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# Report of the Comptroller and Auditor General of India

for the year ended March 2000

## Union Government (**Civil**)
Autonomous Bodies

## No.4 of 2001

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# PREFATORY REMARKS

This Report for the year ended 31 March 2000 has been prepared for submission to the President under Article 151 of the Constitution. The results of test audit of the financial transactions of the Central Autonomous Bodies (other than those under Scientific Departments included in Report No.5 of 2001) under the various provisions of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 are set out in this Report. The Report includes 54 paras and 4 reviews on:

(a) All India Institute of Medical Sciences

(b) Indian Institute of Technology, Kharagpur

(c) Regional Engineering College, Srinagar

(d) Khadi and Village Industries Commission

2. The audited organisations are autonomous bodies of varying character and discipline. The cases mentioned in this Report came to notice in the course of test audit during the year 1999-2000.

# OVERVIEW

**Ministry of Health and Family Welfare**

**Department of Health**

**All India Institute of Medical Sciences**

The All India Institute of Medical Sciences was established as a teaching hospital for developing excellence in medical education and research in 1956. Over the years it has developed into a large hospital without adequate emphasis on teaching or research. While teaching has suffered due to shortage of teaching staff, very little resource has been allocated for research. A large complement of teaching staff is employed on adhoc basis. Out of 339 research projects during the decade 1991-2000, final reports have been received only in respect of 153 projects. There is no evidence of utilisation of research findings. The hospital infrastructure is deficient. The specialised centres for treatment of cancer and trauma have not developed. The drug addiction centre is not fully functional. A substantial part of resources received from the National Illness Assistance Fund for providing treatment to the poor has remained unutilised. Large shortages in the cadre of doctors and nurses have resulted in depriving the patients of diagnosis, treatment and medical care. The doctor patient ratio is very high and the waiting time of surgery is very long. Various instances of losses and mismanagement have been noticed in the administration of the Institute. Large investments in providing subsidised medical education for providing excellence and sufficiency have gone substantially unreturned as at least 49 *per cent* of doctors trained at the Institute have found their vocations abroad.

***(Paragraph 1)***

**Ministry of Human Resource Development**

**Department of Education**

**Indian Institute of Technology, Kharagpur**

The Institute failed to increase its intake of students as envisaged by the Ministry. Indian Institute of Technology created an Endownment Fund from its income in addition to the matching grants received from the Ministry. However, the Institute had not prepared any perspective plan and did not take any action for utilisation of income of Endownment Fund. The Institute also received specific purpose grants amounting to Rs 13.80 crore between 1995-99 for increasing infrastructure facilities. Its utilisation was also very poor.

***(Paragraph 2.1 )***

**Regional Engineering College, Srinagar**

Regional Engineering College, Srinagar failed to utilise plan funds received from Government for development of infrastructure. Unspent balance rose from Rs 74 lakh at the end of March 1995 to Rs 5.27 crore by the end of March 2000.

The college did not have any investment policy due to which GPF/CPF receipts ranging between Rs 0.42 crore and Rs 1.61 crore had not been invested in long term deposits during 1995-2000. Injudicious financial management resulted in loss of Rs 53.99 lakh.

The college lacked proper manpower management policy. The ratio of teaching to non-teaching staff, teaching staff and students and total staff to students was much higher than the ratio in other Regional Engineering Colleges indicating excess staffing and poor manpower management.

*(Paragraph 2.2)*

**Ministry of Small Scale Industries and Agro and Rural Industries**

**Khadi and Village Industries Commission (KVIC)**

KVIC spent an amount of Rs 1806.07 crore received as grant from the Government during 1994-2000 under its plan and non-plan budget.

Achievement of employment of 58.29 lakh and production valuing Rs 5112.37 crore as indicated in the Annual Report of the Commission did not depict the correct picture as the figures were arrived at on an estimated basis. Targets for employment under Consortium Bank Credit scheme (CBC), District Special Employment Programme & Block Development Programme were not achieved.

The administrative expenditure during 1999-2000 was Rs 232.17 crore which exceeded the budget allocation by 118 *per cent* and this was met by unauthorised diversion of funds of Rs 135.21 crore from plan to non plan fund.

Due to weak financial and administrative control KVIC could recover only (Rs 77.11 crore) 10 *per cent* of the total loan of Rs 718 crore disbursed to its beneficiaries under CBC scheme and KVIC had to divert its own budgetary resources to repay Rs 345.65 crore to the banks.

Out of total of Rs 2260.86 crore loans disbursed up to March 1999 by KVIC, the recovery as on March 2000 was Rs 508.91 crore leaving a balance of Rs 1752 crore pending for recovery. The updated position of yearwise, loanee wise details of outstanding dues were not available with the Commission.

Loan amounting to Rs 11.91 crore remained blocked with 381 directly aided institution and Rs 217.24 crore with 41714 defunct institutions financed by the State Boards.

Loan released to the tune of Rs 9.76 crore between 1972 and 1997 remained blocked with 284 institutions due to non-implementation of programme.

An amount of Rs 49 crore released to 34 institutions between 1992 and 1997 was misutilised/diverted for other purposes.

118 Marketing units with investment of 89.57 crore were running in losses and the closing stock kept piling up year after year. The recommendations of the expert committee to strengthen the marketing strategy of KVIC were not acted upon.

*(Paragraph 3)*

**Ministry of Human Resource Development**

**Department of Culture**

**National Council of Science Museums, Calcutta**

The Director General, National Council of Science Museums failed to finalise the architectural plan for the proposed pavilion at Pragati Maidan as per norms. The construction of the pavilion, which was to be completed within 1991-92, was abandoned in June 2000. This led to wasteful expenditure of Rs 1.24 crore on account of salary, ground rent and construction of the pavilion. NCSM further incurred liability of Rs 1.73 crore towards payment of ground rent to Indian Trade Promotion Organisation.

*(Paragraph 6.1)*

**Victoria Memorial Hall**

The Secretary and Curator, Victoria Memorial Hall paid Rs 1.00 crore to Calcutta Municipal Corporation in March 1997 for acquiring space for use as office and staff quarters without finalising specific time schedule for completion of the work. After two and half years in September 1999 he approached Standing Finance Committee for approval. For want of Committee's approval, no agreement could be entered into with Calcutta Municipal Corporation as of December 2000. The advance has been lying idle for more than three and half year resulting in loss of interest of Rs 61.57 lakh.

*(Paragraph 6.2)*

**Ministry of Labour**

**Employees' Provident Fund Organisation (EPFO)**

EPFO acquired large chunks of lands in different regions of their operation, over a period of time, for the purpose of constructing accommodation for its employees and offices. An audit review of the utilisation of land, management of holdings and progress of construction brought out instances of accumulated liabilities on account of delay in acquisition, delay in construction, encroachments, idle investments and cost escalations due to administrative negligence. In the Assam region, Regional Provident Fund Commissioner (RPFC) Guwahati, had to purchase a plot of land costing Rs 46.79 lakh while a piece of land acquired earlier at a cost of Rs 6.18 lakh remained unutilised for a long period and was eventually lost due to encroachment. In the Gujarat region, the EPFO acquired land on lease at Ahmedabad at a cost of Rs 36.92 lakh without executing any agreement and the process of construction was delayed by 12 years. Similarly, in Vadodara, a plot of land acquired at a cost of Rs 28.71 lakh could not be utilised for eight years. In Rajkot, Rs 52 lakh remained deposited with Central Public Works Department (CPWD) for more than 10 years without commencement of work. In Karnataka region, the RPFC acquired land without verifying the ownership rights. In Madhya Pradesh region, two plots of land were acquired at a total cost of Rs 156.91 lakh which remains to be utilised even now (June 2001). In Maharashtra region, land acquired at a cost of Rs 38.25 lakh could not be used until now (June 2001) leading to avoidable payment of rent on building amounting to Rs 38.34 lakh. Similarly, in Nasik, the construction work was delayed for so long that Rs 44.23 lakh had to be paid towards rent on hired buildings. In Orissa region works were allotted to Bhubaneswar Development Authority (BDA) and CPWD without observing the procedure of issuing proper work orders and no compensation charges were levied for delay in completion of work by BDA, as a consequence, there was cost over-run by Rs 70.13 lakh and loss of around Rs 11 lakh was incurred due to non levy of compensation charges. Further, huge advances to the extent of Rs 300.80 lakh and Rs 220.97 lakh were outstanding against CPWD and BDA respectively.

No monitoring arrangements or mechanism for review exist in the EPFO to keep watch over the property acquired and its eventual use.

***(Paragraph 7.1)***

**Employees' State Insurance Corporation (ESIC)**

(i) Due to non-execution of agreement deed which was mandatory under the Employees' State Insurance Act, 1948, ESIC failed to realise Rs 93.87 crore from the Delhi Government which could have been spent on medical care of insured persons.

***(Paragraph 7.3)***

(ii) ESIC continued to keep its fresh savings in the Special Deposit Account (SDA) with Reserve Bank of India even after Government permitted it to keep its fresh savings with nationalised banks from 1992-93 and subsequently allowed ESIC in April 1994 to also withdraw interest accrued to SDA every year. Non-withdrawal of interest from SDA for investment at higher rate available with other nationalised banks resulted in avoidable loss of Rs 6.77 crore to ESIC.

***(Paragraph 7.4)***

**Ministry of Surface Transport**

**Calcutta Port Trust (CPT)**

(i) Due to planning failure, required width of the channel to accommodate Suezmax tankers could not be achieved despite dredging of estimated quantity and expenditure of Rs 29.90 crore incurred for the purpose became unfruitful.

***(Paragraph 9.1)***

(ii) Inordinate delay in condemnation of an outlived vessel led to avoidable expenditure of Rs 1.29 crore on bunker oil and maintenance and idle expenditure of Rs 2.54 crore on salaries and wages of crew members.

***(Paragraph 9.2)***

**Chennai Port Trust (ChPT)**

Under the work of "rock quarrying and transportation for the new Satellite Port at Ennore", wagon charges for the haulage of wagons, paid by ChPT to Railways but recovered from the contractor only at fixed rate of Rs 5500 per wagon, were not excluded from the total value of work done while computing the escalation charges payable to the contractor. This resulted in excess payment of Rs 10.09 crore.

***(Paragraph 9.5)***

**Jawaharlal Nehru Port Trust (JNPT)**

(i) JNPT accepted a defective dust control system from the contractor and further did not pursue the matter to get the defect rectified, this action of JNPT resulted in infructuous expenditure of Rs 5.25 crore.

***(Paragraph 9.9)***

(ii) Unrealistic assessment by the Port in construction of residential quarters in excess of actual requirements resulted in blocking up of capital of Rs 2.73 crore and additional expenditure of Rs 1.52 crore on repairs and electrification.

***(Paragraph 9.10)***

**Mumbai Port Trust (MbPT)**

(i) Non initiation of precautionary measures to prevent thefts in the MbPT Railway Yard resulted in loss of revenue of Rs 1.36 crore.

***(Paragraph 9.12)***

(ii) Non execution of agreement while letting out premises, equipment and deploying staff resulted in revenue loss of Rs 6.08 crore.

***(Paragraph 9.13)***

(iii) Delay in implementation of revised demurrage charges for a period of five years resulted in loss of revenue of Rs 3.53 crore and avoidable payment of Rs 32.49 lakh.

***(Paragraph 9.14)***

**New Mangalore Port Trust (NMPT)**

NMPT, Panambur, Mangalore paid Rs 1.34 crore towards escalation charges to Dredging Corporation of India contrary to the standard norms and Ministry's guidelines.

***(Paragraph 9.17)***

**Ministry of Textiles**

**Indian Jute Industries Research Association, Calcutta**

Inadequate planning and ineffective management by Indian Jute Industries Research Association delayed a jute diversification project by 12 years despite an expenditure of Rs 1.34 crore on the project.

***(Paragraph 10)***

**Ministry of Urban Affairs and Employment**

**Department of Urban Affairs**

(i) Delay by Delhi Development Authority in rescission of contract and non completion of balance work led to loss of Rs 1.31 crore.

***(Paragraph 11.1)***

(ii) Delay in approval of revised lay out plan, structural foundation and finalisation of drawings caused an extra expenditure of Rs 71.67 lakh on a housing scheme.

***(Paragraph 11.3 and 11.5)***

**General**

**Annual accounts of autonomous bodies**

In 1999-2000 there were 218 central autonomous bodies whose accounts were to be certified under section 19(2) and 20(1) of the CAG's (DPC) Act, 1971. Accounts of only 203 of these were received for certification. Government of India released Rs 3962.02 crore towards grants and Rs 448.18 crore towards loan to these bodies during 1999-2000. The annual accounts for the year 1999-2000 of the balance 15 bodies were not finalised and therefore the amount of Government grants received by them was not available.

The annual accounts of 94 out of 126 central autonomous bodies (other than those under Scientific Department) whose accounts were to be certified by chartered accountants but required transactions audit under section 14(1) and 14(2) of the CAG's (DPC) Act, 1971 were also not finalised by concerned bodies. The remaining 32 bodies had received grants amounting to Rs. 66.51 crore from the Union Government.

Audited accounts for 1998-99 of 218 central bodies were to be placed before Parliament by 31st December 1999. Of these, audited accounts of 73 bodies were submitted for audit within the stipulated time. The accounts of 11 bodies were not submitted for audit by the concerned organisations.

***(Paragraph 13.1)***

**Results of certification audit**

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

**Defaults in Repayment of Loans by Port Trusts**

**Jawaharlal Nehru Port Trust (JNPT)**

Capital debit of Rs 840.78 crore was understated by Rs 368.42 crore by JNPT by not providing for the default payment of Rs 43.32 crore towards principal and Rs 325.10 crore towards interest to the World Bank.

***(Paragraph 13.2.1)***

**Cochin Port Trust (CoPT)**

During 1999-2000 CoPT had defaulted repayment of loans from Government of India to the extent of Rs 8.95 crore. The total amount of repayment defaulted upto March 2000 was Rs 63.28 crore and interest on this amounted to Rs 165.07 crore. Penal interest amounting to Rs 176.89 crore on defaulted repayment had not been disclosed in accounts.

***(Paragraph 13.2.1)***

**Khadi and Village Industries Commission, Mumbai**

As against ceiling of Rs 1.65 crore fixed by Government for retention to meet expenditure for the succeeding year, Khadi and Village Industries Commission retained Rs 8.70 crore as on March 2000 without obtaining permission from Government.

*(Paragraph 13.2.2)*

**Calcutta Port Trust (CPT)**

CPT had shown subsidy amounting to Rs 12.98 crore in excess of the amount received from the Government for river dredging and maintenance, thereby overstating sundry debtors to this extent.

*(Paragraph 13.2.4)*

**Betwa River Board (BRB)**

Accounts of the BRB for 1999-2000 did not include an expenditure of Rs 61.35 crore pertaining to Electro Mechanical works.

*(Paragraph 13.2.5)*

**Utilisation certificates**

As many as 34122 utilisation certificates for sanctions to Rs 6856.91 crore during 1976-77 to March 1998 were outstanding at the end of March 2000 in respect of grants released to statutory bodies. This indicated that the system by which Government satisfies itself that grants are used for the purposes for which they are given was not functioning effectively.

Out of Rs 5.92 crore as grants released to various autonomous bodies by National Co-operative Development Corporation, Gurgaon for promotion/ development of oildseeds and vegetable oils during the year 1999-2000, utilisation certificates worth Rs 2.78 crore only were received.

JNPT had not issued utilisation certificates in respect of loans amounting to Rs 946.97 crore as on 31st March, 2000 received from Government of India/World Bank and other bodies.

*(Paragraph 13.3)*

# *Section A – Reviews*

# MINISTRY OF HEALTH AND FAMILY WELFARE

## All India Institute of Medical Sciences

# CHAPTER I : MINISTRY OF HEALTH AND FAMILY WELFARE

## Department of Health

## 1 All India Institute of Medical Sciences

***Highlights***

- The All India Institute of Medical Sciences (AIIMS), established in 1956 as a teaching hospital for developing excellence in medical education and research has by 2000, grown into a large hospital without adequate emphasis on teaching or research. Teaching has suffered due to shortage of teaching staff, and to overcome the problem large scale adhoc recruitment has been made by the Institute in deviation of the norms. Evidently adhoc recruitment would not attract sufficiently qualified professionals. The magnitude of the problem can be estimated from the fact that more than hundred Assistant Professors are currently on adhoc appointment and all of them are continuing as such without any further career prospects.

- The Institute has failed to emphasize medical research though this was one of its major objectives. Barely one to two *per cent* of allocation of funds to the Institute is being earmarked for research. The results of research have not brought in the benefits in terms of improved methodology, patenting or commercialisation. In purely quantitative terms 339 research projects commissioned during the decade 1991 to 2000 have been completed, but no final reports have been received in respect of 153 projects. Atleast 54 out of these 153 projects were completed on paper during the period 1991-95. Since there is no evidence of the utilisation or dissemination of research findings, it has to be concluded that even the small efforts at promoting innovation have gone waste due to lack of will and application. Higher allocation would also not improve matters until the institutional arrangements improve and the projects are monitored for result.

- Career profile of doctors trained by the Institute showed that 49 *per cent* of doctors trained at AIIMS have found their vocations abroad, while the country suffers from a lack of trained medical professionals. Large investments in providing subsidised medical education for developing excellence and sufficiency have gone substantially unreturned. The Institute has failed to review and assess the cost of medical education subsidised by the Government despite the recommendations of the Estimates Committee since 1987. The Estimates Committee had expected that medical professionals trained at the Institute would develop a sense of obligation when they know that the country invests its scare resources for their training.

