	4.	5.	6.	7.
	(GAIL)	(845.32)	(845.32)	(845.32)		(Nil) (Loss Rs.78.25 crores)
	(HPC)	(68.38)	(68.38)	(68.38)		(12.77) (for 89-90)
	(IOC)	(82.08)	(82.08)	(82.08)		(24.62) (for 89-90)
	(IBP)	(11.60)	(11.77)	(1.23)		(0.65) (for 89-90)
	(Lubrizol India)	(1.13)	(1.13)	(1.13)		(0.95) (for 89-90)
	(Madras Refineries)	(100.33) + 5.42 to Aproco	(100.33) + 5.42 (AMOCO Ltd.)	(100.33) + 5.42		(20.28) (for 89-90)
	(Oil India Ltd.)	(14.00 + 21.56 to	(14.00) + 21.56	(14.00) + 21.56		(4.20) (for 89-90)
2.	4857-Capital Outlay on Chemical and Pharmaceutical Industries.	622.58	622.58	611.06	6.55 (Head 2852- 05)	(NA)
	(01-Chemical Pesticide Industries 190-Investment in PSUs).	(8.12)	(8.12)	(6.25)	--	(NA)
	(02-Drugs and Pharmaceutical Industries 190-Investment in PSUs)	(28.90)	(28.90)	(19.25)	--	(NA)
	(Bengal Chemicals and Pharmaceuticals)	(11.80)	(11.80)	(10.80)		(Nil) (Loss Rs.41.78 crores)
	(Bengal Immunity)	(15.74)	(15.74)	(13.74)		(Nil) (Loss Rs.22.17 crores)



1.	2.	3.	4.	5.	6.	7.
(Hindustan Antibiotics)	(40.34)	(40.34)	(38.19)			(Nil) (Loss Rs.33.88 crores)
(Hindustan Organic Chemicals)	(49.37)	(49.37)	(49.37)			(2.96) (for 89-90)
(IDPL)	(111.91)	(111.91)	(107.91)			(Nil) (Loss Rs.303.08 crores)
(Smith Stainstreet)	(2.95)	(2.95)	(2.45)			(Nil) (Loss Rs.10 lakhs)
(IPCL)	(186.00)	(186.00)	(186.00)			(18.60) (for 89-90)
(Petrofils Coop. Ltd. Baroda)	(13.17)	(13.17)	(13.17)			(1.38) (for 87-89)

The loans and advances given and outstanding as at 31st March 1991, for Petroleum and Chemicals are also given below, as indicated in statement No.15 of the Finance Accounts. The components of loan given to identifiable organisation or undertaking are given below within brackets. NA indicates that information has not been made available in the accounts though required to be given. The interest recovered will need to be given in the statement against loans under each minor head separately, in future, in addition to the interest on loans under the major head. Against some of the loans very little or no recovery has been made in the last three years and interest recovered is also relatively meagre. In statement No.3 of Finance Accounts, Ministry/Departmentwise and loaneewise, some of the outstanding loans and interest are indicated; but information is not complete. Also the amounts of loans outstanding and amounts of instalments overdue for recovery, both need to be given in the statement, in future. The Chief Accounting Authority in the department will

need to take follow up action for getting wanting information and effect recovery of instalments and interest overdue. A certificate will need to be given in the Finance Accounts in future that except for the loaneewise details given in statement No.3, all the Chief Accounting Authorities have confirmed that instalments and interest due for recovery upto 31st March of the year to which the Finance Account relates, have been recovered.

(Rupees in crores)

Serial	Head of Account	Amount of loan outstanding as on 31.3.91	Recoveries during			Interest recovered		
			1990-91	1989-90	1988-89	1990-91	1989-90	1988-89
1.	6802-Loans for Petroleum	1427.38	131.09	124.85	(83.94)	161.80	151.43	145.54
	(01-Exploration and Production of Crude oil and gas)	(979.23)	(92.86)	(81.95)	(69.28)	(NA)	(NA)	(NA)
	(190-Loans to PSUs)							
	(02-Refining and Marketing of Oil and gas)	(448.13)	(38.23)	(42.90)	(14.67)	(NA)	(NA)	(NA)
	190-Loans to PSUs).							
2.	6856-Loans for Petro Chemical Industries.	234.75	Nil	Nil	0.36	39.65	32.53	19.29
	190-Loan to PSUs.							
3.	6857-Loans for Chemical and Pharmaceutical Industries	320.28	4.16	3.92	6.21	9.76	8.76	9.69
	(01-Chemicals & Pesticides)	(71.42)	(4.16)	(3.92)	(6.21)	NA	NA	NA
	190-Loan to PSUs)							
	(02-Drugs & Pharmaceuticals)	(248.87)	(Nil)	(Nil)	(Nil)	NA	NA	NA
	190-Loans to PSUs)							

## 8.2 Failure to monitor utilisation of plan funds

The Department of Chemicals and Petro chemicals has been giving loans to Indian Drugs and Pharmaceuticals Limited (IDPL) in addition to investment in its share capital. The loans were sanctioned to IDPL for specific purposes on undertakings obtained from the IDPL at the time of sanctioning of the loans that these will be utilised

for specified purposes. A utilisation certificate is also obtained by the Ministry at the time of drawal of next instalment of loan that funds drawn earlier have been utilised for the purpose given.

The Department released in the years 1986-87 to 1989-90, Rs.28.80 crores (equity: Rs.16 crores and loans Rs.12.80 crores) to IDPL for meeting capital expenditure as per approved Plan. But only Rs.10.53 crores were spent for specified purposes and the balance were utilised by IDPL to meet its cash losses. The cumulative loss incurred by IDPL was Rs.345.82 crores as on March 31, 1990 against paid up capital of Rs. 111.91 crores while loans from Government of India, Banks and others amounted to Rs.244.36 crores. Despite these facts being reflected in the accounts of IDPL, the Department did not satisfy itself that the loans given by it were spent by IDPL for the purposes for which they were given. A point had been raised by audit in January 1989 with the Ministry on the utilisation of the loans for the purposes for which they were sanctioned. No reply was given by Ministry.

Lack of a proper monitoring system in the Department to monitor utilisation of loans for the purposes for which these were given to IDPL, resulted in diversion of at least Rs.2.27 crores out of loans amounting to Rs.12.80 crores towards unapproved purposes by IDPL during the years 1986-90.

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

## CHAPTER IX

### Department of Statistics

#### 9.1 Follow up on Accounts

The revenue expenditure incurred in 1990-91 from out of the grants of the Department (Grant No.63) was Rs.50.23 crores. The expenditure on sample surveys and statistics (including major components) during 1990-91 and the preceding two years are given below. The Capital expenditure and receipts, if any, are not available in the Finance Accounts.

	(Rupees in crores)		
Expenditure on	1990-91	1989-90	1988-89
Surveys and Statistics (Head 3454)	47.36	39.55	34.76
(NSSO)	(25.11)	(25.67)	(20.89)
(CSO)	(11.03)	(3.60)	(2.55)
(ISI)	(10.20)	(9.33)	(10.45)
(Computer Services)	(1.02)	(0.95)	(0.87)

The Chief Accounting Authority of the Department would need to take follow up action and improve return on investment as well as fees for service provided.

## CHAPTER X

### Ministry of Steel and Mines

#### 10.1 Follow up on Accounts

The capital and revenue expenditure incurred in 1990-91 from out of the grants of the Ministry (Grants No.68 and No.69) amounted to Rs.862.25 crores and Rs.154.89 crores respectively. After adjusting the recoveries the amounts brought to account in Finance Accounts were Rs.862.25 crores and Rs.152.87 crores respectively.

The progressive capital outlay, as at 31st March 1991, on Steel and Mines is given below under respective capital major heads of account. The outlay should generate revenues and returns to Government. The revenue expenditure and revenue receipts in 1990-91 under the corresponding revenue heads of account are given alongside. The component of outlay invested in identifiable organisations or undertakings (whether declared commercial or not), Public Sector Undertakings and Cooperatives are given below within brackets. .N.A. indicates information has not been made available in the accounts, though required to be given in some cases. The Chief Accounting Authority of the Department would need to take follow up action for getting wanting information in accounts and improving returns from capital outlays and investments. He may also need to drop from the progressive capital outlay the expenditures which are not correlatable to any assets in the register of assets, physical or financial and cannot also be truly entered in the register of asset so as to rectify omissions. Action has also to be taken to declare activities identifiable as "Departmental Undertakings" and those which should make profits as "Departmental Commercial Undertakings". All Public Sector and other Undertakings, cooperatives and Departmental Commercial and non-Commercial Undertakings need to be listed in Statement No.11 of the Finance Accounts indicating the capital invested in them and the return realised from them.

(Rupees in crores)

Serial No.	Major Head	Progressive Capital Outlay as at the end of			Revenue Expenditure 1990-91	Revenue Receipts 1990-91
		1990-91	1989-90	1988-89		
1.	2.	3.	4.	5.	6.	7.
1.	4852-Capital Outlay on Iron and Steel Industries.	8300.45	8291.65	8228.37	14.73 (Head 2852-01)	1.27 (Head 0852-01)
	(01-Mining 190-Investment in PSUs)	(27.61)	(23.80)	(11.63)	--	(NA)
	(800-Other expenditure)	(7625.37)	(7625.37)	(7625.37)	--	(NA)
	(02-Manufacture 190-Investment in PSUs)	(679.78)	(674.78)	(623.67)	--	(NA)
	(Neelachal Ispat)	(6.17)	(5.82)	(5.47)		Nil
	(Vizag Steel)	(3288.23)	(3288.23)	(3252.17)		Nil
	(Vijay Nagar Steel)	(5.85)	(5.50)	(5.15)		Nil
	(Bharat Refractories)	(46.95)	(46.45)	(41.37)		Nil (Loss Rs.11.40 crores)
	(Hindustan Steel Works)	(20.00)	(20.00)	(20.00)		Nil (Loss Rs.66.30 crores)
	(Kudremukh Iron Ore)	(634.51)	(634.51)	(634.51)		(Nil)
	(Manganese Ore India)	(12.87)	(12.87)	(9.73)		(0.78) (for 89-90)
	MECON	(2.02)	(2.02)	(2.02)		(0.40) (for 89-90)
	(Metal Scrap Trading Corporation)	(0.30)	(0.30)	(0.30)		(0.20) (for 89-90)
	(NMDC)	(132.16)	(128.36)	(119.32)		(Nil)
	(Sponge Iron India)	(20.86)	(17.06)	(12.19)		(Nil)
	(SAIL)	(4199.58)	(4199.58)	(4195.19)		(Nil)

1.	2.	3.	4.	5.	6.	7.
2.	4853-Capital Outlay on Non Ferrous Mining and Metallurgical Industries	3248.74	3146.47	2689.62	133.56 (Head 2853)	1.49 (Head 0853)
	(01-Mineral Exploration 190-Investment in PSUs)	(16.45)	(16.45)	(10.00)	--	(NA)
	(02-Non Ferrous Metals 190-Investment in PSUs)	(868.54)	(766.88)	(321.10)	--	(NA)
	(800-Other expenditure)	(2065.25)	(2065.25)	(2065.25)	(32.14)	(NA)
	(60-Other Mining and Metallurgical Industries) 190-Investment in PSUs)	(4.62)	(4.20)	(0.41)	--	(NA)
	(NALCO)	(1288.62)	(1288.62)	(1288.62)		(Nil)
	(Bharat Aluminium)	(844.88)	(844.88)	(572.05)		(Nil) (Loss Rs.322.67 crores)
	(Bharat Gold Mines)	(37.76)	(37.34)	(34.27)		(Nil)
	(Hindustan Copper)	(304.20)	(294.74)	(269.69)		(Nil)
	(Hindustan Zinc)	(403.73)	(311.53)	(248.83)		(Nil)
	(Mineral Exploration Corporation)	(51.45)	(51.45)	(45.00)		(Nil)
	(Indian Bureau of Mines)	(1.82)	(1.63)	(0.80)		(NA)
	(Sikkim Mining Corporation)	(1.10)	(1.10)	(0.39)		(Nil) (loss Rs.90 lakhs)

The loans and advances given and outstanding as at 31st March 1991, for Steel and Mines are also given below, as indicated in statement No.15 of the Finance Accounts. The components of loan given to identifiable organisation or undertaking are given below within brackets. NA indicates that information has not been made available in the accounts though required to be given. The interest recovered will need to be given in the statement against loans under each minor head separately, in future, in addition to the interest on loans under the major head. Against

some of the loans very little or no recovery has been made in the last three years and interest recovered is also relatively meagre. In statement No.3 of Finance Accounts, Ministry/Departmentwise and loaneewise, some of the outstanding loans and interest are indicated; but information is not complete. Also the amounts of loans outstanding and amounts of instalments overdue for recovery, both need to be given in the statement, in future. The Chief Accounting Authority in the department will need to take follow up action for getting wanting information and effect recovery of instalments and interest overdue. A certificate will need to be given in the Finance Accounts in future that except for the loaneewise details given in statement No.3, all the Chief Accounting Authorities have confirmed that instalments and interest due for recovery upto 31st March of the year to which the Finance Account relates, have been recovered.

(Rupees in crores)

Serial No.	Head of Account	Amount of loan outstanding as on 31.3.91	Recoveries during			Interest recovered during		
			1990-91	1989-90	1988-89	1990-91	1989-90	1988-89
1.	6852-Loan for Iron & Steel Industries	2997.22	103.96	113.48	106.95	51.11	133.80	126.40
	(01-Mining 190-Loans to PSUs)	(54.24)	(27.69)	(31.59)	(5.40)	NA	NA	NA
	(02-Min-190-Loans to PSUs)	(2942.98)	(76.27)	(81.89)	(101.54)	NA	NA	NA
2.	6853-Loans for Non Ferrous Mining and Metallurgical Industries	356.65	23.95	56.49	152.23	Nil	Nil	15.50
	(01-Mineral Exploration and Development -190-Loans to PSUs)	(8.24)	(0.95)	(2.15)	(1.06)	NA	NA	NA
	(02-Non Ferrous Metal-190-Loans to PSUs)	(296.03)	(23.00)	(54.34)	(151.17)	(NA)	(NA)	(NA)
	(60-Other Mining & Metallurgical Industries -190-Loans to PSUs)	(52.33)	(Nil)	(Nil)	(Nil)	(NA)	(NA)	(NA)



## 10.2 Adjustments to be made in Finance Accounts

In the balances at the end of 1990-91 which are reflected in the Finance Accounts the adjustment or review of the balances under the following heads of account need to be made by the Chief Accounting Authority in the Ministry/Department as indicated in the remarks column.

(Rupees in thousands)

Heads of Account	Balance as at the end of				Remarks
	1990-91	1989-90	1988-89	1987-88	
8229-Development and Welfare Funds	1,02 (Cr.)	1,02 (Cr.)	1,02 (Cr.)	1,02 (Cr.)	The reasons for non-operation of this Fund for years and advisability of lapsing the balance to revenue requires consideration.
108-Mining Areas Development Funds.					

## CHAPTER XI

### Ministry of Surface Transport

#### 11.1 Follow up on Accounts

The capital and revenue expenditure incurred in 1990-91 from out of the grants of the Ministry (Grants No.70 to 72) amounted to Rs.940.64 crores and Rs.495.48 crores respectively. After adjusting the recoveries the amounts brought to account in Finance Accounts were Rs.913.18 crores and Rs.485.66 crores respectively.

The progressive capital outlay, as at 31st March 1991, on Surface Transport is given below under respective capital major heads of account. The outlay should generate revenues and returns to Government. The revenue expenditure and revenue receipts in 1990-91 under the corresponding revenue heads of account are given alongside. The component of outlay invested in identifiable organisations or undertakings (whether declared commercial or not), Public Sector Undertakings and Cooperatives are given below within brackets. N.A. indicates information has not been made available in the accounts, though required to be given. The Chief Accounting Authority of the Ministry would need to take follow up action for getting wanting information in accounts and improving returns from capital outlays and investments. He may also need to drop from the progressive capital outlay the expenditures which are not correlatable to any assets in the register of assets, physical or financial and cannot also be truly entered in the register of asset so as to rectify omissions. Action has also to be taken to declare activities identifiable as "Departmental Undertakings" and those which should make profits as "Departmental Commercial Undertakings". All Public Sector and other Undertakings, cooperatives and Departmental Commercial and non-Commercial Undertakings need to be listed in Statement No.11 of the Finance Accounts indicating the capital invested in them and the return realised from them.

(Rupees in crores)

Serial No.	Major Head	Progressive Capital Outlay as at the end of			Revenue Expenditure 1990-91	Revenue Receipts 1990-91
		1990-91	1989-90	1988-89		
1.	2.	3.	4.	5.	6.	7.
1.	5055-Capital Outlay on Road Transport	18.78	16.27	14.31	22.06 (Head 3055)	14.60 (Head 1055)
	(5055-101-Chandigarh Transport Undertaking)	(2.74)	(1.92)	(1.75)	(16.86) (Head 3055- 102)	NA
2.	5056-Capital Outlay on Inland Water Transport	80.75	76.64	61.64	8.59 (Head 3056)	1.76 (Head 1056)
	(5056-190-Investment in Public Sector and Other Undertaking)	(37.64)	(33.54)	(18.54)	(4.94) (Head 3056- 190)	(NA)
3.	5054-Capital Outlay on Roads and Bridges	4839.17	4227.02	3703.58	277.94 (Head 3054)	27.13 (Head 1054)
	(5054-01-National Highways)	3563.49	(3217.65)	(2881.36)	(154.70) (Head 3054 -01)	(21.61) (Head 1054 -101)
	(5054-02-Strategic and Border Roads)	(919.31)	(701.87)	(551.51)	(19.02) (Head 3054 -02)	(NA)
	(5054-03-State Highways)	(25.55)	(21.38)	(17.76)	--	(NA)
	(5054-04-District and Other Roads)	(275.35)	(231.31)	(198.46)	(77.62)	(NA)
4.	5075-Capital Outlay on other Transport Services	285.52	269.31	(253.43)	298.11 (Head 3075)	(Nil) (Head 1075)
	(5075-201-Farakka Project)	(21.59)	(14.10)	(5.41)	(9.76)	(NA)
	(5075-600-Other Rev. Trg. Works)	(13.66)	(8.21)	(3.01)	--	(NA)
5.	5051-Capital Outlay on Ports and Lighthouses	301.91	286.08	276.22	73.93 (Head 3051)	28.66 (Head 1051)
	(5051-01-105-Mangalore Port)	(38.46)	(38.46)	(38.46)	--	(NA)
	(5051-01-104-Tuticorin Port)	(40.46)	(40.64)	(40.64)	--	(NA)

1.	2.	3.	4.	5.	6.	7.
	(5051-01-103-Paradeep Port)	(8.12)	(8.12)	(8.12)	--	(NA)
	(5051-01-103-Kudremukh port facilities)	(26.71)	(26.71)	(26.71)	--	(NA)
	(5051-02-Vishakhapatnam Port)	(12.23)	12.23	12.23	--	(NA)
	(5051-02-Kandla Port)	(18.50)	18.50	18.50	--	(NA)
	(5051-02-200-Other mini & Small ports)	(44.14)	31.82	23.28	13.23 (Head 3051-02)	(2.35) (Head 1051-02)
	(5051-03-Light houses and light ships)	(17.05)	16.95	16.70	(25.70) (Head 3051-03)	(25.65) (Head 1051-03)
6.	5052-Capital Outlay on Shipping	654.19	415.64	304.55	67.58 (Head 3052)	2.62 (Head 1052)
	(5052-01-Overseas Shipping)	(160.72)	(160.72)	(160.72)	(28.28) (Head 3052-01)	(1.38) (Head 1052-01)
	(5052-02-Coastal Shipping)	(219.37)	20.99	12.84	(35.29) (Head 3052-02)	(1.24) (Head 1052-02)
	(5052-80-190-Investment in Public Sector and Other Undertakings)	(Nil)	--	--	--	(NA)
	(5052-80-201-acquisition & expansion of tonnage)	(71.44)	(32.06)	(18.57)	--	(NA)
	(CIWTC)	(79.69)	(75.58)	(60.58)		(Nil) (Loss Rs.182.07 crores)
	(Central Road Transport Corporation)	(1.10)	(1.10)	(1.10)		Under liquidation
	(Cochin Shipyard)	(76.69)	(76.69)	(73.54)		(Nil) (Loss Rs.145.13 crores)
	(Dredging Corporation)	(28.00)	(28.00)	(28.00)		(1.12) (proposal for 1989-90)

1.	2.	3.	4.	5.	6.	7.
	(Hindustan Shipyard)	(69.91)	(42.37)	(42.37)		(Nil) (Loss Rs.273.20 crores)
	(Indian Road Construction Corporation)	(10.00)	(10.00)	(10.00)		(Nil) (Loss Rs.139 crores)
	(Shipping Corporation of India)	(91.14)	(91.14)	(91.14)		(Nil)
	(Hooghly Deck Port Engineering)	(5.40)	(4.80)	(3.30)		(Nil) (Loss Rs.16.92 crores)
	(Sindhu Resettlement Corporation)	(0.50)	(0.50)	(0.50)		(NA)

The loans and advances given and outstanding as at 31st March 1991, for Surface Transport are also given below, as indicated in statement No.15 of the Finance Accounts. The components of loan given to identifiable organisation or undertaking are given below within brackets. NA indicates that information has not been made available in the accounts though required to be given. The interest recovered will need to be given in the statement against loans under each minor head separately, in future, in addition to the interest on loans under the major head. Against some of the loans very little or no recovery has been made in the last three years and interest recovered is also relatively meagre. In statement No.3 of Finance Accounts, Ministry/Departmentwise and loaneewise, some of the outstanding loans and interest are indicated; but information is not complete. Also the amounts of loans outstanding and amounts of instalments overdue for recovery, both need to be given in the statement, in future. The Chief Accounting Authority in the Ministry will need to take follow up action for getting wanting information and effect recovery of instalments and interest overdue. A certificate will need to be given in the Finance Accounts in future that except for the

loaneewise details given in statement No.3, all the Chief Accounting Authorities have confirmed that instalments and interest due for recovery upto 31st March of the year to which the Finance Account relates, have been recovered.

(Rupees in crores)

Serial No.	Head of Account	Amount of loan outstanding as on 31.3.91	Recoveries during			Interest recovered		
			1990-91	1989-90	1988-89	1990-91	1989-90	1988-89
1.	7051-Loans for Ports and Light houses	1345.20	33.14	34.40	17.43	60.51	58.70	39.50
	(190-Loans to PSUs)	(1345.13)	(33.14)	(34.40)	(17.43)	(NA)	(NA)	(NA)
2.	7052-Loans for Shipping	1255.18	36.15	126.85	122.01	60.05	48.68	39.47
	(01-101-Loans to SDFC Overseas Shipping)	(11.00)	(Nil)	(-15.65)	(Nil)	(NA)	(NA)	(NA)
	(02-101-Loans to SDFC Coastal Shipping)	(-223.79)	(21.14)	(150.72)	(Nil)	(NA)	(NA)	(NA)
	(02-190-Loans to PSUs Coastal Shipping)	(1380.76)	(20.95)	(67.15)	(46.63)	(NA)	(NA)	(NA)
	(60-Loans to other PSUs)	(87.21)	(-5.94)	(Nil)	(Nil)	(NA)	(NA)	(NA)
3.	7055-Loans for Road Transport	1045.04	0.40	277.27	(Nil)	15.06	352.84	16.77
	(190-Loans to PSUs)	(1045.00)	(0.40)	(277.27)	(Nil)	(NA)	(NA)	(NA)
4.	7056-Loans for Inland	74.81	Nil	51.60	Nil	Nil	Nil	
5.	7075-Loans to other Transport Services 190-Loans to PSUs	167.12	Nil	Nil	Nil	Nil	Nil	Nil
6.	7275-Loans for other Communications 190-Loans to PSUs	54.92	Nil	0.49	(NA)	Nil	Nil	(NA)

## 11.2 Adjustments to be made in Finance Accounts

In the balances at the end of 1990-91 which are reflected in the Finance Accounts the adjustment or review of the balances under the following heads of account need to be made by the Chief Accounting Authority in the Ministry as indicated in the remarks column.

(Rupees in thousands)

Serial No.	Heads of Account	Balance as at the end of			Remarks
		1990-91	1989-90	1988-89	
1.	7052-Loans for Shipping -02-101-Loans to Shipping Development Fund Committees.	(-)223,78,97	(-)2,02,64,64	(-)51,92,50	The apparent excess recovery of loan from SDFC needs to be written back by rectifying the misclassification or the excess credit transferred to revenue.
2.	8342-Other Deposits 102-Deposits of Shipping Development Fund	70,71 (Dr.)	70,71 (Dr.)	62,63 (Dr.)	The head should not have a debit balance. The misclassification leading to creation of this debit needs to be rectified and the debit written back to some other head.

## 11.3 Funding of a bridge

The Ministry of Surface Transport (MOST) approved in February 1986, the reconstruction of the bridge across Vedaganga River on the Bangalore Pune road on the National Highway (NH4). The work was to be executed by the Public Works Department (PWD) of the State Government of Karnataka as agent of the Central Government. It was stipulated that the safe load bearing capacity of rock and sub soil properties were to be assessed and the details incorporated in the notice inviting tender after the same was approved by the Ministry.

Technical sanction was accorded by the State PWD in September 1986 at a cost of Rs.51.10 lakhs subject to above stipulation. But without approval of Ministry to the technical assessment, tenders were called in September 1986 and the work was awarded in

January 1987 at a cost of Rs.47.47 lakhs. It was to be completed in 24 months. Designs and drawings for 6 piers were made over to the contractor between October 1987 and January 1988. During execution hard rock level was found to be deeper than the designed level at two piers. Fresh bores were taken in December 1989 and modified designs were sent for approval of Ministry in July 1990. Approval of Ministry has not been accorded (July 1991).

Out of the two abutment foundations designs were approved by the Ministry in August 1990 in respect of one; for the other, approval of Ministry has not been accorded (July 1991).

The contractor after executing work valued at Rs.3.94 lakhs demanded in November 1989 higher rates for execution of the balance works on grounds of delay in making available approved drawings. The State Government directed, in October 1990, levy of penalty on the contractor for poor progress of work and to fix responsibility on the officials for delay in furnishing designs. The Chief Engineer of the State pointed out in February 1991 that had the stipulation by Ministry of getting its approval for the designs and drawings before contracting been met, delay would not have occurred. He advised closure of contract without penalty and entrustment of work to another contractor. The balance work estimated originally at Rs.43.37 lakhs was estimated to cost Rs.49.58 lakhs at rates in 1989-90.

On the action of the agent (of the Ministry) in awarding the work to a contractor without complying with the stipulation of the Ministry no remedial or penal action had been taken by the Ministry.

In reply to an audit query, the Ministry stated (December 1991) that no information had been received by them from the State Government of Karnataka regarding abandonment of the work or change of contracting agency. Though the work is monitored in the Ministry in review meetings twice a year and attended by the Chief Engineer of the State PWD.



Ministry also stated that expenditure incurred upto March 1991 was Rs.29.40 lakhs and 50 per cent physical progress had been reported by the Chief Engineer of State PWD.

It is surprising that in August 1991 the review meeting did not reveal to the Ministry work having been started without fulfilling the stipulation imposed by the Ministry. It is not clear if the delay in the Ministry in approving the drawings leading to cost overrun was looked into. The need for stipulation of an approval of drawings and technical assessment of the agents by the Ministry needs review to avoid delays in future.

#### **11.4 Excessive advance payments**

In a National Highways Division an amount of Rs.1.32 crores was paid to three oil companies during the period March 1985 to March 1988 for supply of bitumen. But, the oil companies supplied only 2757.94 tonnes valued at Rs.88.68 lakhs during the years 1984-85 to 1990-91 after delays ranging from 3 months to 3 years. The oil companies had also refunded Rs.6.28 lakhs during November 1985 to August 1989. Thus, out of the advance of Rs.131.58 lakhs, benefit was derived by the Division only for Rs.94.96 lakhs and Rs.29.01 lakhs of Government money had remained with the oil companies.

Bitumen valued at Rs.7.61 lakhs stated to have been supplied by the oil companies was still to be traced and accounted for by the Division.

The Division in its reply (July 1991) stated that the advances were paid for administrative reasons under compulsion but the oil companies supplied bitumen as and when required for works; there was no delay in supplying of bitumen by the companies.

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

## 11.5 Avoidable extra expenditure on National Highways

(i) The contracts for two works for construction of overbridges and underpasses on the Expressway between Ahmedabad and Vadodara awarded in January and February 1987 provided for increase in contract price on an increase in the base prices of certain materials like steel. The increase or decrease in contracted amount was to be subject to enquiries on prices by the Engineer of the Expressway Division.

The contractor was paid Rs.27.41 lakhs towards increase in price of steel during the period from December 1987 to September 1989. No details were available regarding basic price, excise duty, sales tax and octroi increases and consequential increases which led to the payment. There was no evidence on record to indicate that the Engineer had made independent enquiries before admitting the claims. Further, as per increase in prices announced by the Steel Authority of India Ltd. from time to time increase of Rs.9.61 lakhs was justified as against Rs.27.41 lakhs paid.

On the matter being pointed out in audit (August 1990), the Government of Gujarat stated (November 1990) that since details of cost of steel, excise duty, sales tax and octroi duty were not furnished by the contractor the price increase was allowed on the basis of the break-up of the price rise worked out by the Executive Engineer. This was done in order to avoid having to pay interest on payments delayed by more than 45 days as per the agreement. It was also stated that the contract did not mention that the price variation should be computed with reference to the prices of steel announced by Steel Authority of India.

The reply does not state why claim was not verified by independent inquiry made by the Executive Engineer to ascertain the variation in prices of steel. If increase in prices of steel announced by SAIL was not to be adopted as basis and if no

independent enquiry on that price steel were made, then avoidable extra expenditure of Rs.17.79 lakhs has clearly occurred. The basis for allowing price variation as per the clause in contract was enquired (June 1991) from the Ministry; reply has not been received.

(ii) The Ministry sanctioned strengthening of Amritsar-Pathankot (APK) National Highway 15 from kilometer 73 to 99.50 and Grand Trunk Road National Highway 1 for kilometer 430.50 to 448.85) in August 1988 and December 1988 at a cost of Rs.221.10 lakhs and Rs.201.21 lakhs, respectively. The Ministry also approved in February 1989 the laying of renewal coat over different sections of the two highways but excluding the sections which lay in the stretches to be strengthened. Contract for strengthening work were awarded to two contractors in September 1989. Though work of laying renewal coat was not to be done in addition on the two highways over 4.5 kilometres which were strengthened payment amounting to Rs.6.08 lakhs for laying renewal coat over those sections was made.

The Ministry stated (December 1991) that Superintending Engineer has to go by actual site requirements and that the renewal done would reflect savings in levelling courses, which otherwise might have to be sanctioned separately.

The reply is not tenable in view of the fact that Superintending Engineer had himself held (November 1989) after inspection of site of the relevant section of the NH-I that the renewal work should not have been taken up.

The expenditure of Rs.6.08 lakhs was, thus, avoidable. No action had been taken to fix responsibility for the avoidable extra expenditure (June 1991).