- The Institute, as a teaching hospital, failed on the one hand in developing academic excellence and innovation in technology, and on the other failed to provide quality treatment as a specialised referral hospital of national importance. Large shortages in the cadre of doctors and nurses have resulted in depriving the patients of the quality time in diagnosis, treatment and medical care. The doctor-patient ratio is very high in as much as a patient gets barely four to nine minutes of attention from the doctor at the OPD. Waiting time for surgery ranges from two and a half months to 34 months. If the waiting time for diagnostic tests are added, the waiting time would be even longer. A large number of equipments, procured for use in specialised diagnosis and treatment were installed late, not installed at all or are lying damaged. In a significant disclosure it was noticed that the Institute could not use a substantial part of resources it received from the National Illness Assistance Fund for providing treatment to the poorest of the poor. A small amount of Rs 10 lakh received in 1997 remained deposited till October 1999 and thereafter until March 2000 only Rs 4.85 lakh could be used. Patient care, a crucial element in the de-addiction treatment has suffered as deployment of nurses is at half of what is required and further casualty, emergency and intensive care facilities are not available. The Institute surprisingly did not possess a modern hygienic kitchen and there was no facility for testing dietary articles.

- While most of the resources of the Institute have gone towards the upkeep of the hospital, the infrastructure continues to be deficient. The specialised centre for treatment of cancer remains partially operational as only two out of proposed eight floors have been constructed, even though the building was scheduled to be completed in 1995. A painful consequence of this has been that atleast three to four terminally ill cancer patients are turned away daily for lack of facility. The specialised centre for treatment of trauma has not materialised even though the plan was approved in 1995. In the treatment of socially disadvantage drug addicts, the Institute failed to provide the much needed infrastructure at its Drug De-Addiction Centre.

- Various instance of losses and mismanagement of resources were noticed in the administration of the Institute. The Institute failed to collect at least Rs 2.43 crore as Registration Fees from 64 *per cent* of the OPD patients. The Institute allowed a drug store and a

**provision store to function in its premises at a loss of revenue of at least Rs 55.38 lakh. Instances of manipulation of records were noticed in the auctioning of an equipment in working condition. The Institute failed to reflect Rs 2.57 crore of outstanding advances against private firms on its books of accounts. In certain cases the Institute continued to keep an amount of Rs 18.73 crore in its cash balance though it was shown as debit in the final head of accounts. In an instance of mismanagement of Government funds the Institute spent Rs 9.97 crore on the vacation and possession of a piece of land at Masjid Moth.**

### *1.1 Introduction*

AIIMS[1] (Institute) was established in New Delhi in June 1956 through an Act of Parliament as an autonomous institution under the administrative control of Ministry of Health and Family Welfare.

### *1.2 Objectives*

The objectives of the Institute are:

(a) To develop patterns of teaching in under-graduate and post-graduate medical education in all its branches so as to demonstrate a high standard of medical education to all medical colleges and other allied institutions in India;

(b) To bring together in one place educational facilities of the highest order for the training of personnel in all-important branches of health activity; and

(c) To attain self-sufficiency in post-graduate medical education.

The Institute is envisaged to have comprehensive facilities for teaching, research and patient-care. As provided in the Act, the Institute conducts teaching programmes in medical and para-medical courses both at under-graduate and post-graduate levels and awards its own degrees. Teaching and research are conducted in 42 disciplines.

### *1.3 Organisational set-up*

As per clause 7(1) of the Act, the Central Government nominates from among the members of the Institute the President of the Institute who is also the ex-officio Chairman of the Governing Body. At present, the Minister of Health and Family Welfare is nominated by name as a member of the Institute and also nominated as the President of the Institute. The Director is the Chief Executive Officer. There are 36 departments in the Institute providing inpatient and outpatient services in addition to training and research in selected areas. Besides, the Institute has five specialised centres : namely the Centre for Community Medicine, the Cardiothoracic Science Centre, Institute

[1] All India Institute of Medical Sciences

Rotary Cancer Hospital, Neurosciences Centre and Dr. R.P. Centre for Ophthalmic Sciences.

### *1.4 Scope of Review*

The accounts and records of the Institute for the years 1995-96 to 1999-2000 were test checked in audit during June 2000 to November 2000. The review was conducted with the object of evaluating the performance of the Institute as a centre of excellence in teaching, research and patient care.

### *1.5 Evaluation indicators*

On the basis of the range of activities, the infrastructural system available and the pattern of delivery of services, Audit adopted the following evaluation indicators for the review:

- Has the Institute been functioning as a center of excellence?
- Has research received the desired emphasis?
- Is the academic infrastructure adequate?
- Is patient care satisfactory?

### *1.6 Results of Review*

#### *1.6.1 Administration of resources*

The trend of receipts and expenditure over the period 1995-96 to 1999-2000 (summary of Receipts and Payments Accounts at Appendix I) brought out that:

- During the period, receipts have grown from Rs 243.8 crore to Rs 625 crore. The growth is principally due to substantial increase in non-plan grants from the Central Government (from Rs 66 crore in 1995-96 to 160 crore in 1999-2000). Plan grants have however grown at a moderate pace rising from Rs 53 crore in 1995-96 to Rs 80 crore in 1999-2000. Evidently large resources are being made available to the Institute for its functioning without specifying the objectives. In 1995-96 the ratio of non-plan to plan resources was close to 1:1, while in 1999-2000 it is 2:1. Increasing the non-plan grant allocation while allowing the plan grant allocation to grow at a slow pace has resulted in defocusing the emphasis.

- Specific purpose grants have increased by a moderate Rs 5 crore in five years, donations are insubstantial and hospital receipts are almost static in the range of Rs five-six crore during the last five years.

- Unspent balances at the end of the year have grown from Rs 3.82 crore at the beginning of 1995-96 to Rs 95.94 crore at the beginning of 1999-2000. Similarly investment of surplus funds went up from Rs 31.6 crore in 1995-96 to Rs 96 crore in 1999-2000. This must be seen in the background of the fact that a large number of projects remain incomplete.

- Funding of Specialised Centres which is depicted by contra entries in the Accounts have increased from Rs 36 crore to Rs 94 crore, without any corresponding change in the quality of delivery. Evidently, most of the resources have gone to provide services to a larger number of patients without ensuring quality infrastructure.

- Capital expenditure has grown from Rs 12 crore in 1995-96 to Rs 19 crore in 1999-2000, while miscellaneous contingent expenditure has grown from Rs 16 crore to Rs 36 crore during these indicative periods. Pay and allowances have increased from Rs 44 crore to Rs 115 crore.

### *1.6.2 The Institute as a centre of excellence*

The Institute was conceived as a centre of excellence in the areas of medical research and medical education while serving as a hospital for specialised medical services. The review brought out that over the years the Institute has grown in terms of delivery of general medical services at the expense of research, education and required specialisation. As a result, the objectives remain largely unfulfilled while additional resources continue to be deployed with the expectation that the Institute is growing in the direction visualised. The succeeding paragraphs would show that adequate attention has not been paid in building the required infrastructure and to research, training and education. The Institute's commitment to develop and nurture trained medical professionals has failed as no survey has been conducted and no steps have been taken to arrest brain drain. Construction of the building of the Regional Cancer Centre has not been completed though the Institute has projected its full fledged functioning by the end of the eighth five year plan leading to a situation where three to four cancer patients have to be refused admission daily. The proposed centre for Dental Education at the instance of the Estimates Committee has not materialised. The existing centres have not been performing satisfactorily considering the span of attention available and large number of specialised equipments remaining unutilised. A large number of research projects remain incomplete. This is particularly significant in the background of the fact that the Institute has been investing only Rs 7 crore to Rs 12 crore annually on research programmes against its annual budget of around Rs 600 crore. Thus research works out to barely one to two *per cent* of the total expenditure. This should be considered very poor in the context of the avowed objective of the Institute to develop medical research with the intention of using research output in enhancing both teaching standards and specialised areas of medical treatment. Patients do not get the quality time of the doctors largely because of the reasons that the hospital is receiving patients at all levels, its referral character having been largely lost. Detailed audit findings on all these aspects are furnished in the succeeding paragraphs.

### *1.6.2.1 Academic infrastructure*

Following was the position of sanctioned strength and men in position of the faculty members as on 31.3.2000:

**Table 1.6.2.1 : Sanctioned strength and men in position of faculty members**

| S. No. | Category | Sanctioned strength | Men in position | Vacant posts |
|---|---|---|---|---|
| 1. | Director | 01 | 01 | Nil |
| 2. | Professors | 110 | 108 | 02 |
| 3. | Additional Professor | 40 | 119 | (+) 79 |
| 4. | Associate Professor | 115 | 82 | 33 |
| 5. | Assistant Professor | 199 | 07 | 192 |
| 6. | Medical Superintendent | 02 | 01 | 01 |
| 7. | Principal, College of Nursing | 01 | 01 | Nil |
| 8. | Lecturer in Nursing | 07 | 05 | 02 |
| | **Total** | **475** | **324** | **151** |

Against the sanctioned strength of 475 faculty members as on 31st March 2000, only 324 members were in position resulting in a shortage of 151 (32 *per cent*). It may be seen that the largest shortages are in the cadre of Assistant Professors. These posts were not filled up on regular basis after September 1993 due to orders passed by the Hon'ble High Court of Delhi in November 1994. However, 115 adhoc Assistant Professors were appointed between 1993-94 to 2000-01, out of which 52 were appointed on adhoc basis three to seven years back. The adhoc arrangement dilutes the staffing norms while not contributing effectively to excellence in education.

**Institute failed to create impact on other medical institutions in the country.**

*1.6.2.2* The Institute neither proceeded on a definite organised basis, to create the requisite impact on the functioning of medical institutions elsewhere in the country nor formed any committee to achieve the above objectives. No exercise had been done to correlate the production of any category of professional, para medical or non-medical staff to meet specific identified needs.

### *1.6.2.3 Survey of graduates/post-graduate who passed out from Institute*

**Institute had not conducted studies to ascertain the cost of training.**

The Estimate Committee in their 102nd report (Fifth Lok Sabha) had recommended that steps should be taken to complete studies for ascertaining the cost of education and training in the Institute and to bring home to students the cost incurred by Government on their training so as to instil in them a sense of obligation to the country. The Institute had not conducted studies to ascertain the cost of training graduate and post-graduate doctor since 1987. The academic section of the Institute never conducted any survey of graduates/post-graduates who qualified from the Institute and the Institute was not able to provide any detail of that. However, on going through report on review of extra-mural funded projects from different funding agencies which were closed as on 31.3.1992 in a pilot study based on 390 respondents, 49 *per cent* were practising/employed abroad. To that extent specialised medical attention has been denied to the beneficiaries.

### *1.6.2.4 Centre for dental education*

**Centre for post-graduate research in Dental Scie.ices not set up even after the 15th year of targeted period.**

The Estimate Committee of the Fifth Lok Sabha in their recommendation had suggested the establishment of a centre for post-graduate education and research in Dental Sciences in the Institute. It was envisaged to establish such a centre during sixth five-year plan (1980-85) but it has not been set up so far. The Institute stated (August 2000) that academic committee had approved the proposal in July 1998 for establishment of centre for dental education and research, that the EFC memo has been prepared and approved by the project committee constituted by the Institute and that the proposal was ready for placing before the Finance Committee/Governing Body for its approval.

### *1.6.3 Research programmes*

The faculty members undertake research schemes related to health and medical subjects on behalf of national and international agencies. Agency wise receipt and expenditure incurred during the last five years was as under:

**Table 1.6.3 : Research programmes undertaken**

**(Rs in lakh)**

| Name of agency | 1995-96 | | 1996-97 | | 1997-98 | | 1998-99 | | 1999-2000 | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Rec. | Exp. | Rec. | Exp. | Rec. | Exp. | Rec. | Exp. | Rec. | Exp. |
| Government agencies/ Autonomous bodies | 601.65 | 549.14 | 565.69 | 593.52 | 683.66 | 655.29 | 752.12 | 737.27 | 792.96 | 779.19 |
| International agencies | 130.87 | 168.43 | 165.17 | 209.68 | 302.55 | 231.99 | 358.27 | 324.27 | 403.38 | 389.22 |
| Private agencies | 15.43 | 12.47 | 23.72 | 17.47 | 36.16 | 29.44 | 23.42 | 29.29 | 57.34 | 42.21 |
| **Total** | **747.95** | **730.04** | **754.58** | **820.67** | **1022.37** | **916.72** | **1133.81** | **1090.83** | **1253.68** | **1210.62** |

### *1.6.3.1 Review of research projects*

**Half-yearly review of research projects not done by the Director and Dean.**

The Estimate Committee recommended that the research projects conducted at the Institute should be reviewed by the Director and Dean half yearly with reference to the progress made, expenditure incurred and time spent and likely time and expenditure required to achieve the desired results. It was seen in audit that review of research projects was conducted for one year (1997-98) only. The review for the years 1995-96, 1996-97, 1998-99 and 1999-2000 was not conducted.

### *1.6.3.2 Projects/Schemes sponsored by Indian Council of Medical Research (ICMR)/Department of Science and Technology (DST)*

**In the absence of centralised assets register the assets could not be checked.**

As per terms and conditions of the grants released by the ICMR/DST, for permanent and semi-permanent assets acquired solely out of the grant, a separate register of assets was required to be maintained by the Institute. The Institute did not produce the asset register in respect of asset acquired by it out of the grant-in-aid received for research schemes/projects, which had been completed. It could not, therefore, be checked in audit whether the said assets had been returned to the funding agency or utilised by the Institute with the permission of funding agencies after accounting for the same in the Institute's stock register.

### *1.6.3.3 Research schemes of the Institute*

All members of faculty are entitled to the grant of research funds for (a) inter-departmental research projects (b) projects connected with national health priorities and (c) projects involving development/acquisition of new techniques or skill not undertaken by the Institute. The number of projects/schemes undertaken by the Institute and completed since 1995-96 was as indicated below:

**Table 1.6.3.3 : Position of Research Schemes undertaken during preceding five years**

| Year | No. of Projects/ Schemes undertaken | Funds allotted/ Released (Rs in lakh) | No. of projects/ schemes completed | No. of projects/ schemes completed but final report not submitted | No. of projects/ schemes in which final report submitted |
|---|---|---|---|---|---|
| 1995-96 | 43 | 12/10.02 | 43 | 17 | 26 |
| 1996-97 | 46 | 12/11.18 | 46 | 17 | 29 |
| 1997-98 | 37 | 12/8.63 | 37 | 16 | 21 |
| 1998-99 | 26 | 12/6.46 | 26 | 19 | 7 |
| 1999-2000 | 33 | 12/8.57 | 33 | 30 | 3 |
| **Total** | **185** | **60/44.86** | **185** | **99** | **86** |

**Out of 185 projects undertaken only in 86 cases final report submitted.**

**In respect of 54 projects under-taken/completed during 1991-95, final report not submitted till March 2001.**

Since 1995-96, the Institute claimed to have completed 185 projects/schemes (March 2000). In 86 of these, final reports were submitted by the principal investigator and in remaining 99 projects/schemes, though stated to have been completed, the final reports were not submitted by the principal investigators. None of the research findings were got patented/commercialised. It was further observed that out of 154 projects/schemes undertaken during 1991-95, 54 projects/schemes stated to have been completed, no final report has been submitted by the Principal Investigators till March 2001. There is a real risk that the research projects output would go waste after lapse of such a long period. The Institute does not seem to be concerned on such lapses.

### *1.6.3.4 Non-accounting of research projects*

A test check of records of research section revealed that investigators of projects were given advances to undertake the projects and amounts were posted in the ledgers. In certain cases, the investigators did not render the account even after completion of projects resulting in accumulation of money in the hands of investigators. There were cases where the investigators had either retired or had left the Institute without clearing the advances. Year-wise break-up of such outstanding advances is given below:

Table 1.6.3.4:Year-wise Advance of Investigators

| Year | Amount | No. of projects | Closed projects |
|---|---|---|---|
| 1990-91 | 10475.00 | 2 | 2 |
| 1991-92 | 78445.00 | 7 | 7 |
| 1992-93 | 45100.00 | 7 | 7 |
| 1993-94 | 66100.00 | 7 | 7 |
| 1994-95 | 30623.00 | 7 | 7 |
| 1995-96 | 98011.00 | 9 | 9 |
| 1996-97 | 213690.00 | 3 | 3 |
| 1997-98 | 78988.00 | 7 | -- |
| 1998-99 | 85020.00 | 5 | -- |
| 1999-2000 | 3479442.00 | 56 | --- |
| | 4185894.00 | 110 | 42 |

While Rs 41.86 lakh were outstanding with Investigators in respect of 110 projects, Rs 5.42 lakh was outstanding in respect of 42 projects which were closed four to ten years ago.

### 1.6.4 Hospital services

The Institute provides medical care to patients either by admitting them to private and general wards or through the OPD.

Institute is not treating burn cases, dog-bite cases and infectious diseases.

The Institute has 25 clinical departments including four superspeciality centres to manage practically, all types of disease except burn cases, dog-bite cases and cases of infectious diseases. The Institute also manages a 60-bedded hospital in the form of Comprehensive Rural Health Centre at Ballabhgarh in Haryana and provides health cover to about 2.5 lakh local population through the Centre for Community Medicine.

#### 1.6.4.1 Out Patient Departments (OPD)

Number of Patients, number of Specialists available and time taken per patient during March 2000 in six main OPDs (Dental, Paediatric Surgery, Neurology, Cardiology, IRCH, and ENT) was as follows:

Table 1.6.4.1

| S.No. | Speciality (OPD) | Total No. of Patients seen in March 2000 | Total No. of days in March 2000 | Duration of OPD on working day in March 2000 (In hours) | No. of Specialists who attended OPD in March 2000 | No. of Patients seen per hour per specialist/ doctor | Time taken per patient in Minutes |
|---|---|---|---|---|---|---|---|
| 1. | Dental | 5862 | 25 | 6 | 6 | 7 | 9 |
| 2. | Paediatric Surgery | 1702 | 25 | 5 | 1 | 13 | 4 |
| 3 | Neurology | 2842 | 14 | 4 | 7 | 7 | 9 |
| 4 | Cardiology + CTVs | 9443 | 25 | 4 | 14 | 7 | 9 |
| 5 | IRCH | 4133 | 20 | 7 | 4 | 7 | 9 |
| 6 | ENT | 9635 | 25 | 4 | 6 | 16 | 4 |

As seen from the table above, on an average seven to sixteen patients were examined per hour, taking four to nine minutes per patient.

**Norms for deployment of doctors in OPD were not fixed.**

Though the Public Accounts Committee (Sixth Lok Sabha) in their 49th Report had recommended that the strength of doctors be suitably fixed to bring down the waiting time of out patients to half an hour at the most, the Institute had not fixed so far any norms for deployment of doctors in OPD on the basis of workload to ensure satisfactory patient care.

### *1.6.4.2 Patients awaiting surgery*

The position of patients awaiting surgery as on March 2000 was as under:

Table 1.6.4.2 : Patients awaiting surgery

| S.No. | Name of the department | Number of patients awaiting surgery | Period by which back log will be cleared | Remarks |
|---|---|---|---|---|
| 1. | Department of Otorhinolaryngology | | | |
| | (a) Surgery under GA | 5000 | 34 months | Disease like cancer and aggressive benign disease adjusted early against patients already awaiting surgery under GA (One and half month) |
| | (b) Surgery under LA | 7000 | 34 months | Patients for biopsies and other procedure in main OT who need adjustment against patients already awaiting surgery under LA (Seven and half months) |
| 2. | Dental | 75 | Will be cleared in six months if extra OT and beds will be provided, otherwise it can never be cleared | |
| 3. | Department of Nephrology | 60 | seven months | |

| S.No. | Name of the department | Number of patients awaiting surgery | Period by which back log will be cleared | Remarks |
|---|---|---|---|---|
| 4. | Department of Neurosurgery | | | |
| | (a) Unit I | 446 | eight months | |
| | (b) Unit II | 206 | six months | |
| 5. | Department of Gastrointestinal Surgery | 68 | two and half months | |

From the above table it is apparent that waiting time for patients awaiting surgery ranged between 2 ½ months to 34 months. However, actual waiting time may be much higher if the waiting time for Ultra Sound, C.T. Scan, MRI–Scan, are added.

### *1.6.4.3 Deployment of nurses*

The number of nurses deployed to look after in-patients, vis-à-vis the sanctioned strength and new posts created during last six years was as under:

**Table 1.6.4.3**

| Year | Sanctioned strength | No. of new posts created | Total | In position | Shortfall | Percentage shortfall |
|---|---|---|---|---|---|---|
| 1993-94 | 1453 | --- | 1453 | 983 | 470 | 32 |
| 1994-95 | 1453 | 119 | 1572 | 983 | 589 | 37 |
| 1995-96 | 1572 | 39 | 1611 | 1004 | 607 | 38 |
| 1996-97 | 1611 | 8 | 1619 | 1166 | 453 | 28 |
| 1997-98 | 1619 | 15 | 1634 | 1188 | 446 | 27 |
| 1998-99 | 1634 | 138 | 1772 | 1249 | 523 | 30 |

***Note :*** *The Institute did not furnish the sanctioned strength and men in position of the Institute for the year ending March 2000.*

**No rational to create new posts when Institute failed to fill the existing vacancies. Shortfall ranged between 27 to 38 *per cent.***

Though 319 new posts have been created during 1994-99, it has not served any purpose. Even the sanctioned strength of 1994-95 is not yet fully utilised. As seen from the table above, the shortage in cadre of nurses ranged between 27 to 38 *per cent* during review period. It was also seen that at present nurses are trained in two courses only (1) B.Sc. Nursing (Post Certificate) & (2) B.Sc. (Hons.) Nursing. Both courses provide general training and no specialised training in critical areas are provided.

### *1.6.4.4 Surgical items available with the hospital but patients asked to purchase from the market*

**Patient was asked to bring surgical items which were available with the Institute.**

The Institute was purchasing surgical consumables for supply to the patients undergoing surgery free of cost and a few patients were being asked to purchase certain items not available with the hospital. On test check it was observed that in the month of March 2000 a patient was asked to purchase certain items from the market which included 21 surgical items which were available with the main store and out of which 15 items were issued by the main store on indents of the concerned department.

### *1.6.4.5 Diet*

The hospital dietary service provides food to the indoor patients of the main Hospital and all the Centres. The diet covers normal diet, private diet, semi-solid diet, modified liquid diet and therapeutic and modified diet, being prescribed by the dieticians.

**No basic facility exists for testing dietary articles.**

The Institute had no basic facilities for testing dietary articles, which were being examined visually by staff on duty before supply to patients. For testing food there was no composite testing laboratory. The Institute prescribed the scale of diet in February 1991 in terms of ingredients given to patients. But the scales were different for general patients and private patients. The institute was providing per patient per day diet worth Rs 20.50 to general patient whereas diet worth Rs 49.15 was given to private patient. The reasons for discrimination could not be explained in the light of the therapeutic indicator prescribed by the dietician.

**Delay in deciding site resulted in non-modernisation of kitchen.**

It was also noticed that a proposal for modernisation of main kitchen of the Institute, was moved in the year 1993-94 which was got approved in October 1994 by the Dietary Advisory Committee. The estimate for construction of new kitchen amounted to Rs 2.07 crore. However, no action has been taken till date (December 2000) due to non-finalisation of the alternate site for shifting the existing kitchen. Thus, due to delay in deciding alternate site, modernisation of kitchen has been delayed by more than six years. In the meantime the kitchen continues to operate with outmoded and unhealthy working arrangements.

### *1.6.5 Poor patient account/patient treatment account*

The Institute has been receiving grants/financial assistance provided by the Ministry and the Prime Minister's Relief Fund besides other agencies, by cheques drawn in favour of the Director of the Institute for treatment of individual poor patients. Money thus received are kept in patient treatment account. Apart from this, money is also received in the form of cash donations from individuals, religious trusts and through donation boxes in various wards and OPDs of the hospital for which the Institute maintains poor patient account.

**Final action is still awaited in case of shortage of cash for the month of November 1993.**

(i) A test check of poor patient account of Institute (Main), revealed that a shortage of cash of Rs 1.17 lakh was depicted in the accounts for the month of November 1993. The misappropriated amount has not been recovered as yet. The Institute stated in May 1999 that disciplinary proceedings against concerned individual have been completed and the report submitted to disciplinary authority for final decision.

(ii) NIAF[3] was established in January 1997 with a view to provide financial assistance to poor patients living below the poverty line for treatment of life threatening diseases. Under this scheme, the Government of India provided an advance payment of Rs 10 lakh to

[3] National Illness Assistance Fund

the Medical Superintendent of the Institute to enable him to sanction an amount upto Rs 25000 immediately to each deserving case for treatment in the Institute. Cases requiring more than Rs 25000 were required to be sent to Managing Committee of NIAF for approval/sanction. This amount would be replenished as and when utilisation certificate/report was submitted to the Government. Financial assistance is given only on the request of the patient in requisite proforma application duly recommended by the treating physician alongwith supportive documents which is subject to the scrutiny of sub-committee. Poverty line is determined by the sub-committee as per Ministry's guidelines according to the list of per capita income per head notified by them.

**Financial assistance for poor patients not utilised upto October 1999.**

It was noticed that an amount of Rs 10 lakh received in December 1997 through the Ministry under the NIAF Scheme remained deposited in the bank account till October 1999. Rs 4.85 lakh was utilised by the different departments of the Institute between November 1999 and March 2000 leaving credit balance of Rs 5.15 lakh at the close of March 2000.

### *1.6.6 Machinery and Equipments*

Various irregularities were noticed in the purchase and disposal of machinery and equipment :

**Auction of equipment in working condition.**

(i) A SM100 X-Ray generator was installed in Room No.75 of the department of Radio Diagnosis on which certain tests were conducted. Similar types of tests were done on another similar machine installed in Room No.44 of the same department. In April 1999, the department submitted a proposal for condemnation of the said equipment (in Room No. 75) which was purchased at cost of Rs 12.33 lakh in 1982, stating that it was completely worn out. The said equipment was auctioned. The upgraded version of the said equipment was purchased at a cost of Rs 30.27 lakh and was installed in August 1999. As per the service report (March 1999) and statistical register of different machines between March 1999 to August 1999, the machine was in good working condition and tests were continued to be done on that machine. In reply to the observations the department stated that to keep the continuity of records the number of investigations were kept as before. But on comparison it was observed that between March 1999 to August 1999 the outlived machine had performed even better than the machine installed in Room No. 44.

**Extra expenditure of Rs 23.97 lakh due to placing of orders without availability of funds.**

(ii) As per Appendix 8, Rule 7 of General Financial Rules, availability of funds is a pre-requisite for placing an order for the procurement of the stores. It was noticed that for purchase of Cath Lab. I & II each costing Rs 2.75 crore, Gamma knife costing Rs 11 crore and Cath Lab. III costing Rs two crore, Institute paid Rs 2.20 crore to the State Bank of India for opening of Letters of Credit and the balance amount was to be paid on the receipt of the funds from Government. The bank charged interest of Rs 23.97 lakh. Thus placing of order and opening of Letters of Credit without availability of funds resulted in extra-additional expenditure of Rs 23.97 lakh.

**Machine costing Rs 46.55 lakh procured in 1994-95 remained unutilised right from its installation and also not taken in stock.**

(iii) The Institute purchased one machinery/equipment known as 'Counter Chamber' used as sample analyser for Department of Pharmacology in the year 1994-95 at a cost of Rs 46.55 lakh out of German grant. The machine is stated to be non-functioning. The machine was neither taken in the stock register of the department nor any body knows about its working and where about of the local agent. Non-accounting of this machine in the department's store indicates that institute has no proper control to ensure that prescribed procedure was being followed for recording and smooth running of the machine. Non-functioning of this machine has not only resulted in the non-utilisation of an asset of Rs 46.55 lakh but also in depriving genuine patients of essential care.

**Equipment not selected according to the requirements.**

(iv) Department of Dermatology and Venerology procured Copper Laser Vapours with Dye Laser at a cost of Rs 18.00 lakh. When the equipment was received in the department in February 1994, it was realised that this laser was inadequate for dermatology treatment, it also required high running cost and needed isolated space for running because high intensity of noise. The equipment remained in crated condition for six years and was transferred to Bhaba Atomic Research Centre through a Memorandum of understanding against which Rs 15.50 lakh was received.

**Purchase of equipment which was not justified.**

(v) A repeat order for 'Non-Invasive continuous hemodynamic monitoring system' costing Rs 13.86 lakh was placed in August 1997 on the basis of purchase made in May 1996 without calling for tenders for the Department of Anaesthesiology. A perusal of records revealed that the earlier equipment purchased in 1996 was not being used by the department. There was no justification for making the second purchase. Further, the equipment was software based and in view of the rapid improvement in software not only the cost would have been reduced but also a newer and upgraded version would have been available. The purchase of the equipment on the basis of more than one year old purchase without ascertaining the price could not be justified by the department.

**Proper records not maintained to keep watch over receipt and working of equipments.**

(vi) Store section of the main Institute was making purchases of foreign equipments for different departments of the Institute (Main). After making payment for opening of Letter of Credit and placement of supply order no centralised record was kept to watch the receipt and installation of the equipment. No adjustment bills were being submitted to accounts branch indicating the stock entry/difference of amount due to fluctuation in the exchange rate at the time of releasing payment by the bank. In the absence of maintenance of proper and complete records by the Institute, the receipt of the equipments and payments made thereof could not be vouch safed in audit. A test check of records revealed that for purchase of 2-D hardware/software package costing DM-20000 equivalent to Rs five lakh approx. Letter of Credit was opened in March 1996 and supply order was placed in

May 1996. Out of three cartons said to have been loaded, only one carton was received in March 1997. The Institute reminded cargo, Air India in February 1998, no action was taken thereafter.

**Delay upto 448 days in clearance of consignments.**

(vii) Scrutiny of challan files for the year 1998-99 and 1999-2000 revealed that 851 consignments were received. Of these, in 655 cases, the consignments were got cleared very late and the delays in clearance ranged upto 448 days resulted in payment of demurrage charges of Rs 17.25 lakh.

### *1.6.6.1 Delay in utilisation, installation and functioning of equipment*

The Institute purchased/imported a large number of expensive equipments and machines for running various departments of the Hospital Wing. No centralised monitoring was done to watch the receipt, installation and utilisation of these equipments. On being asked by Audit the Institute could collect information from 19 departments only in four months. Scrutiny of that information and other records brought out the following :

### *1.6.6.2 Equipment not installed*

Four vital equipments costing Rs 2.30 crore purchased/imported during 1993 to March 2000 were not installed due to non-supply of essential parts to run the system, equipments supplied other than ordered etc.

### *1.6.6.3 Equipments not working*

Four equipments costing Rs 34.70 lakh and one costing 42650 Swiss Francs installed during September 1989 to March 1998 remained out of order for most of the time upto June 2000.

### *1.6.6.4 Delay in installation of equipment*

28 equipments costing Rs 23.11crore+US$ 131400 were purchased/imported during August 1993 to September 1998 and installed during February 1995 to April 2000. The delay in installation of equipment ranged between four to thirty one months.

### *1.6.6.5 Department of Rehabilitation and Artificial Limbs*

The Department of Rehabilitation and Artificial limbs attended to the requirements of handicapped patients and helped them to return to their normal lives by providing physiotherapy, occupational therapy services and by providing them with artificial limbs. A Prosthetic and Orthotic workshop was also attached with the department for production and distribution of limbs, callipers, shoes, repair and modification etc. B.Sc. (Nursing) and Physiotherapy students were also provided clinical training, fieldwork alongwith under-graduate and post-graduate medical students.

It was seen in audit that the number of patients, especially the number of old patients; showed increase since 1995-96, but the production of appliances (artificial limbs, calliper, shoes etc) remained stagnant except during 1998-99 and 1999-2000 which showed downward trend as detailed below :

**Table 1.6.6.5**

| Year | Number of Patients | | | Production of Appliances |
|---|---|---|---|---|
| | New | Old | Total | |
| 1995-1996 | 7518 | 20212 | 27730 | 1195 |
| 1996-1997 | 10720 | 18604 | 29324 | 1226 |
| 1997-1998 | 17340 | 29665 | 47005 | 1228 |
| 1998-1999 | 12266 | 31116 | 43382 | 928 |
| 1999-2000 | 17755 | 36091 | 53846 | 975 |

Test check of records further revealed that:

(a) No norms for deployment of doctors, paramedical and workshop staff had been fixed. Further, no targets were fixed for evaluating the performance of the department.

(b) The waiting period of patients in prosthetic workshop ranged between 12 months to 15 months.

(c) Equipments costing Rs 43.35 lakh were also awaiting installation due to reasons either the essential parts were not supplied or the equipment supplied was other than the specification and looked damaged.

### *1.6.7 Establishment of Rotary Cancer Hospital*

**Only two floors of the eight storeyed building were completed.**

The Institute, with the collaboration of Cancer Foundation Society of India established a Rotary Cancer Hospital. The construction work upto first floor of proposed eight storeyed building was completed (civil work only) in May 1981. With the rising public demands for services in the field of Oncology and need for diagnosis, prevention and treatment of cancer to fulfil the objectives of National Cancer Control Programme, the expansion of IRCH to a full fledged cancer centre was considered essential. In 1992, the Institute responded to the need to develop a comprehensive cancer centre in north India at IRCH as at that time the north zone had only 35 beds at IRCH, the only cancer centre of the region, as compared to 1100 beds in west zone, 787 in south zone, 370 in east zone and 65 in central zone. The patients attending IRCH come from different parts of the country namely Uttar Pradesh, Bihar, Punjab, Rajasthan and some time from neighboring countries but the waiting period for admission and treatment of cancer patients was inordinately long. Therefore, it was decided to construct six additional storeys above the existing block and one additional block. With a view to establishing a full fledged regional cancer centre the Institute while submitting memorandum for EFC approval in 1992 had projected completion of construction of building in three years and functioning of the hospital by the end of the eighth five year plan. The proposal for extension of IRCH was approved by EFC and first instalment of Rs 2.85 crore was received during 1992-93 and next instalment of Rs 1.65 crore during 1993-94 by the Institute.

It was observed that while submitting the EFC memorandum the Institute had projected completion of construction by 1995 while as per the Architectural Consultant to whom four *per cent* charges on actual cost were to be paid, the likely date of completion of building was January 1997. The building plans were approved by NDMC in December 1995 but the construction work was taken up only in January 1999. The project which was expected to be completed for Rs 4.60 crore in 1992 was awarded at a cost of Rs 14.91 crore and actual cost of the construction taking price escalation etc. can be known only after the completion of the building. Reasons for delay were not made available to audit. The safeguard of liquidated damages was not provided in the contract. In the meantime lack of facility has resulted in the refusal of admission to three to four critically ill patients daily for the last five years. The accumulated impact could be enormous.

**Three to four critically ill patients were refused admission daily.**

### *1.6.8 Establishment of Trauma Centre*

In the context of rapid industrialisation, increase in vehicular traffic, use of machinery and equipment and growing social tensions, the AIIMS prepared a scheme for the establishment of a CATS[4] for the city of Delhi which would include the establishment of an Apex Centre and Peripheral Hospitals with the following objectives :

(i) to provide trauma services to the injured; preferably the treatment to be started at the site of the accident;

(ii) to train personnel to deal with such emergencies;

(iii) to establish a research centre in collaboration with transport, communication, law and police authorities to prevent accidents by constant data evaluation and public education; and

(iv) to use rehabilitation techniques for effective treatment in the shortest possible time and also to make invalid victims useful citizens.