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

### **11.6 Excess payments to contractors**

Strengthening the stretches of National Highway No.48 in Karnataka between kilometre 190 and 220 was awarded by the State National Highway Division, Mangalore, to two contractors in October 1986 at a total cost of Rs.91.09 lakhs. The works were completed in February 1988 and May 1988. According to the specifications, payments for the work were to be made for the compacted quantity according to the specifications prescribed by the Ministry of Surface Transport. The tendered rate was also for the compacted quantity only. However, the division, while making payment (in May 1988 and August 1989) considered loose quantities of coarse aggregates collected and allowed payment on the loose quantities also. This resulted in excess payment of Rs.8.67 lakhs to the contractors.

The matter was referred to the State Government and Ministry in February 1990 and November 1990. They stated in September 1990 and March 1991 that the data on which the rates for the item of work were worked out were for loose quantities. The payments made based on loose quantities of metal collected were therefore in order.

The reply is not tenable as analysis of the data for computing the rate revealed that the rate applied to compacted quantity only. The hire and other charges for power road roller towards compaction had also been only so provided for. The matter needs to be looked into.

### **11.7 Untraced bitumen**

(i) A Central Works Division purchased (February 1987) from another division 150 tonnes of bitumen valued at Rs.5.33 lakhs. Payment was received in March 1987, and accounted for in the supplying Division in the same month. But the bitumen was not lifted.

In June 1987, the supplying Junior Engineer while handing over the charge recorded that the bitumen was lying unlifted.

In April 1988, the buying Division, claimed refund of Rs.5.33 lakhs for the unlifted stores. The 150 tonnes of bitumen was not taken on stock in the supplying Division because apparently it was not there. However, refund of Rs.5.33 lakhs was made in June 1990 to the other Division and the bitumen was shown as advanced to the Junior Engineer who had left. Earlier, in November 1989, the Junior Engineer who had left had been asked to explain the whereabouts of the bitumen, on his failure to do so, he had been placed under suspension in December 1989. Reply to the chargesheet served on him in August 1990 was received in March 1991; it was under examination in the department (November 1991).

The loss of bitumen was facilitated by non-observance of the rule that stock balances should not be reduced till materials are actually lifted from stores.

(ii) In another National Highway Division, stores like Bitumen Steel and Cement costing Rs.2.39 lakhs were found short in October 1989, when a Junior Engineer handed over charge. Explanation of the Junior Engineer was called for and a charge sheet was issued to him in March 1991. Because physical verification of stores was not done the loss was not detected in time.

The matter was referred to the Ministry (April 1991); reply has not been received (November 1991).

#### **11.8 Infuctuous expenditure on wasteful earth work**

The Ministry accorded technical and financial sanction in May 1987 for the construction of a high level bridge over Ganga Canal at an estimated cost of Rs.39.92 lakhs, stipulating that the work should not be split for the purpose of contracting out and should be completed by 1988-89. But the work was

split into three parts viz (a) earth work in embankment and approaches (Rs.4.92 lakhs), (b) supply of stone metal and crushed bajri for approaches (Rs.2.50 lakhs) and (c) construction of bridge (Rs.22.62 lakhs). Parts (a) and (b) were contracted out in January and February 1989 at Rs.4.92 lakhs and Rs.2.50 lakhs. Tenders for part (c) were invited five times; there was, however, no response.

The Ministry rescinded its sanction in July 1989. In the meantime an expenditure of Rs.7.33 lakhs had been incurred and expenditure of Rs.4.02 lakhs (excluding cost of land at Rs.3.31 lakhs) mostly on earth work became infructuous. Had the work not been split as directed by the Ministry or earth work had not been awarded before contracting out bridge work, wasteful expenditure on earth work could have been saved.

The matter was referred to the Ministry in April 1991; reply has not been received (November 1991).

#### **11.9 Unused bridge**

The work of construction of a bridge across the River Palar sanctioned, in February 1986, at a cost of Rs.286.67 lakhs was awarded in November 1986 at a cost of Rs.309 lakhs for completion in 36 months. Work commenced in December 1986 and was completed in December 1989 but expenditure booked upto March 1991 was Rs.376.03 lakhs. Though the bridge was completed in time, it has not been opened for traffic so far (March 1991) because of non-completion of approach roads entrusted to another contractor. The contractor who constructed the bridge was liable to maintain it for a period of only 12 months but his liability expired in December 1990 without the bridge having been tested with flow of traffic on it. The contractor's bank guarantees were released in March 1991. The Ministry stated in January 1992 that the work has been closely inspected before the issue of maintenance certificate and that no defects had been noticed, so far. The reply of the Ministry is not

tenable as the bridge was not tested with live load but only inspected.

Expansion joints were not provided over 45.3 metres of road where crash barriers, kerb etc. came in the way but recovery of Rs.2.70 lakhs was not made from the contractor when paying for 300 metres of such joints. The Ministry stated (January 1992) that the total length required to be executed was only 278.75 meters, outer to outer slab and the length of the expansion joints omitted was 21.25 meters only for which proportionate reduction would work out to an amount of Rs.0.12 lakh. The rate of Rs.6,220 per metre mentioned in the contract was only for the purpose of evaluation of the tender and therefore the rate should not be considered for the purpose of recovery. The reply is not acceptable since as per the tender, the contractor was to provide 300 metres of expansion joints and for any shortfall from this quantity, the contractor had to accept proportionate reduction in cost as per the terms of the contract. In the absence of specific rates for such reduction the rate quoted by the contractor for evaluation of the tender should have been adopted for enforcing the reduction.

#### **11.10 Diversion of funds**

In Central Works Division, Pathankot, construction of Bodh-Chakki-Dhar road, section Chakki to Dhar Khurd (RD 900m to 5,889m) was sanctioned (November 1987) by Government of India for Rs.178.24 lakhs. The estimate, inter alia, included a provision of Rs.3.40 lakhs for constructing gang huts and a store building for materials. Test-check of records (May 1990) revealed that the Department had constructed an office building at Pathankot at a cost of Rs.2.39 lakhs between December 1988 and September 1989 out of the Projects' funds without approval. This constituted diversion of funds for unapproved purposes.

In his reply, the Executive Engineer stated (December 1990) that some space had been left vacant

in the store building where office staff were accommodated. The reply is not tenable as the division has a separate store building at Pathankot. The plan of the building shows it was distinctly for an office comprising records room, Accounts, Drawing, cash branches, etc.

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



## CHAPTER XII

### Ministry of Textiles

#### 12.1 Follow up on Accounts

The capital and revenue expenditure incurred in 1990-91 from out of the grants of the Ministry (Grant No.73) amounted to Rs.219.49 crores and Rs.548.99 crores respectively. After adjusting the recoveries the amounts brought to account in Finance Accounts were Rs.219.49 crores and Rs.545.20 crores respectively.

The progressive capital outlay, as at 31st March 1991, on Textiles is given below under respective capital major heads of account. The outlay should generate revenues and returns to Government. The revenue expenditure and revenue receipts in 1990-91 under the corresponding revenue heads of account are given alongside. The component of outlay invested in identifiable organisations or undertakings (whether declared commercial or not), Public Sector Undertakings and Cooperatives are given below within brackets. N.A. indicates information has not been made available in the accounts, though required to be given. The Chief Accounting Authority of the Ministry would need to take follow up action for getting wanting information in accounts and improving returns from capital outlays and investments. He may also need to drop from the progressive capital outlay the expenditures which are not correlatable to any assets in the register of assets, physical or financial and can not also be truly entered in the register of assets so as to rectify omissions. Action has also to be taken to declare activities identifiable as "Departmental Undertakings" and those which should make profits as "Departmental Commercial Undertakings". All Public Sector and other Undertakings, cooperatives and Departmental Commercial and non-Commercial Undertakings need to be listed in Statement No.11 of the Finance Accounts indicating the capital invested in them and the return realised from them.

(Rupees in crores)

Major Head	Progressive Capital Outlay as at the end of			Revenue Expenditure 1990-91	Revenue Receipts 1990-91
	1990-91	1989-90	1988-89		
1.	2.	3.	4.	5.	6.
4860-01-Capital Outlay on Textiles	586.71	566.32	540.84	248.72 (Head 2852-08- 202)	(NA)
(190-Investment in PSUs)	(115.24)	(94.86)	(69.37)	--	(NA)
(Cotton Corporation of India)	(23.00)	(23.00)	(NA)		(Nil) (loss Rs.113.54 crores)
(Jute Corporation of India)	(5.00)	(5.00)	(NA)		(Nil) (loss Rs.39.63 crores)
(National Handloom Development Corporation)	(7.56)	(6.06)	(NA)		(Nil) (loss Rs.88.68 lakhs)
(HHEC)	(7.5)	--	--		(NA)
(National Jute Manufacturers Corporation)	(18.20)	(16.30)	(NA)		(Nil) (loss Rs.3.89 crores)
(National Textile Corporation)	(413.92)	(393.53)	(NA)		(Nil) (loss Rs.1639.16 crores)
(State Handicraft Corporation and Handicraft Apex Cooperative Society)	(4.08)	(3.75)	(NA)		(0.01) (for 88-89)
(British India Corporation)	(38.92)	(38.92)	(NA)		(Nil) (loss Rs.62.32 crores)
(Kohinoor Mills)	(Rs.11,000)	(Rs.11,000)	(NA)		(NA)

The loans and advances given and outstanding as at 31st March 1991, for Textiles are also given below, as indicated in statement No.15 of the Finance

Accounts. The components of loan given to identifiable organisation or undertaking are given below within brackets. NA indicates that information has not been made available in the accounts though required to be given. The interest recovered will need to be given in the statement against loans under each minor head separately, in future, in addition to the interest on loans under the major head. Against some of the loans very little or no recovery has been made in the last three years and interest recovered is also relatively meagre. In statement No.3 of Finance Accounts, Ministry/Departmentwise and loaneewise, some of the outstanding loans and interest are indicated; but information is not complete. Also the amounts of loans outstanding and amounts of instalments overdue for recovery, both need to be given in the statement, in future. The Chief Accounting Authority in the department will need to take follow up action for getting wanting information and effect recovery of instalments and interest overdue. A certificate will need to be given in the Finance Accounts in future that except for the loaneewise details given in statement No.3, all the Chief Accounting Authorities have confirmed that instalments and interest due for recovery upto 31st March of the year to which the Finance Account relates, have been recovered.

(Rupees in crores)

Head of Account	Amount of loan outstanding as on 31.3.91	Recoveries during			Interest recovered		
		1990-91	1989-90	1988-89	1990-91	1989-90	1988-89
6860-Loans for Consumer Industries-01-Textile	(1997.40)	Nil	Nil	Nil	NA	NA	NA
(101-Loans to Cooperative Spinning Mills)	(85.35)	(Nil)	(Nil)	(Nil)	(NA)	(NA)	(NA)
(190-Loans to PSUs)	(1912.05)	(Nil)	(Nil)	(Nil)	(NA)	(NA)	(NA)

## 12.2 Development of Musical Instruments

A Development Centre for Musical Instruments (Centre) was started in Madras in 1956 under the control of Development Commissioner (Handicrafts) with an honorary Director, twelve technical staff and necessary Administrative staff. It was to train persons in manufacture of musical instruments, reconstruct obsolete instruments, conduct research, update library on theory of music and musical instruments, publish literature and organise a gallery of musical instruments. A regular Director took over in 1964. The strength of technical staff was reduced to four in 1970 and the Centre was placed under the charge of a Deputy Director from April 1987.

(a) During the twelve years 1956-67, the Centre trained 236 persons in the manufacture of musical instruments scientifically. Training was discontinued in 1967 but was revived in 1985-86, after 18 years, and another 18 persons were trained in the year 1985-88. Training was again discontinued thereafter, on the ground of lack of demand.

(b) Experimental and portable model instruments were made in the initial years. The model instruments, however, did not find favour with the professional musicians.

(c) During 1979 the Centre developed two musical instruments viz. the Sruthi Dandi and Vamsee Sruthi and in 1980 one more instrument viz Vamsee Sruthi Dandi. They were improvisations of the drone Thambura. In 1981 the Centre developed a composite Pitch Pipe and an experimental pitch selector. Novelty of design and tonal quality of the Sruthi Dandi, Vamsee Sruthi and Vamsee Sruthi Dandi were testified to by renowned musicians. 45 more modified types of traditional instruments and miniature model instruments were made by the Institute during the years 1979 to 1989 but they were not tested. In an evaluation done by the Department in 1973, the

shortcomings were attributed to lack of scientific infrastructure and professional manpower.

(d) The Centre set up a gallery of 250 types of musical instruments (including the 49 developed by the Centre), against about 500 types of musical instruments stated to be existing in the country.

(e) A brochure giving basic information on musical instruments was published.

(f) A library with 125 books was set up.

The activity of the Centre is now limited to the gallery of musical instruments. No research in musical instruments is being conducted.

On the average, expenditure of Rs.3.57 lakhs per annum was incurred on the Centre every year from 1981-82 to 1990-91. Effort at achieving the other objectives especially of improving and promoting research on indigenous musical instruments is lacking.

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

### **12.3 Unjustified release of grants in aid**

Under a scheme for providing financial assistance to Central and State Handicrafts Development Corporations and Apex Co-operative Societies 50 per cent of capital expenditure can be given as subsidy to Corporations and Societies; for new emporia, in addition to capital subsidy, subsidy towards salaries and rent can be given on a sliding scale (75 per cent in the first year, 50 per cent in the second year and 25 per cent in the third year) if economic viability was expected to be achieved.

In January 1986, a State Handicrafts Development Corporation Limited, (SHDC) sought financial assistance for setting up a new emporium at an International Airport in India.

The proposal was not approved by the Ministry because the economic viability of proposed emporium was not established. SHDC stated in January 1988 that the emporium had started functioning from August 1987 and again requested for release of subsidy. The Ministry learnt in February 1988 that SHDC was contemplating closure of the emporium. Still the Ministry released subsidy for the period July 1987 to February 1988 in two instalments of Rs.1.75 lakhs and Rs.0.24 lakh in March 1988 and November 1988 respectively on receipt of the details of expenditure incurred. A third instalment of subsidy of Rs.1.83 lakhs for the period March 1988 to December 1988 was released in March 1989. Soon after in March 1989 SHDC took the decision to close the emporium as performance was expected to be poor in the next two years. The emporium was closed down in August 1989. SHDC informed the Ministry about the closure of emporium in September 1989 and requested for release of subsidy for the period January 1989 to 13th August 1989. The last instalment of subsidy of Rs.1.18 lakhs for the said period was released by the Ministry in January 1990 without obtaining audited accounts from the SHDC.

The total sales in the emporium during the years 1987-88 and 1988-89 were Rs.2.69 lakhs and Rs.2.82 lakhs against the target of Rs.14.40 lakhs and Rs.17.30 lakhs respectively.

In the result, outgo of Rs.5 lakhs from the budget of the Ministry for a scheme which did not qualify for subsidy and which it was learnt was failing resulted in the amount not achieving any development objective.

The Ministry stated (October 1991) that in a commercial proposition of this nature, projection of viability may go awry sometimes due to unforeseen circumstances such as restrictions imposed on movement of passengers by the International Airport Authority of India.

## CHAPTER XIII

### Ministry of Tourism

#### 13.1 Follow up on Accounts

The capital and revenue expenditure incurred in 1990-91 from out of the grant of the Ministry (Grant No.74) amounted to Rs.20.74 crores and Rs.52.43 crores respectively.

The progressive capital outlay, as at 31st March 1991, on Tourism is given below under respective capital major heads of account. The outlay should generate revenues and returns to Government. The revenue expenditure and revenue receipts in 1990-91 under the corresponding revenue heads of account are given alongside. The component of outlay invested in identifiable organisations or undertakings (whether declared commercial or not), Public Sector Undertakings and Cooperatives are given below within brackets. N.A. indicates information has not been made available in the accounts. The Chief Accounting Authority of the Department would need to take follow up action for getting wanting information in accounts and improving returns from capital outlays and investments. He may also need to drop from the progressive capital outlay the expenditures which are not correlatable to any assets in the register of assets, physical or financial and cannot also be truly entered in the register of asset so as to rectify omissions. Action has also to be taken to declare activities identifiable as "Departmental Undertakings" and those which should make profits as "Departmental Commercial Undertakings". All Public Sector and other Undertakings, cooperatives and Departmental Commercial and non-Commercial Undertakings need to be listed in Statement No.11 of the Finance Accounts indicating the capital invested in them and the return realised from them.

(Rupees in crores)

Major Head	Progressive Capital Outlay as at the end of			Revenue Expenditure	Revenue Receipts
	1990-91	1989-90	1988-89	1990-91	1990-91
1.	2.	3.	4.	5.	6.
5452-Capital Outlay on Tourism	145.27	124.23	105.43	54.08 (Head 3452)	0.14 (Head 1452)
(01-102-Tourist Accommodation)	(22.67)	(17.64)	(9.30)	(0.34)	(NA)
(01-103-Tourist Transport)	92.94	(2.21)	(1.48)	(0.07)	(0.01)
(01-190-Investment in PSUs)	(8.74)	98.55	(6.05)	(0.10)	(NA)
(80-General 190-Investment in PSUs)	(6.06)	(3.51)	(0.78)	--	(NA)
(ITDC)	(58.72)	(58.52)	(56.02)		Dividend (1.29) (for 89-90)

The loans and advances given and outstanding as at 31st March 1991, for Tourism are also given below, as indicated in statement No.15 of the Finance Accounts. The components of loan given to identifiable organisation or undertaking are given below within brackets. NA indicates that information has not been made available in the accounts though required to be given. The interest recovered will need to be given in the statement against loans under each minor head separately, in future, in addition to the interest on loans under the major head. Against some of the loans very little or no recovery has been made in the last three years and interest recovered is also relatively meagre. In statement No.3 of Finance Accounts, Ministry/Departmentwise and loaneewise, some of the outstanding loans and interest are indicated; but information is not complete. Also the amounts of loans outstanding and amounts of instalments overdue for recovery, both need to be given in the statement, in future. The Chief Accounting Authority in the department will need to take follow up action for getting wanting



information and effect recovery of instalments and interest overdue. A certificate will need to be given in the Finance Accounts in future that except for the loanewise details given in statement No.3, all the Chief Accounting Authorities have confirmed that instalments and interest due for recovery upto 31st March of the year to which the Finance Account relates, have been recovered.

(Rupees in crores)

Head of Account	Amount of loan outstanding as on 31.3.91	Recoveries during			Interest recovered		
		1990-91	89-90	1988-89	1990-91	1989-90	1988-89
7452-Loans for Tourism	18.60	4.11	4.14	(2.07)	Nil	2.23	2.65
(01-190-Loans to PSUs for infrastructure)	(15.24)	(3.40)	(2.83)	(4.69)	(NA)	(NA)	(NA)
(190-Loans to PSUs for other purposes)	(0.24)	(Nil)	(Nil)	(Nil)	(NA)	(NA)	(NA)

### 13.2 Adjustments to be made in Finance Accounts

In the balances at the end of 1990-91 which are reflected in the Finance Accounts the adjustment or review of the balances under the following heads of account need to be made by the Chief Accounting Authority in the Ministry/Department as indicated in the remarks column.

(Rupees in thousands)

Heads of Account	Balance as at the end of			Remarks
	1990-91	1989-90	1988-89	
7452-Loans for Tourism	(-)95,51	(-)27,23	58,46	The apparent excess recovery of loans in 1989-90 and 1990-91 require to be written back by rectifying misclassification or the excess credits transferred to revenue.
01-Tourism				
Infrastructure				
800-Other loans				

## CHAPTER XIV

### Ministry of Urban Development

#### 14.1. Follow up on Accounts

The capital and revenue expenditure incurred in 1990-91 from out of the grants of the Ministry (Grant No.75 to 77) amounted to Rs.245.49 crores and Rs.550.45 crores respectively. After adjusting the recoveries the amounts brought to account in Finance Accounts were Rs.245.43 crores and Rs.397.22 crores respectively.

The progressive capital outlay, as at 31st March 1991, on Urban Development is given below under respective capital major heads of account. The outlay should generate revenues and returns to Government. The revenue expenditure and revenue receipts in 1990-91 under the corresponding revenue heads of account are given alongside. The component of outlay invested in identifiable organisations or undertakings (whether declared commercial or not), Public Sector Undertakings and Cooperatives are given below within brackets. N.A. indicates information has not been made available in the accounts, though required to be given. The Chief Accounting Authority of the Department would need to take follow up action for getting wanting information in accounts and improving returns from capital outlays and investments. He may also need to drop from the progressive capital outlay the expenditures which are not correlatable to any assets in the register of assets, physical or financial and can not also be truly entered in the register of asset so as to rectify omissions. Action has also to be taken to declare activities identifiable as "Departmental Undertakings" and those which should make profits as "Departmental Commercial Undertakings". All Public Sector and other Undertakings, cooperatives and Departmental Commercial and non-Commercial Undertakings need to be listed in Statement No.11 of the Finance Accounts indicating the capital invested in them and the return realised from them.

(Rupees in crores)

Serial No.	Major Head	Progressive Capital Outlay as at the end of			Revenue Expenditure	Revenue Receipts
		1990-91	1989-90	1988-89	1990-91	1990-91
1.	2.	3.	4.	5.	6.	7.
1.	4215-Capital Outlay on Water Supply and Sanitation	68.64	62.64	58.19	97.91 (Head 2215)	(0.40) (Head 0215)
	(01-101-Urban Water Supply)	(33.24)	(32.41)	(32.15)	(0.10) (Head 2215-01-101)	(Nil) Head 0215-01-103)
	(01-102-Rural Water Supply)	(22.10)	(19.09)	(16.72)	(65.60) (Head 2215-01-102)	(0.17) (Head 0215-01-102)
	(01-190-Investment in Public Sectors and Other Undertakings)	(4.00)	(2.00)	(0.50)	--	(NA)
	(02-101- Urban Sanitation Services)	(0.08)	(0.08)	(0.07)	--	(NA)
	(02-102-Rural Sanitation Services)	(0.55)	(0.49)	(0.22)	--	(NA)
2.	4216-Capital outlay on Housing	1286.02	1152.64	1032.75	87.10 (Head 2216)	20.69 (Head 0216)
	(01-106-General Pool Accomodation)	(778.58)	(737.22)	(699.70)	(72.93) (Head 2216-01-106)	(17.76) (Head 0216-01-106)
	(01-107-Police Housing)	(56.56)	(41.30)	(22.02)	--	(0.35) (Head 0216-01-107)
	(01-700-Other Housing)	(95.08)	(47.53)	(43.53)	(10.94) (Head 2216-01-700)	(0.59) (Head 0216-01-700)
	(01-Housing for EWS)	(1.01)	(1.18)	(1.18)	--	(NA)
	(01-Housing for SC/ST)	(1.40)	(1.62)	(1.62)	--	(NA)

1.	2.	3.	4.	5.	6.	7.
	(02-800-Industrial Housing)	(0.36)	(0.36)	(0.36)	--	(NA)
	(02-Labour Colonies)	(3.55)	(3.55)	(3.55)	--	(NA)
	(02-Jhuggi Jhompri Scheme)	(37.64)	(37.64)	(37.64)	--	(NA)
	(02-Subsidised Industrial Housing)	(0.33)	(0.33)	(0.33)	--	(NA)
	(02-Schemes for Ind. Works)	(0.15)	(0.15)	(0.15)	--	(NA)
	(02-Slum Improvement)	(0.12)	(0.12)	(0.12)	--	(NA)
	(02-Accommodation for Govt. Employees)	(1.39)	(1.39)	(1.39)	--	(NA)
	(02-DDA for land acquisition and development)	(5.00)	(5.00)	(5.00)	--	(NA)
	(03-Rural Housing)	(Nil)	(Nil)	(Nil)	(0.41) (Head 2216-03)	(NA)
	(80-190 Investment in Public Sector and other Undertakings)	(44.18)	(20.68)	(Nil)	(0.06) (Head 2216-80-190)	(NA)
	(80-201-Investment in Housing Board)	(135.96)	(131.11)	(126.76)	--	(NA)
	(Hindustan Prefab Ltd.)	(5.46)	(4.46)	(3.55)		Nil (loss Rs.7.26 crores)
	(HUDCO)	(161.27)	(137.27)	(113.00)		Nil
	(NBCC)	(17.95)	(16.95)	(16.00)		Nil (loss Rs.32.70)
3.	4217-Capital Outlay on Urban Development)	357.90	339.16	342.40	95.32 (Head 2217)	0.03 (Head 0217)
	(01-State Capital Development)	(103.06)	(96.27)	(110.11)	--	(NA)
	(02-National Capital Region)	(241.24)	(231.24)	(223.64)	(0.29) (Head 2217-02)	(Negligible) (Head 0217-02)

1.	2.	3.	4.	5.	6.	7.
	(60-Other Urban Development Schemes-190-Investment in Public Sector and Other Undertakings)	(5.50)	(3.50)	(0.50)	(1.94) (Head 2217-05)	(NA)
4.	4058-Capital Outlay on Stationery and Printing	23.22	18.65	14.39	56.33 (Head 2058)	29.20 (Head 0058)
	(103-Government Presses)	(18.56)	(13.99)	(9.73)	(45.25)	(NA)
5.	4059-Capital Outlay on Public Works	1310.88	1087.81	927.62	155.28 (Head 2059)	34.21 (Head 0059)

The loans and advances given and outstanding as at 31st March 1991, for Urban Development are also given below, as indicated in statement No.15 of the Finance Accounts. The components of loan given to identifiable organisation or undertaking are given below within brackets. NA indicates that information has not been made available in the accounts though required to be given. The interest recovered will need to be given in the statement against loans under each minor head separately, in future, in addition to the interest on loans under the major head. Against some of the loans very little or no recovery has been made in the last three years and interest recovered is also relatively meagre. In statement No.3 of Finance Accounts, Ministry/Departmentwise and loaneewise, some of the outstanding loans and interest are indicated; but information is not complete. Also the amounts of loans outstanding and amounts of instalments overdue for recovery, both need to be given in the statement, in future. The Chief Accounting Authority in the department will need to take follow up action for getting wanting information and effect recovery of instalments and interest overdue. A certificate will need to be given in the Finance Accounts in future that except for the loaneewise details given in statement No.3, all the Chief Accounting Authorities have confirmed that instalments and interest due for recovery upto 31st

March of the year to which the Finance Account relates, have been recovered.

(Rupees in crores)

Sl. No.	Head of Account	Amount of loan outstanding as on 31.3.91	Recoveries during			Interest recovered		
			1990-91	1989-90	1988-89	1990-91	1989-90	1988-89
1.	2.	3.	4.	5.	6.	7.	8.	9.
1.	6215-Loans for Water Supply and Sanitation	684.58	5.81	0.77	Nil	Nil	Nil	Nil
	(6215-01-190 Loans to Public sectors and other Undertakings Water Supply)	(9.11)	(Nil)	(Nil)	(Nil)	(NA)	(NA)	(NA)
	6215-01-191 and 6215-02-191 (Loans to Local Bodies etc.)	(328.27)	(5.81)	(0.77)	(Nil)	(NA)	(NA)	(NA)
2.	6216-Loans for Housing	255.11	7.10	10.30	(-)7.16	6.69	1.39	7.58
	(6216-02-190 Loans to Public Sectors and Other Undertakings Urban Housing)	(98.00)	(1.35)	(3.04)	(7.04)	(NA)	(NA)	(NA)
	(6216-02-201 Loans to Housing Board)	(28.10)	(3.30)	(1.77)	(1.53)	(NA)	(NA)	(NA)
	6216-80-190 Loans to Public Sectors and other Undertakings Genl. Housing)	(32.01)	(1.30)	(-1.54)	(Nil)	(NA)	(NA)	(NA)
	(6216-80-201 Loans to Housing Boards-General Housing)	(96.56)	(0.02)	(-0.02)	(Nil)	(NA)	(NA)	(NA)
3.	6217-Loans for Urban Development	137.66	3.42	14.45	0.63	0.36	0.38	1.59
	(6217-03-191 loans to Local Bodies, Corpns. etc. for development of small and medium towns)	(8.11)	(Nil)	(Nil)	(Nil)	(NA)	(NA)	(NA)

1.	2.	3.	4.	5.	6.	7.	8.	9.
	(6217-04-191 Loans to Local Bodies etc. for Slum Area Development)	(18.48)	(Nil)	(13.80)	(Nil)	(NA)	(NA)	(NA)
	(6217-60-191 Loans to Local Bodies, Corpns.etc. for other Urban Development Scheme)	(110.86)	(3.40)	(0.65)	(0.63)	(NA)	(NA)	(NA)

### 14.2 Adjustments to be made in Finance Accounts

In the balances at the end of 1990-91 which are reflected in the Finance Accounts the adjustment or review of the balances under the following heads of account need to be made by the Chief Accounting Authority in the Ministry/Department as indicated in the remarks column.

(Rupees in thousands)

Serial No.	Heads of Account	Balance as at the end of			Remarks
		1990-91	1989-90	1988-89	
1.	6216-Loans for Housing				
	80-General				
	797-Transfers to/from Reserve fund and Deposit Accounts	(-)6,25	(-)6,25	(-)6,25	The excess transfer from fund or deposit head needs to be written back or transferred to revenue.
	800-Other Loans	(-)82,29	(-)19,71,16	(-)28,22,90	The excess recovery of loan is apparently a misclassification which needs to be fully written back to correct head and residue, if any transferred to revenue.
2.	6215-Loans for Water Supply and sanitation	(-)24	Nil	Nil	The misclassification or apparent recovery of loan which did not exist requires credits to be written back or to correct head.
	01-Water Supply				
	800-Other Loans				

### 14.3 Management of contracts

The Central Public Works Department (CPWD) is continuing to make serious procedural lapses which result in decisions of arbitrators going against

them. When such failures of the department were pointed out in audit in the past, the advantage which a departmental publication containing digest of important failures of CPWD pointed out by the arbitrators can render towards attention to procedural aspects of contractual obligations of CPWD, was also pointed out.

While the Ministry issued instructions in 1981-82 it was only to direct avoidance of lapses in future. These instructions have yielded little result in improving management of contracts in CPWD. Scrutiny in 1991 of 81 arbitration cases decided during the years 1984-85 to 1990-91 revealed the following:

(i) Clause 2 of the contracts provides for compensation to CPWD from the contractors in case of non-completion of work as per schedule. Clause 3 provides for rescission of the contract by the department in the event of breach of any one or more of the conditions of contract by the contractors. Forfeiture of security deposit and recovery of extra expenditure incurred by the department (over and above the amount of security deposit forfeited) for getting work completed at their risk and cost is also provided for.

Recovery of compensation and extra expenditure by the department from contractors amounting to Rs.20.60 lakhs under provisions of clauses 2 and 3 of the contracts were set aside by the arbitrators in 19 cases on account of the following failures of CPWD:

- Non-issue of timely and proper notices to the contractors notifying intention of the department to levy compensation for failure to complete the work within contract period.
- Time was not made the essence of the contract.
- Communicating of decision of the department to levy compensation for delayed execution of work after the date of completion of work.



- Reasons for breach of contract conditions which were attributable to the department.

(ii) Clause 42 of the contract provides that in case of materials like cement and steel issued by the department, quantities of materials shown as used on work are required to be compared with theoretical consumption. Towards materials issued to contractors in excess of the theoretical requirement and not returned by contractor, moneys can be recovered by CPWD. Such recoveries amounting to Rs.6.72 lakhs were set aside by the arbitrators in 32 cases on account of the failure of CPWD to issue notices in time to contractors for return of excess material.