The approval of the Government for setting up a CATS project under the aegis of AIIMS at a cost of Rs 16.65 crore was conveyed in May 1984 subject to condition, among others, that the construction work of the Centralised Accident Hospital (Apex Centre) should be taken up immediately, and the Centre should be made functional within five years. The possession of land measuring about 14.5 acres near Safdarjung Hospital was taken in January 1986. The scheme was reviewed by Ministry in 1989 and keeping in view the requirement of multi-sectoral coordination with number of agencies, mostly under Delhi Administration, it was decided that the scheme may be transferred from the Central Sector to the Delhi Administration and be implemented by a society registered for the purpose and supported by Delhi Administration. It was, however, felt in 1991 that it would not be feasible to set up the CATS by Delhi Administration considering the aspects of cost and utility. The centre envisaged under CATS was necessarily to be a part and parcel of a multi-disciplinary hospital like AIIMS or Safdarjung Hospital. New Delhi

[4] Centralised Accident and Trauma Service

Municipal Committee and Delhi Urban Art Commission in 1995 approved the drawings of Trauma Centre. The construction has not started till date (November 2000), though an expenditure of Rs 13.56 crore had already been incurred towards payment of land charges, consultancy fee etc.

### *1.6.9 Drug De-Addiction Centre*

Drug De-Addiction Centre was established at Deen Dayal Upadhaya Hospital under the aegis of the Institute and necessary funds, as required, were provided to the Institute during Seventh Plan with the following objectives:

(i) to establish system for continuous monitoring which can evaluate changing trends in substance abuse over a period of time, specially in vulnerable section;

(ii) to develop rational strategies for reducing and preventing drugs alcohol related disabilities so that the centre would become a centre of excellence and resource for SAARC and South-East countries for training, research and other related aspects.

The inputs include strengthening of the staff teaching, training and research as well as for health education. Suitable administrative staff, clinical laboratories and other staff were also employed.

The centre does not have its own casualty/emergency and ICU facilities. Patients of casualty/emergency were being sent to the casualty department of Deen Dayal Upadhaya Hospital for treatment. The number of nurses deployed for the treatment of in-patients, sanctioned strength and shortfall was as under:

**Table 1.6.9(i)**

| Year | Sanctioned strength | Actual posted | Vacant |
|---|---|---|---|
| 1993-94 | 41 | 20 | 21 |
| 1994-95 | 41 | 18 | 23 |
| 1995-96 | 41 | 16 | 25 |
| 1996-97 | 41 | 16 | 25 |
| 1997-98 | 41 | 20 | 21 |
| 1998-99 | 41 | 20 | 21 |

**More than 50 *per cent* shortfall in deployment of nurses.**

The shortfall was more than 50 *per cent* during the years 1993-94 to 1998-99, which adversely affected the patient care.

Number of OPD cases and in patient admission during 1993-94 to 1998-99 was as under:

**Table 1.6.9(ii)**

| Year | OPD patients | | | Admissions (in-patients) |
|---|---|---|---|---|
| | New | Old | Total | |
| 1993-94 | 2664 | 8160 | 10824 | 492 |
| 1994-95 | 2103 | 7263 | 9366 | 495 |
| 1995-96 | 2434 | 8234 | 10668 | 499 |
| 1996-97 | 2713 | 10105 | 12818 | 478 |
| 1997-98 | 3393 | 13565 | 16928 | 529 |
| 1998-99 | 3927 | 15438 | 19365 | 458 |

**Number of in-patients remained almost stagnant.**

Though there was a considerable increase in number of new and old patients since 1995-96, but the in-patients admissions remained almost stagnant. The Institute did not furnish the data for 1999-2000.

### *1.6.10 Accounts*

#### *1.6.10.1 Un-reconciled expenditure*

In the balance sheet as of March 2000 Rs 21.98 crore were shown as advances paid for foreign purchases under the head Machinery & Equipment of Institute (Main). But a scrutiny of records revealed that advances of Rs 21.39 crore only were made during the year. The Institute could not reconcile the difference of Rs 59 lakh.

#### *1.6.10.2 Wrong booking of expenditure of Rs 18.73 crore in March 2000*

Out of the aforesaid Rs 21.39 crore, Rs 18.73 crore were debited in the accounts on 31 March 2000. But a scrutiny of records revealed that the letters of credit thereof for making advance payments to the foreign suppliers were opened from April to August 2000. The expenditure was thus wrongly shown as incurred in 1999-2000 as cheques drawn on that account remained with the Institute itself.

#### *1.6.10.3 Levy stamps*

From April 1995 the Institute prescribed a registration fee of Rs 10 for new patients in OPD[2]. This is collected by affixation of levy stamps by the Institute on registration card. These stamps are also fixed on old cards after one year of registration. EHS patients referred from their dispensary for these specialities and the patients referred from one OPD to another are exempted from payment of Rs 10 on this account. For this purpose the levy stamps are got printed by the Institute and kept with the cashier of the Institute, who issues the stamps to the OPD/Centres for affixation on the registration cards. A counter check of the stock and issue register of levy stamps with the figure of new OPD patients in different centres revealed the following discrepancies:

[2] Out Patient Department

**Table 1.6.10.3 : Discrepancy in the stamps account**

| Year | No. of New cases in OPD | Amount of Levy stamps chargeable @ Rs 10 per patient | Levy stamps sold as per record (in Rs ) |
|---|---|---|---|
| 1995-96 | 708641 | 7086410 | 2575740 |
| 1996-97 | 759971 | 7599710 | 2931150 |
| 1997-98 | 770370 | 7703700 | 2818850 |
| 1998-99 | 732474 | 7324740 | 2450280 |
| 1999-2000 | 827828 | 8278280 | 2958460 |
| Total | | 37992840 | 13734480 |

**Revenue of Rs 2.43 crore foregone.**

Thus, there is a difference of Rs 2.43 crore, which could not be explained by the Institute. Since the levy stamps provide revenue to the Institute, the difference between the chargeable amount and the amount actually collected, established the volume (almost 63.68 *per cent*) of revenue foregone.

### *1.6.10.4 Outstanding advances against private firms*

The Institute had been making advance payments to various firms through departments/store for purchase of material, stores etc. The department/stores in turn render accounts in respect of these advances. The Institute did not furnish the records of these advance payments. However, as per list furnished by the Institute, outstanding advances as on 31 March 2000 were as under :

**Table 1.6.10.4 : Outstanding advances**

**(Rs in lakh)**

| Year | Amount |
|---|---|
| 1990-91 | 4.52 |
| 1991-92 | 1.74 |
| 1992-93 | 48.37 |
| 1993-94 | 8.58 |
| 1994-95 | 6.40 |
| 1995-96 | 14.83 |
| 1996-97 | 13.69 |
| 1997-98 | 27.39 |
| 1998-99 | 30.13 |
| 1999-2000 | 102.14 |
| Total | 257.79 |

**Advances of Rs 2.57 crore not reflected in the annual accounts.**

The Institute did not furnish the reasons for aforesaid outstanding. However, long outstanding advances were indicative of the fact that no sincere steps to adjust/recover these outstanding advances were taken by the Institute. Further, by the passage of time the possibility of their becoming bad debts cannot be ruled out. It was further noticed that these advances were not reflected in the annual accounts. The accounts were thus gravely deficient to that extent.

### *1.6.10.5 Un-reconciled amount of Rs 14.69 lakh under Cardiothoracic Vascular Surgery accounts*

**Rs 14.69 lakh not physical available shown as un-reconciled balance in the accounts.**

Scrutiny of accounts of the Institute for the year 1990-91 revealed that cash receipt from heart surgery patients was not being accounted for in the Institute's accounts since the inception of Cardiothoracic Vascular Surgery (CTVS) i.e. from 1979. The matter was taken up with the Ministry in February 1993 to incorporate these transactions and to revise the accounts for the year 1991-92. Accordingly the Institute revised its accounts after incorporating therein the total receipts and expenditure as worked out from the cash registers and patients file etc. available with the Institute, which revealed a difference of Rs 25.47 lakh. Out of this Rs 3.64 lakh and Rs 7.14 lakh were reconciled during 1993-94 and 1994-95 respectively leaving un-reconciled difference of Rs 14.69 lakh. As the balance amounting to Rs 14.69 lakh was not physically available with the institute it was shown as un-reconciled balance in the accounts.

The Institute stated (August 2000) that the concerned official was charge sheeted under Rule 14 of CCS (CCA) Rules. A departmental enquiry was conducted and disciplinary authority (Director, AIIMS) imposed the penalty to withhold his increment since September 1990 and the individual retired on same basic pay on 30.9.1997. The Institute could not make any case for misappropriation against the official and it was decided that this un-reconciled amount of Rs 14.69 lakh may be made good out of the interest earned by short term investments of CT Patients Fund. It was authorised by standing finance committee in its meeting (August 1998) and was approved by Chief of Cardio thoracic Centre (December 1999).

### *1.6.11 Miscellaneous*

### *1.6.11.1 Unauthorised occupation of land*

The Institute was allotted 32.09 acres land at Masjid Moth during 1966-69, out of which about 22 acres was under encroachment by the JJ[5] dwellers as the land remained vacant due to paucity of funds for construction of the projects. A joint survey of this cluster was carried out in 1992-93 by the officers of the slum department of Delhi Development Authority (now MCD[6]) and the Institute, which revealed that the number of JJ dwellers who were eligible for alternate site were 2456. Resettlement charges were to be paid by the land owning agencies (Institute) which were revised by the MCD from Rs 10000 per Jhuggi to Rs 29000 per Jhuggi from April.1993. Institute deposited first instalment of Rs 2.97 crore with slum department of MCD as their share of relocation cost (upto September 1993). A cursory survey conducted by the slum wing of MCD revealed that in addition to 2456 eligible JJ dweller; there existed 4500 ineligible JJ dwellers in the cluster. After detailed deliberations in the meeting held in December 1996 under the chairmanship of Secretary (Urban Development), Ministry of Urban Affairs and Employment it was

[5] Jhuggi Jhompadi
[6] Municipal Corporation of Delhi

decided that 2456 eligible JJ families and about 4500 ineligible JJ families (as on March 1996) needed to be shifted from the site belonging to the Institute. The Institute would pay Rs 4.28 crore (Rs 7.25 crore – Rs 2.97 crore already paid) for relocation of eligible JJ families and Rs 9.90 crore for ineligible JJ families. Thus the Institute would pay a total sum of Rs 17.15 crore to the MCD as relocation cost. The additional amount could be paid in two instalments. Accordingly the Institute paid Rs seven crore to MCD in August 1997. The time schedule for shifting the JJ cluster was fixed as March 1998 or 12 months from the date of depositing the amount of Rs seven crore to the slum department of the MCD. The Institute would then protect the land and start development. As such the Institute paid Rs 9.97 crore to MCD for giving possession of land. However neither the vacation nor the possession of land was attained (July 2000).

**Despite payment of relocation cost of Rs 9.97 crore vacant possession of land was still to be obtained.**

This has resulted not only in blockage of funds of Rs 9.97 crore but also affected the construction of quarters defeating the very purpose ought to be achieved.

### *1.6.11.2 Non-realisation of electricity bills for Rs 13.23 lakh from outside agencies*

Some private agencies are running their business in the Institute premises. These agencies are provided facilities of electricity and water. It was noticed that electricity bills for Rs 9.29 lakh in respect of State Bank of India for the period May 1993 to August 2000 and bills for Rs 3.94 lakh in respect of Super Bazar drug shop for the period March 1994 to January 2000 were raised between November 1998 and September 2000 but payment has not been received till date (November 2000). This has resulted in non-realisation of electricity bills to the tune of Rs 13.23 lakh. Reasons for raising late demand were not furnished by the Institute.

**Payment of Rs 13.23 lakh has not been received.**

### *1.6.11.3 Loss of revenue of Rs 55.38 lakh towards licence fee*

(a) In 1975 the Institute handed over two garages with water supply and electricity connection located on the ground floor of the private wards to Super Bazaar for the opening of a drug and medical appliances shop at a nominal licence fee of Re one per month only. The matter for charging licence fee was reconsidered in 1977 and it was decided to charge Rs 400 per month towards licence fee instead of Re one per month from Super Bazaar. The Super Bazaar paid Rs 400 per month till May 1997 towards licence fee. After May 1997 no licence fee was recovered from Super Bazaar. A proposal for second-outlet of drug shop was initiated in December 1993. A private party quoted Rs four lakh per month towards licence fee for the space, which had lesser area than that occupied by Super Bazaar. Super Bazaar had also quoted licence fee of Rs 25000 per month for the same space. The contract was, however, not finalised due to the plea that the location of the proposed shop was not proper in view of traffic and VIP movement considerations, though existing Super Bazaar drug shop was functioning at the same place. Audit was of the view that even if this contract could not be finalised due to aforesaid reason Super Bazaar should have been charged licence fee for Rs 25000 per month for the space which was already occupied by them. No efforts have been made to recover the licence fee @ Rs 25000 from the Super Bazaar which has resulted in a loss of Rs 18.59 lakh (March 2000).

The Institute had not accepted the licence fee @ Rs 400 p.m. from December 1997 onwards and asked (January 1998) Super Bazaar to vacate the premises which had not yet been vacated. No alternate site could be finalised by the Institute.

(b) A provision store at Ayurvigyan Nagar is being managed by Super Bazaar Co-operative Stores Ltd. on a token licence fee of Rs 200 per month. It was decided to charge Super Bazaar @ Rs 50 per square feet as licence fee from September 1994. Accordingly the licence fee worked out to Rs 50600 per month which was duly approved by the Director of the Institute. However, in July 1997 Director revoked his earlier order and decided to charge Rs 200 per month as earlier fixed and treated the entire period on contract and extended the contract upto December 1997 on existing rates. The contract was extended retrospectively in September 2000 for the period for January 1998 to September 2000. Super Bazaar being a commercial organisation should have been charged as per CPWD norms. Thus the revocation of orders for not realising the licence fee at current rates has resulted in loss of Rs 36.79 lakh till September 2000. Super Bazaar was asked to vacate the occupied premises at Ayurvigyan Nagar on or before September 2000. The store is not vacated till October 2000.

Thus, total loss on account of licence fee amounted to Rs 55.38 lakh (Rs 18.59 lakh + Rs 36.79 lakh).

### *1.6.11.4 Over payment of transport allowance*

**Overpayment of Rs 1.30 crore towards transport allowance in contravention of Government's orders.**

As per Ministry of Finance order of 3.10.97 effective from 1.8.97, the transport allowance shall not be admissible to those employees who are provided with Government accommodation within a distance of one kilometre or within a campus housing the place of work and residence and also to those employees who have been provided with the facility of Government transport. It was, however, noticed that in contravention to these orders the Institute was making payment of transport allowance to those employees who were residing in Government accommodation within a distance of one kilometre or within the Institute's campus and also those employees who were availing the facility of Government transport. The Institute did not furnish the full details of those employees. However, as on March 2000, 938 number of employees were found availing the facility of Government transport and the Institute was maintaining 888 quarters in its campus at Ansari Nagar. The over paid transport allowance during the period from August 1997 to October 2000 worked out to Rs 1.30 crore.

### *1.6.11.5 Infructuous expenditure of Rs 3.99 crore on computerisation*

The Institute acquired a computer system at a cost of Rs 2.03 crore in April 1989. The software of patient care system (one of the modules of the computerisation programme) was developed by Tata Consultancy Service at a cost of Rs 25 lakh in May 1990. In August 1996 Institute realised that the patient care system had not been used successfully due to bottlenecks and lack of direction and coordinated efforts for the implementation of patient care system. Accordingly, it was decided that there should not be extension to the annual maintenance contract. There was no record to exhibit how far the requirements, which were shown at the time of initiation of computerisation were achieved. The break up of expenditure incurred on computer system and its maintenance, which is lying idle since May 1996 was as under:

**Table 1.6.11.5 : Break up of expenditure on computer system**

**(Rs in lakh)**

| | |
|---|---|
| Purchase of computer system | 202.64 |
| Development of PCS software | 25.00 |
| Annual maintenance charges | 143.26 |
| Purchase of terminals (as per the stock register from March 1988 to March 1996 excluding cost of 27 terminals) | 27.64 |

The institute itself was unable to keep up its decision regarding replacement of the computerised system timely due to which even the data stored during its functioning could not be further utilised. Thus despite incurring an expenditure of Rs 3.99 crore, the Institute could not be benefited of the computerisation.

### *1.6.12 Evaluation and monitoring*

### *1.6.12.1 Performance review not conducted*

Government's decision 5(C) below GFR 150 envisaged that a review of the performance of the grantee Institute, in respect of grant-in-aid would be undertaken by the sanctioning authority concerned at least once in three to five years. No such review of performance was ever conducted by the Ministry.

The matter was referred to the Ministry in December 2000; their reply was awaited as of February 2001.

MINISTRY OF HUMAN RESOURCE DEVELOPMENT

Indian Institute of Technology, Kharagpur

# CHAPTER II : MINISTRY OF HUMAN RESOURCE DEVELOPMENT

## Department of Education

### 2.1 Indian Institute of Technology, Kharagpur

***IIT failed to increase its intake of students as envisaged by the Ministry. Chairs for eminent scholars remained unfilled despite availability of donations. IIT created an Endowment Fund from its net income in addition to the matching grants received from the Government. However, the Institute had not prepared any perspective plan not did it take any action for utilisation of the income of the Endowment Fund. Instead the balances available amounting to Rs 83.79 crore upto March 2000 were invested with Financial Institutions and Public Sector Banks. IIT also received Specific Purpose grants amounting to Rs 13.80 crore between 1995-99 for increasing infrastructural facilities. Its utilisation was also very poor.***

***Ministry continued to grant funds to IIT Kharagpur from 1997-98 without deciding the issue whether the Block Grant System should be continued or not. The accruals to the Endowment Fund were not adjusted against releases to IIT in subsequent years. Thus the Endowment Fund was not utilised by IIT for a period of eight years.***

***Highlights***

- IIT utilised only Rs 6.95 crore out of Specific Purpose Plan Grants of Rs 13.80 crore received between 1995 and 1999.
- Contrary to Government of India's directive, IIT did not utilise the income amounting to Rs 83.79 crore by March 2000 from Endowment Fund for its development work.
- Ministry failed to decide on continuation of Block Grants system from 1996 till date.
- Excess matching grants amounting to Rs 3.82 crore were claimed during 1993-97.

- **The intake capacity of IIT had not increased as targeted; funds remained unutilised.**
- **IIT could not create Chairs for eminent scholars and donations received from various organisations remained unutilised.**
- **IIT's failure to pursue the industries to recover their contribution towards different projects of Technology Development Mission resulted in additional expenditure of Rs 1.17 crore.**

### *2.1.1 Introduction*

IIT[1], Kharagpur, West Bengal was set up in April 1950. It was declared as an "Institute of National Importance" in 1962 under the Institutes of Technology Act 1961.

The objectives of this Institute are to impart quality education in various areas of pure and applied science,as well as in engineering and technology at the under-graduate and post-graduate levels, to further the advancement of knowledge through the conduct of basic and applied research in pure and applied science and engineering & technology and to disseminate and transfer the knowledge for the benefit of Indian industry and other user sectors.

### *2.1.2 Organisational set up*

Under the Act, a central body called Council was established to coordinate the activities of all the IITs. Each IIT is governed by a separate BOG[2] and a Senate. The activities of the Council, interalia, are to advise on matters relating to duration of the course, to lay down policy regarding cadres and methods of recruitment, to examine the development plans of each Institute, to examine the annual budget estimate of each Institute, to advise the visitor, the President of India, if so required in respect of any matters to be performed by him under this Act.

The executive control of the Institute is vested with the BOG.

### *2.1.3 Scope of Audit*

A review of the working of the IIT Kharagpur for 1995-96 to 1999-2000 was conducted in August -September 2000.

### *2.1.4 Finance*

***2.1.4.1*** The Institute is financed mainly by grants from the Government of India. It has also its own income from fees, consultancy, seat rent, computation charges and donation. The financial position of the Institute for the period from 1995-2000 is shown below:

[1] Indian Institute of Technology

[2] Board of Governors

**Table 2.1.4.1 : Grants and other income vis-a vis expenditure**

(Rs in crore)

| Year | Grant | | Other income[3] | Total income | Revenue expenditure | Capital expenditure[4] | Total expenditure | Revenue expenditure as percentage of total expenditure | Capital expenditure as percentage of total expenditure |
|---|---|---|---|---|---|---|---|---|---|
| | Non-plan Sanctd. | Plan Sanctd | | | | | | | |
| 1995-96 | 25.61 | 4.25 | 9.16 | 39.02 | 29.21 | 5.48 | 34.69 | 84.21 | 15.79 |
| 1996-97 | 34.51 | 4.80 | 13.92 | 53.23 | 32.08 | 7.86 | 39.94 | 80.32 | 19.68 |
| 1997-98 | 34.90 | 7.75 | 16.02 | 58.67 | 35.49 | 6.15 | 41.64 | 85.23 | 14.77 |
| 1998-99 | 59.50 | 10.00 | 20.97 | 90.47 | 56.43 | 9.81 | 66.24 | 85.19 | 14.81 |
| 1999-00 | 60.25 | 21.80 | 23.59 | 105.64 | 57.69 | 10.94 | 68.63 | 84.06 | 15.94 |

Thus the total expenditure increasingly fell short of total income and on an average only 16.03 *per cent* of total expenditure was incurred for creation of assets while 83.97 *per cent* was spent on maintenance.

### 2.1.4.2 *Grant (plan) for specific purpose*

**Utilisation of only 50.36 *per cent* of plan grants.**

The Institute was sanctioned Rs 30.60 crore Specific Purpose Plan grants between 1995 to 2000 and received Rs 13.80 crore between 1995-99. These grants were sanctioned by the Ministry against the Institute's budget proposal. Despite projecting high requirements the Institute was able to utilise only Rs 6.95 crore till March 2000 as shown in Appendix-II. The unutilised grants of Rs 6.85 crore were kept in short term investments and the interest earned was being credited to the revenue account. The amount of interest thus credited to revenue account was not quantified by the Institute since investments were made out of the total available fund of the Institute and no details regarding investment made out of unutilised Specific Purpose Plan grants were maintained by the Institute. On the assumption of lowest average rate of interest and periods of non-utilisation, the minimum amount of interest on unutilised grants amounted to Rs 81.06 lakh as calculated by Audit.

### 2.1.5 *Revised pattern of funding*

**Block grant scheme came into effect from 1993-94.**

Government of India, Ministry of Human Resource Development in May 1994 switched over to Revised Pattern of Funding known as "Block Grant" scheme for all the IITs (except IIT Guwahati) which was effective from 1993-94. The scheme envisaged greater economy and autonomy in management of the IITs and limiting the financial liabilities of the Government of India. The scheme was to cover the remaining part of eighth plan period i.e. upto 1996-97.

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3 Other income — Total income as shown in Income and expenditure Accounts minus Government grant credited to the Account.

4 Capital Expenditure –As capital expenditure and revenue expenditure are not distinctly exhibited in accounts, the net addition to assets in the balance sheet has been taken as capital expenditure.

The salient features of this scheme were as follows :

- beginning with the financial year 1993-94, the non plan grant of the IITs would be fixed at the level of the grant in the revised budget estimate for financial year 1992-93 plus 10 *per cent* thereof, and maintained at that level for the next four years (till the end of 1996-97);

- savings out of Non Plan grant and revenue receipt would be retained and carried over by the Institute to encourage the creation of an Endowment Fund;

- provision of a 100 *per cent* matching grant for any savings out of the non plan grants, revenue receipts and net earnings from consultancy and Continuing Education Programme to the extent these were transferred to an Endowment Fund to be created by each Institute;

- provision for a matching grant, on a case to case basis, for any donations received by the Institutes and placed in their respective Endowment Funds;

- provision for special *"force majeure"* grants to meet expenditure on increase in Dearness Allowances, Pay Commission's recommendations and significant devaluation;

Accordingly the first phase "Block Grant" for IIT Kharagpur fixed at Rs 23.73 crore was sanctioned and released annually during the period from 1993-94 to 1996-97.

An Expert Committee set up by the Ministry in May 1996 which studied the operation of the first phase of the Revised Pattern of Funding recommended its extension in the Ninth Plan period also. However the recommendations have not yet been accepted by the Ministry. The budgets for 1997-98 onwards were approved by Ministry and funds released without adjusting funds available in the Endownment Fund of the Institute.

### *2.1.5.1 Endowment Fund*

IIT created a Corpus Fund in 1993-94, later renamed as Endowment Fund, as required under the Block Grant Scheme. The amounts transferred to this fund as well as assets are given in Appendix -III.

*2.1.5.1.1* As per Ministry's order issued in May 1994, the interest accruing and other income from assets of the Endowment Fund would be used normally for development purpose and if necessary to meet operational expenses of the Institute. The order further envisaged that the status of the Endowment Fund including deposit, interest and assets would be included in a separate section of the Institute's Budget along with proposal for utilisation of the income of the fund.

**Endowment fund was not utilised for development work of IIT.**

Although Rs 83.79 crore stood at the credit of this fund as on March 2000, the Director did not prepare any action plan for development work out of its income nor was the Endowment Fund and its income reflected in its budgetary proposals. This was due to the fact that even though director of the Institute constituted a committee in December 1996 to manage the fund and its assets, it was not ratified by the BOG nor did it function during the period under review. The entire fund balance was invested in Financial Institutions and Public Sector Banks. Thus, neither the Institute nor the Government derived any benefit out of the Endowment Fund income till March 2000.

As a result the requirements voiced by different departments in critical areas of research were not met despite availability of sufficient financial resources.

IIT Kharagpur had 18 departments and five centres with 357 laboratories. Of these, 175 were academic laboratories, 125 were research laboratories and 57 were used for both academic and research purposes.

**Departments were not modernised inspite of sufficient fund provision.**

A test check of 10 departments and two centres indicated that while three departments and centres did not take any initiative to remove the obsolete equipment, seven departments and centres had sought funds amounting to Rs 4.56 crore for modernisation of laboratories against which only a sum of Rs 59 lakh was released to four departments, these department stated that owing to non-availability of funds the work of modernisation suffered.

*2.1.5.1.2* In terms of the Ministry's directive, 100 *per cent* matching grant was to be provided for any savings out of Non Plan grants, revenue receipts and net earnings from consultancy and continuing education programmes to the extent these were transferred to the Endowment Fund. Scrutiny of accounts for 1993-94 to 1996-97 further disclosed that the Institute transferred the net income of this fund including the interest and dividend income to the Institute's Income and Expenditure Accounts as follows :

**Table 2.1.5.1.2 : Net income of endowment fund transferred to income and expenditure account**

(Rs in crore)

| Year | Excess of income over expenditure | Amount of interest and dividend income included |
|---|---|---|
| 1993-94 | 3.45 | - |
| 1994-95 | 3.98 | 0.58 |
| 1995-96 | 4.23 | 1.21 |
| 1996-97 | 14.82 | 2.03 |
| Total | | 3.82 |

Note : The interest income transferred to Income and Expenditure Accounts could not be isolated as separate Receipt and Payment Accounts for Endownment Fund was not prepared.

**Excess of income over expenditure was inflated by Rs 3.82 crore.**

Thus the excess of income over expenditure for 1994-95 to 1996-97 was inflated by Rs 3.82 crore which was also included for claiming matching grant contrary to the Ministry's directives.

### *2.1.6.1 Investments*

**IIT suffered a loss of Rs 20.33 lakh for improper investment.**

In terms of the Ministry's guidelines of 1995 and 1996 there should be no element of speculation in the investment of surplus fund created under the revised pattern of funding. Hence, equity based investments were not allowed and the existing holdings in such schemes were to be liquidated.

**Failure to offload holdings as soon as lockin period ended.**

(i) Test check of investment records of the Institute disclosed that in March 1995, IIT invested Rs two crore from Endowment Fund for purchase of 161900 units of CRTS-81 scheme at the rate of Rs 123.50 per unit from the Unit Trust of India. Though the minimum three years period of investment expired in March 1998, the Institute disinvested the holding in December 1999 after a delay of 20 months at the rate of Rs 106.00 per unit. The Institute received Rs 1.72 crore as repurchase value, Rs 1.13 crore as interest and Rs 1.81 lakh as incentive. The Institute's failure to disinvest the holding after the minimum period of three years in March 1998 as per the Ministry's guideline led to loss of Rs 15.20 lakh as interest.

(ii) The Institute in August 1995 invested a further sum of Rs one crore from Endowment Fund for purchase of 83330 units of Unit Trust of India in violation of the Ministry's order. In August 1998 IIT received Rs 95 lakh as principal and Rs 39.16 lakh as dividend. Investment of surplus fund in post office in accordance with the Ministry's directive would have earned an additional interest of Rs 5.13 lakh during the period from August 1995 to August 1998.

Test check of investment schedule, investment register and investment records for 1999-2000 further revealed that the following investments were made in ICICI[8] unsecured bonds which entailed market risk and were therefore contrary to the government guidelines issued in March 1996.

[8] Industrial Credit and Investment Corporation of India

**Table 2.1.6.1 : Investment made in unsecured bonds**

(Rs in crore)

| Sl. No. | Name of fund | Amount of investment in the ICICI Bond |
|---|---|---|
| i) | Endowment | 12.20 |
| ii) | Institute Endowment Scholarship Prize Fund | 0.21 |
| iii) | IIT Main Account | 3.00 |
| iv) | Institute Development Fund | 2.00 |
| v) | Donated Chair | 0.15 |
| vi) | Technology Foundation | 0.12 |
| vii) | G.S.Sanyal School of Telecommunication | 1.10 |

### 2.1.7 *Intake capacity*

The intake capacity of the Institute during the period 1995-96 to 1999-2000 was as follows:

**Table 2.1.7 : Intake capacity vis-a vis students enrolled**

| Year | Under-graduate | | Post-graduate | |
|---|---|---|---|---|
| | Intake capacity | Enrolment/ Drop out | Intake capacity | Enrolment/ Drop out |
| 1995-96 | 493 | 487/31 | 405 | 395/76 |
| 1996-97 | 493 | 512/47 | 405 | 448/54 |
| 1997-98 | 493 | 520/17 | 405 | 485/47 |
| 1998-99 | 571 | 525/22 | 405 | 532/44 |
| 1999-00 | 580 | 549/21 | 405 | 451/Nil |

The Institute stated that as per Ministry's directives the intake capacity of the Institute was to be increased every year by about 20 *per cent* so that within five years from 1998, the Institute would have doubled its capacity.

**Intake capacity did not increase despite availability of fund.**

IIT Kharagpur accordingly projected additional resource requirement of Rs 300 crore during the Ninth Plan period for increasing student population, introduction of new academic programmes, increasing consultancy services/joint ventures/ entrepreneurship programmes and distance education programmes. The intake of students was proposed to be doubled resulting in a total student population of 6000 consisting of under-graduates, post-graduates and research scholars by the end of Ninth Plan.

The Ministry sanctioned Rs two crore in March 1998 for the purpose of increasing students intake with the condition that prior to actual utilisation of the grant the Institute would prepare a Plan of Action. This had not been prepared by the Institute till August 2000. Hence the entire amount remained unutilised. Thus due to the Institute's lack of planning and inaction the objective of the Ministry to increase student capacity has not been achieved. The Institute, however, cited resource crunch and dearth of infrastructural facilities as reasons for not increasing the intake capacity in post-graduate courses The Ministry had again sanctioned a grant of Rs 10.70 crore in March 2000 for the same purpose.

### *2.1.8 Donated Chair Fund*

IIT Kharagpur received funds from various private and public organisations for creation of Donated Chairs for conducting research and development work as desired by the respective donors. The Institute invested the donated amounts and credited the interest earned to the Donated Chair Fund for meeting the expenditure towards Chair Professors. The position of donated amounts received and appointment of Chair Professors during the period 1995-96 to 1999-2000 was as follows :

**Table 2.1.8 : Position of donated amount received and appointment of chair professors**

**(Rs in crore)**

| Name of the organisation | Date of receipt of the fund | Amount received | Expenditure | Period of occupation |
|---|---|---|---|---|
| H.C.L.[9] | November 1986<br>October 1988 | 0.07<br>0.01 | 0.08 | January 1996 to December 1998 |
| TISCO[10] | January 1988<br>July 1988 | 0.07<br>0.03 | 0.06 | May 1996 to December 1997 |
| SAIL[11] | January 1989 | 0.08 | 0.04 | January 1998 to March 1999 |
| VSNL[12] | July 1994<br>May 1997 | 0.15<br>0.15 | 0.09 | January 1996 to December 1998 |
| PRESSMAN[13] | December 1994<br>October 1995 | 0.05<br>0.10 | Nil | No appointment |
| ISRO[14] | April 1997 | 0.30 | Nil | -do- |
| Total | | 1.01 | 0.27 | |

**IIT did not create chairs for eminent scholars.**

The table indicates that IIT had received Rs 1.01 crore as donation. Interest earned on this as stated by IIT was Rs 1.21 crore, of which only Rs 26.40 lakh had been spent for the purpose for which the funds were received. Hence IIT was not fulfilling the purpose for creation of the chairs despite availability of funds. It was noticed in audit that individual chair-wise details of income was not available with IIT.

The Institute stated that the chairs were vacant due to non-availability of suitable candidates.

9 Hindusthan Computers Limited
10 Tata Iron & Steel Company Limited
11 Steel Authority of India Limited
12 Videsh Sanchar Nigam Limited
13 Pressman Limited
14 Indian Space Research Organisation

### 2.1.9 Research programme

During the year 1995-96 to 1999-2000 the Institute had undertaken 285 research projects and completed 234 as follows:

**Table 2.1.9(i) : Research projects undertaken**

**(Rs in crore)**

| Sl.No. | Subject | 1995-96 | | 1996-97 | | 1997-98 | | 1998-99 | | 1999-2000 | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Number | Expenditure | Number | Expenditure | Number | Expenditure | Number | Expenditure | Number | Expenditure |
| 1. | Projects undertaken | 63 | 11.30 | 50 | 12.88 | 36 | 16.21 | 84 | 12.86 | 53 | 9.97 |
| 2. | Project completed | 42 | 2.11 | 32 | 1.60 | 65 | 3.25 | 16 | 0.81 | 79 | 0.59 |

**Out of 234 projects, 218 remained incomplete.**

As on March 2000, 218 research projects awaited completion. 27 of these projects were granted extension ranging from six months to nine years as these were running behind schedule.

Test check of five completed projects with estimated cost of more than Rs 25 lakh revealed that overheads at the rate of 15 *per cent* as per SRIC rules was not being charged.

**Table 2.1.9(ii) : Short recovery of overhead charges**

**(Rs in lakh)**

| Project Code | Actual Cost | Overheads due @ 15 *per cent* of actual cost | Overheads charged | Overhead undercharged |
|---|---|---|---|---|
| RTD | 93.94 | 14.09 | 10.98 | 3.11 |
| EMP | 42.35 | 6.35 | 4.20 | 2.15 |
| MFP | 46.88 | 7.04 | 4.18 | 2.86 |
| JBP | 237.86 | 35.68 | 12.78 | 22.90 |
| PML | 42.77 | 6.41 | Nil | 6.41 |
| **Total** | **463.80** | **69.57** | **32.14** | **37.43** |

Thus it is evident that by not charging the overhead as per SRIC rules, the Institute incurred a loss of Rs 37.43 lakh. This was admitted by the Institute.

### 2.1.9.1 *Technology Development Mission project*

The Planning Commission launched TDM in 1994.