(iii) The contractors claimed damages and compensation due to prolongation of contracts primarily due to failure of the department in handing over complete site, drawings and designs etc. In 27 cases, the arbitrators awarded Rs.40.26 lakhs on such grounds which could have been avoided, had the department taken its contractual obligations seriously on the handing over site of work and supply of drawings, designs etc., in time.

(iv) Payment to contractor is subject to the execution of work as per prescribed specifications. A test check of 38 cases revealed that payments to the contractors were made without careful assessment of standard of work and at rates which were subsequently reduced in the final bills. Measurements including standard of work once taken and recorded for work done by contractors cannot be altered by CPWD. Failure of CPWD to release the payment and its action in making recoveries in the final bills advancing excess measurements as reasons were disallowed by the arbitrators. Failure of CPWD led to avoidable payment of Rs.16.88 lakhs.

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

#### 14.4 Injudicious rejection of tender

Central Public Works Department (CPWD) invited limited tenders in May 1990 for supply of 10,000 tonnes of cement from firms having broad gauge siding facility at their factories. Calling of such conditional tenders had earlier (June 1988) been approved by the Ministry, at the instance of CPWD.

The only valid tender was of firm 'A' which quoted Rs.1430 per tonne. But the Works Advisory Board did not agree to considering tenders only from firms having broad gauge railway siding at their factories as it reduced competition. The Board felt that the rates of firm 'B' whose factory was located at a distance of 150 Kms from consignee would be competitive as freight charges by trucks would be substantially lower than the railway freight. The Board, therefore, advised CPWD to call for tenders again.

Tenders were again called in July 1990. Three firms responded and the negotiated offer of the firm 'A' at Rs.1650 per tonne was accepted. The same firm had offered a rate of Rs.1430 per tonne barely two months back against the earlier tender. The firm supplied 9984.10 tonnes of cement valuing Rs.164.74 lakhs. This involved an extra expenditure of Rs.21.97 lakhs compared to the earlier offer of firm 'A' which was rejected by the Board, ignoring the rising trend in the prices of cement.

The decision of the Board to reject the earlier offer of firm 'A' at Rs.1430 per tonne without analysing the market trends in cement prices, resulted in extra expenditure of Rs.21.97 lakhs.

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

#### 14.5 Cost and time over runs in construction of quarters

Administrative approval and expenditure sanction for Rs.68.11 crores was accorded, in July 1978, by the erstwhile Ministry of Works and Housing for construction of 2000 quarters under the 'Crash Housing Programme'. The sanction included construction of 288 quarters (144 in group I and 144 in group II) at Calcutta.

Construction of 144 quarters (group I) was awarded by Central Public Works Department (CPWD) in June 1981 to contractor 'A' at a cost of Rs.38.66 lakhs. The work which was started in July 1981 was scheduled to be completed by October 1982. Progress of work was very tardy and sub-standard. Only 37 per cent of the work was executed within the stipulated date of completion. Though CPWD was aware of the poor progress and sub-standard quality of work from the very beginning, extension of time upto March 1986 was granted by CPWD (December 1985) to keep the contract alive. Finally, as progress of work was still unsatisfactory CPWD rescinded the contract in July 1986, at the risk and cost of the defaulting contractor and after imposing a penalty of Rs.0.52 lakh. Rupees 28.78 lakhs were paid to the contractor as running payments upto April 1985.

CPWD retendered and awarded the balance work (estimated to cost Rs.8.24 lakhs) to contractor 'B' in December 1988, ie after about two and a half years from the date of resinding the first contract, the delay resulting in escalation in cost. The contracted cost was Rs.30.37 lakhs. The date of completion was stipulated as October 1989. The work was completed in May 1990 at a cost of Rs.30.84 lakhs. According to CPWD, the extra expenditure of Rs.15.97 lakhs was incurred in the execution of balance work left out by the defaulting contractor 'A' which had not been recovered from him till October 1991. The details of computation of the extra expenditure was not furnished (November 1991) by CPWD.

The contractor 'A' went for arbitration and submitted (December 1986) a claim for Rs.5.98 lakhs and interest on amount due at the rate of 18 per cent per annum. CPWD submitted its counter claim amounting to Rs.23.06 lakhs towards recovery of penalty, extra expenditure in getting the balance work done, forfeiture of security deposit and cost of arbitration. The decision of the Arbitrator appointed in April 1985 was awaited (September 1991).

After rescinding the contract with contractor 'A', CPWD engaged outside agencies for providing security to the buildings and spent on it Rs.1.98 lakhs between January 1987 and September 1990. This included expenditure of Rs.0.70 lakh incurred between January 1989 and May 1990 when the site was in the possession of contractor 'B'.

The work of electric installations for the quarters (group I) was awarded, in September 1982, to contractor 'C' at a cost of Rs.1.70 lakhs. It was to be completed by December 1983. Due to non-completion of civil works by contractor 'A' within the stipulated period, the agreement with contractor 'C' was terminated in December 1989 without any financial repercussion on either side. Rupees 0.36 lakh was paid to contractor 'C' as running payment upto September 1984. The balance work, valued at Rs.1.24 lakhs, was again awarded to the same contractor 'C' at a cost of Rs.2.68 lakhs within a few days of the date of terminating the earlier contract with him. The work was still in progress (September 1991) and contractor 'C' had been paid Rs.2.39 lakhs as running payment on the second contract upto September 1991. Extra expenditure amounting to Rs.1.44 lakhs was not recovered from contractor 'A'. The termination of the first contract with contractor 'C' was attributed by the CPWD to closure of civil works by contractor 'A'.

Construction of 144 quarters (group II) was awarded by CPWD in June 1981 to contractor 'D' at a cost of Rs.39.91 lakhs. The construction was scheduled to be completed by October 1982, but was

actually completed in March 1985. Failure of the contractor in mobilising adequate labour and materials coupled with defective workmanship contributed to the delay in completion of the work. The department did not initiate any action against the contractor for the delay during the course of execution of the work.

On the delay being pointed out in Audit, in September 1990, the Executive Engineer proposed levy of penalty for delay in completion of work. No penalty was, however, levied on the contractor 'D' till November 1991. The contractor 'D' went for arbitration and submitted (May 1987) a claim for Rs.16.07 lakhs towards payment for work done, reimbursement of additional cost, cost of profit etc. besides refund of amount withheld/recovered. The department filed a counter in October 1987. The decision of the Arbitrator, appointed in March 1987, is awaited (November 1991).

The work of providing electrical installations and fans in the quarters (group II) was given to contractor 'E' for Rs.1.72 lakhs in March 1983. The work was to be completed by June 1984. Although the work was stated to be completed in December 1988, the testing report is still awaited (November 1991). The contractor 'E' was paid Rs.1.34 lakhs upto November 1991. The quarters were neither handed over by CPWD to Estate Manager nor allotted to employees immediately after the completion of civil and electrical works. Due to defective workmanship by contractor 'D' and non-use of quarters, the lime terracing in most of the quarters was damaged and roots developed leaks. The damages were rectified using other agencies, between May and November 1990, at a cost of Rs.5.74 lakhs. Watch and Ward staff had to be engaged for security of the vacant quarters between June 1986 and June 1990 at a cost of Rs.2.32 lakhs.

The work of construction of an overhead reservoir for water supply was awarded (September

1981) to contractor 'F' at a cost of Rs.9.92 lakhs. It was to be completed by October 1982. The superstructure work was completed in May 1984. Defects were noticed and the contractor was asked in August 1984 to rectify the defects found in the reservoir. A portion of the defective work was rectified by using a separate agency between February and March 1986. The remaining defects were not rectified till November 1991. The reservoir could not be connected to water source till then. As acute shortage of water supply was one of the reasons for delay in handing over the quarters, CPWD had to provide additional water by installing deep tube well at a cost of Rs.0.50 lakh. A token penalty for Rs.200 was levied on the contractor 'F' for delay in the completion of work in addition to with-holding Rs.5000 for rectification of defects effected using other agencies.

In the result due to delay in completion of works under Group I and group II, the quarters could be handed over to Estate Manager for allotment only in June 1990. The delay in completion of civil and electrical works resulted in extra expenditure of Rs.23.15 lakhs as works and expenditure of Rs.4.30 lakhs on security of the buildings. The extra expenditure had not been recovered from the defaulting contractors till November 1991. There was also loss of revenue by non-recovery of rent on the quarters and payment of House Rent Allowance to the prospective allottees.

The cost and time over runs were referred to the Ministry and Department in July, August and November 1991; their replies have not been received (December 1991).

#### **14.6 Over a hundred unused airconditioners**

The Central Public Works Department (CPWD) procured 92 airconditioner units at a cost of Rs.15.74 lakhs through the Director General of Supplies and Disposal (DGSD) in April 1987 for installation in the offices of a Government

Department. Additional 131 units were procured between November 1987 and January 1988 for another Department at a cost of Rs.24.32 lakhs. Out of 131 units 96 units were installed in two offices upto April 1991 and 19 units were kept as standby leaving a balance of 16 units as surplus as also the 92 Airconditioner units procured in April 1987 lying uninstalled for more than four years after procurement.

CPWD stated (April 1991) that the 16 units were being installed and that out of 92 units installation of 46 units had been taken up and installation of balance units would be taken up shortly. It attributed the delay to scattered location of the offices in rented buildings and time taken to obtain permission of the landlords.

In the result Rs.18.59 lakhs worth of assets remained unused for over three years. Guarantee against manufacturing defects was only 12 months after installation or 15 months from the date of supply and has expired as also the opportunity of availing free service during guarantee period.

The matter was referred to the Ministry/Department in July 1991, reply has not been received (September 1991).

#### **14.7 Hired office space**

(i) Office space measuring 5556 square feet and 8554 square feet had been hired by the Estate Manager, Calcutta in two private buildings (A and B) at Calcutta from April 1959 and from July 1940 for accommodating Central Government offices. The rents were to be revised from September 1982.

In November 1989 the Director of Estates paid 80 per cent of the arrears of rent for the past periods (from September 1982) amounting to Rs.11.87 lakhs and Rs.27.37 lakhs for buildings 'A' and 'B' respectively for the period from November 1985 to October 1989 for building 'A' and September 1982 to October 1989 for

building 'B'. Arrears in respect of building 'A' for the period from September 1982 to October 1985 was not paid as the owner had not preferred a claim. But the Estate Manager was liable to pay only Rs.8.84 lakhs and Rs.19.90 lakhs and not Rs.11.87 lakhs and Rs.27.37 lakhs, because forty five percent of the revised rent recommended was towards municipal taxes and surcharge and fifty five percent only towards rent and taxes on high rise buildings. The Municipal tax and surcharge included in the revised rent were payable only on production of proof of payment of such taxes to the Government of West Bengal or the Calcutta Municipal Corporation. The excess unauthorised payment was for Rs.3.02 lakhs and Rs.7.47 lakhs.

The Estate Manager stated that consolidated rent in respect of buildings 'A' and 'B' was paid as per order of the Director of Estates, New Delhi and revision of taxes levied by Calcutta Municipal Corporation was not relevant (July 1991). The reply is not tenable as the order of Director of Estates was specific that the Municipal taxes are required to be reckoned with.

The matter was reported to the Ministry/Department in August 1991; replies have not been received (December 1991).

(ii) Floor area of 34,878 sq.ft. hired in a private building by the Estate Manager, Calcutta has been in his possession from December 1941 for allotment to Central Government Departments. Significant percentage of hired space remained vacant for long periods as shown below:-

Vacant floor area	Period of vacancy	Vacancy as percentage of total hired floor area.
8936 sq.ft	27 months	25.6
8056 sq.ft.	39 months	23.1
6316 sq.ft.	41 months	18.1
2770 sq.ft.	56 months	7.9
748 sq.ft.	73 months	2.1



The rental liability of the Government for the hired floor area was Rs.3.20 per sq.foot per month upto August 1987 and Rs.3.52 per sq.foot per month thereafter. Even though more than 20 per cent of the hired space was lying vacant for over 3 years, the Estate Manager neither reallocated any office accommodation nor proposed de-hiring of any area. In the result an expenditure of Rs.12.70 lakhs on the vacant area proved infructuous.

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

#### **14.8 Avoidable extra liability on facade work**

Central Public Works Department (CPWD) awarded the work of construction of a new building for National Archives of India New Delhi and demolition of an existing structure to firm 'A' in June 1982 at a cost of Rs.255.53 lakhs (39.19 per cent above the estimated cost of Rs.183.79 lakhs). The work was scheduled to be completed in June 1984. The contractor did not take up a part of the work (facade work) on the ground that this was not included in the scope of the work awarded and also that the structural drawings pertaining to this work were issued to him much after the stipulated date for completion of work. That part of the work was withdrawn from him by the CPWD and awarded in December 1990 to firm 'B' at an extra cost of Rs.13.35 lakhs (Rs.7.30 lakhs after adjusting increased cost of departmentally issued material). Firm 'B' started the work in December 1990.

Thus, the delay in issuing structural drawings to firm 'A' and CPWD's failure in getting the entire work done by contractor 'A' within the scope of the contract or by another contractor at the risk and cost of contractor 'A' resulted in an extra of Rs.7.30 lakhs which was not recoverable from contractor 'A'.

The reasons for not getting the facade work done by firm 'B' at the risk and cost of firm 'A'

were enquired in audit from CPWD but no reply was furnished.

The matter was referred to the Ministry in Septemebr 1991; their reply has not been received (January 1992).

#### **14.9 Infuctuous expenditure due to lack of co-ordination**

The construction of two blocks of multistoreyed office buildings in New Delhi was completed by Central Public Works Department (CPWD) in December 1985 and June 1986 respectively. Special requirements of electrical installations of user Departments were not taken into consideration during execution of electrical works. As a result, additions to and alterations in the electrical installations costing Rs.3.30 lakhs had to be carried out. Also electric fans and fittings costing Rs.3.66 lakhs remained unutilised and awaited installation (July 1991).

The failure in coordination leading to infuctuous expenditure was referred to the Ministry in August 1991; reply has not been received (December 1991).

#### **14.10 Connection of sewer line to storm water drain**

In October 1979, the Central Public Works Department, Calcutta (CPWD) made an unauthorised sewer connection from a septic tank located near the main gate of a Central Government residential building complex to a storm drain of the Metropolitan Water and Sanitation Authority (MWSA). Not only was it illegal and unauthorised but conveyance of sanitary wastes through storm water conduits would lead to sulphide corrosion and reduce the life of the storm water conduit. In April 1985 the MWSA sent an estimate for Rs.5.70 lakhs to CPWD and offered to divert the sewer as a deposit work. The offer was not taken up and the unauthorised connection made in 1979 continued. In May 1988, CPWD approached MWSA for a

revised estimate saying the earlier estimate was not traceable. A revised estimate sent by MWSA in March 1990 for Rs.11.47 lakhs was accepted by the CPWD and deposit work is in progress (October 1991).

CPWD stated (March 1991) that the estimate of April 1985 was not acted upon as there was an injunction from the High Court against construction of quarters and had the sewer line been constructed at that time, there would have been no use for it and the sewer line if constructed would have got clogged if not used. The contention of the CPWD is not tenable as the construction of residential quarters was in no way related to the diversion of the sewer connection already carrying sewer water into the storm drain. Further, CPWD had stated in September 1985 that sewerage and storm water from the building complex was being fed into the existing conduit and for reasons of overload, was causing health hazards in the locality.

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

**14.11        Extra expenditure on purchase of steel bars  
                 due to delays in decision making**

Central Public Works Department (CPWD) approached the Ministry of Urban Development (Ministry) in May 1989 for approval for purchase of 1500 tonnes of steel bars. The Ministry accorded approval in July 1989 but CPWD failed to convey acceptance to the lowest tenderer upto 12th October 1989 when the validity of his offer expired.

CPWD had also approached the Ministry again in July 1989 for purchase of another 13,500 tonnes of steel and had simultaneously floated tenders for purchase of 3500 tonnes in anticipation of Ministry's approval. But the lowest tender expired before approval of Ministry was received on 17th October 1989, for the purchase of 3000 tonnes of steel.

Tenders for purchase of 3000 tonnes of steel were again invited in January 1990 and supply orders were placed in the same month. The firms supplied 997 tonnes of steel which resulted in an extra expenditure of Rs.4.27 lakhs compared to the prices at which the steel could have been procured in October 1989 at the lowest rates offered by tenderers in the first and second calls of tenders.

The matter was reported to the Ministry in September 1991; reply has not been received (December 1991).

#### **14.12 Non-uniform interpretation of contract terms**

In the work of "construction of residential quarters for the staff of Income Tax and Central Excise Department at Calcutta", the work of pile foundation was awarded in March 1986, to a contractor at a cost of Rs.11.59 lakhs.

The estimates were for piles of 82 metres length on the basis of soil investigation done from December 1979 to February 1980. The contracted rate was for driving of piles of length 18 metres and above with rebates for reduction in length below 18 metres. The contractor drove piles upto depths ranging from 11.18 to 12.56 metres, but was paid for lengths of 18 to 19.5 metres after rebate which was less than pro-rata reduction. The extra payment amounted to Rs.1.94 lakhs.

The department stated (April 1989) that it was not possible to effect pro-rata reduction as rate for pile included cost of placing the rig in position, cost of stem, pile shoes, concrete reinforcement and labour required for driving the portion sunk.

But in another case for pile foundation work, it was stipulated that when piles driven is longer or shorter than the standard length, the payment would be more or less pro-rata.

The case was referred to the Ministry in June 1989, July 1990 and July 1991; reply has not been received (January 1992).

**14.13 Loss due to delay in execution of work not recovered**

In May 1979, Government of Mizoram remitted Rs.6.55 lakhs to Central Public Works Department, Calcutta (CPWD), for the construction of Mizoram House at Calcutta as a deposit work, in two stages, namely construction of pile foundation and building the superstructure.

CPWD awarded (September 1980) the work on pile foundation to contractor 'A' at a cost of Rs.3.09 lakhs for completion by January 1981. The work was completed in January 1983, at a cost of Rs.4.05 lakhs. Delay in completion of the work was mainly attributable to the CPWD not getting the site ready in time and to unrest in his staff for which the contractor was responsible. CPWD considered it sufficient to impose (July 1984) a token penalty of Rs.1448 only on the contractor.

CPWD awarded the second stage of building the superstructure to contractor 'B' at a cost of Rs.3.92 lakhs in September 1981 for completion by October 1982. Commencement of the work on superstructure was not possible due to non-completion of the work on pile foundation. Contractor 'B' also declined to execute the work owing to escalation in cost and therefore CPWD terminated (February 1982) the contract with contractor 'B'. The work was retendered and awarded (October 1982) to contractor 'C' at a cost of Rs.4.62 lakhs for completion by November 1983. It was, however, completed in October 1985, at a cost of Rs.6.68 lakhs. Contractor 'C' went for arbitration in July 1986 on the issue of delay in handing over of site and consequential financial loss and was awarded (September 1990) Rs.0.63 lakh. Appeal against the award in the Court of Law was under consideration of CPWD (September 1991).

Delay in execution of the work on pile foundation resulted in the work on superstructure costing Rs.6.68 lakhs instead of Rs.3.92 lakhs at which it was originally awarded. Further, a liability of Rs.0.63 lakh as per arbitration award was also incurred due to delay in handing over of site. But, CPWD recovered only Rs.1448 from the defaulting contractor holding that the delay had not resulted in any loss to the Government.

The case was reported to the Ministry in June 1991, reply has not been received (September 1991).

#### **14.14 Irregular advance to contractor**

A secured advance is an advance given on the security of materials brought to the site of work and is allowed up to 75 per cent of the value of such materials.

Central Public Works Department (CPWD) paid a secured advance of Rs.1.67 lakhs to a firm on 31st March 1990 towards the work of "Providing/Installing wet riser system at National Institute of Health and Family Welfare". But the CPWD had no contract with the firm for the execution of the said work on the date the advance was paid. CPWD showed the payment in the books against a similar work for "Providing and Installing wet riser system and automatic fire alarm system at Vayu Bhawan" for which the CPWD had a contract with the same firm. Further, a secured advance of Rs.5.98 lakhs had been separately paid towards the work at Vayu Bhawan to the same firm on the same date (31st March 1990) and it was sufficient to cover the full quantities of materials brought to site for the execution of work. In June 1991 CPWD adjusted the secured advance partly by recovering it from bills for amounts to be paid to the contractor.

The action of CPWD in paying Rs.1.67 lakhs as secured advance to a contractor against a non-existent contract was in violation of the provisions of CPWD Accounts Code and amounted to unauthorised

financial aid to the contractor. Report on adjustment of the full advance was awaited (September 1991).

The matter was reported to the Ministry in September 1991; reply has not been received (November 1991).

#### **14.15 Excess issue of paper**

In determining the requirement of paper for printing in the Government of India Press at Santragachi (Press), an allowance of 4 percent is made for spoilage.

During the years 1986-88, in addition to issuing paper for the jobs as actually required for printing (which was 48985 reams), additional 693 reams were issued (4 per cent on 17325 reams of offcut paper) which was not utilised for printing. The reasons for unauthorised issue of paper valued at Rs.1.23 lakhs could not be explained by the Press.

The Ministry stated in March 1992 that the issue of paper was correct. The reply does not explain non-utilisation of 693 reams of paper issued extra as 4 per cent spoilage on 17325 reams of off-cut papers not used for printing.

## CHAPTER XV

### Ministry of Water Resources

#### 15.1 Follow up on Accounts

The capital and revenue expenditure incurred in 1990-91 from out of the grants of the Ministry (Grants No.78) amounted to Rs.41.26 crores and Rs.269.53 crores respectively.

The progressive capital outlay, as at 31st March 1991, on Water resources is given below under respective capital major heads of account. The outlay should generate revenues and returns to Government. The revenue expenditure and revenue receipts in 1990-91 under the corresponding revenue heads of account are given alongside. The component of outlay invested in identifiable organisations or undertakings (whether declared commercial or not), Public Sector Undertakings and Cooperatives are given below within brackets. N.A. indicates information has not been made available in the accounts, though required to be given in some cases. The Chief Accounting Authority of the Department would need to take follow up action for getting wanting information in accounts and improving returns from capital outlays and investments. He may also need to drop from the progressive capital outlay the expenditures which are not correlatable to any assets in the register of assets, physical or financial and can not also be truly entered in the register of assets so as to rectify omissions. Action has also to be taken to declare activities identifiable as "Departmental Undertakings" and those which should make profits as "Departmental Commercial Undertakings". All Public Sector and other Undertakings, cooperatives and Departmental Commercial and non-Commercial Undertakings need to be listed in Statement No.11 of the Finance Accounts indicating the capital invested in them and the return realised from them.



(Rupees in crores)

Serial No.	Major Head	Progressive Capital Outlay as at the end of			Revenue Expenditure 1990-91	Revenue Receipts 1990-91
		1990-91	1989-90	1988-89		
1.	2.	3.	4.	5.	6.	7.
1.	4701-Capital Outlay as Major and Medium Irrigation	83.70	81.85	73.75	36.38 (Head 2701)	3.76 (Head 0701)
	(01-Major Irrigation Commercial)	(0.38)	(0.38)	(0.38)	-	(NA)
	(02-Major Irrigation Non-Commercial)	(12.10)	(12.10)	(12.10)	-	NA
	(04-Medium Irrigation Non commercial)	(2.33)	(2.33)	(2.03)	-	NA
2.	4702-Capital outlay on Minor Irrigation	12.46	11.37	10.14	37.08 (Head 2702)	0.68 (Head 0702)
3.	4705-Capital Outlay on Command Area Development Daman Ganga CAD	0.57	0.27	0.01	-	NA
4.	4711-Capital outlay on Flood Control Projects	174.65	163.38	148.57	99.04 (Head 2711)	NA
	(Daman Ganga Project)	(10.53)	(10.53)	(10.53)	-	NA
	(Maharashtra Land Development Corporation)	(0.50)	(0.50)	(0.50)	-	(NA)
	Central Water and Power Development	(0.30)	(0.30)	(0.30)		(0.03) (Dividend For 89-90)

Consultancy Services Limited).

The loans and advances given and outstanding as at 31st March 1991, for Water Resources are also given below, as indicated in statement No.15 of the Finance Accounts. The components of loan given to

identifiable organisation or undertaking are given below within brackets. The interest recovered will need to be given in the statement against loans under each minor head separately, in future, in addition to the interest on loans under the major head. Against some of the loans very little or no recovery has been made in the last three years and interest recovered is also relatively meagre. In statement No.3 of Finance Accounts, Ministry/Departmentwise and loaneewise, some of the outstanding loans and interest are indicated; but information is not complete. Also the amounts of loans outstanding and amounts of instalments overdue for recovery, both need to be given in the statement, in future. The Chief Accounting Authority in the department will need to take follow up action for getting wanting information and effect recovery of instalments and interest overdue. A certificate will need to be given in the Finance Accounts in future that except for the loaneewise details given in statement No.3, all the Chief Accounting Authorities have confirmed that instalments and interest due for recovery upto 31st March of the year to which the Finance Account relates, have been recovered.

(Rupees in crores)

Serial No.	Head of Account	Amount of loan outstanding as on 31.3.91	Recoveries during			Interest recovered during		
			1990-91	1989-90	1988-89	1990-91	1989-90	1988-89
1.	6701-loans for Major and Medium Irrigation	7.00	Nil	Nil	Nil	Nil	Nil	Nil
2.	6702-loans for Minor Irrigation	(-)0.04	Nil	Nil	Nil	Nil	Nil	Nil
3.	6705-loans for Command Area Development 190-loans to PSUs)	19.97	Nil	Nil	Nil	1.35	1.26	1.26

## 15.2 Adjustments to be made in Finance Accounts

In the balances at the end of 1990-91 which are reflected in the Finance Accounts the adjustment or review of the balances under the following heads of account need to be made by the Chief Accounting Authority in the Ministry/Department as indicated in the remarks column.

(Rupees in thousands)

Heads of Account	Balance as at the end of				Remarks
	1990-91	1989-90	1988-89	1987-88	
6701-Loans for Major and Medium Irrigation 800-Other loans	(-)2	(-)2	(-)2	(-)2	There should be no minus balances under these heads, If they have not been written back for want of details, the excess credits under these heads need be transferred to revenue.
6702-Loans for Minor Irrigation 800-Other Loans	(-)4,04	(-)4,04	(-)4,04	(-)4,04	

## 15.3 Command Area Development Programme

### 15.3.1 Introduction

The Command Area Development Programme (CADP) was started in 1974-75 as a Centrally sponsored scheme by the Ministry of Agriculture to speed up utilisation of the irrigation potential created for increasing agricultural production. From 1980-81, the programme was administered by the Ministry of Water Resources. The Command area development is preceded by activities like soil and topographical surveys. The main components of the development are works of digging field channels and land levelling (including shaping and drainage) and organisation of Warabandi. Warabandi is the rotational system of water distribution for equitable and timely supply of irrigation water. Works like construction of link roads, rural godowns, market centres, are also needed to take out the produce. Also organisation of credit is needed. The works are generally referred to as "On Farm Development (OFD)". Further, Adaptive trials (AT) are needed for establishing suitable cropping

patterns and farming practices. Appropriate soil and water management is needed for optimum yields and economic returns.

#### 15.3.2 *Scope of Audit*

The programme was earlier reviewed in audit and the findings were included in the Report of the Comptroller and Auditor General of India for the year 1982-83 - Union Government (Civil).

The transactions under the programme implemented during the years 1985-91 were again reviewed in audit in 1990/1991 in 18 States listed in Appendix V (excepting Bihar which could not be covered) where the programme is being implemented, and the findings are given below.

#### 15.3.3 *Organisational set up*

Command Area Development Authorities (CADA) have been established by the respective State Governments and they report to the Agriculture Department or Irrigation Department or to a separate CAD Department. The Government of Tamil Nadu is implementing Command Area Development programme through its Agricultural Engineering Department which carries out OFD works, with the collectors of the districts coordinating; there is no separate CADA. In Tripura the Command Area Development programme is executed by a Command Area sub-division in the Irrigation Wing of the Public Works Department.

In the Ministry of Water Resources, a CAD Division headed by a Chief Engineer reports to an Additional Secretary in the Ministry.

#### 15.3.4 *Highlights*

- **The Command Area Development Programme was started in 1974-75 as a Centrally sponsored scheme to speed up utilisation of the irrigation potential created for increasing agricultural production. Main components of the programme are**

works of digging field channels, land levelling and shaping, drainage and organisation of Warabandi. (Paragraph 15.3.1)

- The programme is funded by Central grants and loans given to States on matching basis. Expenditure during Sixth and Seventh Five Year Plans was Rs.881.75 crores and Rs.1433.65 crores respectively against the approved outlays of Rs.967 crores and Rs.1770.71 crores respectively. (Paragraph 15.3.5)
- Percentage of physical achievements under Field channels, Land Levelling and Warabandi ranged between 47.29 to 86.78, 31.55 to 58.46 and 49.42 to 73.73 from 1985-86 to 1990-91 respectively. Percentage of irrigation potential created and utilised ranged between 70 to 78.7 from 1979-80 to 1988-89 (Paragraph 15.3.6 (i))
- Soil Survey was not taken seriously in many States. The follow up on the results of the Survey was poor. (Paragraph 15.3.6 (ii))
- The topographical surveys were given less importance than the soil survey and perceptions of the farmers and implementing agencies (bearing a part of the cost) on their need differed from that of Planners. (Paragraph 15.3.6 (iii))
- Field channels were the most important component of the CADP, generally expenditure was in excess of the norms, though targets were not achieved and farmers' share of cost were not recovered. To the extent demand for this component was more, there was need for reviewing and raising priority for this component as well as fund allocation for this component after assessing possibility of quicker benefits thereby. (Paragraph 15.3.6 (iv))
- There was poor appreciation of the importance of field drains in the field level officials as

well as farmers. Little education was given to the farmers on the importance and need for drainage with consequential damage to potential benefits. Relative priority given to this component in allocation of assistance does not seem to have been reviewed in relation to the damage to the benefits. (Paragraph 15.3.6 (v))

- As land levelling and shaping did not qualify for any assistance by way of grant or loan, it was hardly implemented. No efforts were made to assess the need for this component field-wise and give assistance where it was needed to increase yield and recover the assistance from the additional yield. In many States no assistance was given even to small and marginal farmers though the scheme provided for it. (Paragraph 15.3.6 (vi))
- Warabandi practice with no incentive available to farmers on it was not implemented effectively and was not adopted by the farmers all over India. The component was directed more at the minds of the farmers, and the planning for it and implementation was not adequate. (Paragraph 15.3.6 (vii))
- The idea of farmers associations had not caught the minds of farmers in most States. It had a potential for management of Government created assets and raising of revenues therefrom, but, the planning for it and implementation were inadequate. (Paragraph 15.3.6 (viii))
- Training of farmers could have become important in catching the minds of the farmers but was not planned on a large scale and the allotted funds were not fully utilised. (Paragraph 15.3.6 (ix))
- Training of officers was not planned or so implemented as to enthuse the farmers. (Paragraph 15.3.6 (x))

- Adaptive trials were not perceived by the farmers and project authorities at lower levels as having the same importance as by the planners attached to it. (Paragraph 15.3.6 (xi))
- Little importance was given to the conjunctive use of surface and ground water at the field level despite the incentive of subsidy. The reasons for the importance attaching to the component were not highlighted under the scheme nor the farmers given any education on it. (Paragraph 15.3.6 (xii))
- The scheme of subsidy to Small and marginal farmers was implemented poorly. (Paragraph 15.3.6 (xiii))
- Infra-structural facilities were hardly given any importance at any level. There was no incentive attaching to it. (Paragraph 15.3.6 (xiv))
- Extra avoidable expenditure of Rs.69.59 crores was incurred on the Programme. Out of the Central releases, Rs.13.10 crores was utilised by the States for purposes other than those intended in the CAD Programme; the releases were avoidable indicating also poor monitoring at Centre. (Paragraphs 15.3.7 and 15.3.8)
- In the States the monitoring was poor. In the States of Assam, Goa, Himachal Pradesh, Jammu and Kashmir, Karnataka, Madhya Pradesh and Manipur, no monitoring was done by the Staff of CADA. (Paragraph 15.3.8)
- There was no data on the incremental production attributable to the expenditure on CADP. The programme was implemented with a view to spending the allocated funds. No responsibility was cast on officials at farm level to increase yields or to hold them accountable for it.

- No valuation study was conducted directly by many of the State Governments. (Paragraph 15.3.9)

#### 15.3.5 Funding and Expenditure

The CAD Programme is funded as follows :

- (i) By Central grants and loans given to the States on matching basis for certain selected item:
- (ii) By the State Government budgetary resources;
- (iii) By credit given for on-farm development, marketing and storage, by financial Institutions.

The pattern of Central Assistance i.e. grants and loans in vogue upto 31.3.86 and thereafter are given in Appendix-VI.

At the commencement of Sixth Five Year Plan (1980-81), the programme was in operation in command areas of 76 major and medium irrigation projects, in 17 States. The Sixth Plan outlay was Rs.967.00 crores for the programme and expenditure incurred was Rs.881.75 crores in Command areas of 102 projects. In the Seventh Plan (1985-90) outlay on Command areas of 131 projects was Rs.1770.71 crores and expenditure was Rs.1433.65 crores (exclusive of institutional credit). During 1990-91 against an outlay of Rs.346.11 crores, the expenditure was Rs.302.17 crores (exclusive of institutional credit). The funding from the 3 sources are given below:

	(Rupees in crores)					
	Plan Outlay 1980-85	Actual expendi- ture 1980-85	Plan Outlay 1985-90	Actual expendi- ture 1985-90	Plan Outlay 1990-91	Actuals expendi- -ture 1990-91
Central assistance	300.00	256.87	500.00	496.88	110.00	94.23
State outlay	557.00	565.88	1170.71	936.77	236.11	207.94
Institutional credit	110.00	59.00	100.00	NA	NA	(anticipated) NA
	967.00	881.75	1770.71	1433.65	346.11	302.17

NA: Not available



### 15.3.6 Performance

(i) *Utilisation of Assets:* The physical targets fixed for the years 1985-86 to 1990-91 for the main components of the Programme and the achievements thereagainst are indicated below:

(in 000 hectares)

Year	Field Channels			Land levelling			Warabandi		
	Targets	Achievements	Per cent	Targets	Achievements	Per cent	Targets	Achievements	Per cent
1985-86	856.80	699.31	81.61	237.96	139.12	58.46	928.29	558.12	60.12
1986-87	1330.10	724.75	54.48	226.05	71.33	31.55	1507.00	744.69	49.42
1987-88	1260.60	595.93	47.29	149.15	68.01	45.59	1556.60	848.46	54.51
1988-89	804.04	504.53	62.74	99.10	53.03	53.51	1177.75	835.94	70.97
1989-90	740.94	643.06	86.78	93.47	43.71	46.76	1023.00	754.30	73.73
1990-91	716.85	552.05	77.07	81.25	33.30	40.78	964.36	584.98	60.66

Source:- Status Report of the Ministry (August 1991).

The reasons, for shortfall in achievement of physical targets, given by the State Governments, were reduction in budget provision as compared to the Plan outlays on which targets were based, inability of CADA to control the agencies executing construction of field channels, un-willingness of farmers to provide land where works were needed to be executed, problems in consolidation of land holdings and floods hampering progress.

The physical achievement during the years 1985-90 and 1990-91 compared to achievement upto 1980 and in the years 1980-85 are given below:

(Quantity in '000' hectares)

Components of the programme	Achievement upto March 1980 (1974-80)	Achievement from 1980-85	Achievement from 1985-90	Achievement during 1990-91
1. Construction of field Channels	2790	5180	3167.58	552.05
2. Land levelling/shaping	1110	440	375.20	33.30
3. Warabandi	Nil	1220	3741.51	584.98

The objective of the programme being speedy creation and utilisation of the Irrigation potential (in terms of hectares irrigated) the achievement in the first two components (OFD Works) have to be seen in relation to progress in creation and utilisation of irrigation potential as given below:

(In million hectares)

Year	Irrigation Potential created	Irrigation Potential utilised	Percentage utilisation
1979-80	11.09	7.77	70.0
1980-81	11.82	8.48	71.7
1981-82	12.51	8.79	70.3
1982-83	12.77	9.04	70.8
1983-84	13.07	9.32	71.3
1984-85	13.65	10.45	76.6
1985-86	13.88	10.17	73.3
1986-87	14.23	10.99	77.2
1987-88	14.42	10.93	75.8
1988-89	14.49	11.41	78.7

The slower progress in OFD works especially in construction of field channels in the years 1985-90 as compared to the years 1980-85 can be seen, in the creation of only about 0.84 million hectares of irrigation potential in 1985-89 as compared to 2.56 million hectares in 1980-85.

The increase in utilisation of potential created indicates that slow progress in land levelling and shaping was offset by improvements in Warabandi i.e. organisational aspects. But, even if OFD works do encourage the organisation of Warabandi and better utilisation of potential the continuous lag in utilisation, below the potential created, and lack of coordination are resulting in wasteful idling of CADP resources invested. The following major shortfalls noticed in the implementation in the States and reflected in the statistical performance bear out above conclusions.

In Andhra Pradesh potential in Sri Ram Sagar Project was utilised only upto 50 per cent and in Nagarjuna Sagar Left Project Canal upto 85 per cent.

In Haryana due to non-availability of water owing to non-construction of Sutlej Yamuna Link (SYL) Channel irrigation potential was not utilised beyond 38 per cent.

In Himachal Pradesh in rabi season the potential in Giri project was utilised only upto 33 per cent and in Balh Valley and Bhabour Sahib projects upto 47 and 45 per cent respectively.

In Gujarat due to water scarcity in three out of the five years (1985-90) water was being conserved for drinking purpose and irrigation potential was never used beyond 59 per cent.

In Jammu and Kashmir, utilisation of irrigation potential in Ravi and Tawi irrigation projects was 55 per cent up to the end of March 1990. There was uneven demand during the year i.e. rush by farmers (for paddy cultivation) demanding water, but poor demand for wheat cultivation during Rabi, with the result the available irrigation water was not fully utilised. Statistics on the potential created need reconciliation. The figures furnished by Ravi and Tawi Irrigation Complex (RTIC) for the years 1985-86 and 1986-87 are compared below with those of the Ministry.

(In 000 hectares)

	1985-86				1986-87		1987-88	
	Cultu- rable Command Area	Ultima- te Irr- igation Poten- tial	Poten- tial creat- ed	Poten- tial utili- sed	Poten- tial creat- ed	Poten- tial utili- sed	Poten- tial creat- ed	Poten- tial utili- sed
Position as per records of the Ministry								
Ravi Canal	31.80	47.80	19.90	9.93	19.90	9.93	27.00	9.07
Tawi Canal	12.82	17.98	10.00	6.45	10.00	6.45	12.88	5.93
Position as per records of (RTIC)								
Ravi Canal	53.90	NA	NA	9.94	NA	11.73	NA	8.96
Tawi Canal	12.80	NA	NA	4.19	NA	4.16	NA	5.82

NA - Not Available

Figures for 1988-89 onwards were not available from either source.

In Kerala also there was inconsistency in the figures of irrigation potential created and utilised. As on 31st December 1990 potential of 73851 hectares and utilisation on 53647 hectares (73 per cent) was claimed by CADA but Warabandi was stated to cover only 38359 hectares (52 per cent).

In Madhya Pradesh planned potential was 20,73,000 hectares under seven command areas and potential of 13,73,000 hectares only was reported to have been created (66 per cent) But the area over which field channels and water courses were constructed went up from 3,51,000 hectares in 1985-86 to only 5,50,000 hectares (i.e. utilisation of 40 per cent) in 1989-90. Still, the utilisation reported was between 70 and 88 per cent during the years 1985-90 which was apparently incorrect. 890000 hectares in 1985-86 and 959000 hectares in 1989-90 claimed as utilised also did not reconcile with area covered by field channels and water courses.

In Maharashtra the utilisation of potential created during Seventh Plan period ranged between 24.43 to 35.39 per cent.

In Manipur the non-utilisation of irrigation potential created ranged between 20 to 44 per cent during the years 1985-86 to 1989-90; the shortfall

was attributed to lack of coordination between the Irrigation and Flood Control Departments and the CADA.

In Orissa; Irrigation potential of 531410 hectares was created by the end of 1985-86 and no additional irrigation potential was created during the years 1986-87 to 1990-91. But only 281312 hectares (52.93 per cent) of irrigation potential was utilised.

In Rajasthan, the utilisation of irrigation potential ranged between 63.95 and 80.23 per cent in Chambal and between 56.34 and 70.77 per cent in Mahi Project and was 21 per cent in its various stages of Indira Gandhi Nahar Project. The shortfall was attributed to non-availability of water in Gandhi Sagar Dam, tardy construction of water courses lesser cultivation of lands by settled farmers, non-levelling of cultivable land and silting of water courses.

In Uttar Pradesh utilisation of created potential during Sixth Five Year Plan varied between 69.6 and 81.2 per cent and went down to between 62.6 and 70.9 per cent during Seventh Five Year Plan.

In West Bengal the utilisation of irrigation potential created ranged between 73 to 77 per cent during the years 1985-86 to 1989-90.

(ii) *Soil survey*: Soil Survey was not taken seriously in many States. It was not considered an essential component in almost all States. The follow up on the results of the survey was also poor. Gap in perception between planning and implementation over the survey component needs to be bridged. The shortcomings noticed in soil survey in the States given below bear out the conclusion.

Andhra Pradesh: In the Nagarjuna Sagar Left Canal Command area soil survey was, reportedly, done over 1.50 lakh hectares upto end of 1990-91 at a cost of Rs.40.74 lakhs; but neither soil maps nor soil

survey reports were prepared. The survey was limited to soil fertility but results were not also used for planning and designing Land Development.

Goa: Soil survey was conducted over 9350 hectares of Command Area of Salauli Project upto June 1985 but soil analysis reports were available only for 300 hectares.

Himachal Pradesh: No soil survey was conducted (till March 1991) prior to construction of field channels over 44 to 80 per cent of the command area of 3 projects.

Madhya Pradesh: No soil survey was done during the years 1985-91 in command area of any of the Projects.

Manipur: No soil survey was conducted during the years 1985-86 to 1990-91.

Orissa: Soil survey targets for the years 1985-86 and 1986-87 were achieved only to the extent of 30.51 per cent and 85.20 per cent respectively. Shortfall was attributed to lack of field work facilities and vehicles.

West Bengal: Against target of 173170 hectares soil survey achievement was 119820 hectares 69 per cent (cost Rs.77.59 lakhs) from April 1985 to September 1991. Shortfall over 53350 hectares was attributed mainly to lack of vehicles. Farm development schemes based on the survey done, had not been taken up.

(iii) *Topographical survey*: The topographical surveys were apparently given even less importance than the soil survey and perceptions of farmers and State Governments (bearing a part of the cost), on their need, differed even more widely from that of planners. The shortcomings in topographical survey noticed in the various States given below, bear out the conclusion.

Assam: In the Jamuna command area topographical survey done upto 31st March 1991 covered 22780 hectares. But the area over which the subsequent activities (given below) were taken up, reportedly based on such survey exceeded the above figure. This cast doubt on the figures, or indicated that topographical survey was perceived as not needed over many areas.

(In hectares)

Planning and design	33762
Construction of field channels	27225
Linning of field channels	27225
Warabandi	34739

In Kaliabor command area the details of topographical survey conducted were not available.

Himachal Pradesh: Field channels were designed and constructed over 2683 hectares upto March 1991 but no topographical survey was done.

Madhya Pradesh: No targets were fixed, nor any topographical survey work done in the command areas of the 3 projects test checked. Lack of funds was given as the reason.

Karnataka: Against 166100 hectares targeted for survey during the years 1985-86 to 1990-91 in command areas of Cauvery, Malaprabha and Ghataprabha, survey was done over 121500 hectares (73 per cent). In Cauvery Basin, Rs.4.92 lakhs was not recovered from the beneficiaries for survey done from 1987-88 to 1990-91 over 47890 hectares of land.

Manipur: Surveys were conducted by CADA but no survey reports, farm plan, contour maps or design were prepared.

Orissa: Achievement against the targets during the years 1985-86 to 1990-91 was 28.83 per cent, 13.33 per cent, 44.44 per cent, 24.36 per cent, 24.88 per cent and 84.62 per cent respectively. Infructuous

expenditure of Rs.6.36 lakhs was incurred on surveyors although no survey operation was carried out.

Uttar Pradesh: Achievement of targets during the year 1985-86 was 57.2 per cent, in 1988-89 56.1 per cent and in 1989-90 66.5 per cent.

West Bengal: No targets for topographical survey were fixed in the Damodar Valley Command Area during the years 1986-87, 1987-88, 1989-90 and 1990-91 and survey was not conducted during 1988-89 and 1989-90 though an expenditure of Rs.6.83 lakhs was incurred on the maintenance of survey-unit. Against the target of 107000 hectares to be surveyed departmentally, in Kangsabati and Mayurakshi Command areas (KCADA and MCADA) between 1985 and 1991, only 38130 hectares were surveyed at a cost of Rs.42.52 lakhs. In the two command areas (KCADA and MCADA) no records or details of areas surveyed and data obtained from survey was available. Maps covering 45000 hectares were procured between 1983 and 1990 at a cost of Rs.22 lakhs. But maps for 25000 hectares were still to be received (June 1991). Trained personnel to interpret the maps were not engaged.

(iv) *Field channels*: Field channels deliver water from the canal outlets to the individual field. They constitute the most important component of the CADP. Central grant at 25 per cent and loan at 25 per cent was admissible w.e.f 1st April 1986 for field channels within 5 to 8 hectares blocks. On field channels from outlet to the 5 to 8 hectares blocks, 50 per cent of the cost was to be met by Central grant.

The maintenance of water courses and field channels, constructed at Government cost, was to be the responsibility of the beneficiary farmers who were to be organised for it, failing which the responsibility was to be on the village panchayats.

In order to increase the working season for land development works in the rabi seasons, farmers were



to be given compensation viz. a grant, for foregoing the rabi crop. The grant to be given was two third of loss and was to be equally shared by the State Government and Central Government, within a ceiling of loss of Rs.900 per hectare.

Lining of channels was not to exceed 20 per cent of the total length within the outlets' command area. The physical progress during the years 1985-91 against targets in respect of this component of CADP is given in Appendix VII. On this, the most important component of CADP, there were generally excess expenditure over the norms, though targets were not achieved and farmers' shares of cost were not recovered. In some States progress was poor. To the extent demand for the component was more, there was need for reviewing and raising priority for this component as well as fund allocation for this component after assessing possibility of quicker benefits thereby.

The following points noticed in the various States, bear out the conclusions.

Assam: The achievement against target during the Seventh Plan period in the Command area of Jamuna and Kaliabor projects was 88 and 80 per cent respectively; but in the year 1990-91 the achievement was only 48 per cent of the target in command area of Jamuna project. Lining of channels was done over 371 out of 529 kilometers of field channels in the command area of Jamuna project, at a cost of Rs.525.34 lakhs, upto 31st March 1991. This was 265.2 kilometers in excess of prescribed 20 per cent and expenditure of Rs.375.53 lakhs was thus, incurred without approval and avoidable. Similarly, in command area of Kaliabor project, out of the 157.74 kilometers of field channels constructed, 119.74 kilometers were lined at a cost of Rs.239.83 lakhs. The excess of 88.19 kilometers involved expenditure of Rs.176.64 lakhs which was without approval and was avoidable.

Goa: Expenditure incurred on lining channels of command area of Salauli and Anjunem projects upto March 1991 was Rs.3.20 crores of which amount recoverable from the farmers was Rs.1.60 crores, but it was not recovered.

Further, during 1987-88, expenditure of Rs.17.30 lakhs incurred on maintenance of field channels was met from CADA funds earmarked for Warabandi of which 50 per cent (Rs.8.65 lakhs) came as Central assistance; though the expenditure on maintenance of field channels was the liability of farmers.

Gujarat: Achievements against targets ranged from 73 per cent in 1987-88 to 15 per cent in 1990-91 because of scarcity conditions (1986-88), lack of interest of farmers and decision of the State Government not to carry out field channel work at the cost of Government during 1990-91. Further, in command area of Damanganga, Karjan, Umariya, Dharoi, Meshwo, Shetrunji and Bhadar projects, field channels completed over 12,572 hectares between January 1984 and June 1990 at a cost of Rs.86.74 lakhs were not used for periods ranging from 10 to 87 months till March 1991.

Haryana: Expenditure of Rs.2.70 lakhs on the maintenance of field channels during the years 1985-86 to 1990-91 was borne by CADA though it was the liability of farmers. Further, 22 field channels were lined between April 1985 and March 1990 at a cost of Rs.79.67 lakhs. The average area irrigated per year in the three years prior to lining was 997 acres which came down to 693 acres in the two years after lining.

Himachal Pradesh: Achievements against target was 29 per cent during the year 1990-91 in command area of Giri Project, while it was 50 per cent during 1990-91 in command area of Bhabhour Sahib Project despite Junior Engineers' strike from November 1990 to February 1991 and limited working season due to standing crops.

In the command area of Giri Project the beneficiaries had objected to recoveries on the plea that they were not informed about it before starting construction of field channels and in Balh Valley the farmers mostly marginal and small farmers were stated to have hardly any capacity to repay loans. In command area Bhabhour Sahib project, no instructions for recovery had been issued.

Jammu and Kashmir: Upto end of March 1990, 75 per cent of the targeted area was covered by field channels during the Seventh Plan period.

Karnataka: During the years 1985-86 to 1990-91, achievement against target was only 73 per cent because of inadequacy of funds and reluctance of farmers to part with their land.

In command area of Upper Krishna Project, upto end of March 1991 against 87340 hectares targeted, field channels covered 108230 hectares involving avoidable extra expenditure of Rs.793.31 lakhs.

Kerala: Field channels going upto 5-8 hectares blocks covered only 54,855 hectares against target of 95,743 hectares 57 per cent because of the high cost of construction. Achievements in construction of field channels within the 5-8 hectares blocks was only 13 per cent. Lining of field channels varied from 30 to 40 per cent in Palghat, 50 to 60 per cent in Trichur and 70 to 80 per cent in Neyyattinkara command areas and this was in excess of the prescribed 20 per cent. The extra expenditure was incurred without approval.

Madhya Pradesh: Achievements against targets was only 29 and 8 per cent during the years 1985-90 and 1990-91 in command area of Chambal but in 6 other command areas the achievement ranged between 32 and 73 per cent during the years 1985-91.

Avoidable extra expenditure of Rs.111.47 lakhs was incurred in raising one bank along the length of a channel in Raipur district instead of making use of

existing field boundaries as per Government of India's instructions (April 1980).

In Hasdeo command area avoidable expenditure of Rs.36.83 lakhs was incurred during the years 1985-91 on compaction of earth work, which was not required to be done as per guidelines issued by State Government on construction of field channels.

In Mahanadi command area, extra expenditure of Rs.12.58 lakhs was incurred in construction of banks for field channels by not utilising the earth available from excavation and doing unnecessary earth work of 1.01 lakh cubic meters.

Construction of water courses and field channels ranging between 84 and 133 meter per hectare were constructed in projects of Hasdeo command area without restricting them to between 65 and 75 meters per hectare as per norms fixed by the State Government in March 1987. This led to extra expenditure of Rs.2.40 lakhs.

Maharashtra: Avoidable extra expenditure on excess length of field channels executed and excess lining on 89.03 Kilometers in 23734 hectares amounted to Rs.63.98 lakhs.

In Kukdi, Mula and Khadakwasla projects crop compensation of Rs.6.56 lakhs for rabi crops on 874.45 hectares of land was paid during the years 1983-89, but one third share of farmer was not taken into account before awarding the compensation, this resulted in avoidable extra expenditure of Rs.2.18 lakhs.

Manipur: Achievement against targets during the years 1985-86 to 1990-91 was only 71 per cent because there was no systematic programme for the lining the field channels.

Orissa: On Construction of 668 outlets expenditure of Rs.6.26 lakhs was incurred during the years 1986-87 to 1990-91 but Rs.3.13 lakhs were

claimed from and paid by Central Government though not payable.

Achievement against targets, ranged between only 16 to 77 per cent during the years 1985-86 to 1990-91 because of non-availability of consolidated lands, unusual rains and scarcity of cement.

The Ministry sanctioned loan assistance of Rs.368 lakhs to State Government. As per terms of loan the period of loan was for 15 years from the date of drawal and repayment of loan was to be made by the State Government annually. No repayment was made by the State Government. In reply it was stated (August 1991) that Central share of Rs.368 lakhs alongwith State's share of Rs.368 lakhs released to Orissa Lift Irrigation Corporation through Irrigation Department was still to be utilised for the purpose it was sanctioned. The reply is not tenable as term for repayment is by reference to drawal and not utilisation.

Rajasthan: (i) Achievements against targets were 73 per cent and 72 per cent in command areas of Chambal and Indira Gandhi Nahar Pariyojna respectively. In Mahi, command area, on lining of Channels, achievement was 62 per cent because of rocky strata.

In Chambal area, Rs.63.99 lakhs were payable as crop compensation only Rs.1.04 lakhs were sought to be paid in cash and Rs.62.95 lakhs sought to be adjusted against loans repayable by farmers. As a result the farmers did not agree to execution for OFD works after 1984-85 since they lost the crops at the time OFD works were executed and needed cash compensation and not adjustment of earlier loans repayable.

Uttar Pradesh: In command area of Ramganga project 17 per cent of irrigation water was lost in Kuchcha (unlined channels) because lining of irrigation channels to the extent of 10 per cent was not done.

The works in Sharda Sahayak command area were discontinued in 1989-90 and in Gandak command area the CADA was abolished on 31st March 1990.

West Bengal: During the years 1985-86 to 1990-91 reportedly achievement was over 43280 hectares against targeted coverage over 154000 hectares. But actual achievement was seen to be only over 6530 hectares and 6120 hectares against the reported achievement of 20210 hectares and 7800 hectares respectively in two command areas (KCADA and MCADA).

While 166 schemes (tendered cost: Rs.377.87 lakhs) were completed, 44 schemes (tendered cost: Rs.120.58 lakhs) were discontinued after incurring expenditure of Rs.41.08 lakhs. 131 schemes were incomplete (tendered cost: Rs.318.03 lakhs) with delay in completion ranging from 1 to 6 years.

53 schemes (in DVCADA 29 and in KCADA 24) were completed at a cost of Rs.128.22 lakhs. They were to cover an area of 6670 hectares but covered only 3770 hectares (56 per cent).

For field channels dug during 1985-90 in the 5-8 hectares block and going upto the individual fields, Rs.254.44 lakhs (50 per cent of the entire cost) was claimed but payment in excess viz. Rs.260.84 lakhs were made by the Government of India.

(v) *Construction of field drains:* In increasing the productivity of irrigated areas, proper drainage plays a crucial role by preventing water logging and providing aeration to the root zone. A condition for eligibility of financial assistance was the availability of main and link drains to which the field drain will take the excess water away. Central Government was to provide 25 per cent as loan and 25 per cent as grant for construction of the field drains.

There was poor appreciation of the importance of this component in the field level officials as well as farmers. Little education was given to the farmers

on the importance and need for drainage with consequential damage to potential benefits. Relative priority to be given to this component in allocation of assistance does not seem to have been reviewed in relation to the damage to the benefits. The shortfalls in execution of this component of CADP in the States bear out the conclusion.

Assam: Achievement against targets was 59.18 per cent and 2.13 per cent in drainage works in command area of Jamuna and Kaliabor projects respectively during Seventh Plan period.

Gujarat: Because farmers were not willing to share the expenditure on field drains expenditure of only Rs.6.30 lakhs (26 per cent) was incurred against an outlay of Rs.24.20 lakhs during the years 1987-88 to 1990-91. Achievement was only 13 per cent against target in command area of Ukaikakrapar project during the years 1988-89 to 1990-91. In command area of Mahi-kadana, Panam and Dantiwada projects no field drains were constructed.

Himachal Pradesh: No target was fixed and no construction of field drains was taken up in the Seventh Five Year Plan though they were required in command area of the three projects, Giri (implemented in 1983-84), Balh Valley (implemented in 1987-88) and Bhabhour Sahib Phase-I (implemented in 1988-89) covering 3167 hectares at an estimated cost of Rs.19.00 lakhs. Non-construction of field drains in command area of Giri Project resulted in the rise of water table along the banks of river Bata, which delayed the sowing of rabi crops.

Karnataka: Against the area of 38650 hectares targeted for coverage by field drains, 12440 hectares (32 per cent) only were covered because of reluctance of farmers to bear the loan component, limited working season, delay in completion of OFD works and shortage of funds.

While 174090 hectares were brought under irrigation during the years 1985-86 to 1990-91, field

drainages covered only 12440 hectares (7 per cent). As a result of the consequent water logging 95410 hectares were affected. The crop loss there by estimated at 10.20 lakh tonnes.

Manipur: Shortfall in achievement against target was 47 per cent during the years 1985-86 to 1990-91 because against Rs.34 lakhs required only Rs.11.12 lakhs became available.

Orissa: Achievement against annual targets was nil to 70.18 per cent in the years 1986-87 to 1990-91 because of non-availability of sites for drains, cement and unseasonal rains.

(vi) *Land levelling and shaping*: The component of land levelling and shaping in CADP was to ensure even spread of irrigation water into the field and drainage of excess irrigation and rain water from the fields without causing water stagnation and soil erosion. This component of CADP was to be carried out by Government at the farmers' cost or by the farmers themselves with financial assistances from banks if needed. Subsidy for land levelling and shaping work was admissible only to small and marginal farmers on a matching basis to the extent of 25 per cent and 33 1/3 per cent (on loan portion) respectively. The progress during the years 1985-91 against targets is given in Appendix VIII.

Because this component did not have any assistance by way of grant or loan, it was hardly implemented. No efforts were made to assess need for this component field-wise and give assistance where it was needed to increase yield (and recover assistance from additional yield). In many States no assistance was given even to small and marginal farmers though the scheme provided for it. Some of the shortcomings noticed in the States given below bear out the conclusion.

Andhra Pradesh: As against the target of 1.27 lakh hectares (Sri Ram Sagar Project and Nagarjuna Sagar Project) land levelling works were done over



only 0.80 lakh hectares (63 per cent) during the years 1985-86 to 1990-91.

Goa: Achievement was only 28 and 63 per cent of the targets fixed in the Command Areas of Salauli and Anjunem projects because land levelling was done only at the request of cultivators and it also depended on the cropping pattern decided by them.

Haryana: Against the provision of Rs.63.40 lakhs for land levelling over 15700 hectares during the years 1985-86 to 1990-91 work was done over 12488 hectares (79.54 per cent) at a cost of Rs.54.06 lakhs (85.26 per cent) because of insufficient number of tractors.

Karnataka: Achievement against targets for the year 1985-86 to 1990-91 was only 75 per cent due to limited number of working days, non-sanction of institutional finance, inadequate machinery and land disputes.

Maharashtra: Against target achievement was 50 per cent in the Seventh Plan period and 22.6 per cent in 1990-91, because of reluctance of farmers to request for such works, inadequate institutional finance and high cost of land levelling.

Uttar Pradesh: Except for land levelling and shaping over 496 hectares in command area of Gandak no other work was planned or executed.

In the command areas of projects test checked in the States of Assam, Himachal Pradesh, Kerala, Madhya Pradesh, Orissa and Rajasthan and Tamil Nadu no work under this component of CADP had been executed.

(vii) *Warabandi*: Warabandi is a system of equitable distribution of water by turn to farmers' lands, use of wireless communication and avoidance of waste of water. Organisation of the warabandi system was to keep pace with the construction of field channels. Assistance in organising Warabandi is received as grant in equal halves from Centre and States though

no part of it goes to the farmer. Achievements during the years 1985-91 against targets are given in Appendix IX.

On the whole, this component of the scheme, with no incentive available to farmers, was not implemented effectively and was not adopted by the farmers all over India. The component was directed more at the minds of the farmers, and the planning for it and implementation was not adequate. Shortcomings noticed in the States, given below, bear out the conclusion.

Andhra Pradesh: In two command areas (NSLC and SRSP) expenditure of Rs.9.81 lakhs was incurred on Warabandi during the years 1985-86 which was in excess of the scales prescribed.

Further, Rs.10.73 lakhs were spent on lining works in 1985-86 for implementation of the warabandi programme on 12036 hectares as against Rs.4.51 lakhs permissible at the rate of Rs.37.50 per hectare. The avoidable excess expenditure was Rs.6.22 lakhs.

Goa: Rs.9.90 lakhs of CADP funds were spent on acquisition of land and construction of two buildings for 15 wireless stations, purchase and maintenance of two air conditioned vehicles, on advertisement and on payments to an agency for advice. But wireless communication system was not purchased leading to expenditure of Rs.9.90 lakhs becoming infructuous.

Gujarat: Achievements against targets ranged between 24 to 38 per cent during the years 1988-89 to 1990-91 because of scarcity conditions, certain projects remaining incomplete and lack of participation by the farmers in forming farmers' association for organising Warabandi.

State Government deposited Rs.64 lakhs with Water and Land Management Institute (WALMI) in March 1987 for telecommunication system for organising warabandi in Mahi-kadana and Ukaikakrapar Command areas and avoided lapse of grant. In January 1990 and

March 1991 WALMI was asked to pay Rs.56.90 lakhs for purchase of 218 wireless sets and remodelling of 122 wireless sets, for flood warning arrangements in monsoon of 1990 and 1991. But only 70 wireless sets were purchased at a cost of Rs.16.80 lakhs. Rs.40.10 lakhs of CADP funds were still lying with Ahmedabad Irrigation Division (March 1991) and Rs.7.10 lakhs with WALMI.

In command areas of Karad, Patadungri, Wankleshwar, Bhey, Jojwa-Wadhwana, Heran, Bharoi and Hathmati projects, 22961 hectares were brought under warabandi organisation at a cost of Rs.63.67 lakhs in the years 1985-86 to 1989-90. But, Warabandi irrigation practices were not achieved in these areas upto March 1991.

Haryana: Though 41773 hectares, 22512 hectares and 20637 hectares of field channels were lined in command areas of Gurgaon Canal Project (in 1985-90), Rewari Lift Irrigation Project (in 1987-90) and Jawahar Lal Nehru Lift Irrigation Project (in 1988-90), Warabandi was organised only over 28584 hectares (68.42 per cent), 6400 hectares (28.42 per cent) and 14135 hectares (68.49 per cent) respectively.

Himachal Pradesh: In command areas of Giri and Balh Valley projects, field channels were constructed over an area of 4570 and 1350 hectares upto March 1991 but warabandi was organised only over 2942 and 700 hectares respectively (36 and 48 per cent) because of attention given to completing the work of field channels and organising of warabandi only in cases of necessity and cases involving disputes.