The Planning Commission launched the TDM[15] in 1994 with the objective of promoting institute-industry partnership in developing technologies and transferring such technologies to industries for commercial activities. IIT Kharagpur was allotted four projects namely Food Processing Engineering, Photonic Devices and Technologies, Communication Networking and Intelligent Automation and Genetic Engineering and Biotechnology. It received Rs 9.46 crore during 1993-94 to 1998-99 from the Ministry for TDM Phase-I. The cost of the projects was to be borne by the Government and collaborating industries in the ratio of 80:20. The period assigned for this Mission was 1994-1997 with the termination date of March 1997. Owing to procedural delay in effecting Expenditure Finance Committee clearance and delay in signing Memorandum of Understanding with the collaborating Industries, the mission was conditionally extended upto March 1998.

As the first phase of the projects was delayed, the Planning Commission further extended the date of completion upto March 1999 with the stipulation that no further extension of time was possible, all efforts must, therefore, be made to complete the projects by March 1999 as no expenditure could be incurred subsequently. The Commission also stipulated that no capital equipment should be ordered after March 1998. However IIT Kharagpur was able to complete the first phase of the projects undertaken during eighth plan period only by March 2000. Though the Institute stated that as per decision of the Mission Management Board, the first phase TDM projects were allowed to operate till March 2000, formal communication to this effect was awaited.

Scrutiny of project records revealed that:

- Despite ban on procurement of capital equipment after March 1998, the Institute procured capital equipment worth Rs 21.87 lakh between April 1998 and March 1999.

IIT diverted Rs 1.46 crore to another fund.

- The Ministry released Rs 9.46 crore during 1993-1999 towards these projects in addition to contribution of Rs 89.80 lakh from collaborating Industries. The TDM accounts for the year 1999-2000 disclosed that there was surplus fund in the account amounting to Rs 1.48 crore which included an interest of Rs 27.91 lakh. At the close of the first phase of the projects the Institute transferred Rs 1.46 crore to the Institute's SRIC account leaving a balance of Rs 1.31 lakh in TDM account without the concurrence of the grant sanctioning authority.

- The surplus funds received from the Ministry should have been clearly exhibited in the TDM account instead of diverting the amount to an unrelated account.

[15] Technology Development Mission

- In view of this the Institute's reply that the unspent balance along with interest is set aside in SRIC account for the time being for utilisation in the Phase II is not acceptable.

- The cost of the projects was to be borne by the Government and collaborating Industries in the ratio of 80:20. However, the percentage contribution was 91.3:8.7. The Institute stated that some industries were allowed to contribute less than 20 *per cent* as they could not afford more. The reply is not tenable in view of the Planning Commission's directive.

**IIT's failure to pursue industries resulted in additional expenditure of Rs 1.17 crore.**

Thus, the Institute's failure to pursue the industries for their share of contribution resulted in additional burden of Rs 1.17 crore on the exchequer.

The matter was referred to the Ministry in November 2000; their reply was awaited as of February 2001.

**MINISTRY OF HUMAN RESOURCE DEVELOPMENT**

**Regional Engineering College, Srinagar**

## 2.2 Regional Engineering College, Srinagar

***Highlights***

- **The unspent balances of Regional Engineering College, Srinagar which represented mainly plan funds released by Central Government for development of infrastructure in college, increased from Rs 74 lakh at the end of March 1995 to Rs 5.27 crore in March 2000.**

- **The college did not have any investment policy due to which GPF/CPF receipts ranging between Rs 0.42 crore and Rs 1.61 crore had not been invested in long-term deposits during 1995-2000. Injudicious fund management resulted in loss of interest of Rs 53.99 lakh.**

- **The college lacked proper manpower management policy. The ratio of teaching to non-teaching staff (1:4), teaching staff and students (1:5 to 1:9) and total staff to students (1:1.71) was higher than the ratios of 1:2, 1:10 to 1:13 and 1:2 to 1:4 in other REC's. This indicated excess staffing and poor manpower management.**

- **Expenditure of Rs 3.17 crore incurred for development of infrastructure viz. construction of computer centre, purchase of computers and other equipments etc. was rendered idle due to defective construction of building and non-installation/commissioning of equipments etc.**

- **Advances aggregating Rs 3.68 crore were outstanding against various suppliers/contractors and employees for periods varying from 1 to 28 years.**

### *2.2.1 Introduction:*

The REC[1] Srinagar is one of the seventeen Regional Engineering Colleges established (1960) as an institution of excellence in technical education in each of the major States of the country. The REC which functions as an autonomous body under the Societies Registration Act 1860 is affiliated to Kashmir University which conducts examinations and confers degrees and other academic distinctions. The Institute is spread over an area of 67 acres of land, against the minimum of 250 acres as per norms fixed by Government.

The main objectives of the College are (i) imparting education in such branches of engineering as may be considered fit (ii) advancement of learning and research

[1] Regional Engineering College

activities and dissemination of technical knowledge and (iii) to establish, manage and maintain hostels for residence of students.

### 2.2.2 *Scope of Audit*

A review of the functioning of the College for the period 1995-96 to 1999-2000 was conducted during November 1999 to January 2000 and August 2000 under section 20(1) of the CAG's (Duties, Powers and Conditions of Service) Act, 1971. Important points noticed during test-check are brought out in the succeeding paragraphs.

### 2.2.3 *Organisational set-up*

The general supervision, directions and control of the affairs of the College is managed by a Board of Governors, comprising the Chairman, one ex-officio member who functions as the Principal and 15 other members. The Principal of the Institute is its Academic and Executive Officer and is responsible for the day to day administration of the College.

### 2.2.4 *Financial parameters*

#### 2.2.4.1 *Finance and expenditure*

The source of funds of the College are plan and non-plan grants from the Central Government, non-plan grants from State Government and other receipts such as fees, interest from investments, fines and rent of buildings. The position of receipts and expenditure of the College for the five year period 1995-2000 was as under:

**Table 2.2.4.1 : Receipt and expenditure**

**(Rs in crore)**

| Year | Opening unspent balance | Grants received from Centre | | Grants received from State | Other receipts | Total funds available | Expenditure incurred | Unspent balance |
|---|---|---|---|---|---|---|---|---|
| | | Plan | Non-plan | Non-plan | | | | |
| 1995-96 | 0.74 | 1.95 | 1.91 | 2.90 | 0.27 | 7.77 | 5.61 (0.71*) | 2.16 |
| 1996-97 | 2.16 | 2.13 | 3.33 | 1.73 | 0.45 | 9.79 | 6.94 (1.43) | 2.85 |
| 1997-98 | 2.85 | 2.85 | 2.07 | 1.98 | 1.46 | 11.21 | 7.26 (0.97) | 3.95 |
| 1998-99 | 3.95 | 1.80 | 3.04 | 3.45 | 0.59 | 12.83 | 9.56 (1.44) | 3.27 |
| 1999-00 | 3.27 | 3.37 | 6.15 | 5.73 | 0.20 | 18.72 | 13.45 (1.98) | 5.27 |
| Total | 12.97 | 12.10 | 16.50 | 15.79 | 2.97 | 60.33 | 42.82 | 17.51 |

* Figures in parenthesis indicate plan expenditure

**Unutilised grant which was Rs 73.76 lakh at the end of March 1995 rose to Rs 5.27 crore at the end of March 2000.**

Unspent balance which was Rs 73.76 lakh at the end of March 1995 increased to Rs 5.27 crore at the end of March 2000. Poor utilisation of funds was attributed to disturbed conditions, delay in approval of works programme etc. Further, against release of central plan grants of Rs 12.10 crore during 1995-2000 Rs 6.53 crore (54 *per cent*) only had been utilised on planned development activities viz. construction/renovation of laboratories, construction of central heating system and residential quarters etc. This was attributed to delay in release of non-plan funds to the College by the Central/State Governments for meeting expenditure on salaries of the staff and purchase of consumables for running of laboratories necessitating diversion of funds.

### 2.2.4.2 *Deficiencies in maintenance of accounts*

**Retention of heavy balances in cash chest.**

Test-check of records of the College revealed that various checks/controls prescribed in the financial rules viz physical verification of cash at periodic intervals, bank reconciliation etc. had not been conducted during the period 1995-96 to 1999-2000 nor had cash security been obtained from the persons dealing with cash. Store account of cheque books had also not been maintained. Further heavy cash balances ranging from Rs 50 thousand to Rs 6.77 lakh had been retained in office chest at the end of each of the 51 months during the period from April 1995 to March 2000. Retention of heavy cash balances besides being fraught with the risk of loss/pilferage of cash also resulted in loss of income to the College by way of interest.

### 2.2.5 *Investment management*

### 2.2.5.1 *Management of Provident Fund of employees*

**College failed to form any investment policy/rules.**

College has neither framed any Rules prescribing the management of the GPF/CPF accounts nor has been following Government rules for deposit of balance available in GPF/CPF. The amounts credited to the fund were merged with the general fund of the College instead of keeping them separately. Test-check revealed that substantial portion of the GPF/CPF receipts had not been invested in long term deposits. Moreover, the interest earned on the GPF/CPF deposits was treated as revenue of the College. The position of GPF/CPF deposits including the investment made out of the net available deposits and un-invested amounts for last five years ending 1999-2000 was as under:

**Table 2.2.5.1 : Position of uninvested amount**

(Rs in crore)

| Year | Opening balance | Net deposits[Ψ] | Total | Long term investment | Un-invested amount |
|---|---|---|---|---|---|
| 1995-96 | 2.74 | 0.19 | 2.93 | 1.58 | 1.35 |
| 1996-97 | 2.93 | 0.32 | 3.25 | 1.64 | 1.61 |
| 1997-98 | 3.25 | 0.31 | 3.56 | 3.14 | 0.42 |
| 1998-99 | 3.56 | 0.52 | 4.08 | 3.14 | 0.94 |
| 1999-2000 | 4.08 | 0.92 | 5.00 | 4.03 | 0.97 |

[Ψ] Subscription to fund plus interest minus withdrawals from the fund.

**Huge balances under GPF/CPF remained in current account.**

**Poor management of funds led to loss of interest of Rs 53.99 lakh.**

Amounts ranging between Rs 0.42 crore and Rs 1.61 crore had been kept in current account during the year 1995-2000 which indicated improper fund management and lack of financial discipline. Trend of monthly withdrawals from the fund during 1996-97 to 1998-99 (between Rs 2.71 lakh and Rs 17 lakh) indicated that retention of Rs 15 lakh per month in the current account was sufficient to cover the anticipated withdrawals from the fund and the remaining amount could have been utilised for earning additional interest in long term investments. Poor fund management by the College resulted in loss of interest of Rs 53.99[K] lakh during 1995-96 to 1999-2000.

### 2.2.6.1 *Manpower management*

(a) The College was committed to incur an obligatory expenditure on salaries/wages annually for maintaining a sizeable number of teaching and non-teaching staff. It was seen that the expenditure on salaries/wages during 1995-2000 was high and constituted 61 to *66 per cent* of the total expenditure during this period. Total strength of teaching and non-teaching staff and students during 1995-96 to 1999-2000 was as under:

**Table 2.2.6.1 : Ratio of teaching, non-teaching staff and students**

| Particulars | 1995-96 | 1996-97 | 1997-98 | 1998-99 | 1999-2000 |
|---|---|---|---|---|---|
| Teaching staff | 128 | 130 | 126 | 127 | 127 |
| Non-teaching staff | 543 | 512 | 496 | 579 | 567 |
| Students | 659 | 784 | 888 | 1036 | 1188 |
| Ratio between teaching staff to non-teaching staff | 1:4 | 1:4 | 1:4 | 1:5 | 1:4 |
| Ratio between teaching staff to students | 1:5 | 1:6 | 1:7 | 1:8 | 1:9 |
| Ratio between teachmg/non-teaching staff to students | 1:1 | 1:1 | 1:1.43 | 1:1.47 | 1:1.71 |

**Norms for requirement of teaching and non-teaching staff not laid.**

Norms for requirement of teaching and non-teaching staff in various disciplines, based on intake capacity, had not been framed. Ministry had advised (January 1994) maintaining a ratio of 1:2 between teaching staff to non-teaching staff and had also stressed the need for bringing down the higher ratios within a span of three to five years. This ratio was, however, stagnant at 1:4/5 during 1995-2000, which indicated excess non-teaching staff as also inaction in bringing this ratio to the desired level of 1:2. The ratio between teaching staff and students ranged from 1:5 to 1:9 (against the ratio of 1:10 to 1:13 in RECs Rourkela/Warrangal/

[K] Based on interest earned by the College on investments already made

**The ratio of teaching/non-teaching staff to students was 1:1**

**Overstaffing in the college.**

Allahabad) which also indicated excess manpower availability. Similarly, the ratio of 1:1.71 between teaching/non-teaching staff to students was also very high compared to the ratio of 1:2 to 1:4 obtaining in other RECs. There is, thus, an urgent need for rationalising the requirement of teaching and non-teaching staff for bringing down manpower costs and utilising available funds on development of infrastructure.

*2.2.6.2 Academic activities*

*2.2.6.2.1 Admission of students*

The College imparts instruction/education in six engineering disciplines for four years (eight semesters) duration and a post graduate course of 18 months (three semesters) in Water Resource Engineering. Test-check revealed that no new engineering disciplines either at graduate level or at post-graduate level had been introduced during the last 10 to 15 years despite rapid strides in various technological fields particularly in information technology and computer sciences, etc. Reasons for the same were not on record.

While nine and five students only were admitted to the Post-Graduate of course during the years 1995 and 1998 respectively against annual intake capacity of 10 students, nine students only completed the course in 1997. The position of annual intake capacity of students for BE courses, actual number admission, and pass outs number during the years 1995-99 was as under:

**Table 2.2.6.2.1 : Position of students for BE courses**

| Year | Intake capacity | Actual intake | Percentage shortfall | Number of students who appeared in final semester | Number of students who passed examination (Percentage in brackets) |
|---|---|---|---|---|---|
| 1995 | 280 | 123 | 56 | Nil | Nil |
| 1996 | 280 | 120 | 57 | 54 | 50 (93) |
| 1997 | 280 | 150 | 46 | 67 | 55 (82) |
| 1998 | 280 | 214 | 24 | 64 | 31 (48) |
| 1999 | 280 | 200 | 29 | 57 | 50(88) |

Shortfall in the intake of students for B.E course vis-a-vis capacity ranged between 24 and 57 *per cent*. This was attributed by the management to disturbance in the valley due to which admission of students from outside the State was stopped. Further, while none of the candidates appeared in the final semester examination in 1995, the pass percentage which was 93 in 1996 declined to 48 in 1998 and 88 in 1999. Reasons for decline in the pass percentage had not been analysed.

### *2.2.6.3 Delay in completion of courses*

There was substantial delay in the completion of degree courses by the students as indicated in the following table:

**Table 2.2.6.3(i) : Delay in completion of courses**

| Batch | Due date for final semester examination | Month in which examination held | Delay (in months) | Results declared |
|---|---|---|---|---|
| September 1991 | July/August 1995 | December 1996/January 1997 | 17 | July 1997 |
| September 1992 | July/August 1996 | August 1998 | 24 | March 1999 |
| December 1993 | July/August 1997 | June 1999 | 22 | November 1999 |
| October 1994 | July/August 1998 | May 2000 | 21 | - |
| September 1995 | July/August 1999 | Expected in December 2000 | 16 | - |

The positions of the progress of completion of courses in respect of admissions made after September 1995 was as under:

**Table 2.2.6.3(ii) : Position of progress of completion of courses**

| Month and year of admission | Semester due for completion as of October 1999 | Semester actually completed |
|---|---|---|
| September 1996 | 7th | 4th |
| September 1997 | 5th | 2nd |
| April 1998 | 4th | 1st |

The delay was attributed to the disturbed conditions in the State due to which the University of Kashmir could not hold examinations in time and also to delay of about 8 months in the declaration of results of entrance examination during 1998. The Management, however, stated that the delays in completion of courses and holding of examinations could have been avoided had academic autonomy been granted to the College.

### 2.2.7 *Infrastructure development/management*

**Inordinate delay in completion of work undertaken at an estimated cost of Rs 5.49 crore causing time over-run of 4-15 years and cost over-run of Rs 84.01 lakh.**

**Central assistance of Rs 1.48 crore remained unutilized.**

The College had a separate construction wing headed by an Executive Engineer for undertaking construction and expansion programme of the College. Test-check revealed that during the period 1995-96 to 1999-2000, 15 works were undertaken at an estimated cost of Rs 5.49 crore which included six spill-over works from earlier years. However, as only eight works had been completed (August 2000) the costs are likely to increase further after the completion of on going works. There was huge time over-run of 4-15 years and cost over-run of Rs 84.01 lakh in these works. Further, seven works, for which funds aggregating Rs 1.48 crore had been released by Central Government during 1998-99, had not been taken up. Following further points were noticed during test-check :

Government of India had designated (1988) REC, Srinagar as a resource centre for creation of knowledge and dissemination of information under a bilateral project between Governments of India and Italy, for addressing specific technological problems of relevance and research work to meet the requirement of industry in the fields of maintenance etc.

**Investment of Rs 1.97 crore remained unfruitful.**

Government of Italy contributed in 1990 free commodity/equipment grant valued at Rs 1.50 crore and imparted training to 17 members of the technical staff of the college for operating the equipment, Government of India also provided funds amounting to Rs 56.12 lakh to the College during the period 1988-97 for development of related infrastructure viz. construction of building, installation of electric system, fixtures, accessories etc. The construction of the maintenance engineering centre for the project taken up in March 1989 was completed in June 1992 at a cost of Rs 25.98 lakh. The institution also purchased diesel generator set, fixtures, tools, and office equipment for Rs 18.88 lakh in 1993-94 and one computer at a cost of Rs 1.76 lakh in 1995-96. The project had not however, been made functional (August 2000) due to non-installation of equipment received from Italian Government. No serious effort was made by the Institute for installing the equipment except in 1998 when the matter was taken up with IIT Delhi, Kanpur and AMU Aligarh for seeking their assistance which, however, was not followed up. Thus, investment of Rs 1.97 crore in the form of equipment (Rs 1.50 crore), Building (Rs 25.98 lakh) diesel generating set and computer etc. (Rs 20.64 lakh) remained idle due to inertia/inaction of the College authorities and the objective of setting up of a maintenance engineering centre remained unfulfilled.