Jammu and Kashmir: Farmers' associations were not organised (March 1991) but equitable distribution of water among farmers, in proportion to their holdings, was ensured through engagement of 'Laskars' on daily wage basis. Expenditure of Rs.21.91 lakhs was incurred on their engagement during the years 1985-91.

Karnataka: 174090 hectares were covered by field channels during the years 1985-86 to 1990-91 and 114060 hectares of land were targeted to be covered by warabandi but achievement was over 71560 hectares only (63 per cent) due to non-release or short release of funds, because of standing crops and lack of cooperation from farmers.

Kerala: During the years 1985-91 expenditure of Rs.452.50 lakhs was incurred on warabandi organisation over 38359 hectares which was in excess by Rs.318.24 lakhs (237 per cent) over the prescribed amount (Rs.134.26 lakhs).

Achievement over 38359 hectares was claimed but it was the potential area and not the area over which warabandi was in force. Field channels were in operation from 1985-86 in 3 areas but warabandi started in Thrissoor and Palghat areas only from 1989-90 and in Neyyar Project area from 1990-91 leading to delay in deriving full advantage from the field channels. Warabandi was not organised in the 5 projects areas of Walayar, Gayathri, Mangalam, Pecchi and Cheerakuzhi.

Madhya Pradesh: Achievement of Warabandi against targets ranged between nil to 6 per cent. It was between nil and 22 per cent of the area covered by field channels. Shortfall was attributed to non-formation of farmers' association and want of funds in command area of Chambal and Mahanadi.

Maharashtra: In Krishna and Khadakwasla Project areas, Rs.11.09 lakhs required to be spent on Warabandi were diverted for repairs and maintenance of field channels. Similarly, during the years 1987-88 to 1989-90 Rs.7.87 lakhs required to be spent on warabandi were diverted for the construction of outlets on distributaries in Girna and Upper Godawari projects areas.

Wireless sets were procured by March 1991 at a cost of Rs.397.11 lakhs but in three river basins

only 339 sets were installed against 718 sets, due to non-procurement of aerial masts.

Manipur: Field channels were constructed over 21315 hectares during the years 1985-86 to 1990-91 but warabandi covered only 13153 hectares (62 per cent).

Tamil Nadu: Against target of 1.75 lakh hectares in the Seventh Plan only 14600 hectares (8 per cent) were covered in three out of five commands areas at a cost of Rs.27.99 lakhs. Though field channels were constructed over 265700 hectares in the Cauvery and Lower Bhawani Command areas upto end of 1990-91 Warabandi covered only 22500 hectares (8.46 per cent).

West Bengal: Central assistance of Rs.10 lakhs was received for warabandi prior to 1985-86 but only Rs.0.25 lakh was expended on it. Against Central assistance amounting to Rs.2.50 lakhs received during 1988-89 no expenditure was incurred.

(viii) *Farmers' associations*: Farmers' associations were to be promoted to receive water in bulk from CADA and to distribute the same to the individual farmers. Fifty per cent subsidy was to be given to farmers' association as management subsidy at the rate of Rs.100 per hectare for first two years and Rs.75 per hectare for the third year from CADP funds.

The component had not caught the minds of farmers in most States. It had a potential for management of Government created assets and raising of revenue therefrom, but, the planning for it and implementation were inadequate in terms of the rights and responsibilities of the associations and publicity. The following points noticed in the States bear out the conclusion.

Gujarat: In Ukaikakrapar project area, four societies were paid subsidy of only Rs.0.69 lakh during the years 1987-88 and 1989-90. In other project areas management subsidy paid was negligible

indicating that the organisation of associations of farmers did not succeed in the State.

Kerala: In 10 project areas in the State 2031 farmers' associations were formed upto 31st March 1991. 354 Associations were also inspected during the period April 1989 to March 1991, indicating that organising of associations of farmers had succeeded in the State.

Manipur: 34 number of farmers' associations were formed though 15 Associations were still to be registered under the Societies Registration Act or Cooperative Societies Act and all 34 associations were still to submit accounts. An amount of Rs.1.24 lakhs was disbursed to them from the CADP funds as management subsidy indicating that organisations of associations had taken place in the State.

(ix) *Training of farmers:* CADAs were to set up at least one farmers' training centre in each command area which would train farmers in storing water, farm water management, crop water requirements, detrimental effects of water logging and salinity, pest and weed control, maintenance of field channels and field drains, etc. Central assistance of 50 per cent of training costs in the form of grant was admissible with the State bearing balance 50 per cent.

This could well have become a very important component, in catching the minds of the farmers on the benefits but it was not planned on a large scale and allotted funds were not fully utilised. The following position noticed in the States, bears out the conclusion.

Goa: Only 25 training courses were held against 120 targeted (20 per cent) because of lack of interest on the part of farmers, non-availability of space and not taking farmers out on tour.

Gujarat: Rs.65.58 lakhs of CADP funds were placed in March 1987 with WALMI including Central assistance by Rs.32.79 lakhs.

WALMI conducted courses in four training centres but using World bank assistance. The whole Central assistance of Rs.32.79 lakhs was refundable.

Jammu and Kashmir: Against the target of 50 study tours (within the State) in Kharif 1989 and 1990, no tour was arranged for farmers. Camps were held in Kharif 1989 and Kharif 1990 and 19 and 8 per cent of farmers respectively were trained.

Madhaya Pradesh: Only 450 farmers in Barna command area were trained in 1985-91.

Manipur: Out of Rs.4.94 lakhs received by CADA it utilised Rs.2.42 lakhs (49 per cent) on training programmes during the years 1985-86 and 1990-91.

Orissa: No expenditure was incurred on training during the years 1985-86 to 1988-89. During 1989-90 a sum of Rs.1000 was spent and in 1990-91 Rs.23,000 though Rs.2.29 lakhs were available for training (10 per cent).

Rajasthan: In Indira Gandhi Nahar Pariyojna (IGNP) training camps were organised twice a year and an amount of Rs.1.97 lakhs was spent.

Uttar Pradesh: No training was imparted to the farmers but farmers were taken on training tours to research centres-cum-agricultural universities inside and also outside the State.

No training was given to farmers in the States of Assam, Himachal Pradesh and West Bengal during the years 1985-86 to 1990-91.

(x) *Training of officers:* Training to personnel engaged in CAD Programme was fully funded by Central assistance for training of personnel in Indian Institute of Public Administration, Water Technology Centre, Indian Agriculture Research Institute,

Administrative Staff College of India and in courses conducted by Water and Power Consultancy Services (India) Ltd.

This component was not planned in detail or so implemented as to enthuse the farmers. The following position noticed in the States bears out the conclusion.

Assam: In Jamuna and Kaliabor CAD Authority 34 personnel were trained for periods ranging from 5 to 8 days in New Delhi, Hyderabad and at Hajoi during 1988-89 and 1989-90.

Himachal Pradesh: No training was given to CADA personnel.

Karnataka: Against target of 641 officers, only 332 officers (52 per cent) were trained during the years 1985-86 to 1990-91.

Uttar Pradesh: Out of release of Rs.40.72 lakhs for training of personnel in 3 CADAs during the years 1985-86 to 1990-91, Rs.10.97 lakhs (27 per cent) were spent.

West Bengal: Only 8 officers were trained.

(xi) *Adaptive trials*: Adaptive trials are conducted before OFD works are taken up on large scale to assess their suitability to soil, cropping pattern etc. Central assistance is given to cover 50 per cent of cost as grant for this component.

This component of the programme was not perceived by the farmers and project authorities at lower level as having the same importance as the planners attached to it. The position in States as given below bears out the conclusion.

Assam: No adaptive trials were conducted during the years 1985-86 to 1990-91.

Gujarat: Expenditure of Rs.230.09 lakhs was incurred on Adaptive Trials against budget provision



of Rs.330.94 lakhs (70 per cent) during the years 1985-91. Data collected from trials was not on record.

Jammu and Kashmir: Against target of 113 trials, only 72 trials (64 per cent) were conducted during the years 1985-91, at a cost of Rs.2.47 lakhs. Data collected during trials was not on record.

Karnataka: Expenditure of Rs.14.97 lakhs was incurred in Upper Krishna Project (1985-86 to 1987-88) and Rs.9.69 lakhs in Cauvery basin project (1987-88) on adaptive trials.

Orissa: 97 Drainage-cum-Recycling Projects (not approved items under the CADP) were taken up at a cost of Rs.51.67 lakhs during the years 1985-86 to 1989-90 under this component and 50 per cent Central assistance received.

Uttar Pradesh: An amount of Rs.15.69 lakhs was given to Gandak CADA during 1987-88 but no expenditure was incurred on this component.

West Bengal: Adaptive trials were conducted in three CADAs at a cost of Rs.23.46 lakhs during the years 1985-91 but they failed to provide useful information for taking up OFD works on a large scale. Field channels were constructed at a cost of Rs.635.71 lakhs without use of the results of adaptive trials.

OFD works were taken up without conducting adaptive trials in the States of Assam, Himachal Pradesh, Madhya Pradesh and Rajasthan (Mahi and Chambal Projects).

(xii) *Conjunctive use of surface and ground water:* Subsidy for developing ground water for use conjunctively with surface water was admissible to small and marginal farmers on a matching basis.

Little importance was given to this component at the field level despite the incentive of subsidy. The

reasons for the importance attaching to the component were not highlighted under the scheme nor the farmers given any education on it. The following position noticed in the States bears out the conclusion.

Andhra Pradesh: An expenditure of Rs.25.15 lakhs was incurred by ground water department but only for conducting ground water studies during the years 1978-79 to 1990-91 using CADP funds.

Kerala: During the years 1985-86 to 1989-90 ground water was not used by the farmers.

Tamil Nadu: There was little progress on use of ground water as poor farmers found subsidy element too low.

(xiii) *Subsidy to small and marginal farmers:* Subsidy was payable to small and marginal farmers under CADP on the basis it was available under the Integrated Rural Development Programme i.e. for items like land levelling, shaping, construction of field drains and field channels within the 5 to 8 hectares blocks irrigated from outlets. Subsidy was to be granted as follows:

- a) Small farmers (1.01 to 2.00 hectares) - 25 per cent of the cost.
- b) Marginal farmers (upto 1.00 hectares) - 33 1/3 per cent of the cost.

For small and marginal farmers belonging to the scheduled tribes the limit was 50 per cent of the cost. For minor community irrigation works, limit was 50 per cent of cost apportionable to the lands of small/marginal farmers benefited from the works.

The schemes for the weaker economic sections of farmers were implemented noticeably poorly. The position in the States as given below bear out the conclusion.

Andhra Pradesh: 909 applications for subsidy (Rs.7.65 lakhs) were pending. Rs.10 lakhs obtained

during 1986-87 was surrendered to Government by CADA because proposals for subsidy were not according to the guidelines.

About 6376 small, marginal and scheduled tribe farmers in Krishna district were deprived of subsidy totalling Rs.82.24 lakhs. Claims in respect of 460 beneficiaries amounting to Rs.8.87 lakhs were pending for disbursement in Khammam district.

Karnataka: Central assistance of Rs.23.90 lakhs against subsidy was only admissible but Central assistance of Rs.112.90 lakhs was released by Ministry during the years 1985-86 to 1990-91.

In Upper Krishna Project Rs.7.04 lakhs were given as subsidy to 585 beneficiaries during 1989-90 and 1990-91 wrongly, towards purchase of bullocks and carts under this component.

Manipur: During the years 1985-86 to 1990-91, an amount of Rs.1 lakh only was spent by CADA out of Rs.6.45 lakhs received for giving subsidy.

Orissa: During the years 1985-86 to 1990-91 the State Government paid Rs.94.74 lakhs (Central share Rs.47.37 lakhs), to the four CADAs at Cuttack, Puri, Salandi and Sambalpur for payment of subsidy to small and marginal farmers. Manner of utilisation of the amount could not be shown by CADAs to Audit.

Uttar Pradesh: During the years 1985-86 to 1990-91 a total subsidy of Rs.1116.33 lakhs was released against which Rs.722.55 lakhs were spent (65 per cent). Unspent balance of Rs.393.78 was not refunded. CADAs showed amount of Rs.393.78 lakhs received for subsidy as utilised though it was not so utilised.

Out of Central subsidy of Rs.32.45 lakhs, the State Government released Rs.17 lakhs (Sharda Sahayak: Rs.13.50 lakhs, Ramganga: Rs.3.50 lakhs) only (52 per cent) for giving subsidy by CADAs. State Government did not release its own share of Rs.32.45 lakhs (50 per cent).

West Bengal: Of Central assistance received for payment of subsidy to small and marginal farmers after 1987-88; Rs.6.42 lakhs remained unutilised (March 1991).

(xiv) *Infrastructural facilities*: This component of CADP was aimed at handling the increased production, development of markets, strengthening cooperative institutions, maintenance of roads, etc.

This component was hardly given any importance at any level. There was no incentive attaching to it. The following position noticed in the States bears out the conclusion.

Assam: Activities to strengthen the infrastructure had not been taken up.

Karnataka: Against target of 3942 kilometers of Ayacut roads, only 479 kilometers of roads (12 per cent) were constructed in the Command areas of Mala prabha and Ghata prabha due to paucity of funds.

Kerala: Construction of Ayacut roads was not taken up till 1989-90. In 1990-91 a sum of only Rs.2.28 lakhs was spent out of provision of Rs.35 lakhs (6.5 per cent).

Madhya Pradesh: Infra structural facility of roads was not provided to the farmers in Barna, Gwalior and Hasdeo command areas even after 5 to 10 years of implementation of the CADP due to paucity of funds. In Chambal and Mahanadi command areas also they were not provided. No mandi for marketing surplus was also provided.

Manipur: No amount was provided for infra structural facilities.

Orissa: No provision was made during the years 1985-86 to 1990-91 for infra structural facilities.

West Bengal: Assessment of infra structure required was not made as CADA was concentrating on irrigation water reaching the users.

### 15.3.7 Avoidable Extra Expenditure

The following notable instances of avoidable extra or wasteful expenditure using funds given for the programme were noticed in audit in the various States. Remedial and preventive action are both needed.

Andhra Pradesh: Heavy duty agricultural implements suitable for hard soils and tractor as also allied agricultural implement, were procured at a cost of Rs.6.89 lakhs, but soil in the command area was not hard enough. The tractors were used for transportation of commodities.

Haryana: Under the Gurgaon Canal Lining Division, Faridabad of CADA, the expenditure on 25527 unused cement blocks costing Rs.1.32 lakhs proved infructuous.

Rs.1481.94 lakhs were paid to the Haryana State Minor Irrigation and Tubewell Corporation (HSMITC) during the years 1982-83 to 1987-88 but HSMITC spent only Rs.633.43 lakhs on CADP upto the end of March 1988 and the balance amount of Rs.848.51 lakhs not so far refunded (July 1991) was extra avoidable expenditure.

Karnataka: Out of loan assistance of Rs.1188.64 lakhs for CADP released by Central Government to State Government, Rs.515.78 lakhs was lying unutilised with State Government in November 1990.

In the Cauvery Basin expenditure of Rs.323.54 lakhs was incurred on construction of field channels within the 5-8 hectares blocks but Central assistance of Rs.161.77 lakhs was given at 50 per cent instead of 25 per cent admissible.

In the Command area of Cauvery Basin, 15 borewells constructed during 1987-89 at a cost of Rs.5.49 lakhs and in the Command area of Malaprabha and Ghataprabha, 9 borewells constructed at a cost of Rs.2.43 lakhs during 1989-90 had not been energised

(July 1991) and investment of Rs.7.92 lakhs and production lost by non use of water was a loss.

For a study on water use efficiency Rs.20 lakhs was given to the "Institute for Command and Irrigation Management, Bangalore" (ICSIM) from CADP funds. The study given by ICSIM was not sufficient and was incomplete and the expenditure of Rs.20 lakhs gave no benefit to the farmers in command areas.

Kerala: (i) Expenditure of Rs.12.06 lakhs on construction of field channels in Thrissur and Neyyar was viewed as channels to blocks instead of channels within 5-8 hectares blocks and 50 per cent grant was given by Government of India at Rs.6.02 lakhs instead of Rs.3.01 lakhs at 25 per cent.

(ii) On construction of field channels within 5-8 hectares block and field drains, 50 per cent of the cost at Rs.22.25 lakhs was not recovered from the farmers during the years 1989-90 and 1990-91 because rules for grant of Loans were still not finalised (May 1991).

Madhya Pradesh: In Gwalior, in an expenditure of Rs.221.70 lakhs taken to be on CAD Projects, expenditure of Rs.94.84 lakhs was on non CAD projects but Central assistance at 50 per cent i.e. Rs.47.42 lakhs was paid on them also. In Chambal and Hasdeo command reimbursement of expenditure on non CAD subjects amounting to Rs.438.36 lakhs was irregularly allowed by Central Government during the years 1985-1991; the expenditure was on establishment, augmentation of Tube Wells programme (Rs.220.76 lakhs), evaluation studies on externally aided items of the Project (Rs.35.38 lakhs) and Afforestation (Rs.58.95 lakhs), renovation/remodelling of existing water courses/channels (Rs.121.83 lakhs) (not construction of new ones), Khasra maps (Rs.0.86 lakh) and documentary films (Rs.0.58 lakh).

In Chambal, Gwalior and Hasdeo Command areas on surveys done at a cost of Rs.1.27 lakhs for construction of water courses and field channels

during the years 1987-90 proved infructuous. Due to disputes among the farmers, no works were taken up after survey.

Out of Rs.43.86 lakhs paid to Madhya Pradesh Land Development Corporation (MPLDC), Gwalior for construction of field channels, during the years 1984-85 and 1985-86, Rs.12.15 lakhs were refunded (June 1987) by the MPLDC, all of which was taken as revenue of State Government instead of refund of excess Central assistance of Rs.6.07 lakhs. Even against the amounts retained no work was done by the MPLDC to account for Rs.13.86 lakhs paid to it for CAD projects in Gwalior. Rs.9.65 lakhs was refunded in instalments during the years 1987-1990 leaving still a balance of Rs.4.21 lakhs with the MPLDC (March 1991). No refund of Central assistance was made nor demanded by Central Government.

Maharashtra: State Government paid out of CADP funds, grants-in-aid of Rs.11.92 crores to Water and Land Management Institute, Aurangabad for generally promoting scientific knowledge in water management and land development for irrigation and agriculture. The payment did not yield any benefits to the farmers or increase production.

In Maharashtra Rs.10.92 crores were spent by Maharashtra Land Development Corporation out of CADP funds in meeting its establishment cost including Rs.2.10 crores received for developing culturable command area of Warna project.

In Krishna, Bhima and Pench project commands, tools, plant and machinery procured at a cost of Rs.32.04 lakhs were lying unutilised and expenditure could have been avoided. In Bhima Project three stone crushers and one concrete block-making machine costing Rs.4.14 lakhs procured during the year 1981-82 were never put to use.

Though State Government had directed that use of precast structures involving higher cost and maintenance difficulty be avoided, Pre-cast

structures were used in Bhandara Command areas involving avoidable extra expenditure of Rs.83.53 lakhs over 8353 hectares. Similarly in command areas in Nagpur over 12679 hectare precast structures were used involving avoidable extra expenditure of Rs.126.79 lakhs.

A unit for manufacturing precast cement concrete channels and slabs for lining field channels was set up at Satara for Krishna Project. Till October 1984, the unit produced only 3.90 lakh channels and slabs, against its capacity for producing 21.60 lakhs, due to excessive breakage during manufacture. After complaints from farmers the unit was closed in November 1984 making infructuous the capital expenditure of Rs.5.93 lakhs and the surplus machinery was lying idle (June 1991).

Manipur: 43 pump sets sanctioned at a cost of Rs.3.67 lakhs during 1983-84 and spare parts at a cost of Rs.3.23 lakhs in August 1988 for lifting water from distributaries to field channels. They were not used for the purpose for which they were purchased out of CADP funds. They were used for other purposes or given out to others.

Orissa: During 1988-89 though only Rs.328.54 lakhs were to be released by Centre it released Rs.491.48 lakhs.

50027 pre-cast structures designed and developed by expending Rs.6.08 lakhs during the years 1979-80 for use in field channels, were lying unused and expenditure in them was avoidable.

OFD works at Dadar Nuapali in command area of Hirakud carried out at a cost of Rs.1.08 lakhs during 1986-87 was left incomplete from March 1988 because of non-availability of irrigation water. 336 farmers were deprived of irrigation over 339.35 hectares of land and this resulted in an infructuous expenditure of Rs.1.08 lakhs.



Six OFD works taken up during 1985-86 and 1986-87 in Cuttack and Kendrapara in Mahanadi command were abandoned between September 1987 and October 1989 after incurring an expenditure of Rs.2.38 lakhs because of various reasons. This resulted in infructuous expenditure of Rs.2.38 lakhs.

OFD works at Kankarajoli over 451.60 hectares under Hirakud command were taken up during 1989-90 but after spending Rs.1.56 lakhs it was left incomplete from January 1990 due to non-cooperation of the villagers.

Rajasthan: Rs.58.50 lakhs were paid to WAPCO on 4th March 1989 and another advance of Rs.300 lakhs on 31st March 1989. But the firm executed works costing Rs.152.68 lakhs only by March 1990 on survey. The firm was still to account for Rs.205.82 lakhs. Another advance payment of Rs.296.36 lakhs was made in March 1991 of which only Rs.170 lakhs were for works to be executed during 1991-92. Till March 1991 the firm executed work valuing Rs.423.25 lakhs only against the total payment of Rs.705.46 lakhs (Rs.654.86 lakhs advance payment and Rs.50.60 lakhs against work done). Excess payment of Rs.282.21 lakhs was avoidable extra payment.

Rs.8.08 lakhs were paid out of Mahi CADP funds to Survey of India on 7th August 1985 for aerial photography and furnishing of prints, which were not supplied till August 1991. By that time, against target of 0.80 lakh hectares, water courses had been constructed over 0.71 lakh hectares. The payment to Survey of India was infructuous.

In Mahi Project command, 60109 bags of cement costing Rs.36.10 lakhs were purchased from CADP funds, but 45906 cement bags (cost Rs.27.51 lakhs) were given for non CADP works which was avoidable extra expenditure for CADP of Rs.27.51 lakhs.

In Chambal Project, the water courses were defective and were set right at a cost of Rs.15.60

lakhs (till February 1985) which was extra avoidable expenditure from CADP funds.

In Mahi, Rs.5.17 lakhs were spent on restoration and repairs of old Kuchcha Water Courses during 1985-87 out of CADP funds. In IGNP certain water courses were left unattended and Rs.5.36 lakhs were incurred between November 1990 and January 1991 for removing sand using CADP fund. The expenditure of Rs.10.53 lakhs was avoidable extra expenditure.

Uttar Pradesh: One Bhoomi Sanrakshan Adhikari in Lakhimpur-Kheri of Sharda Sahayak command embezzled Rs.10.46 lakhs and construction material (bricks, cement, etc.) valued at Rs.50.95 lakhs (Sharda Sahayak: Rs.39.95 lakhs; Ramganga: Rs.11 lakhs), as on 31st March 1991, was not traceable in the executing units. The loss of Rs.61.41 lakhs was avoidable extra expenditure.

5250 bags of cement costing Rs.2.44 lakhs procured from CADP funds were transferred to Irrigation Divisions of Gorakhpur and Deoria between 1981-82 and 1986-87. The expenditure on them was avoidable.

An amount of Rs.102 lakhs was given to CADAs of Sharda Sahayak, Ramganga and Gandak (1989-90) for Wireless net work but Rs.98 lakhs were lying unutilised (May 1991) with the CADAs. The advance expenditure was avoidable.

All States:

Extra avoidable expenditure of Rs.13.10 crores was incurred by Central Government in making the releases to States as listed in Appendix-X. The amounts were utilised by the States for purposes other than those intended in CAD Programme.

#### 15.3.8 *Monitoring*

The Ministry stated (August 1991) that in the Central Government, the programme is monitored, to

the extent possible, during field visits of officers, by analysis of progress reports received, in annual plan discussions, in regional meetings of CAD Secretaries and while analysing the releases. The extra avoidable expenditure referred to in the preceding paragraphs does not bear out the efficacy of the monitoring.

In the States the monitoring was poor as the following findings show:

In Assam, Goa, Himachal Pradesh, Jammu and Kashmir, Karnataka, Madhya Pradesh and Manipur, no monitoring of progress was being done by staff of CADA.

In Gujarat, delay in sending quarterly progress reports to Government of India ranged between 23 and 105 days during 1985-91. Delay in furnishing information to Government of India for release of 1st and 2nd instalments ranged between 19 and 198 days and 15 and 106 days respectively.

In Kerala, 11 quarterly monitoring meetings were held. Monthly meetings were held at CAD Headquarters and Divisional levels. But in monthly Canal Committee Meetings farmers' attendance was poor. 69 monthly meetings of the project Committees were held till May 1991 in command areas of Malampuzha, Pothundy, Gayathri, Mangalam, Peechi, Chalakkudy, Vazhani and Neyyar Projects. Delays ranged from one to three months in submission of monthly progress reports by CADA to the Government and delay ranged between 3 to 12 months in submission of quarterly reports by the State Government to the Government of India. Annual Administrative reports for 1988-89 and 1989-90 required to be sent to Government of India were not sent (May 1991).

In Maharashtra, the activities were reviewed by the Secretary in bi monthly meetings with the CAD authorities.

In Orissa, monitoring cells were functioning but no records of distribution of water to the farmers, efficiency of water use, results of crop cutting experiments, etc. were available.

#### 15.3.9 Evaluation

In view of the heavy expenditure on CADP; evaluation of benefits from the CAD Programme becomes very important. While benefits derived from the programme, for the nation, would be the increase in agricultural production, in the absence of any data on the incremental production attributable to the expenditure on CADP, the programme was implemented with a view to spending the allocated funds. A larger measure of supervision, inspection and monitoring than what is presently taking place (as revealed by the above findings) may not by itself bring about increased yield unless responsibility is cast on the officials at farm level to get done all that is necessary to increase yield and hold them accountable for sustained increased yields.

In the Annual Report of the Ministry (1989-90) it was stated that the State Governments had been requested to carry out evaluation with a view to learning as to how far the various CAD programme had been effective in meeting the basic objectives of the programme. No evaluation study was conducted directly by the Governments in the States of Assam, Goa, Gujarat, Haryana, Himachal Pradesh, Jammu and Kashmir, Karnataka, Kerala, Maharashtra, Manipur, Madhya Pradesh, Orissa, Tamil Nadu and Uttar Pradesh. Only in Kerala bench mark and evaluation surveys were conducted in respect of some branch canal ayacuts in seven projects.

Of the evaluation studies on the programme which came to notice of Audit, one was on organisational structure of CADA by Indian Institute of Management, Ahmedabad (on six projects). The other evaluation studies were by Water and Power Consultancy Services (India) Ltd. (on Ghod, Itiadh), Operation Research Group, Baroda (on Dantiwada), UP Development System

Corporation Ltd. (UPDSCO) (on Sharda Sahayak and Ramganga), Agriculture Finance Consultants Ltd. (on Tawa, Gandak and Sone), Institute of Research Management and Economic Development, Delhi (on Gurgaon Canal), Water and Land Management Institute (WALMI), Aurangabad (on Mula) and National Cropping Pattern studies (on commands areas of 10 projects). No conclusions would appear to have been drawn in the Ministry on the benefit to cost ratio of CADP and improvements in the programme needed on the basis of these studies.

#### **15.4 Unfruitful expenditure in the execution of works**

In the Farakka Barrage Project (Project) the works of second stage concreting of reinforced cement concrete regulators across the rivers Pagla and Bansloi were awarded to contractors 'A' and 'B', in September 1988, at cost Rs.10.98 lakhs and Rs.9.80 lakhs respectively. The works were to be completed by June 1989. Both the works included, inter alia, building of coffer dams for halting the flow of water and dewatering in the up and down streams of the rivers adjacent to the regulators. In addition, concreting of embedded parts of both the regulator gates were to be done.

(i) In the work of construction of regulator across the river Pagla, the first stage of building coffer dam was completed by a contractor in January 1989 and dewatering work was started in February 1989 after expending Rs.4.59 lakhs. The work was not completed before the on-set of rains in 1989 because the work of concreting the embedded parts of the regulator gates was contingent upon certain supplies and installation by another contractor who failed to meet the schedule. The villagers of the area dismantled the coffer dam to let the flood waters pass (September 1989).

The work of re-building the coffer dam and dewatering was again entrusted to the same contractor and was executed between December 1989 and August 1990 at an additional cost of Rs.4.46 lakhs. The

other contractor who was entrusted with the work of erection of the gates again failed to complete the work before the on-set of monsoon in 1990. The villagers in the area, for a second time, dismantled the coffer dam (August 1990) to drain the flood waters.

The building of the coffer dam and dewatering was entrusted to the same contractor for the third time in November 1990 and work was completed in August 1991 at a cost of Rs.4.44 lakhs. On this occasion also, the other contractor failed to complete his work before the monsoon. Due to heavy rainfall and sudden rise of water level in the river, the coffer dam was breached (September 1991).

The work of construction of regulator is, now expected to be completed by June 1992. The expenditure of Rs.13.49 lakhs already incurred on construction of the coffer dam and dewatering has become infructuous. No penalty was levied (October 1991) on the other contractor for his failure to complete his work though the contract provided for levy of penalty to the extent of 10 per cent of the estimated cost of the work viz. Rs.94 lakhs. Instead, extension of time was granted to the other contractor upto December 1991.

The Project authorities stated (April 1991) that imposition of penalty on another contractor would be decided upon at the time of granting final extension of time. However, even if the maximum penalty of Rs.9.40 lakhs is imposed on the contractor it would not cover the infructuous expenditure of Rs.13.49 lakhs already incurred. The project authorities, however, added that as the work was being executed on the river bed, the earthen coffer dam was liable to be washed off and, as such, there was no question of making good the loss to the Government. The reply does not reflect that management of the project was done in the best interests of Government.

(ii) The work of construction of regulator across the river Bansloi, was started two months behind

schedule, in December 1988. It could not be completed by the contractor before the on-set of monsoon and flooding of the river. The coffer dam constructed by the contractor was dismantled by the villagers to let the flood waters pass (July 1989).

Re-construction of coffer dam and dewatering was carried out a second time by the contractor at a cost of Rs.2.52 lakhs. 99 per cent of the work had been completed by April 1991, and the remaining work was in progress (August 1991).

The contractor to whom the work was awarded, was not the lowest tenderer but the second lowest. By ignoring the lowest tenderer the Project incurred an extra expenditure of Rs.0.93 lakh. In their reply the Project authorities stated that negotiations were held on the rates offered by the lowest and the second lowest tenderers and the work order was issued. Thereafter the record of negotiations held with the lowest tenderer was not made available to Audit.

The work order stipulated that contractor must begin the work in October 1988. This date was crucial as any delay was likely to take the work beyond the monsoon. The contractor, however, delayed start of the work by two months. The Project authorities did not take action against the contractor for delay in starting the work. The slow progress coupled with delay in arranging power supply by the Project authorities resulted in the work of erection of gates done by another contractor coming to a stop in July 1989. In their reply, the Project authorities stated (May 1991) that eight months time provided in the agreement was on the low side and extension of time was, therefore, granted to contractor upto June 1991. The reply is not tenable as it only confirms that the estimation of time for completion was not done correctly. Contracts are to be drawn up on the basis of a properly estimated time schedule for implementation keeping in view the likely impact of delays at different stages. Extension granted in this

case, caused the whole work to be washed away in July 1989 without the Project Authorities being able to get compensation from the contractor.

The matter was referred to the Ministry in June, November and December 1991; reply has not been received (December 1991).

#### **15.5 Loss in procurement through DGS&D**

Based on indents received from Farakka Barrage Project authorities (Project), the Director General of Supplies and Disposals (DGS&D) under the Department of Supplies placed, in January and December 1988, two supply orders with suppliers 'A' and 'B' for supply of 1000 tonnes of cement each by March 31, 1988 and May 31, 1989 respectively. The cement was to be despatched by rail to the Central Inland Water Transport Corporation, a Government of India undertaking (carriage contractor) at Calcutta who was to deliver it at Farakka Barrage.

The carriage contractor received 997.6 tonnes of cement from supplier 'A'. Though 206.8 tonnes costing Rs.1.86 lakhs delivered was found clodded and not suitable for use, payment for the entire quantity of 997.6 tonnes was, however, made to supplier 'A'. The carriage contractor delivered a further quantity of 149.35 tonnes of cement in March 1991 towards the cement found clodded leaving a balance of 57.45 tonnes costing Rs.0.52 lakh still undelivered.

The carriage contractor received in January 1989, 983.5 tonnes of cement from supplier 'B' in open wagon, and the cement was found to be unfit for use. The supply order of DGS&D did not indicate the type of wagon for despatch by rail. No claim was preferred with the railways by the Project authorities who also took up the matter with supplier 'B' in June 1989. But full payment of Rs.6.42 lakhs was made by the Pay and Accounts Officer of DGS&D in March and July 1989. The Project authorities also paid Rs.2.84 lakhs in March 1989, towards railway freight.



The Project authorities stated (November 1990) that DGS&D was responsible for the losses. Verification of the records of DGS&D (July 1991) revealed that due to shortage of covered wagons, it was decided by the DGS&D to authorise the suppliers to despatch cement in open wagon covered by tarpaulin, under certain conditions, subject to prior approval of the indenter/consignee before despatch of cement. DGS&D could not indicate whether prior approval was obtained by DGS&D by the supplier from indenter before despatch of cement in open wagon, in this case. The Project authorities stated (October 1991), that their prior approval was not obtained by the supplier before despatch of cement in open wagon. The rate contract entered into by DGS&D did not contain any clause providing for pre-despatch inspection by DGS&D. Though the Project authorities held DGS&D responsible for the loss, the DGS&D was silent on this point. As per terms and conditions of the contract finalised by DGS&D all liabilities for shortage/damages/pilferages/loss etc. are to be borne by the supplier who was to settle the claim with the carriers (Railways) direct. But no action in this regard was initiated either by the supplier or carriage contractor for more than two-years.

Due to lack of unified command in giving directions to suppliers on despatch etc. and failure of DGS&D to provide in its contract for damages for negligent despatch the responsibility for the loss of Rs.9.78 lakhs has not been assigned by DGS&D to any agency.

The case was referred to the Ministry of Water Resources, New Delhi in July 1990 and August 1991 and to Department of Supply, New Delhi; replies have not been received (October 1991).

#### **15.6 Unused HDPE pipes**

For augmentation of water supply at the project colony, the Farakka Barrage Project authorities had initially indented for Cast iron (CI) pipes and as those pipes were not available, they opted for High

Density Poly Ethylene (HDPE) pipes. Because of the unfamiliarity of the engineers engaged on the work in using HDPE pipes, demonstrations on the use of the pipes were held by the supplier of the pipes in July and August 1982. The demonstrations did not evoke a favourable reaction from the engineers, nor lead to improvement in the usage of pipes held in stock.

Thus, procurement of HDPE pipes without first ascertaining their technical suitability and their acceptance by the engineers resulted in Rs.6 lakhs worth of HDPE pipes lying in stock for nine years.

The project authorities stated (September 1991) that some quantity of HDPE pipes had been programmed to be utilised in another work for which the estimate was under process and the balance quantity would be utilised as and when the main pipe-line was required to be replaced. No estimate for consumption of HDPE pipes in the work had, however, been prepared (till September 1991).

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

### **15.7 Unused Navigational lock**

Government sanctioned in April 1982 construction of a navigational lock across the river Kalindri in district Malda at a cost of Rs.3.50 crores.

The work of constructing the lock was awarded in June 1982 to a contractor at a cost of Rs.1.71 crores for completion within two years. The contractor started the work in July 1982 but completed it in March 1986 i.e., after a delay of twentyone months. The contractor was paid Rs.1.98 crores upto September 1991 i.e., Rs.27 lakhs more than the contracted amount. The increase in cost was due to extra or supplementary work entrusted to the contractor. The time over run was mainly attributable to modification in drawings and design by the Farakka Barrage Project Authorities and, to a limited extent, due to delays on the part of the contractor for which a penalty of

Rs.5000 was levied in January 1990. This was done after about four years from the date of completion of work.

The value of materials supplied by the Project Authorities. was not recovered while making payments for escalation resulting in overpayment of Rs.1.66 lakhs to the contractor. On the irregularity being pointed out in audit in August 1988, the Project Authorities stated (May 1989) that escalation had been paid as per formula stipulated in the agreement but later agreed (May 1991) to recover the overpayment from the contractor. Due to disputes arising out in the execution of work the contractor sought (September 1986) arbitration on a claim for Rs.92.99 lakhs. The Project Authorities submitted counter statement in February 1987, which did not include any claim towards recovery of excess payment of Rs.1.66 lakhs. The decision of the Arbitrator, appointed in June 1986, is awaited (September 1991).

The work of design, manufacture, supply and installation of the lock gates (estimated to cost Rs.56.36 lakhs) was awarded to another contractor at a cost of Rs.77 lakhs, in March 1991. The delay was caused by rejecting the tenders received in July 1985 and calling fresh tenders in February 1989. The work is to be completed by October 1992. In the result expenditure of Rs.2.24 crores incurred on the construction of lock (including Rs.0.26 crore on other amenities) has not led to any navigation so far i.e. after 9 years.

The case was referred to the Ministry in July 1991; reply has not been received (September 1991).

## CHAPTER XVI

### Ministry of Welfare

#### 16.1 Follow up on Accounts

The capital and revenue expenditure incurred in 1990-91 from out of the grant of the Ministry (Grant No.79) amounted to Rs.10.29 crores and Rs.634.35 crores respectively.

The progressive capital outlay, as at 31st March 1991, on Welfare is given below under respective capital major heads of account. The outlay should generate revenues and returns to Government. The revenue expenditure and revenue receipts in 1990-91 under the corresponding revenue heads of account are given alongside. The component of outlay invested in identifiable organisations or undertakings (whether declared commercial or not), Public Sector Undertakings and Cooperatives are given below within brackets. N.A. indicates information has not been made available in the accounts, though required to be given. The Chief Accounting Authority of the Ministry would need to take follow up action for getting wanting information in accounts and improving returns from capital outlays and investments. He may also need to drop from the progressive capital outlay the expenditures which are not correlatable to any assets in the register of assets, physical or financial and cannot also be truly entered in the register of asset so as to rectify omissions. Action has also to be taken to declare activities identifiable as "Departmental Undertakings" and those which should make profits as "Departmental Commercial Undertakings". All Public Sector and other Undertakings, cooperatives and Departmental Commercial and non-Commercial Undertakings need to be listed in Statement No.11 of the Finance Accounts indicating the capital invested in them and the return realised from them.

Serial No.	Major Head	Progressive Capital Outlay as at the end of			Revenue Expenditure 1990-91	Revenue Receipts 1990-91
		1990-91	1989-90	1988-89		
1.	2.	3.	4.	5.	6.	7.
1.	4225-Capital Outlay on Welfare of SC/ST and OBC	70.91	61.29	57.55	18.89 (Head 2225)	0.02
	(01-Welfare of SC 190-Investment in Public Sector and other Undertakings	(1.44)	(0.94)	(0.57)	--	(NA)
	(01-283-Housing)	(1.27)	(0.36)	(Nil)	(0.03) (Head 2225-02-283)	(NA)
	(80-General-190-Investment in Public sector and Other Undertakings)	(50.00)	(50.00)	(50.00)	--	(NA)
2.	4235-Capital Outlay on social Security and Welfare	135.16	133.22	129.70	258.43 (Head 2235)	(0.49) (Head 0235)
	(01-101-Dandakarnya Dev Scheme	(84.69)	(85.98)	(86.40)	(0.55) (Head 2235-01-101)	(Nil)
	(02-Child Welfare)	(0.24)	(0.15)	(Nil)	(33.53) (Head 2235-02-102)	(NA)
	(02-103 Women's Welfare)	(2.74)	(1.64)	(Nil)	(27.41) (Head 2235-02-103)	(NA)
	(02-190-Investment in Public Sector and Other Undertakings)	(0.09)	(0.09)	(0.09)	--	(NA)
	(Artificial Limb Manufacturing Corporation)	(1.46)	(0.97)	(0.96)	--	(Nil)
	(Trifed)	(8.00)	--	--	--	(Nil)
3.	4236-Capital Outlay on Nutrition	2.91	2.91	2.91	10.91 (Head 2236)	Negligible (Head 0250-101)

The loans and advances given and outstanding as at 31st March 1991, for Welfare are also given below, as indicated in statement No.15 of the Finance Accounts. The interest recovered will need to be given in the statement against loans under each minor head separately, in future, in addition to the interest on loans under the major head. Against some of the loans very little or no recovery has been made in the last three years and interest recovered is also relatively meagre. In statement No.3 of Finance Accounts, Ministry/Departmentwise and loaneewise, some of the outstanding loans and interest are indicated; but information is not complete. Also the amounts of loans outstanding and amounts of instalments overdue for recovery, both need to be given in the statement, in future. The Chief Accounting Authority in the Ministry will need to take follow up action for getting wanting information and effect recovery of instalments and interest overdue. A certificate will need to be given in the Finance Accounts in future that except for the loaneewise details given in statement No.3, all the Chief Accounting Authorities have confirmed that instalments and interest due for recovery upto 31st March of the year to which the Finance Account relates, have been recovered.

(Rupees in crores)

Serial No.	Head of Account	Amount of loan outstanding as on 31.3.91	Recoveries during			Interest recovered during		
			1990-91	1989-90	1988-89	1990-91	1989-90	1988-89
1.	6225-Loans for Welfare of SC\ST and Other OBCs	1.00	0.01	0.02	0.02	Nil	Nil	Nil
2.	6235-Loans for Social Security and Welfare	41.40	0.05	5.53	0.01	0.01	0.27	0.29

## 16.2 Adjustments to be made in Finance Accounts

In the balances at the end of 1990-91 which are reflected in the Finance Accounts the adjustment or review of the balances under the following heads of

account need to be made by the Chief Accounting Authority in the Ministry as indicated in the remarks column.

(Rupees in thousands)

Heads of Account	Balance as at the end of			Remarks
	1990-91	1989-90	1988-89	
6225-Loans for Welfare of SC\ST and OBCs 01-Welfare of Scheduled Castes 190-Loans to Public Sector and Other Undertakings	(-)6	(-)6	(-)6	The excess recovery of loan from the Public Sector and other undertakings needs to be credited to revenue if no detail are available as the excess credited is lying under this head for long.
6235-Loans for Social Security and Welfare 02-Social Welfare 193-Loans to Voluntary Organisations	(-)1,52	(-)1,52	(-)1,52	The excess recovery of loan from the voluntary organisations needs to be credited to revenue if no details are available as the excess credited is lying under this head for long.
6245-Loans for relief on account of Natural calamities. 01-Drought				
101-Gratuitious Relief	(-)6,84	(-)5,93	(-)5,70	The recoveries of gratuitious relief apparently have exceeded the amounts advanced.
02-Flood cyclones loans 101-Gratuitious Relief	(-)20,36	(-)14	Nil	To the extent they are not misclassifications that should be written back, the excess recoveries need to be credited to revenue.
7602-Loans and Advances to Union Territory (Pondichery) 01-Non-Plan Schemes 344-Other Social Security and Welfare Programmes-Other Programmes.	(-)6	(-)6	(-)6	The excess recovery of loan needs to be written back or transferred to revenue.

### 16.3 Scholarships abroad for SC/ST etc.

Under the scheme of National Overseas Scholarships for study abroad, Government provides financial assistance to such meritorious students

belonging to Scheduled Castes/Scheduled Tribes, Denotified, Nomadic, Semi-Nomadic Tribes, Neo-Budhists, etc. as do not have means to go abroad, for post-graduate and research studies in fields where suitable facilities are not available in India. The financial assistance provided includes payment of maintenance allowance, equipment and journey allowance, cost of books, railway fare/air passage, tuition and examination fees, medical/health insurance charges, etc. at prescribed rates. The annual number of scholarships given was 21 upto 1985-86. It was increased to 25 from 1986-87. Admissions could be secured by the Ministry or the scholar. The duration of the scholarship ranged from one to three years. Duration could be extended by one year under special circumstances.

During Audit of the records for the years 1981-82 to 1990-91 the following points came to notice.

(i) Awards made to 72 scholars upto 1985-86 were cancelled as they could not secure admission in any of the foreign universities. Further, 96 out of 129 scholars selected during the years 1986-87 to 1990-91 were still awaiting admissions to foreign institutions. Action taken by the Ministry to secure admissions for its scholars or reasons for inability to secure admissions were not on record. The Ministry stated, in October 1991 that personal efforts of the candidates as well as the assistance provided by the Ministry in seeking admissions abroad through the Indian missions are only steps towards seeking admissions and the final decision rested with the concerned foreign universities/institutions.

(ii) Only 114 out of 232 candidates selected during the years 1981-82 to 1990-91 availed of the scholarships. Of these, 37 scholars returned to India on completion of their studies, 41 were continuing within the prescribed period, one candidate expired and 35 had defaulted on returning. Out of the 35 defaulting scholars, four refunded the award money, two had started refunding money in instalments on



their overstaya, nine returned after completion of their studies after overstaya of a few months, five returned to India without completing their studies and 15 were overstaying in the foreign country. The Ministry did not spell out whether the last 15 scholars had completed their studies or not. The yearwise break up of 29 defaulters who had not refunded any money was as under:-

<u>Year of availment</u>	<u>Number of cases</u>
1982-83	1
1983-84	7
1984-85	5
1985-86	7
1986-87	2
1987-88	4
1988-89	2
1990-91	1
	-----
Total	29
	-----

The Ministry stated, in October 1991, that action for overstaya had already been initiated in 15 cases. However, no records of action taken were made available during audit.

(iii) In the absence of a consolidated record with the Ministry, of the amounts paid to each scholar, the amount due for recovery from the defaulters was not ascertainable. After an enquiry was made during audit, the Ministry issued, in July 1991, a crash cable message to the Missions in Canada, United States of America and United Kingdom enquiring about the number of defaulters and the amounts due for recovery from them. The information furnished by three out of six Missions indicated that an amount of US \$ 4.95 lakhs was due for recovery from 20 defaulting scholars out of which an amount of US \$ 0.06 lakh only had been recovered. The earliest case related to 1975-76. Information from other Missions had not been received so far (October 1991).

(iv) The scheme specified the inter-se distribution of the number of scholarships between Scheduled Castes, Scheduled Tribes, Denotified,

Nomadic and Semi-Nomadic Tribes, Neo-Budhists and Scheduled Caste Converts. If the required number of suitable candidates with prescribed minimum qualifications were not available from a particular group, the scholarships for them could be awarded to suitable candidates from other groups who possessed the requisite qualification. The number of candidates actually selected against the number that could be selected from the different categories during 1985-91 was as under:-

Year	SC	ST	DNST	LAL	NB	SC(C)	Total
Normal allotment	13(10)	7(6)	1	2	1	1	25(21)
1985-86 A			-	Not available	-		
S	17	6	1	-	-	1	25
1986-87& A	123	28	1	9	-	6	167
1987-88 S	35	11	-	3	-	5	54
1988-89 A	134	26	2	2	1	12	177
S	16	4	-	2	-	3	25
1989-90 A	135	22	6	5	1	10	179
S	14	7	1	1	1	1	25
1990-91 A	219	32	6	10	2	6	275
S	14	8	1	1	-	1	25

Note: Figures in brackets indicate the normal allotment upto 1985-86. Details of abbreviations are given below:

A = Number applied: S = Number selected:

SC = Scheduled Castes: ST = Scheduled Tribes:

DNST = Denotified, Nomadic and Semi-Nomadic Tribes:

LAL = Landless Agricultural Labourers:

NB = Neo-Budhist:

SC(C)= Scheduled Castes Converts.

Income limit of Rs.1000 per month was prescribed for Denotified, Nomadic and Semi-Nomadic Tribes for eligibility, but no such limit was prescribed in the case of the other categories.

(v) The scheme was available only for post graduate studies and preference was to be given to candidates who proposed to go in for higher studies in Engineering, Technology and Science. Applications for courses leading to the first degree could also be entertained where there was special justification. During the years 1984-85 to 1990-91, two scholarships were awarded for first degree in Printing and Technology despite the known availability of facilities for it within the country. Also, 34 scholarships were awarded for studies in humanities at the level of doctoral and post doctoral research facilities for which facilities could not be said to be non-existent within the country. The Ministry stated, in October 1991, that the rules did not prohibit selection of candidates for studies in humanities. As regards degree course in Printing and Technology, the selection was made following the decision of the Ministry of Human Resource Development to include the same in their Overseas Scholarship Scheme. Printing technology in today's context includes the latest printing techniques including computer application as very limited facilities for the same were available in India. The reply of the Ministry ignores the fact that the basic requirement of the scheme is that the scholarships would be awarded for subjects for which suitable facilities are not available in India. The award of scholarships for studies in humanities and printing and technology entailed expenditure in foreign exchange for studies in subjects for which facilities existed within the country.

(vi) The awardees were required to maintain satisfactory progress in studies. But there was no requirement from the Ministry addressed to the institutions abroad to send their progress reports. In 11 out of 43 cases test checked in audit, no progress reports whatsoever were received.

(vii) The scholarship carried no guarantee of employment on return to India after completion of studies abroad. The scholars were, however, required

to stay in India for atleast five years following the completion of their studies. Their continued stay in India was watched through a register upto the year 1975-76. The watch has not been regular thereafter. The Ministry stated, in October 1991, that the register has since been updated. However, the awardees' continued stay in India for the prescribed period was being watched through the declarations given by them at the time of their selection afresh for proceeding abroad again for availing of any Government scholarship. This would not help to watch if they went out without another scholarship.

## CHAPTER XVII

### Union Territories

#### (Ministry of Home Affairs)

##### 17.1 Follow up on Accounts

Except for Delhi Administration (Grant No. 90-Union Territory of Delhi), the capital and revenue expenditure incurred on Union Territories without legislatures, in 1990-91, from out of the grants of the Ministry (Grants No: 91 to 95) amounted to Rs.178.49 crores and Rs.417.26 crores respectively. After adjusting the recoveries the amounts brought to account in Finance Accounts were Rs.144.89 crores and Rs.377.11 crores respectively. They cover Andaman and Nicobar Islands, Chandigarh, Dadra and Nagar Haveli, Daman and Diu and Lakshadweep.

The progressive capital outlay, as at 31st March 1991, on each Union Territory is not given in the Finance Accounts separately. Nevertheless, the outlay should generate revenues and returns to the Union Territory Administrations. The revenue expenditure and revenue receipts in 1990-91 under the corresponding revenue heads of account are not also given in the Finance Accounts separately. The component of outlay invested in identifiable organisations or undertakings (whether declared commercial or not), Public Sector Undertakings and Cooperatives available in Statement No.11 of of the Finance Accounts are given below within brackets. N.A. indicates information has not been made available in the accounts, though required to be given. The Chief Accounting Authority of the Department would need to take follow up action for getting wanting information in accounts and improving returns from capital outlays and investments. He may also need to drop from the progressive capital outlay the expenditures which are not correlatable to any assets in the register of assets, physical or financial and cannot also be truly entered in the register of asset so as to rectify omissions. Action

has also to be taken to declare activities identifiable as "Departmental Undertakings" and those which should make profits as "Departmental Commercial Undertakings". All Public Sector and other Undertakings, cooperatives and Departmental Commercial and non-Commercial Undertakings need to be listed in Statement No.11 of the Finance Accounts indicating the capital invested in them and the return realised from them.

(Rupees in crores)

Major Head	Progressive Capital Outlay as at the end of			Revenue Expenditure	Revenue Receipts
	1990-91	1989-90	1988-89	1990-91	1990-91
1.	2.	3.	4.	5.	6.
(Andaman & Nicobar Integrated Development Corporation Ltd.)	(1.10)	(1.10)	(0.90)	--	(NA)
(Punjab Financial Corporation, Chandigarh)	(0.12)	(0.12)	(0.12)	--	(NA)
(Chandigarh Child and Women Development Corporation)	(0.29)	(0.29)	(0.29)	--	(NA)
(Chandigarh Small Industries Development Corporation)	(6.73)	(1.58)	(1.58)	--	(NA)

### Andaman and Nicobar Islands Administration

(Ministry of Home Affairs)

#### 17.2 Cyclone relief

Ministry of Home Affairs made a grant of Rs.140.95 lakhs (in May and August 1989) to the Andaman and Nicobar Islands Administration (Administration) to undertake relief works for those affected by cyclone and flood during November 1988 and December 1988, subject to ceilings of Rs.0.60 lakh, Rs.13.43 lakhs and Rs.126.92 lakhs under the heads of relief, rehabilitation and repair and restoration of public properties respectively. Relief operations were carried out in two districts of Andaman and Nicobar Islands.

The expenditure incurred by the various departments in 1989 was as under:

(Rupees in lakhs)

Name of the Department	Amount allotted	Expenditure incurred	Unutilised amount
1. Directorate of Agriculture	62.60	44.48	18.12
2. Directorate of Rural Development, Andaman District	25.00	15.86	9.14
3. Deputy Commissioner, Andaman District	2.40	2.16	0.24
4. Directorate of Fisheries	2.11	1.92	0.19
5. Chief Engineer, Andaman Public Works Department	2.10	1.46	0.64
6. Directorate of Animal Husbandary and Veterinary Services	1.00	0.85	0.15
7. Deputy Commissioner, Nicobar District	0.94	0.08	0.86
8. Andaman and Lakshadweep Harbour Works	1.00	-	-
9. Electricity Department	2.85	-	-
	100.00	66.81	29.34

Out of the grant of Rs.140.95 lakhs, an amount of only Rs.100 lakhs was drawn by the Administration. Against the expenditure ceiling of Rs.14.03 lakhs on relief and rehabilitation, Administration incurred expenditure of Rs.65.72 lakhs.

The following irregularities were noticed in Audit:-

(i) Directorate of Agriculture: A norm of Rs.200 of relief per hectare was prescribed by the Government. Total cropped area affected by the

cyclone was 1009 hectares in the Andaman district and as per norm 2.02 lakhs could be disbursed as relief. But Rs.42.42 lakhs was disbursed by the Directorate to 2830 beneficiaries at rates ranging from Rs.15 to Rs.29,897 per person in excess of norms.

(ii) Directorate of Rural Development: The allotment of Rs.25.00 lakhs made to the Directorate was irregularly diverted to carrying out the spill over works under the National Rural Employment Programme (NREP) and Rural Landless Employment Programme (RLEGP). Survey conducted by the Directorate did not identify number of persons of each family affected by cyclone for providing immediate employment. The Directorate also did not have details of spill over works taken up as a measure of emergent and immediate relief. Expenditure on new works (Rs.3.45 lakhs) and non-wage items (Rs.1.83 lakhs) was incurred despite orders of the Administration to the contrary. The payments shown as made to affected individuals on the basis of thumb impression or signature did not bear the date of payment. The payment orders and disbursement certificates recorded by the officials were also undated. The details of measurement of the work done by the affected individuals were not indicated in the muster roll. The Directorate justified diversion and utilisation of flood relief fund on the ground of commitment of huge financial outlay of Rs.54.89 lakhs during 1989-90 under RLEGP and NREP and co-occurrence of flood. This is not tenable as the objectives of flood relief and NREP and RLEGP being quite different should not have been mixed up.

(iii) Directorate of Fisheries: The norms prescribed by the Ministry was for rendering assistance to fishermen on repair or replacement of unmechanised boats, nets and other equipments limited to 25 per cent of the loss subject to a ceiling of Rs.3000 per family. The Administration decided to provide assistance upto 50 percent of the loss sustained and Rs.1.59 lakhs was paid to 130 fishermen as cash subsidy without any verification of evidence



of loss. The payment in excess of norms was Rs.0.87 lakh. According to the norms subsidy for fish seed farms was Rs.200 per hectare of damaged farms or ponds. Without any survey the Directorate paid Rs.0.33 lakh to 32 fishermen as subsidy at 50 percent of damage or on escaped fishes at the rate of Rs.30 per kilogram. Replies to the above audit observations communicated in July 1990 were not given by the Directorate.

(iv) Andaman Public Works Department (APWD): The Administration disbursed Rs.2.10 lakhs to APWD for carrying out essential repairs to roads (Rs.1.00 lakh) to the buildings of the institutions under the social Welfare Advisory Board (SWAB) (Rs.0.60 lakh) and to Ramakrishna Centre (Rs.0.50 lakh) though damage to buildings of SWAB and the Ramakrishna Centre was not in record of damages assessed by the Administration. Details of work done by the APWD after incurring expenditure of Rs.1.96 lakhs were awaited (January 1992).

Out of Rs.46.99 lakhs as relief payment made to 3847 individuals, payments of Rs.25.40 lakhs were made to 2064 individuals (54 percent) on thumb impression without any date being recorded by the disbursing officer.

The advance of Rs.100 lakhs drawn requires adjustment under the Financial Rules supported by paid vouchers which adjustment was not done (January 1992).

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

### **17.3 Financially non-viable Helicopter Service**

(i) The Union Territory of Andaman and Nicobar Islands comprised more than 300 islands, of which only 38 are inhabited. The Andaman and Nicobar Administration (Administration) introduced an inter-island helicopter service in January 1987. It hired

one eleven seater Dauphin Helicopter from a public sector undertaking (PSU) and paid to the PSU fixed monthly charges and additional hourly flying charges, for the hired helicopter. The service was suspended from January 1990.

(ii) The expenditure incurred and the revenue earned by the Administration during the years 1987 to 1989, from sale of tickets, chartering the helicopter to private parties and movement of bags for Posts and Telegraphs Department are given below:

(Rupees in lakhs)

Year	Expenditure	Revenue	Loss
1987	128.25	14.96	113.29
1988	147.02	17.92	129.10
1989	131.84	14.49	117.35
	407.11	47.37	359.74

(iii) Initially the service run by the Administration connected Port Blair with three islands (Rangat, Diglipur, Mayabunder) in the north and four islands (Hut bay, Car Nicobar, Kamorta and Cambell bay) in the south. Subsequently, the service was extended to two more islands (Havelock and Neil) in the north and two (Choura and Dugong Creak) in the south. The service covered only eleven islands out of the 38 inhabited islands, at the best of times.

In the operation of the helicopter, with a carrying capacity of eleven passengers per sortie, the following capacity utilisation was achieved in the years 1987 to 1989.

Year	No. of sorties scheduled	No. of Passengers that could be accommodated (No. of sorties X 22)	No. of Passengers who actually travelled	Occupancy in percentage (capacity utilisation)
1987	482	10604	9056	85.4
1988	624	13728	8136	59.2
1989	429	9438	5240	55.5

Against the increase in the number of sorties from 482 in 1987 to 624 in 1988, the capacity utilisation dwindled from 85.4 to 59.2 percent and further declined to 555 in 1989.

(iv) Expenditure of Rs.7.11 lakhs was incurred upto March 1991 on construction of helipads at Long Island and Baratang; though construction had not begun due to non-availability of site. After the service was suspended in January 1990, stores procured remained unutilised (August 1991).

(v) Seventy percent of the cost of the helicopter services was to be borne by the Government of India as subsidy. The Administration received Rs.284.98 lakhs as subsidy representing seventy percent of total expenditure of Rs.407.11 lakhs, incurring loss of Rs.359.74 lakhs during the years 1987-89. The uncompensated loss of Rs.74.76 lakhs borne by the Administration during the years 1987-89, was result of fixation of fares at low rates. The helicopter flew for 58 hours, 69 hours and 54 hours per month on an average during the years 1987, 1988 and 1989 respectively i.e. average of about 2 hours per day. Inclement weather and non-availability of passengers were given out as the reasons for the low flying time. According to Administration's own estimate, had the fares been based on actual flying hours (instead of the planned hours) the revenue during 1987-89 would have been more by Rs.15.15 lakhs. In working out the fare, 100 flying hours per month had been assumed. In any case, the rate per kilometer fixed was much lower than what would have been adequate to avoid loss even after receiving 70 per cent subsidy on the cost of operation from Government of India. The Administration failed to revise the fares to allow for actual cost of hire of helicopter from time to time and other cost so as to avoid losses even after allowing for 70 per cent subsidy while 30 per cent of the expenditure, that is Rs.122.13 lakhs should have been sought to have been earned as revenue. The Administration arranged to

earn only Rs.47.37 lakhs indicating failure in management and marketing.

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

#### **17.4 Loss due to delay in preferring claims**

On shortages and damages of foodgrains transported by Shipping Corporation of India (SCI) during the period from December 1981 to December 1989, the Department failed to prefer claims within the allowed period of one month from the date of discharge. Between May 1989 and February 1990 it preferred fifty-eight claims for Rs.55.03 lakhs, but thirty-three claims for Rs.28.79 lakhs were rejected by SCI between June 1989 and February 1990 as time-barred. The remaining twenty-five claims for Rs.26.24 lakhs were under correspondence with SCI (February 1991).

The Department stated in August 1990 that claims could not be submitted within the prescribed time limit due to delay in receipt of bills of lading and survey report from the Port Management Board of the Administration of Union Territory. In twenty-five cases, out of the thirty three rejected by SCI, the bills of lading were received on the same day or within twenty two days of discharge and claims on SCI could have been made in time. The dates of receipt of bill of lading in the remaining eight cases could not be made available to Audit. In twenty seven cases the survey was done well before the completion of one month after discharge and in six remaining cases, the date of survey could not be made available to audit.

The Department sustained a loss of Rs.28.79 lakhs due to delay in submission of claims to SCI on shortages and damages. The pending twenty-five claims for Rs.26.24 lakhs were also not preferred within time, though decision of SCI is awaited.

### 17.5 Under-utilisation of printing machine

Andaman and Nicobar Islands Administration placed (January 1988) an order on a public sector undertaking (PSU) for supply of an offset printing machine for Rs.8.00 lakhs to replace the letter press machines working in the Government press (Press) at Port Blair. Orders were also placed in July 1988 on three other firms at Bangalore, Ranchi and Madras for supply of three auxiliary feeder machines, viz. an electronic typewriter (cost Rs.0.38 lakh), a plate making equipment system (cost Rs.1.46 lakhs) and a semi-automatic vertical camera (cost Rs.1.38 lakhs) at a total cost of Rs.3.22 lakhs.

The offset machine delivered at Madras in March 1988 was received at the Press in Port Blair in June 1988 due to delay in arranging its shipment. The machine was installed and commissioned in March 1989 i.e., one year after delivery. The delay was attributed to non-availability of trained staff. The plate making equipment received in April 1989 could not be installed (March 1991) due to non-availability of trained personnel. The vertical camera which was received in April 1989 was still (March 1991) to be installed by the supplier. The electronic typewriter which was received in February 1989 was also not being utilised due to non-commissioning of aforesaid two equipments (March 1991). Thus none of the feeder machines were effectively put to use.