#### 2.2.7.1 *Upgrading and strengthening of existing computer facilities*

**Rs four crore were sanctioned for strengthening computer facilities.**

With a view to developing the RECs as centres of excellence and to meet the growing demand for training, research and consultancy etc. the Ministry released a special grant of Rs four crore during 1994-97 for upgrading and strengthening existing computer facilities. Construction of computer network centre was allotted in June 1995 to a contractor at a cost of Rs 10 lakh slated to be completed in September 1995 was completed in March 1997 at a total cost of Rs 22.43 lakh. The building could not, however, be utilised due to development of cracks in its beams.

**Computer equipment and net work system of Rs 62.12 lakh purchased in 1996-97 could not be installed till August 2000.**

In anticipation of the completion of the building computer equipment and network system for over Rs one crore was purchased during 1996-97. Equipment worth Rs 62.12 lakh meant for computer network centre had, however, not been installed (August 2000) due to defective construction of the building.

In 1995-98, six computers inclusive of two Pentium computers and one laser printer and other peripherals including software were purchased at a cost of Rs 9.26 lakh and the staff in administration and accounts wing was imparted requisite training. However, the computerisation of the records had not been done as of August 2000.

In order to automate the activities and information services of the library viz. documentation, acquisition and lending etc. of 54869 books, 5479 periodicals, 10785 pamphlets and 335 technical films were available as of March 1999, the College purchased 14 computers, one UPS[2] , laser printer and library software valued at Rs 22.47 lakh during the period 1991-98. The system had, however, remained non-operational as of August 2000. The investment of Rs 22.47 lakh on purchase of computer hardware/software was, thus, rendered idle and the teaching/non-teaching staff and students were deprived of the facility of improved documentation and library services.

Laboratory equipment valued at Rs 19.58 lakh purchased between September 1989 and March 1993 for demonstrating practical work to the students had not been installed/commissioned up to August 2000.

### *2.2.8 Outstanding advances*

**Advances aggregating Rs 3.68 crore kept outstanding for period varying from 1 to 28 years.**

Temporary advances were made to suppliers/contractors and to the staff members for purchase of equipment and for meeting travelling expenses etc. Test-check of records revealed that advances were made without adjustment of the previous outstanding advances, with the result that outstanding advances had accumulated to Rs 3.68 crore as of December 1999. This included Rs 1.13 crore (31 *per cent)* outstanding for over five years and Rs 6.13 lakh pertaining to the period 1971-72 to 1989-90 outstanding against 29 staff members who had either retired or died. Reasons for non-recovery/adjustment of outstanding advances in these cases had not been investigated.

The matter was referred to the Ministry in December 2000; their reply was awaited as of February 2001.

[2] Un-interrupted power supply

# MINISTRY OF SMALL SCALE INDUSTRIES AND AGRO AND RURAL INDUSTRIES

## Khadi and Village Industries Commission

# CHAPTER III : MINISTRY OF SMALL SCALE INDUSTRIES AND AGRO AND RURAL INDUSTRIES

## 3 Khadi and Village Industries Commission

*Over the years, KVIC[1] moved towards a greater reliance on grants from Government of India and credit facilities from a consortium of banks. Its claims about its contribution to employment generation were not credible. Its performance in employment generation under CBC[2], DSEP[3] and BDP[4] schemes was extremely poor. Though fully responsible for effecting recovery of loans met from bank finances, KVIC fared poorly in establishing systems to watch recoveries. There were several irregularities in implementing CBC scheme. It diverted funds from Plan to Non-plan and changed the target group of beneficiaries under DSEP and BDP without approval of Government of India in either case. No proper system exists either in the Commission's Head Office or at various State Offices for appraisals of projects and institutions for loaning purposes and watching recoveries. KVIC also did very little to implement any marketing strategy recommended by expert committees. It continued to incur huge losses due to unsold stocks and lack of credit policies.*

*The claims of KVIC regarding achievement of targets are suspect on account of the facts revealed in the review. They are also doubtful due to the disaggregated picture that emerges from a scheme-wise analysis at the facts.*

*Highlights*

- Targets for DSEP and 125 BDP were not achieved; targets for employment under CBC Scheme were also not achieved.

- Loans recovery was very poor and failure of KVIC to recover loan repayment instalments totalling Rs 108.77 crore and interest amounting to Rs 236.88 crore from the loanees under the CBC scheme resulted in KVIC drawing on its budgetary resources (loan account and REGP account) to repay Rs 345.65 crore to the banks.

- Loans for working capital amounting to Rs 272.27 crore, instead of term or composite loans as envisaged by the CBC scheme, were granted by KVIC.

[1] Khadi and Village Industries Commission
[2] Consortium Bank Credit
[3] District Special Employment Programme
[4] Blocks Development Programme

- **KVIC failed to install an effective system to evaluate projects and institutions for loans to be given and watching recoveries. Of the loans amounting to Rs 2260.86 crore disbursed upto March 1999, Rs 1752 crore (78 *per cent*) was pending recovery as on March 2000.**

- **Mounting unsold stocks increased from 30.96 crore in 1994-95 to 49.02 crore by the end of March 2000; KVIC was unable to furnish age/itemwise break-up of closing stocks.**

- **The recommendations of expert committees to strengthen its marketing strategy were not acted on; trading units of KVIC involving an investment of Rs 89.57 crore were running in losses.**

- **KVIC relied increasingly on grants instead of loans from Government of India for its programme of providing credit to implementing institutions.**

- **The administrative expenditure exceeded sanctioned amounts by 118 *per cent*; KVIC diverted Rs 135.21 crore from Plan to Non Plan funds without prior approval from the Ministry.**

- **Interest and penal interest recoverable on loan amount of Rs 2315.51 crore disbursed as on March 2000 was not worked out by KVIC.**

- **Funds to the tune of Rs 11.91 crore in 381 defunct institutions financed directly by KVIC and Rs 217.24 crore in 41714 defunct institutions financed by State Boards were not accounted for.**

- **Rs 4.48 crore released to 34 institutions were misutilised.**

- **Expenditure of Rs 5.55 crore on four sliver and roving production plants proved infructuous.**

### *3.1 Introduction*

KVIC with its head quarters at Mumbai was set up on first April, 1957 under the Khadi and Village Industries Commission Act, 1956.

The programme for development of khadi and village industries is implemented by the KVIC through its directly aided institutions and State Khadi and Village Industries Boards.

For executing the programme, the Commission advances loans and grants to the State Boards and to the directly aided institutions/Co-operative societies subject to the prescribed terms/conditions and loan rules. The State Boards in turn advance loans and grants to the institutions and cooperative societies, which execute the activities. The accounts of the State Boards are not subject to direct scrutiny by the Commission. The State Boards are accountable to the respective State Governments and State Legislatures.

The aims and objectives of KVIC are:

- the social objective of providing employment;
- the economic objective of production of saleable articles;
- the wider objective of creating self-reliance among the people and building up of a strong rural community spirit;
- rural industrialisation;
- skill improvement;
- transfer of technology etc.

### 3.2 Scope of Audit

The working of the Commission for the period 1994-1995 to 1999-2000 was reviewed by test check of records maintained at the Central Office and at various State /Regional Offices conducted during the period July to September 2000.

### 3.3 Organisational set up

- As required by sections 4 and 5 of the KVIC Act, 1956 as amended in July 1987, KVIC comprises 10 members including eight non official members with voting rights and two ex-officio members, namely Chief Executive Officer and Financial Adviser/Chief Accounts Officer of the KVIC, without voting rights. KVIC implements its programme through Zonal Office/State Office & sub offices as well assistance routed through State Boards. There are 22 departmental training centres & 27 marketing bhavans.

### 3.4 Financial sources

The Commission receives funds through various sources for financing its development programme. The major sources are budgetary support from Government of India, credit from a consortium of banks and institutional finance by commercial banks under an Interest Subsidy Scheme.

### 3.5 Targets and achievements

As per the guidelines issued by the Commission all the units financed by KVIC or by State Boards have to furnish a quarterly and annual performance report indicating target and achievement in respect of production, employment which are further compiled after due scrutiny by the respective State Offices/State Boards and Industry Directorates. The PAC[5] in its 52nd report of 1980-81 directed KVIC to strengthen its machinery for collection of quarterly reports and set up monitoring boards

[5] Public Accounts Committee

in each State to evaluate the progress of the programme. The Monitoring Boards was to review the progress quarterly.

The financial target and achievement for the last five year from 1994-95 to 1998-99 as reflected in the Annual Report of the commission were as follows:

**Table 3.5: Financial target and achievement**

| Year | Production (Rs in crore) | | Employment (persons in lakh) | |
|---|---|---|---|---|
| | Target | Achievement | Target | Achievement |
| 1994-95 | 3645.00 | 3624.06 | 57.55 | 53.46 |
| 1995-96 | 4585.00 | 4026.45 | 61.30 | 56.72 |
| 1996-97 | 4880.00 | 4516.25 | 60.22 | 58.17 |
| 1997-98 | 6091.32 | 4519.31 | 65.72 | 56.50 |
| 1998-99 | 5763.00 | 5112.37 | 65.50 | 58.29 |

**Annual Report of the commission did not depict true and correct picture.**

A detailed scrutiny revealed that the targets and achievements figures indicated above did not depict the true and correct picture of the performance of KVIC. The position tabulated above did not include performance of all the institutions financed and/or all the institutions working.

**No physical verification/survey carried out by the commission.**

A test check of annual progress report in respect of 24 industries indicated that out of 8.51 lakh institutions financed by KVIC only 5.81 lakh institutions were reported as working and the status of the remaining 2.70 lakh institutions was not reflected in the Annual Progress Reports. Out of 5.81 lakh institutions reported as working, information from 1.24 lakh institution was not forthcoming and only estimated figures were taken in such cases. Further, target and achievement which was finalised on the basis of annual progress reports received from various institutions were accepted as such without any physical verification/survey by the Commission. A cross check of the details of target and achievement under various programmes maintained by the KVIC headquarters with that of some of the field offices revealed the following inconsistencies:

- In Karnataka, the actual employment generated during the period 1994-95 to 1998-99 was 4275 persons as against 8551 reported to KVIC;
- The State Office in Bihar did not maintain any records regarding performance of institutions for enabling them to send periodical reports to the Commission;
- Though Monitoring Boards were set up in various States, they were not functioning effectively as no regular meetings were held to monitor or evaluate the progress made and to report the progress to the Commission.

**Targets to create employment under various employment generation schemes ranged from 0.89 *per cent* to 13 *per cent* only.**

Under the CBC scheme, as against the target of 20 lakh persons, the total additional employment generated by March 1999 was 1.79 lakh persons only. Under the DSEP, against a target of creating employment of 7.10 lakh persons in 71 districts, the actual achievement was only 10826 persons in 45 districts only which was two *per cent* of the target fixed. Similarly, under BDP, against a target of 1.25 lakh persons in 125 blocks the achievement was 15831 persons from 97 blocks after spending Rs 23.87 crore which was only 13 *per cent* of the target fixed.

Thus, KVIC continued to project a highly exaggerated picture of its contribution to employment generation in the country.

### 3.6 *Finance and accounts*

KVIC is predominantly financed by loans and grants from Ministry of Industry. The grants and loans released to KVIC and expenditure incurred are shown below:

**Table 3.6: Grants and loans released and expenditure incurred**

(Rs in crore)

| Year | Amount sanctioned | | | | Expenditure incurred | | | |
|---|---|---|---|---|---|---|---|---|
| | Plan | | Non plan | | Plan | | Non plan | |
| | Grant | Loan | Grant | Loan | Grant | Loan | Grant | Loan |
| 1994-95 | 109.27 | 85.00 | 43.00 | 0.30 | 91.21 | 102.67 | 52.60 | 0.23 |
| 1995-96 | 283.82 | 45.00 | 43.00 | 0.30 | 106.22 | 70.98 | 57.96 | 0.21 |
| 1996-97 | 278.61 | 25.00 | 37.86 | 0.30 | 264.87 | 41.87 | 59.98 | 0.23 |
| 1997-98 | 405.62 | 29.98 | 48.00 | 0.30 | 312.83 | 11.28 | 68.89 | 0.18 |
| 1998-99 | 318.67 | 29.98 | 49.60 | 0.30 | 318.76 | 34.33 | 84.10 | 0.99 |
| 1999-00 | 180.15 | 29.98 | 48.10 | 0.30 | 307.41 | 67.83 | 81.24 | 0.48 |
| **Total** | **1576.14** | **244.94** | **269.56** | **1.80** | **1401.30** | **328.96** | **404.77** | **2.32** |

An analysis of the above indicated the following :

**Commission relied more and more on grants from the Government.**

a) The proportion of grants to loans kept increasing every year, indicating that the activities undertaken were not financially viable. Up to 1997-98, even the plan grants sanctioned could not be spent by the Commission. On the other hand, Non Plan expenditure from grants was persistently higher than the sanctioned amount.

b) Irregular diversion from Plan to Non-Plan Fund :

**Unauthorised diversion of funds from Plan to Non-plan head.**

The entire budgetary support of Rs 269.56 crore under Non Plan head was for meeting administrative overheads and for payment of rebates. The actual expenditure under Non Plan was Rs 404.77 crore which exceeded the budgetary allocation by 50 *per cent*. The shortfall was met by diverting plan funds to non-plan funds without Government approval violating conditions of the grants. An analysis of administrative expenditure alone for the period from 1995 to 2000 revealed that as against the budget allocation of Rs 106.56 crore, the actual expenditure incurred was Rs 232.17 crore, 118 *per cent* excess expenditure over the actual amount sanctioned. A test check of records revealed that an amount of Rs 23 lakh was incurred between 1995 and 2000 on air fare to non-entitled staff which was sanctioned in a routine manner regardless of conditions laid down in travelling allowance rules.

### *3.7 Irregular funding and diversion of funds under CBC scheme*

With a view to increase employment in rural areas, a High Power Committee in 1994 recommended that by the end of eighth five year plan, additional employment for two million persons should be generated by KVIC and to achieve this KVIC should obtain financial support from the banking sector. Accordingly in 1995 a new scheme was framed by Government of India to take online credit facility of Rs 1000 crore from a consortium of banks. Out of Rs 1000 crore on line credit facility, KVIC disbursed only Rs 718 crore upto March 2000 to its various beneficiaries implementing Khadi and Village Industry Programme.

A scrutiny of records revealed that :

(i) Though, the scheme envisaged the loan to be given to new viable projects as a term loan or composite loan and not purely working capital loan, an amount of Rs 272.27 crore was disbursed as purely working capital loan, during 1995 to 1997 to its existing Khadi institutions.

(ii) Though an amount of Rs 295.35 crore was disbursed in 1995-96 itself, a recovery cell was setup as late as in 1997.

**Due to weak financial and administrative control commission could recover only 10 *per cent* of the total loan disbursed.**

(iii) Due to inadequate action, KVIC could recover from various Khadi and VI agencies an amount of Rs 77.31 crore which was only 10 *per cent* of the total loans disbursed amounting to Rs 718 crore.

(iv) Failure of the KVIC to recover loan instalments of Rs 108.77 crore and interest of Rs 236.88 crore from the loanees forced it to divert its own budgetary resources namely K&VI loan account and from REGP grant account, and pay to the banks during 1995 to 2000.

**Institution wise details of interest and penal interest recoverable was not available with the commission.**

(v) KVIC was yet to work out institution-wise details of interest and penal interest recover on the above loans.

Thus, the achievement of the CBC scheme was abysmally low in regard to generation of employment due to misdirected funding coupled with weak financial and administrative control.

### *3.8 Non-implementation of special employment scheme*

Government decided to launch intensive employment generation programme during 1994-95 formulated two schemes, viz. (i) DSEP and (ii) BDP in selected backward areas.

Under DSEP 71 backward districts were to be identified for giving employment to 10000 persons per district. For BDP 125 blocks were to be selected from the Revamped Public Distribution System (RPDS) block list

**Deviation from the guidelines laid by the Government.**

giving employment to 1000 persons per block, by the end of eighth five year plan. An amount of Rs 358.85 crore as grant was allocated by Government during 1994-95 to 1998-1999. As per Government of India guidelines (1994) beneficiaries under the above scheme should necessarily belong to BPL[6] households. However, KVIC while issuing instructions (1995) decided that stipulation of beneficiaries BPL was not essential and mandatory.

Such instructions from KVIC defeated the very purpose of the scheme and guidelines formulated by the Government of India and vitiated the achievement of targets of employment generation as already mentioned at para 3.5 above.

### *3.9 Blocking of funds due to non-implementation of programme*

As per the Rules of KVIC, capital expenditure loan is released for the purpose of construction of sheds and installation of machinery. It has to be utilised within one year from the date of receipt and utilisation certificate should be submitted, otherwise the loan amount should be refunded with interest. The loan was to be repaid within 10 years in nine equal instalments.

As per the guidelines prescribed for release and disbursement of loan, it was the responsibility of organisation to conduct feasibility study and to verify the genuineness of the institution and also to physically inspect the unit for proper monitoring of the programme.

Audit scrutiny revealed that:

(i) in 284 cases test checked loans amounting to Rs 9.76 crore were released between 1972 and 1997 to various institutions. The institutions had neither submitted any utilisation certificate nor did they refund the loan installment;

(ii) in 27 cases it was reported that recovery action was under process and in remaining cases no action was taken by the Commission.