In order to keep the offset machine in operation, a few government forms requiring only 4.75 lakhs impressions were printed during the period April 1990 to January 1991 against the rated capacity of 277.88 lakhs impressions from plates purchased from outside agencies at a cost of Rs.0.22 lakh. An expenditure of Rs.0.22 lakh was also incurred on plate making through outside agencies. Thus actual utilisation of this machine was only 1.70 per cent of the total capacity during the said period. No record of printing using the offset machine prior to April 1990 was maintained.

The Administration stated (March 1991) that the offset printing machine was operating only for voluminous works such as printing of pay bills, TA bill forms, FVC forms, challan forms, OPD slips, attendance registers as per requisitions of the concerned departments. The required plates for the above works were procured from mainland. It further stated that as the press was not undertaking any private work, calculation of the output of offset machine could not be strictly adhered to on commercial point of view.

Inadequate assessment of the need for an offset printing machine and delay in commissioning the auxiliary machines, resulted in under utilisation of machines procured at a cost of Rs.11.22 lakhs.

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

**(Ministry of Agriculture)**

**17.6 Shortcomings in implementation of Animal husbandry and dairy development schemes**

The Andaman and Nicobar Administration (Administration) implemented five schemes for Animal husbandry and dairy development during seventh plan period (1985-90) incurring expenditure of Rs.141.97 lakhs.

(i) Feed and fodder development farm: The schemes aimed at establishing a research-cum-demonstration farm at Sitanagar in North Andaman and comprising the farms at Dollygunj (South Andaman) and Basantipur (Middle Andaman) established in 1979 and 1984 respectively. 15 demonstration plots were also to be laid every year in the fields of the cultivators in South, Middle and North Andamans and suitable grass identified as fodder for cultivation.

Only a fodder farm was established during 1986-87 at North Andaman and it was maintained by the existing staff of Government Poultry farm at

Sitanagar. 619 plots were prepared against the target of 75 demonstration plots but the research-cum-demonstration farm at Sitanagar to organise demonstration and identify fodder grass was not set up. Also only 64 per cent of the approved estimate of Rs.20.29 lakhs during the Seventh Plan period was utilised indicating overestimation of cost and ineffective cultivation of fodder.

(ii) Duck rearing farms: Under the scheme, 4000 day old ducklings were to be procured from the Central Duck Breeding farm at Bangalore and distributed to farmers after rearing them for 2 to 3 months at Dollygunj in South Andaman. The aim was to control the snail population through "Biological Control" (dycies eat snails) and control spread of parasitic diseases in animals. In the second phase of the scheme using incubators, ducklings were to be hatched at Dollygunj using eggs procured from Central Duck Breeding farm at Bangalore. In addition a small breeding unit of 500 Khaki Campbell ducks was to be maintained in a poultry shed after procuring them from the Central Duck Breeding Farm at Bangalore. The ducklings hatched on the farm were to be transferred to the duck rearing farms to be set up in Ramakrishnapuram in Little Andaman and Basantipur in Middle Andaman.

Out of the approved estimate of Rs.6.30 lakhs for the scheme, only Rs.4.90 lakhs was spent during the plan period. Only 2223 day old ducklings were procured against the target of 4000 but 1627 of them died in the rearing farm and only 558 were distributed to farmers. The normal age for laying egg is between 6 and 21 months for ducks and 14 percent of the ducks were distributed to farmers in the middle of their egg laying life. The Directorate stated (October 1991) that even after 15 months age of duck, farmer can get proper egg production provided the health of the birds is good. It also stated (August 1991) that in some cases ducks could not be distributed to farmers at the proper age due to non-availability of inter-island transport.

The breeding unit for Khaki Campbell ducks and duck rearing farms at Ramakrishnapuram and Basantipur were not set up. Incubator at Dollygunj was diverted elsewhere. Rearing of ducks was started at Basantipur in March 1988 in a poultry shed with 30 ducklings received from Dollygunj farm. But 26 ducklings died and the remaining 4 were sold for Rs.192.

The Directorate stated (October 1991) that the shortfall in achieving the target of procurement of 4000 ducklings was due to irregular supply from mainland which normally took 6 months. It further added that high mortality rate was due to tropically hot, humid climatic condition prevailing in the island in which ducklings were more susceptible to diseases, lack of managerial experience in rearing of ducklings, lack of proper duck shed, death due to weakness and stress suffered by the ducklings on account of transportation from far off places i.e. mainland and adaptability problem in a new climatic condition. The implementation of the scheme lacked drive, purpose and harnessing of resources of science and technology personnel in the control relevant to the project.

(iii) Hatchery: A Central hatchery with incubator capacity for 37000 eggs (two setters of 13500 eggs each and one hatchery of 1000 capacity) was to be set up at Dollygunj farm in 1987 to supply day old chicks as well as reared birds to farmers for establishing their own poultry farm to supplement their incomes. The hatchery was started only in April 1989 in two poultry sheds that were ready by then instead of the hatchery building which was not fully completed due to administrative and technical problems. But 10 posts in different categories for manning the unit were filled up as early as, in January and August 1987 and expenditure of Rs.1.79 lakhs was incurred on their pay and allowances upto July 1988.

Only 4500 chicks were produced against target of 10,000 chicks every 21 days and against target of 2.16 lakhs eggs to be hatched during the two years



1989-91, only 1.57 lakhs eggs were hatched, only 0.99 lakh chicks were born out of fertilised eggs.

The expenditure on the scheme during the Seventh plan was Rs.41.45 lakhs against estimate of Rs.23.72 lakhs. The Administration stated that the capacity utilisation of the hatchery which was lower at initial stages was increasing day by day and optimum utilisation would be attained after completion of the remaining two poultry sheds. The staff appointed for Central Hatchery were utilised on existing hatchery and maintenance of Government Poultry Farm. The need to improve drive and purpose in implementation needs to be looked into.

(iv) Broiler Farm: Under the scheme against target of 4000 broilers chicks to be reared and sold per annum, only 445 and 511 birds were sold in the years 1987-88 and 1988-89 respectively. The target was, however, exceeded in 1989-90 when 4266 birds were distributed. The death during rearing of the birds had increased from 4.8 percent in 1987-88 to 37.5 percent in 1988-89. The high mortality rate was attributed by the Directorate to tropical humid climactic condition of the island unsuitable for birds and lack of technical expertise required for dealing with tender chicks.

The expenditure during the seventh plan was Rs.5.07 lakhs against the approved outlay of Rs.4.76 lakhs. The selling price of broiler birds was Rs.23 per Kg against the market rate of Rs.30 to 35 per Kg and rapid increase in the cost of broiler feed putting the Administration to unnecessary loss. The need to put the scheme on surplus generating commercial lines needs to be looked into.

(v) Rural Diary Centre: Under the scheme, six Rural Diary Centres were to be set up at Diglipur and Mayabundar in North Andaman, Rangat in Middle Andaman, Car Nicobar and Campbell Bay in southern group of island and one centre in Little Andaman. The scheme was, however, deferred due to non-availability of power supply and chilling tank and dearth of

standard cattle and buffaloes in rural areas. Instead, a liquid milk plant at Port Blair on the pattern of "Mother Dairy" was set up for supply of 5000 litres of milk per day in February 1990 at the Dairy Farm complex in Port Blair. The capacity utilisation between February 1990 and March 1991 was 1000 to 1500 litres per day i.e. only 20 to 30 percent. The Directorate stated in October 1991 that production was kept to the minimum till public adapted to reconstituted milk. The plant was to be handed over to the Andaman and Nicobar Island Integrated Development Corporation for running on a commercial basis. The expenditure incurred was Rs.77.59 lakhs during 1988-89 and 1989-90 against the approved outlay of Rs.82.50 lakhs. Clearly the decision to set up the plant revised the plan priorities of developing income generation in rearing milch cows without planning, long term procurement of whole milk powder into the island and commercial viability thereof.

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

#### **17.7 Poor implementation of scheme for fishermen**

In Andaman and Nicobar Islands, with a coastline of 1912 Kms, a number of schemes for development of fisheries have been in operation since 1961. In the Seventh Plan, 18 schemes with outlay of Rs.290.00 lakhs were approved and the schemes were administered by the Directorate of Fisheries. Test check in audit of the implementation of these schemes revealed the following:

(i) Two fisheries training centres (FTC) were established at Port Blair (September 1981) and Car Nicobar (August 1981) for training 20 fisherman annually in mechanised fishing to provide self employment to the interested local youths. In addition 10 fishermen were to be trained annually in pisciculture at FTC, Port Blair.

During the years 1985-90, the expenditure on the two FTCs amounted to Rs.26.03 lakhs (approved outlay Rs.23.37 lakhs) but only 40 persons were trained against target of 50 persons at FTC, Port Blair and at FTC, Car Nicobar only 17 against 50 (overall shortfall in target, 43 per cent). The Directorate attributed (September 1991) the shortfall in training to low rate of monthly stipend paid and non-availability of fishermen with the prescribed minimum educational qualifications. No training was imparted in pisciculture and the Directorate attributed (September 1991) it to the absence of fish seed centres.

Of the 105 fishermen who were imparted training in mechanised fishing during the Sixth and Seventh plan period, only 9 had licence to fish from the Directorate and were fishing. The expenditure of Rs.48.39 lakhs incurred on the remaining 96 fishermen has given little return. The Ministry stated (January 1992) that a survey would be conducted on the profession adopted by the 96 trainees.

(ii) Expenditure of Rs.11.72 lakhs was incurred between January and March 1989 in repairing of a vessel for training and fishing purposes. But the vessel has not been put to use, so far (September 1991). The Directorate stated (September 1991) that the matter has been referred to the vigilance side for enquiries.

(iii) A scheme for supply of 170 mechanised as well as non-mechanised boats to fishermen at 40 percent of their cost was expected to provide employment to 700 fishermen and land catch of 50 thousand tonnes of fish annually by the end of Seventh Five Year Plan (1985-90). However, only 115 mechanised boats valued at Rs.45.29 lakhs were actually supplied to fishermen and their co-operatives. During the five years 1985-90 the best annual catch was only 13596 tonnes of fish against target of 50 thousand tonnes annually. The Directorate stated (September 1991) that the target

fixed was theoretical and achievement was dependent on climatic and other changes in the biosphere and absence of infrastructure to market fish in the islands. The reply does not explain the poor implementation. Also expenditure incurred was only Rs.34.08 lakhs against approved outlay of Rs.60.50 lakhs.

(iv) Plan scheme provided for supply of yarn, coaltar, boats, fishing hooks etc. to the fishermen at 50 percent of their cost. During the years 1985-90, such items procured at a cost of Rs.15.28 lakhs were issued to 5296 fishermen and Rs.7.74 lakhs realised. But the increase in yield of fish was not assessed by the Directorate since the assessment was not considered (September 1991) to be a practical proposition.

(v) Processing and storage facilities for fish were to be set up at landing centres e.g. Rangat, little Andaman and Car Nicobar. Only Rs.6.85 lakhs was spent during the years 1985-90 against the approved outlay of Rs.41.35 lakhs on creating the facilities. The Directorate stated (September 1991) that the delay was because the machinery and equipment were to be procured by the Director General of Supplies and Disposal, New Delhi. In November 1989, implementation of the scheme was handed over to A & N Island Integrated Development Corporation who were paid Rs.6.60 lakhs in March 1990 for the purpose.

(vi) The Directorate possessed a cold storage plant at Port Blair with capacity of 5475 tonnes. But only 2 to 6 percent of its capacity was used during the years 1986-90. The plant did not function during the year 1985-86. The directorate stated (September 1991) that the under utilisation of the capacity was due to low fish catch and absence of assured market. Despite such poor utilisation of capacity, another cold storage plant of 10 tonnes was installed in May 1990 at Port Blair at a cost of Rs.4.32 lakhs.

In their reply, the Ministry stated in January 1992 that the need for streamlining the training in fisheries has been emphasized to the Andaman and Nicobar Administration. The shortfall in supply of mechanised boats was attributed by the Ministry to fixation of unreasonable target in 1989-90. Further, lack of supervisory staff was stated to be the reason for non-assessment of increase in the yield of fish. The additional cold storage was stated to have been installed to increase the storage capacity to cater to the development in the fishing industry.

The planning and implementation of schemes for the fishermen need looking into to get better value for money expended by the Administration.

**(Ministry of Human Resource Development)**

#### **17.8 Misappropriation of cash**

In the office of the Deputy Education Officer, Middle Andaman Rangat (DEO) in April 1990 Rs.3.11 lakhs was reported by the cashier to be missing from the cash chest. There was no damage to the cash chest. The lock, wooden plank of the walls and iron bars of the windows were neither broken nor tampered with.

The matter was reported to police who registered a case on 4th April 1990. Both the cashier and the Peon-cum-chowkidar were arrested by police and later released on bail. The DDO, Cashier and Peon-cum-chowkidar were placed under suspension and departmental proceedings were instituted against them in April 1990. The missing cash had not been recovered (July 1991).

The following procedural lapses were noticed:

- (i) Large amount (Rs.4.47 lakhs) of undisbursed cash was kept in the chest overnight without proper security.

(ii) The chest was in the sole custody of the cashier instead of joint custody with the DDO.

(iii) Prescribed security deposit of Rs. 2000 had not been furnished by the cashier.

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

**(Ministry of Industries)**

**17.9 Infructuous expenditure due to administrative failure**

Andaman and Nicobar Administration sanctioned in October 1983, the construction of an industrial shed on a plot of land measuring 3.42 hectares at Vijaynagar, Campbell Bay at an estimated cost of Rs.11.28 lakhs (including departmental charges). The construction work was commenced by the Andaman Public Works Department (APWD) in 1985-86 but was stopped in May 1988 when it was found that the land was in a prohibited zone for construction, being 500 metres from the high water mark of the Sea Coast. A new site is still to be selected (June 1991).

Expenditure of Rs. 3.13 lakhs was incurred on the construction work which proved infructuous

In their reply the Andaman and Nicobar Administration stated (April 1991) that another suitable land was being considered and the staff was being utilised in the Directorate of Industries at Port Blair.

The Ministry confirmed the facts in Decemeber 1991.

**(Ministry of Surface Transport)**

**17.10 Unused barges**

Andaman and Nicobar Administration purchased in June 1989 2 self propelled cargo barges for Rs.212.23

lakhs to overcome problems arising from inadequate jetty facilities. The barges were brought to Port Blair in December 1989 and Rs.178.06 lakhs were paid to the firm between June 1987 and December 1989, leaving a balance of Rs.34.17 lakhs still to be paid (September 1991).

A scheme for Jetty improvement facilities had been commenced in June 1986 by the Andaman Lakshadweep Harbour Works and it was completed 18 months ahead of schedule in January 1989 at a cost of Rs.299.04 lakhs. Consequently facilities for berthing of ships in the Jetty improved and the barges became redundant.

The Directorate of Shipping Services proposed (February 1990) that alteration be made to the barges at a cost of Rs.27.80 lakhs each, for redeploying them as cargo vessels for carrying goods to outer islands. This proposal is still to be implemented (October 1991) for the reason that during the last four years ending with 31 March 1991, on an average, only 51 per cent of the cargo vessels available with the Administration were utilised.

In the result, failure in planning led to injudicious procurement of two barges at a cost of Rs.212.23 lakhs and they remained unutilised.

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

**17.11 Undue delay in starting a tyre retreading plant**

For installation of a tyre retreading plant at Ferrargurrg, South Andaman, the Andaman and Nicobar Islands Administration procured machineries in June 1988 at a cost of Rs.2.09 lakhs. Orders for four vital components and accessories required alongwith the machineries for installation of the plant were, however, placed only between December 1988 and April 1989 i.e. after a delay of 1 and 1/2 to 2 years. The components (costing Rs.1.32 lakhs) were received

between August 1989 and March 1990. Further non-availability of funds delayed the procurement of a second batch of machineries.

The construction of the building for the plant was completed in October 1990 at a cost of Rs.34.97 lakhs except for a small portion of the flooring where machineries were to be erected and some residual items of work. Due to its non-completion the building had not been taken over by the Directorate of Transport so far (October 1991) from the Andaman Public Works Department which is the constructing agency.

Agreement with a firm for erection, commissioning and running of the plant and training of departmental personnel and warranty for trouble free performance of the plant for a period of six months from the date of commissioning of the plant was signed only in September 1991.

In the result, expenditure of Rs.38.38 lakhs from 1987 to 1991 is still to lead to retreading of the first tyre. In the meanwhile, the Administration incurred an expenditure of Rs.2.53 lakhs on retreading of 373 tyres through private agencies from 1988-89 to the end of July 1991.

The Ministry stated in October 1991 that all the machineries had been purchased and the plant is expected to be commissioned in October 1991. But the plant has not been commissioned as yet (November 1991).

#### **17.12 Unused equipment**

In April 1987, the Harbour Master, Port Blair, redesignated as Director, Shipping Services (Directorate) procured a micro processor based ticketing machine, a proprietary product, at a cost of Rs.1.13 lakhs (inclusive of spares) for issuing tickets to ship passengers, compilation of data on total sales, maintenance of inventory of stores, preparation of monthly pay rolls and for training of



two of its officials at the supplying firm's factory in Madras.

The machine was installed in September 1987 but after the demonstration, the machine could not be operated by the staff of the Directorate. The malfunctioning hard disc was set right by the firm in March 1988. The machine was utilised for issue of tickets from April 1988 to January 1989 when it again went out of order. Meanwhile, the warranty period was over. The machine was then sent to another firm in Calcutta for repairs which could not set right the fitment of mother board of the machine. The machine was repaired by another firm at Madras in April 1990 at a cost of Rs.0.12 lakh and was put to use in July 1990. But it developed further defects and has remained out of order.

The Directorate stated in June 1991 that the machine could not be set right and put to use in the absence of a service engineer and it was unlikely that one will be stationed at Port Blair by the firm. The Directorate further stated that electronic equipment had proved to be a failure when left unattended by service engineers. The Directorate continues to issue tickets and do other work manually. No action has been taken to dispose of the machine.

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

**17.13 Delay in execution of a work and cost overrun**

Andaman and Nicobar Administration accorded approval (February 1981) to the construction of a reinforced cement concrete bridge across Kallu Nallah on the Kadamtala Baronial road at a cost of Rs.6.50 lakhs. The work was to be completed within a period of two years. The work was, however, completed in February 1988 at a cost of Rs.34.47 lakhs.

Scrutiny in Audit revealed (February 1990) that work on the project was commenced in October 1978 i.e. even before it was sanctioned. An expenditure of Rs.2.97 lakhs was incurred till January 1981. The work had been started in October 1978 by Andaman Public Works Department (APWD) for construction of a four span bridge on the basis of the drawings prepared. However, in November 1979 it was decided that the waterway was insufficient to accommodate four spans and construction of a three span bridge be undertaken. In March 1980 it was discovered that the soil did not have the requisite load bearing capacity. The drawings were again revised for construction of a single span reinforced cement concrete girder bridge for which approval was given in February 1981.

In March 1983 it was decided to revert to the plans for construction of a three span bridge. The consideration that weighed with the APWD for going back to such a design which was rejected earlier were not on record.

It was stated by the Andaman Public Works Department (March 1991) that of the expenditure incurred prior to February 1981, Rs.0.25 lakh related to items of preliminary work such as jungle clearance, survey etc. It was also stated by them that the frequent changes of design were due to the absence of adequate soil testing facilities in the isolated and remote areas. The time overrun was attributed by them to the limited working season, back water flow, heavy discharge of river water, washing away of coffer dam, shortage of materials, lack of funds and modification of drawings.

The reply of APWD does not explain fully why seven years were taken for the execution of a work that should have been completed in two years according to their own estimates. None of the factors mentioned by them was either unusual or such as could not have been foreseen and taken care of at the planning stage. In the result the work which, as per

specifications decided upon in March 1983, should have cost only Rs.14.75 lakhs (as calculated in audit at the cost levels then prevailing) cost the Administration Rs.34.47 lakhs.

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

**17.14 Idle tanker**

In December 1989, the Director of Shipping Services (Directorate) procured an oil tanker of 200 ton capacity at a cost of Rs.110.46 lakhs through Director General of Supplies and Disposal for transportation of diesel and other petroleum products from Port Blair to power houses and other oil consumers located in outer islands. The tanker could not, however, be utilised before December 1990 due to non-availability of trained and qualified personnel required to man it. The Directorate neither arranged for training of its own personnel nor managed to get the services of qualified personnel from the Shipping Corporation of India or other agencies to run the tanker. Private cargo vessels were hired from December 1989 and the hiring continued even after the tanker was put into operation for transporting diesel and other petroleum products to different islands. The expenditure incurred on such hiring amounted to Rs.13.27 lakhs between December 1989 and February 1991.

In the result, defective planning led to an investment of Rs.110.46 lakhs remaining idle for more than a year and further avoidable expenditure of Rs.13.27 lakhs upto February 1991.

The matter was referred to the Government in April 1991; reply has not been received (February 1992).

(Ministry of Urban Development)

**17.15 Wasteful Expenditure**

Andaman Public Works Department (APWD) undertook the work of providing piped water supply to the villages in the Havelock Island in January 1981. The estimated cost was revised from Rs.8.54 lakhs in February 1981 to Rs.15.23 lakhs in February 1983. The work was completed in March 1987 after 6 years at a cost of Rs.21.09 lakhs.

4967 metres of High Density Polythene (HDPE) pipes were laid which frequently burst or leaking at joints. The problem was so severe that APWD decided on the replacement of HDPE pipes already laid by cast iron (CI) pipes. The replacement work was begun in January 1988 and completed in December 1988. As a result in all a sum of Rs.35.56 lakhs was expended on the piped water supply work till November 1990.

APWD stated (November 1989) that HDPE pipes were used to reduce costs and increase the coverage. The failure of HDPE pipes in the instant case was attributed to unsuitable terrain, soil characteristics and forest land in which the pipes had been laid. The reply indicated that specifications of the input materials for the project were not carefully selected keeping in view the site conditions. In the result wasteful expenditure was incurred on purchase and replacement of HDPE pipes. Of the 4967 metres of such pipes valued at Rs.5.47 lakhs which was replaced, only 300 metres (value Rs.0.33 lakh) have so far (November 1991) been extracted and are being used in minor water supply and sanitation work. In addition expenditure of Rs.1.35 lakhs had to be incurred on labour charges. APWD stated (November 1991) that the likely cost of extraction of balance 4667 metres of HDPE pipes would be Rs.1.50 lakhs.

The avoidable wasteful expenditure was reported to the Ministry in July 1991; reply has not been received (November 1991).

**17.16            The unwanted compound wall**

Andaman and Nicobar Administration (Administration) sanctioned in October 1987 the construction of a building for a Power House at Malacca, Car Nicobar at a cost of Rs.38.02 lakhs, but the land made available by the Electrical Department of the Administration in February 1987 was within 200 metres from the high tide line and was not cleared by the Ministry of Environment and Forest (June 1990).

The Andaman Public Works Department (APWD) had by then (June 1986) constructed a compound wall around the site at an interim cost of Rs.2.76 lakhs even without any provision in the sanction but obtained approval (October 1989) for its estimate from the Development Commissioner for Rs.4.84 lakhs. The estimate was rejected by the Chief Secretary of the Administration in July 1989, there being no need for a security compound wall in Malacca. The final expenditure on the compound wall was Rs.4.81 lakhs (August 1991).

The APWD stated (June 1991) that a portion of the compound wall would protect the surface oil tank for the existing power house at Car Nicobar. The fact remains that expenditure was incurred even though the estimate had not been approved by the Administration.

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

**17.17            Infructuous expenditure due to non-determination of correct specifications**

Andaman and Nicobar Administration approved in March and April 1984, two work estimates for Rs.4.80 lakhs and Rs.1.21 lakhs for extension of piped water supply (i) to Lakshmanpur and Urmilapur villages from Bakultala village in Rangat tehsil and (ii) to Kalsi village and Kalsi camps from Urmilapur village at Rangat tehsil. The works were taken up departmentally in March 1984 and were finally completed in August

1988 at a cost of Rs.9.36 lakhs and Rs.4.81 lakhs respectively.

Analysis of the excess expenditure which is still to be sanctioned (March 1991) revealed that 8950 metres of High Density Poly Ethylene (HDPE) pipes were laid in two works, which exceeded the estimated length of 7080 metres. On the commissioning of the supply (September 1987), the failure of HDPE pipe to withstand the pressure of water necessitated replacement of 5845 metres of HDPE pipe costing Rs.2.04 lakhs by Galvanised Iron (G.I.) pipes costing Rs.6.41 lakhs. The labour charges paid for removal of the HDPE pipes and laying of G.I. pipes were, however, not furnished to Audit (October 1991).

The Andaman Public Works Department (APWD) attributed (January 1991) the failure of the HDPE pipes to terrain and soil conditions. It was added that the HDPE pipes which were removed could be used in minor irrigation and sewerage works.

Choice of pipes with specifications unsuitable for the terrain and soil conditions resulted in avoidable expenditure of Rs.1.15 lakhs on their laying in addition to delay as well as expenditure on their removal. The department did not indicate (October 1991) how much of the 5845 metres of HDPE pipes recovered has been utilised elsewhere, but stated that they were usable in minor irrigation works and sewer lines.

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

#### **Chandigarh Administration**

##### **(Ministry of Human Resource Development)**

#### **17.18 Release of grant in aid and inability of grantee to utilise**

The Ministry sanctioned (February 1985) grant-in-aid of Rs.7.00 lakhs to the Chandigarh College of

Architecture, Chandigarh for purchase of a computer which has not been purchased so far (September 1991) and the amount is lying to its credit in a bank where it was deposited in May 1985.

The college spent Rs.1.69 lakhs on purchase of three air conditioners and five voltage stabilizers out of grant for accessories to computers obtained from the Administration of Chandigarh.

The college attributed (August 1990) the delay to its Engineering Department and stated that if the grant-in-aid had been surrendered, the same might not have been sanctioned again.

The matter was referred to the Chandigarh Administration/Government of India (November 1990); their replies have not been received (September 1991).

**17.19 Scheme for supply of free books and stationery to Scheduled Caste/Scheduled Tribe students.**

During Sixth Five Year Plan (1980-85), a scheme for providing free stationery and books to talented students at the graduate level, belonging to the Scheduled Castes (SCs) and Scheduled Tribes (STs) was introduced. It provided for payment of grants at the rate of Rs.250 and Rs.350 per annum per student studying in the arts and the science faculties, respectively. During the Seventh Five Year Plan (1985-90), the scheme was extended to all students belonging to the SCs and STs and implemented in all the colleges functioning in the Union Territory of Chandigarh.

(i) During the years 1985-86 to 1990-91 682 SC/ST students were enrolled in the six colleges in the Arts faculties and 83 students in the science faculties. The grants required to be released and amounts actually released as well as expenditure actually incurred are given below:

(Amount: Rupees in lakhs)

Year	Number of eligible students for grants			Grant Amount required to be released			Grant amount released	Amounts actually paid
	Arts	Science	Total	Arts	Science	Total	Total	Total
1985-86	130	22	152	0.32	0.08	0.40	1.16	1.04
1986-87	95	13	108	0.24	0.05	0.29	0.74	0.42
1987-88	119	12	131	0.30	0.04	0.34	1.39	0.55
1988-89	84	9	93	0.21	0.03	0.24	1.25	0.47
1989-90	142	12	154	0.35	0.04	0.39	1.50	0.94
1990-91	112	15	127	0.28	0.05	0.33	0.83	0.29
	682	83	765	1.70	0.29	1.99	6.87	3.71

As would be seen from table above, grants amounting to Rs.6.87 lakhs were released against the requirement of only Rs.1.99 lakhs, resulting in excess release of Rs.4.88 lakhs. The actual payments for Rs.3.71 lakhs were also more than the grants required to be released. At the same time less than the amount of grant required was released to two Girls Colleges in Chandigarh. Grant of Rs.5000 only was released during 1989-90 against actual requirement of Rs.11,100 to one of the Girls Colleges and during 1990-91 no grant was released to another Girls College against grant of Rs.15000 required to be released. One college was given grants totalling Rs.83000 during the years 1985-86 and 1987-88 to 1990-91 although it conducted B.Ed. training courses and no SC/ST student at graduate level was admitted there.

(ii) Grants were released to colleges at the close of the financial year when the academic session was nearing its end, resulting in surrender of funds by the Colleges as shown below:



Year	Month in which sanction issued by Finance Department	Month in which communicated by DPI	Funds Surrendered (Rupees)
1985-86	September 1985	October 1985	12000
1986-87	February 1987	March 1987	32000
1987-88	March 1988	March 1988	84000
1988-89	November 1988	December 1988	78000
1989-90	February 1990	February 1990 and March 1990	56000
1990-91	March 1991	March 1991	54000

The administrative delay led to denial of grants to the SC/ST students and failure to achieve the objectives of the scheme.

(iii) The books and stationery were to be supplied at the beginning of each academic session but were actually supplied to the students after expiry of the major portion of the academic session. In some cases they were supplied in the months of July and August of the next academic session. One college continued distribution of stationery for 1989-90 session till March, 1991.

(iv) Originally, books and stationery were to be supplied to students at graduate level only. However, the colleges distributed the material to 515 students of Pre-University, 10+1, 10+2 and M.Sc (Home Science) Classes.

During the years 1985-86 to 1990-91, 211 eligible SC/ST students were not given the benefit of free books and stationery.

(v) Though the scheme had remained in operation during the VI and VII Plan periods, monitoring of implementation was not done nor any evaluation was found to have been undertaken by the Administration to ascertain the impact of the scheme on the Scheduled Caste and Scheduled Tribe students.

Lakshadweep Administration

(Ministry of Agriculture and Co-operation)

17.20 Non-utilisation of financial assistance and subsidy

Between March 1983 and April 1985, three societies were formed and registered in three islands of Lakshadweep to act as agencies of the Lakshadweep Administration, for water supply and sewage management and the following grants-in-aid for running and maintenance and capital subsidy towards internal plumbing in the residences of those below the poverty line were given in the year 1985-86.

(Rupees in lakhs)

Name of island	Grants in aid	Capital Subsidy
Kavaratti	2.50	0.50
Amini	1.75	0.40
Kadamat	1.75	0.35
Total	6.00	1.25

In Kavaratti, the water supply scheme had not been commenced by the Society so far (March 1991). In Amini island, the society had utilised grants only to the extent of Rs.0.36 lakh upto November 1988. The details of utilisation of the grant by the Society in Kadamat had not been received by the Administration (March 1991). The subsidy of Rs.1.25 lakhs for giving house connection to the persons below the poverty line remained unutilised with the three societies (March 1991).

The Administration stated (March 1991) that the availability of ground water in Lakshadweep islands was limited and that the Technology Mission had suggested supply of drinking water only through street taps. The question of giving house connection was still under examination. As and when it is decided to provide the house connections after

augmenting the water supply, the societies would be asked to formulate schemes for utilising the subsidy.

Apart from locking up Government money with the three societies, because of delay in providing water supply, the drawal of subsidy of Rs.1.25 lakhs of money and its disbursement to the societies for a scheme which had not even been formulated was violative of principles of financial administration.

The matter was referred to the Administration and Ministry (September 1991); reply has not been received (November 1991).

New Delhi  
The

24 APR 1992

*Dharamvir*  
~~(DHARAM VIR)~~  
Director General of Audit  
Central Revenues-I

Countersigned



New Delhi  
The

(C.G.Somiah)  
Comptroller and Auditor General of India

27 APR 1992



**Appendix I**  
(Reference Paragraph 3.3.5)

State-wise break up of the outlay sanctioned  
under State sector and expenditure thereagainst.

S.No.	State/UT	Outlay sanctioned by the Planning Commission (1985-90)	Budget provision for 1985-90	Actual expen- diture (1985-90)
(Rupees in crores)				
1.	Andhra Pradesh	20.50	15.72	11.67
2.	Arunachal Pradesh	0.26	2.90	2.27
3.	Assam	6.04	9.92	9.38
4.	Bihar	29.96	35.75	38.65
5.	Gujarat	9.20	10.56	8.49
6.	Goa	0.26	0.55	0.57
7.	Haryana	3.68	2.47	1.20
8.	Himachal Pradesh	1.31	1.08	0.94
9.	Jammu & Kashmir	2.36	2.16	1.87
10.	Karnataka	12.09	11.26	9.67
11.	Kerala	2.62	0.55	0.30
12.	Madhya Pradesh	19.71	15.67	11.55
13.	Maharashtra	16.30	22.29	12.90
14.	Manipur	0.40	2.40	2.10
15.	Meghalaya	0.40	1.01	1.05
16.	Mizoram	0.21	0.44	0.46
17.	Nagaland	0.21	0.54	0.47
18.	Orissa	9.99	5.27	4.58
19.	Punjab	5.52	1.15	0.67
20.	Rajasthan	13.14	5.74	5.15
21.	Sikkim	0.13	0.50	0.28
22.	Tamil Nadu	14.45	11.88	13.15
23.	Tripura,	0.53	1.13	1.41
24.	Uttar Pradesh	42.04	21.28	20.08
25.	West Bengal	17.08	10.74	7.41
26.	Andaman & Nicobar Islands	0.05	0.18	0.10
27.	Chandigarh	0.05	0.30	0.24
28.	Dadra & Nagar Haveli	0.03	0.14	0.10
29.	Daman & Diu	*	0.03	0.05
30.	Delhi	1.31	1.78	0.96
31.	Lakshadweep	0.01	0.08	0.06
32.	Pondicherry	0.16	0.19	0.15
Total		230.00	195.66	167.93

\* included in Goa (S.No. 6)

Appendix II  
(Reference Paragraph 3.3.6)

State-wise breakup of targets, enrolments and achievements

(Number in lakhs)

S.No.	Name of State	Target of enrolment 1986-90	Actual enrolment 1986-90	Shortfall	Percentage of shortfall of enrolment to target	Persons made literate 1986-90	Shortfall	Percentage of shortfall of achievement to target
1.	Andhra Pradesh	20.12	19.23	0.89	4	9.37	10.75	53
2.	Assam	16.56	13.63	2.93	18	4.03	12.53	76
3.	Arunachal Pradesh	1.15	0.96	0.19	17	0.24	0.91	79
4.	Bihar	53.45	47.90	5.55	10	19.63	33.82	63
5.	Gujarat	25.02	17.43	7.59	30	17.20	7.82	31
6.	Haryana	9.19	3.86	5.33	60	-	9.19	100
7.	Himachal Pradesh	2.39	0.87	1.52	64	0.29	2.10	88
8.	Jammu and Kashmir	6.21	2.63	3.58	58	1.54	4.67	75
9.	Karnataka	16.42	13.44	2.98	18	9.15	7.27	44
10.	Kerala	5.91	2.17	3.74	63	0.39	5.52	93
11.	Madhya Pradesh	38.14	33.40	4.74	12	20.81	17.33	45
12.	Maharashtra	35.71	32.62	3.09	9	17.36	18.35	51
13.	Manipur	3.06	1.67	1.39	45	0.65	2.41	79
14.	Meghalaya	1.90	1.13	0.77	41	0.76	1.14	60
15.	Mizoram	0.45	0.44	0.01	2	0.11	0.34	76
16.	Nagaland	0.97	0.87	0.10	10	0.42	0.55	57
17.	Orissa	12.02	4.54	7.48	62	3.06	8.96	75
18.	Punjab	6.92	NA	6.92	-	4.07	2.85	41
19.	Rajasthan	19.73	18.64	1.09	5	11.92	7.81	40
20.	Sikkim	0.48	0.37	0.11	22	0.23	0.25	52
21.	Tamil Nadu	42.85	33.30	9.55	22	17.42	25.43	59
22.	Tripura,	3.70	1.28	2.42	65	0.10	3.60	97
23.	Uttar Pradesh	45.63	40.54	5.09	11	37.83	7.80	17
24.	West Bengal	30.05	20.95	9.10	30	7.81	22.24	74
25.	Andaman and Nicobar Islands	0.26	0.26	-	-	0.04	0.22	85
26.	Chandigarh	0.27	0.13	0.14	52	0.12	0.15	56
27.	Dadra and Nagar Haveli	0.17	0.17	-	-	0.06	0.11	65
28.	Delhi	5.04	4.48	0.56	11	2.74	2.30	46
29.	Goa, Daman and Diu	0.53	0.07	0.46	87	0.04	0.49	92
30.	Lakshdweep	0.09	0.02	0.07	77	-	0.09	100
31.	Pondicherry	0.72	0.50	0.22	31	0.24	0.48	67
Total		405.11	317.50	87.61	22	187.63	217.48	54

NA: Not available.

During 1985-86, against target coverage of 75.50 lakh learners, actual enrolment was 66.53 lakhs (shortfall 12 per cent) and number of persons made literate was 47.26 lakh, showing a shortfall of 37 per cent.

**Appendix III**  
(Reference paragraph 3.3.7)

State/UT wise distribution of RFLPs

S.No.	State/UT	Number of RFLPs
1.	Andhra Pradesh	26
2.	Arunachal Pradesh	8
3.	Assam	20
4.	Bihar	56
5.	Goa	2
6.	Gujarat	22
7.	Haryana	12
8.	Himachal Pradesh	12
9.	Jammu & Kashmir	14
10.	Karnataka	25
11.	Kerala	11
12.	Madhya Pradesh	52
13.	Maharashtra	35
14.	Manipur	6
15.	Meghalaya	5
16.	Mizoram	3
17.	Nagaland	7
18.	Orissa	19
19.	Punjab	12
20.	Rajasthan	32
21.	Sikkim	4
22.	Tamil Nadu	27
23.	Tripura,	3
24.	Uttar Pradesh	63
25.	West Bengal	23
26.	Andaman & Nicobar Islands	2
27.	Chandigarh	2
28.	Dadra & Nagar Haveli	1
29.	Daman and Diu	1
30.	Delhi	2
31.	Lakshadweep	1
32.	Pondicherry	5
	Total	513

**Appendix IV**  
(Reference Paragraph 3.3.7)

State-wise break-up of achievements under RFLP  
1985-86 to 1989-90

(Number in lakhs)

Sl. No.	State	Enrolment (1985-86 to 1989-90)	Persons made literate (1985-86 to 1989-90)	Short- fall	Short- fall Percent- tage
1.	Andhra Pradesh	11.31	6.67	4.64	41
2.	Arunachal Pradesh	0.70	0.42	0.28	40
3.	Assam	5.87	3.23	2.64	45
4.	Bihar	23.01	13.19	9.82	43
5.	Goa	0.03	0.01	0.02	67
6.	Gujarat	8.65	6.98	1.67	19
7.	Haryana	3.32	0.97	2.35	71
8.	Himachal Pradesh	1.03	0.44	0.59	57
9.	Jammu & Kashmir	1.03	0.44	0.27	57
10.	Karnataka	11.10	8.51	2.59	23
11.	Kerala	0.97	N.A.	0.97	N.A.
12.	Madhya Pradesh	25.14	17.19	7.95	32
13.	Maharashtra	16.10	10.98	5.12	32
14.	Manipur	1.26	0.72	0.54	43
15.	Meghalaya	1.06	0.80	0.26	25
16.	Mizoram	0.33	0.15	0.18	55
17.	Nagaland	0.90	0.58	0.32	36
18.	Orissa	5.10	4.26	0.84	17
19.	Punjab	1.87	3.20*	(-) 1.33	N.A.
20.	Rajasthan	11.53	9.86	1.67	14
21.	Sikkim	0.47	0.36	0.11	23
22.	Tamil Nadu	13.18	10.05	3.13	24
23.	Tripura,	0.48	0.28	0.20	42
24.	Uttar Pradesh	28.59	26.87	1.72	6
25.	West Bengal	7.02	6.98	0.04	1
26.	Andaman & Nicobar Islands	0.15	0.11	0.04	27
27.	Chandigarh	0.05	0.10**	(-) 0.05	N.A.
28.	Dadar & Nagar Haveli	0.14	0.09	0.05	38
29.	Daman & Diu	0.02	-	0.02	100
30.	Delhi	0.39	0.34	0.05	13
31.	Lakshadweep	0.03	0.02	0.01	33
32.	Pondicherry	0.50	0.41	0.09	18
Total		181.80	135.00	46.80	26

NA: Not available

\* Figures of persons made literate for four years and of enrolment for two years available.

\*\* Figures of persons made literate exceeds total number of enrolment (1985-86).



**Appendix-V**  
(Reference Paragraph 15.3.2)

States in which the programme is being implemented.

1. Andhra Pradesh
2. Assam
3. Goa
4. Gujarat
5. Haryana
6. Himachal Pradesh
7. Jammu & Kashmir
8. Karnataka
9. Kerala
10. Madhya Pradesh
11. Maharashtra
12. Manipur
13. Orissa
14. Rajasthan
15. Tamil Nadu
16. Tripura
17. Uttar Pradesh
18. West Bengal.

Appendix VI  
(Reference Paragraph 15.3.5)

COMPARATIVE STATEMENT OF FINANCING PATTERN EXISTING  
UPTO 31.3.1986 AND THE REVISED PATTERN W.E.F.1.4.1986

Sl. No.	Item/Activity	Central assistance in vogue upto 31.3.1986	Central assistance w.e.f. 1.4.1986
1.	2.	3.	4.
A GRANTS			
1.	Cost of Planning and Surveys	50%	50%
2.	Cost of organising Warabandi	50%	50% (This will also over expenditure on wireless communication system)
3.	Cost of Crop compensation	50% of 2/3 crop value	50% of 2/3 value of crop
4.	Cost of Adaptive trials Demonstration and Training	50%	50%
5.	Towards Subsidy for small and marginal farmers on IRDP pattern	50%(To be adjusted against loan)	50% (to be adjusted against loan)
6.	Cost of Construction of Field channel	25% of cost from outlet to individual fields	(i) 50% of the cost from outlet to 5-8 hectares block. (ii) 25% of the cost within 5-8 hectares block.
7.	Towards cost of Construction of field drains	Nil	25%
8.	Towards Management cost of farmers association	Nil	50% @ Rs.100/- per ha. for first 2 years and Rs.75/- per ha for the 3rd year(to be included as part of CAD Estt.)

1.	2.	3.	4.
9.	Cost of Orientation training for Senior level of officers	Nil	100%
10.	Cost of Evaluation study	50%	50%
B LOANS			
1.	Towards construction of field channels	25% from outlet to individual fields	25% of the cost with in 5-8 ha block
2.	Towards cost of construction of field drains	Nil	25%
3.	Towards cost of Equipment and Machinery for CADP	50%	50%
4.	To enable State Government to subscribe to Equity of Land Development Corporations and Farmers Service Societies etc.	50%	50%
5.	Special Loan to State to enable to financing eligible farmers in execution of OFD Works	50%	50%

## Appendix VII

(Reference Paragraph 15.3.6 (iv))

## STATE-WISE PHYSICAL ACHIEVEMENT OF FIELD CHANNELS UNDER CAD PROGRAMME

Unit:000ha

Sl. No.	Name of the State	Achievement of F.C.			VII Plan Target	1985-86		1986-87		1987-88		1988-89		1989-90		1985-90		Cumm. Ach. 1974-90	1990-91	
		Upto 3/80	During VI Plan	Total		Target	Ach.	Target	Ach.	Target	Ach.	Target	Ach.	Target	Ach.	Target	Ach.		Target	Ach.
1.	Andhra Pradesh	149.80	410.96	560.76	625.00	80.00	34.31	113.00	38.53	60.00	8.79	20.25	4.06	16.56	4.37	289.81	90.06	650.82	25.00	
2.	Assam	2.90	7.51	10.41	45.60	5.00	1.78	7.20	4.95	8.50	4.88	8.50	9.25	10.60	7.10	39.80	27.96	38.37	9.80	
3.	Bihar	67.42	927.59	995.01	425.00	50.00	91.32	150.00	95.45	80.00	28.80	0.00*	0.89	#	9.41	280.00	225.87	1220.88	\$	
4.	Goa	0.00	0.45	0.45	15.00	2.00	0.21	3.00	0.73	1.50	1.50	1.50	1.09	1.83	1.36	9.83	4.89	5.34	2.00	
5.	Gujarat	381.36	127.46	508.82	511.00	28.00	51.71	96.60	69.64	102.00	73.07	88.00	43.40	80.00	19.50	394.60	257.32	766.14	67.12	
6.	Haryana	0.60	29.00	29.60	72.50	6.00	10.00	20.80	9.53	15.00	10.17	16.00	25.35	26.00	29.67	83.80	84.72	114.32	30.00	
7.	Himachal Pradesh	0.00	0.77	0.77	8.00	0.60	0.92	2.50	0.86	0.80	0.73	1.40	1.40	1.80	1.60	7.10	5.51	6.28	1.25	
8.	Jammu & Kashmir	10.00	7.26	17.26	32.00	6.50	1.04	7.00	2.19	2.50	3.36	3.04	1.06	3.43	2.50	22.47	10.15	27.41	4.00	
9.	Karnataka	589.98	148.58	738.56	387.90	55.70	47.56	58.00	50.70	50.00	21.70	50.00	23.58	39.30	15.70	253.00	159.24	897.80	37.50	
10.	Kerala	0.00	0.15	0.15	45.00	3.00	2.46	10.00	8.91	30.00	8.79	23.50	9.77	32.25	16.08	98.75	46.01	46.16	30.00	
11.	Madhya Pradesh	290.03	300.08	590.91	700.00	115.00	35.58	150.00	52.33	120.00	31.04	66.85	37.60	119.00	86.03	570.85	242.58	833.49	100.00	
12.	Maharashtra	442.84	158.97	601.81	660.00	135.00	48.12	83.00	47.51	95.00	67.88	50.00	66.75	28.00	57.15	391.00	287.41	889.22	100.00	
13.	Manipur	0.00	2.75	2.75	20.00	4.00	4.00	6.00	4.60	5.00	5.13	5.00	0.67	5.00	3.69	25.00	18.09	20.84	4.00	
14.	Meghalaya	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.70	0.00	0.70	0.00	0.00	1.00	
15.	Orissa	6.03	131.31	137.34	360.00	23.00	22.51	60.00	43.32	60.00	25.31	55.00	5.90	33.27	22.37	231.27	119.41	256.75	31.18	
16.	Rajasthan	124.91	284.06	408.97	240.00	30.00	35.49	55.00	20.16	47.80	35.74	99.00	48.84	65.00	64.42	296.80	204.65	613.62	55.00	
17.	Tamil Nadu	23.06	108.54	131.60	260.00	48.00	34.66	66.00	37.69	64.00	41.73	60.00	43.05	45.90	29.20	283.90	186.33	317.93	40.00	
18.	Tripura	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.10	0.30	0.00	0.30	0.10	0.10	0.50	
19.	Uttar Pradesh	700.68	2522.17	3222.85	2253.00	240.00	268.45	422.00	231.21	491.00	222.96	234.00	171.59	218.00	260.89	1605.00	1155.10	4377.95	223.50	
20.	West Bengal	3.40	9.67	13.07	150.00	25.00	9.19	20.00	6.44	27.50	4.35	22.00	10.18	14.00	12.02	108.50	42.18	55.25	20.00	
21.	Dadra & Nagar Haveli	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
22.	Daman & Diu	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
TOTAL		2793.01	5178.08	7971.09	6810.00	856.80	699.31	1330.10	724.75	1260.60	595.93	804.04	504.53	740.94	643.06	4992.48	3167.58	11138.67	716.85	

\* Bihar proposed Target 1988-89 504 Km. lining of existing kachha channel.

# The State has proposed 606 Km. lining of existing kachha channel.

\$ Now new field channels, only lining of existing over.

Source Quarterly/Annual Progress Reports etc. received from CAD Authorities/State Governments.

## Appendix VIII

(Reference Paragraph 15.3.6 (vi))

## STATE-WISE PHYSICAL ACHIEVEMENT OF LAND LEVELLING UNDER CAD PROGRAMME

Unit:000ha

Sl. No.	Name of the State	Achievement of Land Levelling			VII Plan Target	1985-86		1986-87		1987-88		1988-89		1989-90		1985-90		Cum. 1990-91	
		Upto 3/80	During VI Plan	Total		Target	Ach.	Target	Ach.	Target	Ach.	Target	Ach.	Target	Ach.	Target	Ach.	1974-90 Target	Ach.
1.	Andhra Pradesh	76.07	152.06	228.13	258.00	37.00	45.62	80.00	24.96	24.00	14.93	9.00	9.31	8.28	6.53	158.28	101.35	329.48	9.60
2.	Assam	0.00	0.00	0.00	10.00	0.50	0.00	0.55	0.00	2.25	0.00	0.80	0.00	0.25	0.00	4.35	0.01	0.01	0.10
3.	Bihar	1.02	0.25	1.27	7.50	2.00	0.01	0.50	0.00	0.50	0.01	0.50	0.00	0.00	0.00	3.50	0.02	1.29	0.00
4.	Goa	0.00	0.00	0.00	0.00	0.00	0.02	0.05	0.02	0.50	0.11	0.50	0.12	0.15	0.11	1.20	0.38	0.38	0.15
5.	Gujarat	142.42	29.53	171.95	75.00	18.00	2.10	0.00	1.99	0.00	0.12	0.00	0.24	0.54	0.00	18.54	4.45	176.40	2.00
6.	Haryana	4.76	13.78	18.54	14.00	3.50	3.07	7.00	2.90	2.30	1.87	2.50	1.37	2.50	1.47	17.80	10.68	29.22	0.00
7.	Himachal Pradesh	0.00	0.00	0.00	4.00	0.30	0.00	0.25	0.00	0.10	0.00	0.20	0.00	0.00	0.00	0.85	0.00	0.00	0.00
8.	Jammu & Kashmir	5.84	10.44	16.28	20.50	3.70	1.46	4.00	1.82	3.50	2.30	3.10	0.90	1.81	1.50	16.11	7.98	24.26	3.90
9.	Karnataka	430.57	45.10	475.67	336.00	53.76	43.52	40.00	22.14	40.00	36.64	42.50	24.97	47.34	24.80	223.60	152.07	627.74	43.60
10.	Kerala	0.00	0.00	0.00	3.00	0.20	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.20	0.00	0.00	5.00
11.	Madhya Pradesh	17.08	20.25	37.33	5.00	1.00	4.96	5.00	1.84	0.00	0.03	0.00	0.00	0.00	0.00	6.00	6.83	44.16	0.00
12.	Maharashtra	396.63	125.46	522.09	1020.00	107.00	19.80	80.00	13.73	70.00	9.60	30.00	5.96	20.00	4.40	307.00	53.49	575.58	5.00
13.	Manipur	0.00	0.15	0.15	4.00	0.50	2.00	1.00	0.00	1.00	0.00	1.00	0.00	1.00	0.07	4.50	2.07	2.22	1.60
14.	Meghalaya	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.70
15.	Orissa	0.73	0.72	1.45	30.00	6.00	9.74	3.20	0.00	0.00	0.00	4.00	1.30	5.60	0.00	18.80	11.04	12.49	3.60
16.	Rajasthan	27.86	35.71	63.57	28.00	4.00	6.50	4.00	1.83	4.00	2.27	4.00	8.83	5.00	4.80	21.00	24.23	87.80	5.00
17.	Tamil Nadu	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
18.	Tripura	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
19.	Uttar Pradesh	6.15	1.91	8.06	0.00	0.00	0.22	0.00	0.10	0.00	0.10	0.00	0.00	0.00	0.00	0.00	0.42	8.48	0.00
20.	West Bengal	2.43	0.44	2.87	5.00	0.50	0.10	0.50	0.00	1.00	0.03	1.00	0.03	1.00	0.03	4.00	0.19	3.06	1.00
21.	Dadra & Nagar Haveli	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
22.	Daman & Diu	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL		1111.56	435.80	1547.36	1820.00	237.96	139.12	226.05	71.33	149.15	68.01	99.10	53.03	93.47	43.71	805.73	375.21	1922.57	81.25

Source: Quarterly/Annual Progress Reports etc. received from CAD Authorities/State Governments.

## ANNEXURE IX

(Reference Paragraph 13.3. - *W/O*)

## STATE-WISE PHYSICAL ACHIEVEMENT OF WARABANDI UNDER CAD PROGRAMME

Unit:000ha

Sl. No.	Name of the State	Achievement of Warabandi VII Plan			1985-86		1986-87		1987-88		1988-89		1989-90		1985-90		Cum. 1990-91		
		Target			Target	Ach.	Target	Ach.	Target	Ach.	Target	Ach.	Target	Ach.	Target	Ach.	1974-90	Target	
		Upto 3/80	During VI Plan	Total															
1.	Andhra Pradesh	0.00	189.80	189.80	1400.00	80.00	22.79	52.00	44.00	76.00	0.00	76.00	35.61	28.60	15.99	312.60	118.39	308.19	16.00
2.	Assam	0.00	6.94	6.94	50.00	10.00	4.85	5.00	6.04	10.00	8.40	8.00	5.72	13.50	9.66	46.50	34.67	41.61	20.00
3.	Bihar	0.00	56.94	56.94	182.50	18.00	2.46	25.00	2.94	10.00	6.50	10.00	4.40	10.00	2.81	73.00	21.11	76.05	40.00
4.	Goa	0.00	0.00	0.00	10.00	0.50	0.08	3.00	0.15	1.00	0.57	1.25	1.24	2.20	2.33	7.95	4.37	4.37	2.50
5.	Gujarat	0.00	155.69	155.69	597.00	28.60	113.14	125.60	104.30	175.00	111.35	213.00	49.98	90.00	29.81	632.20	408.56	564.27	60.44
6.	Haryana	0.00	44.84	44.84	125.00	21.60	25.63	19.50	34.62	26.60	20.72	34.00	35.00	38.00	25.47	141.70	141.44	186.28	2.50
7.	Himachal Pradesh	0.00	0.00	0.00	6.00	0.60	0.60	2.40	0.55	0.20	0.21	0.50	0.50	0.60	0.60	4.30	2.66	2.66	2.50
8.	Jammu & Kashmir	0.00	13.15	13.15	43.30	10.60	0.10	4.00	6.00	22.00	3.00	0.00	0.63	1.30	1.30	37.90	11.03	24.18	0.00
9.	Karnataka	0.00	50.68	50.68	166.00	26.69	42.41	175.00	34.48	40.00	22.44	40.00	14.90	37.60	12.91	319.29	127.14	177.82	32.20
10.	Kerala	0.00	1.88	1.88	40.00	0.50	0.00	10.00	4.66	10.00	9.41	32.00	17.04	24.00	NA	76.50	31.11	32.99	30.00
11.	Madhya Pradesh	0.00	34.48	34.48	700.00	10.00	47.58	100.00	98.59	135.00	148.00	176.00	53.31	189.90	0.00	610.90	347.48	381.96	224.00
12.	Maharashtra	0.00	123.82	123.82	700.00	120.00	18.42	134.00	53.86	140.00	110.62	50.00	48.72	35.00	34.38	479.00	266.00	389.82	30.00
13.	Manipur	0.00	0.00	0.00	24.00	2.00	0.70	6.00	5.40	4.00	2.75	5.00	1.41	4.00	1.39	21.00	11.65	11.65	4.00
14.	Meghalaya	0.00	0.50	0.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.30	0.00	0.30	0.00	0.30	0.00	0.50	0.00
15.	Orissa	0.00	13.01	13.01	200.00	20.00	9.74	30.00	28.24	55.00	35.63	39.00	41.01	50.00	51.13	194.00	165.75	178.76	56.22
16.	Rajasthan	0.00	121.01	121.01	172.00	29.20	35.49	56.50	10.90	34.80	28.04	85.00	44.31	65.00	65.00	270.50	183.74	304.75	5.00
17.	Tamil Nadu	0.00	3.69	3.69	175.00	50.00	2.23	74.00	8.76	75.00	2.15	10.00	4.84	2.00	2.09	211.00	20.07	23.76	7.00
18.	Tripura	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
19.	Uttar Pradesh	0.00	398.19	398.19	3415.00	495.00	231.90	680.00	301.20	730.00	336.65	398.00	477.32	430.00	499.19	2733.00	1846.26	2245.45	430.00
20.	West Bengal	0.00	0.00	0.00	50.00	5.00	0.00	5.00	0.00	10.00	0.02	0.00	0.00	1.00	0.04	21.00	0.06	0.06	0.00
21.	Dadra & Nagar Haveli	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
22.	Daman & Diu	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL		0.00	1215.62	1215.62	8037.80	928.29	558.12	1507.00	744.69	1556.60	848.46	1177.75	835.94	1023.00	754.30	6192.64	3741.51	4957.13	964.36

Source: Quarterly/Annual Progress Reports etc. received from CAD Authorities/State Governments.

Appendix X  
(Reference Paragraph 15.3.7)

Diversion of Funds

State	Implementing Agency	Year	Amount (Rs.in lakhs)	Remarks
1.	2.	3.	4.	5.
Assam	Jamuna CAD Division	1988	7.62	Expenditure on repairs of three main distributary canals of Jamuna irrigation scheme which was to be borne entirely by the State Government was charged to construction of field channels.
	Jamuna CAD Division Kaliabor CADP	upto 1990-91	412.13 122.08	As per Planning Commission's circular the State government should take up irrigation channel upto blocks of 5 to 8 hectares which fall within an outlet command of 50 hectares as part of irrigation project cost but it was charged to CADA.
Gujarat	Sukhi Irrigation Project	1987-88 to 1990-91	78.80	Field channel works of Sukhi Project were executed by Deputy Director Agriculture, Bodeli. Rs.157.61 lakhs incurred on establishment of office did not qualify for Central assistance as this project was not approved under CADA by the Government of Gujarat. However, Central assistance of Rs.78.80 lakhs was incorrectly given to the State Government.
	Machanala Edalwala Hadaf, Kabutari, Kelia Mazam Lakhigam, Ver II and Watrak	1985-86 to 1990-91	95.10	Expenditure incurred on field channel works and purchase of jeeps for these unapproved projects did not qualify for Central assistance. State Government used Central assistance of Rs.95.10 lakhs which was incorrect.
	Dharoi, Meshrvo and Halthmati	1988-89 to 1989-90	0.86	153 tonnes of cement purchased out of warabandi funds not utilised on warabandi works. Central assistance of Rs.0.86 lakh was incorrectly given.

1.	2.	3.	4.	5.
Gujarat	Ukaikakrapar	1989-90 to 1990-91	9.28	Additional compensation of Rs.18 lakhs deposited with the court for acquisition of land required for trial-cum-demonstration farm and payment of Rs.0.55 lakh for filing appeal was met out of warabandi funds. Central assistance of Rs.9.28 lakhs was incorrectly allowed.
	Ukai, Kakrapar, Mahi Kadana Meshwo Danti-wada, Bhadar, Shetrunji	1987-88 to 1990-91	351.27	The works executed were mostly of the nature of improvement/maintenance and repairs to canal system such as modification to village roads, bridges, construction of service road, cycle path, repair to syphon raising etc. and did not qualify for Central assistance.
Himachal Pradesh	Giri	Between 1985-86 and 1988-89	3.22	Expenditure on medium irrigation projects did not qualify for Central assistance.
	Balh Valley	Between 1987-88 and 1990-91	8.23	
	Giri project	1987-88	0.39	Used for purchase of photo copying machines.
	---do---	1988-89	1.12	Used for purchase of two jeeps.
Karnataka	Upper Krishna project	1985-86	13.02	Used for purchase of 110 bullock driven tractors which is outside the scope of Central assistance.
	---do---	1987-88	0.68	Used for purchase of two dish antennas.
Kerala		1985-86 to 1987-88	192.23	Amount was not spent as loans to farmers for which it was given. the request of the State Government to convert it into grant was not acceded to by the Centre.
Manipur	CADP Manipur (Loktak Lift Irrigation and Sekmai Barrage)	1985-86	0.38	Paddy seeds diverted to Directorate of Agriculture for drought relief work.
West Bengal	DVCADA	1985-86	13.98	Irregular advance to Minor Irrigation Corporation for installation of River Lift irrigation executed under State Scheme.
		Total	<u>1310.39</u>	







E R R A T A

<u>Page</u>	<u>Line</u>	<u>For</u>	<u>Read</u>
XXVI	18th	Schedule	Scheduled
2	16th (Col.7)	0200-01-	210-01-
15	2nd from bottom (Col.3)	(2.50)	(6.61)
30	9th from bottom	Rs.28.91	Rs.28.19
128	2nd from bottom	(99)	(99)
131	9th from bottom	488-Capital	4858-Capital
133	8th from bottom	Rs.273.00	Rs.273.01
134	10th and 11th		(4.63) (for 89-90)
140	1st	organisation DDCI	organisation of DDCI
146	13th	02220-	0220-
168	14th	(83.94)	83.94
173	17th	(Nil)	Nil (X) (X): The company has not declared Dividend and has applied for his surplus to be utilised towards capital expenditure to continue his new projects.
177	18th from bottom (Col.3)	3563.49	(3563.49)
178	5th (Col.4 & 5)	12.23 12.23	(12.23) (12.23)
	6th ( --do-- )	18.50 18.50	(18.50) (18.50)
	7th (Col.4,5 & 6)	31.82 23.28 13.23	(31.82) (23.28) (13.23)
	10th (Col.4 & 5)	16.95 16.70	(16.95) (16.70)
180	7th from bottom	7056-Loans for Inland	7056-Loans for Inland Water Transport 190-Loans to PSUs.
193	5th	(1997.40)	1997.77
198	10th (Col.2)	92.94)	(2.94)
	11th (Col.3)	98.55)	(8.55)
199	13th (Col.5 & 6)	(2.07) Nil	5.76 2.07
201	10th from bottom (Col3)	(56.56)	(57.56)
215	18th	Rs.255.53	Rs.255.83
222	6th	respectively.	respectively. After adjusting the recoveries, the amounts brought to account in Finance Accounts were Rs.40.80 crores and Rs.258.15 crores respectively.
227	9th from bottom	were	was
233	2nd	and and	and

<u>Page</u>	<u>Line</u>	<u>For</u>	<u>Read</u>
235	13th	in its in	in its
237	10th from bottom	was	were
242	11th 13th	eath Construction of water	earth Water
244	14th 16th from bottom	were was	was were
247	9th from bottom	Orissa and Rajasthan	Orissa, Rajasthan
259	12th from bottom	was	were
261	13th	was	were
262	12th	manufacture	manufacture
277	14th (Col.3)	(-) 1,52)	(-) 1,52
300	1st from bottom	June 1989 2	June 1989, 2