Thus, the indiscriminate release of loans without observing the laid down rules and procedures resulted in loss of Government funds and non achievement of the objectives of the schemes.

### *3.10 Misutilisation of funds*

One of the main conditions governing payment of loans and grants is that funds should be utilised for the specific purpose for which they are sanctioned.

**Loan released to bogus/fraudulent units.**

A test check indicated that in case of 34 institutions an amount of Rs 448.81 lakh released between 1992 and 1997 was misutilised/diverted

[6] Below Poverty Line

for other purposes and in respect of seven cases mentioned above, no proper physical verification was done by KVIC after release of loan to the units which were later found to be bogus/fraudulent. It was stated by KVIC that legal action was being processed. In one case, the entire loan of Rs 33.70 lakh was released within a period of three months. Later on, it was found that the institution had misutilised the loan and the case is reported to be under CBI investigation.

Thus, continuous release of loan without following the laid down rules and procedures and timely follow up action by KVIC resulted in misutilisation of funds.

### *3.11 Amount unaccounted for by defunct units*

KVIC advances loans and grants to various State Boards registered institutions, Co-operative societies and others for implementation of various Khadi and Village Industries programmes.

**Loan amounting to Rs 217.24 crore stuck up with 41714 institutions reported to be defunct.**

In respect of 12 States, an amount of Rs 11.91 crore remained unaccounted for with 381 directly aided institutions and Rs 217.24 crore with 41714 institutions financed by 14 State Boards, which were reported to be defunct. Scrutiny of records revealed that in some cases though the KVIC maintained the details of period since when the unit became defunct, but it did not have any records as to the details of date of release of loan and the amount if any repaid. KVIC did not conduct any investigation to verify as to why these institutions became defunct or whether they were fraudulent to begin with.

Had KVIC verified the financial condition of these institutions before release of funds and if timely action was initiated to recover the dues from the institutions before they became defunct, such blocking of Government funds could have been avoided.

### *3.12 Outstanding loan*

According to the terms of loans given by KVIC, recovery was to commence at the end of the second year and the loans were to be repaid within a period of five to ten years. The Khadi working capital loan was not recoverable so long as a unit was in operation.

The year wise position of loans disbursed and recovery effected as on March 2000 were as follows:

**Table 3.12: Position of loans disbursed and recovery effected**

(Rs in crore)

| Year | Disbursement | | | | Total | Recovery | | | | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| | KVIC budgetary source | | CBC source | | | KVIC budgetary source | | CBC source | | |
| | Khadi | V.I | Khadi | V.I | | Khadi | V.I | Khadi | V.I | |
| Upto 1995-96 | 611.34 | 912.76 | 232.98 | 62.37 | 1819.45 | 131.11 | 195.24 | Nil | Nil | 326.39 |
| 1996-97 | 29.04 | 12.83 | 31.39 | 127.00 | 200.26 | 9.44 | 24.23 | 6.32 | 3.82 | 43.82 |
| 1997-98 | 4.77 | 6.51 | Nil | 71.14 | 82.42 | 15.15 | 24.21 | 2.10 | 7.29 | 48.75 |
| 1998-99 | 7.37 | 5.44 | Nil | 145.92 | 158.73 2260.86 | 6.69 | 11.54 | 5.61 | 28.85 | 52.69 |
| 1999-00 | 6.09 | 1.27 | Nil | 47.29 | 54.65 | 2.77 | 11.15 | 1.48 | 21.86 | 37.26 |
| TOTAL | 658.61 | 938.81 | 264.37 | 453.72 | 2315.51 | 165.16 | 266.37 | 15.51 | 61.82 | 508.91 |

**No updated position of year wise and loanee wise details of outstanding dues available with the commission.**

Out of total of Rs 2260.86 crore loans disbursed up to March 1999, the total recoveries as on March 2000 was Rs 508.91 crore only, leaving a balance of Rs 1752 crore pending for recovery. No updated position of outstanding dues showing the year wise and loanee wise details were available. Thus, having disbursed the loans, the KVIC absolved itself of the responsibility of watching the recovery resulting in poor recovery, poor follow up and heavy defaulters.

### *3.13 Non-calculation of interest*

Loans paid for implementation of Khadi programme were interest free, while those in connection with Village Industries carried interest four *per cent*. Loans under CBC scheme carried prevailing bank interest for both khadi and village industries.

**Commission failed to keep its commitment to update the quantum of interest on outstanding loan.**

A mention was made in Para No.26 of the Report of CAG of India for the year ended 1995 about non-calculation of interest on the outstanding loans and KVIC had also committed (1995) that necessary action would be taken to update the interest calculation. Scrutiny of records revealed that no progress was made in this regard till September 2000 for the loans amounting to Rs 2315.51 crore disbursed as on March 2000. Thus KVIC has failed to implement its own commitment made in 1995 to up-date interest calculation till September 2000.

### *3.14 Outstanding utilisation certificates of Rs 923.14 crore*

The proper utilisation of the grant within the prescribed period, for the purpose for which it was sanctioned and the refund of the unspent balances are the conditions of every grant/loan. It was the responsibility of the sanctioning authority to ensure the fulfillment of the above condition and to procure utilisation certificates and recover unutilised amounts from the grantee/loanee within a reasonable time. PAC in its 52nd report (1981-82) Para 1.10 had recommended that KVIC should make vigorous efforts to obtain utilisation certificates and get the backlog cleared at an early date and also suggested that the Commission should discontinue assistance to State Boards and institutions which were not in a position to account for the money given to them and produce utilisation certificates.

The position of outstanding utilisation certitifcate as on 31.3.2000 was as follows:

**Table 3.14 : Position of outstanding utilisation certificates**

**(Rs in crore)**

| Year | Utilisation certificates | | Unutilised/objected amount pending recovery |
|---|---|---|---|
| | Outstanding | Under process | |
| 1993-94 | 228.37 | 317.37 | 189.04 |
| 1994-95 | 48.33 | 35.29 | 4.43 |
| 1995-96 | 235.85 | 66.49 | 0.09 |
| 1996-97 | 289.31 | Information not available | |
| 1997-98 | 121.28 | -do- | -do- |
| **Total** | **923.14** | **419.15** | **193.56** |

**Note** : This did not include the information for the year 1998-99 for which the details were yet to be work out by the Commission.

**Despite PAC's recommendations to make vigorous efforts to obtain utilisation certificates, commission continued showing laxity in watching the timely submission of utilisation certificates.**

Utilisation certificates for sanctions to Rs 923.14 crore were outstanding as on March 2000, utilisation certificates for Rs 419.15 crore were yet to be processed and unutilised amount of Rs 193.53 crore were still pending recovery. Of this, Rs 148.67 crore were pending for more than 10 years. The laxity shown by the Commission in watching the timely procurement of utilisation certificate, resulted in non-recovery of huge unutilised amount.

### *3.15 Marketing*

The Commission has created a marketing infrastructure to help the sales of Khadi and VI products. The network of sales outlets consists of 27 Bhavans and 91 Departmental Trading units spread all over the country.

From a comparative study of trading activities for the last five years the following observations emerged:

**Table 3.15**

**(Rs in lakh)**

| | 1994-95 | 1995-96 | 1996-97 | 1997-98 | 1998-99 | 1999-00 |
|---|---|---|---|---|---|---|
| 1.Opening Stock | 3058.71 | 3095.56 | 3419.04 | 4542.78 | 4066.86 | 4156.24 |
| 2. Purchases | 7272.19 | 12285.98 | 11995.75 | 8707.79 | 9129.11 | 7874.50 |
| 3. Sales | 8040.04 | 12824.81 | 11909.75 | 10174.93 | 9943.53 | 8383.36 |
| 4. Closing Stock | 3095.56 | 3419.04 | 4542.78 | 4066.86 | 4156.24 | 4902.37 |

| | 1994-95 | 1995-96 | 1996-97 | 1997-98 | 1998-99 | 1999-00 |
|---|---|---|---|---|---|---|
| 5. Net profit Loss | Khadi (-) 9.33<br>VI (-) 6.87 | (+) 13.60<br>(-) 13.17 | (+) 36.59<br>(-) 8.24 | (-) 47.92<br>(-) 17.85 | (-) 124.92<br>(-) 34.66 | (-)214.36<br>(-) 60.48 |
| 6. Sundry Debtors | 6480.17 | 9892.28 | 11549.91 | 10280.74 | 9365.97 | 9860.20 |
| 7. Sundry Creditors | 3493.77 | 3721.26 | 4773.57 | 4458.89 | 4402.49 | 5204.78 |
| 8. Estt. Expenditure | 536.18 | 591.05 | 626.66 | 746.98 | 806.97 | 837.86 |

**Losses incurred by village industries had gone up from Rs 6.87 lakh in 1994-95 to Rs 60.48 lakh in 1999-2000.**

a) As on March 2000 the progressive investment in the trading units amounted to Rs 8957.27 lakh whereas, the trading activity showed marginal profit and huge losses year after year. In respect of village industries the loss had gone up from Rs 6.87 lakh in 1994-95 to Rs 60.48 lakh in 1999-2000 and in Khadi the loss suffered during 1999-2000 was Rs 214.36 lakh as against Rs 47.92 lakh in 1997-98. The main reasons for such huge losses were reported to be on account of poor sales performance and increase in overhead expenditure;

**Closing stock kept piling up year after year.**

b) The closing stock was mounting up year after year and the amount blocked in the closing stock was Rs 4902.37 lakh as on March 2000. The age wise and item wise breakup of closing stock was not available with the Commission. Hence a proper analysis of the closing stock could not be done in audit.

c) The position of sundry creditors and sundry debtors indicated that KVIC did not have any policy with regard to credit sales with the result that huge amounts remained outstanding to be paid to the institutions on the one hand and on the other, huge amounts were also outstanding under credit;

d) The main reasons for the deteriorating performance of trading units as observed by various expert bodies were:

(i) lack of effective co-ordination between marketing Directorate, Bhavan Manager and Programme Directorate to ascertain type of product saleable, type of product to be produced, their quality, design and texture etc.;

(ii) lack of sales strategy and marketing facilities ;

(iii) lack of display, product presentation and proper storing;

(iv) lack of quality control packaging and publicity.

Thus, although KVIC Act vide its section 15(1)(c) gives a mandate to the organisation to provide for sales, marketing of Khadi and Village Industries products, significant efforts were yet to be made by KVIC to develop its marketing base in the form of product information, market survey, product design, packaging, quality and standardization, sales promotion, HRD development of manpower deployed in sales etc. The recommendations of expert committees to streamline marketing and to overcome the above shortcomings were not implemented.

### *3.16(i) Irregular payment of rebate (Rs 2.52 crore)*

Khadi is defined under section 2(d) of KVIC Act, 1956 as any cloth woven on handloom using cotton, silk, woolen yarn spun by hand in India or from a mixture of two or all of the above.

KVIC institutions in Tamil Nadu continued to purchase power spun raw silk from TANSILK and used it in their production though TANSILK was an uncertified institution from April 1990 and the silk manufactured out of power reeled yarn was not a khadi product. The institutions also claimed a rebate on its product.

**No action was taken to recover Rs 2.52 crore.**

KVIC in April 1999 decided to recover 10 *per cent* from the claims of production undertaken with TANSILK yarn by Tamil Nadu institutions and instructed State Office/KVIB accordingly. However no action to recover the amounts was taken so far by State Office/KVIB, which worked out to Rs 2.52 crore from KVIB and eight directly aided institutions of KVIC in Tamil Nadu for the period 1994-95 and 1995-96.

### *3.16(ii) Non-observance of guidelines prescribed for payment of rebate*

**In admissible rebate of Rs 2.01 crore pertaining to year 1987-99 still awaited recovery.**

As per Commission's circular issued in December 1996 rebate was to be released only after adjusting outstanding dues from the institution which should be followed by spot audit within a reasonable period of time. However in respect of six States it was reported that spot audit pertaining to 1,018 institutions was pending for one to ten years. Hence the correctness of rebate claim paid amounting to Rs 52.76 crore remains to be verified and an amount of Rs 2.01 crore pointed out by spot audit as inadmissible rebate pertaining to year 1987-88 to 1998-99 was still pending recovery. In above cases it was reported that recovery register was not being maintained by the State Offices to watch the recovery of inadmissible claims.

### *3.17 Working of sliver plants*

### *3.17(a) Dismal performance of six sliver plants*

Introduction of New Model Charkha necessitated use of sliver and/or roving as raw material. Since institutions could not organise sliver conversion system effectively, KVIC decided to set up centralised sliver and roving production facility under its departmental trading activity. During 1986-1999 KVIC established six sliver and roving plants at a total cost of Rs 22.23 crore.

A detailed analysis of the working revealed the average capacity utilisation for all the six plants for the years 1997-98 was 27 *per cent*, however, the capacity utilisation of the plant at Chitradurga ranged from 9 *per cent* to 42 *per cent* during the period 1995-96 to 1997-98. Huge closing stock of roving worth Rs 122.90 lakh was found lying with the plant at Chitradurga as on March 1999; the plant at Etha was persistently running in losses for the period from 1994-95 to 1998-99.

### *3.17(b) Infructuous expenditure on sliver plants*

**Despite the poor performance of existing roving plants, commission set up four more plants at a cost of Rs 5.54 crore.**

While the performance of six plants were far from satisfactory for reasons like poor capacity utilisation, persistent losses, short fall in target etc., the Commission decided to setup four more plants during 1990-91 and 1996-97 in Saharsa (Bihar), Chowdhwar (Orissa), Bahrampur (West Bengal) and Dausa (Rajasthan) and spent Rs 554.50 lakh upto 1996-97. A scrutiny of records maintained by the Commission and the field offices further revealed the following position in respect of the four plants:

(i) The Commission in September 1999 abandoned the idea of setting up of all the additional plants (except at Orissa) after incurring expenditure of Rs 316.50 lakh towards cost of land, building, machinery etc., thus rendering the expenditure infructuous;

(ii) Out of an amount of Rs 60 lakh release by the commission for the Dausa project during 1996-97, an amount of Rs 11.50 lakh only was found spent up to March 1999 mainly towards registration and establishment expenses and the balance amount remained unutilised without being refunded to the Commission. The failure of the Commission to ensure availability of freehold land before incurring sundry expenditure of Rs 11.50 lakh resulted in wasteful expenditure besides unauthorised retention of balance amount of Rs 49.50 lakh;

(iii) The project at Saharsa (Bihar) erected after incurring an expenditure of Rs 295 lakh which included advance payment of Rs 15 lakh in 1992 for procurement of machinery was dropped due to poor pick-up of Special Employment Programme;

(iv) The Director (Khadi Co-ordination) in its report of August 1999 & April 2000 brought out the non-viability of the Chowdhwar (Orissa) project expressing the apprehension that even if the entire Khadi & Polyvastra programme in Orissa sources its roving and/or sliver from this plant, the capacity utilisation of the proposed plant would be about 9.95 *per cent.* Nevertheless, the Commission went ahead with the implementation programme for the only reason that an amount of Rs 238 lakh had already been spent. The decision taken by the Commission without any valid reason bypassing the recommendation of Director (K.C) and Director (Finance) was injudicious and incorrect rendering expenditure of Rs 238 lakh wasteful.

### *3.18 Non-recovery of outstanding amount as pointed out by budget team/certification audit*

(i) The budget team of KVIC in July 1998 instructed recovery of Rs 24.63 lakh within one month from one of the institution on account of short fall in achievement.

In July 1999 the State Office, Chandigarh informed KVIC that Rs 12.63 lakh was recovered and remitted from rebate claim of the institution for 1997-98. The recovery of balance amount of Rs 12 lakh was deferred by the State Office on their own.

The scrutiny (October 1999) of records, however, revealed that the amount of Rs 12.63 lakh was actually not recovered from the concerned institution. On being pointed out (October 1999) the Director, State Office stated that the recovery of Rs 12.63 lakh could not be effected due to oversight which shows that directorate does not have any system to watch the recoveries.

(ii) State Office, Chandigarh had started a trading unit of honey during 1991-92, which was, however, discontinued from March 1993. At the time of its closure, a sum of Rs 18.07 lakh was recoverable from various parties. Similarly a sum of Rs 7.07 lakh on account of transfer of plant and machinery of honey processing plant was also recoverable form Punjab State Bee-keepers Federation, Bassi Pathana. It was, however, noticed in audit (October 1999) that no action was taken to recover the said amount of Rs 25.14 lakh even after the lapse of seven to eight years. Besides the above recoverable amount, a sum of Rs 6.34 lakh being unspent amount was lying with the State Office and had not been refunded to the KVIC, Mumbai.

In reply (October 1999) the Director, KVIC State Office, Chandigarh stated that efforts were being made to recover the amount from the institutions.

The matter was referred to the Ministry in November 2000; their reply was awaited as of February 2001.

## *Section B-Transaction Audit Paragraphs*

# Section B: Transactions with Participants

# CHAPTER IV : MINISTRY OF AGRICULTURE

## Department of Agriculture and Co-operation

## National Cooperative Development Corporation

### 4.1 Failure to achieve intended objectives

**Inadequate project appraisal leading to unsatisfactory performance of the Integrated Reservoir Fisheries Development Project, besides causing in an investment of Rs 3.19 crore not fructifying.**

The small reservoirs of the country, spread over nearly 1.5 million hectares, form one of the most potential fish producing resource were mostly derelict and production potential remained untapped. With the objective for systematic development of reservoir fisheries, NCDC[1] under the Ministry of Agriculture sanctioned in March 1992 a scheme for IRFDP[2] to be set up at Akola and Bhandara in Maharashtra with financial assistance of Rs 5.66 crore (Rs 5.40 crore as loan and Rs 26.28 lakh as subsidy) to State Government of Maharashtra. The project was to be completed by March 1998. The amount sanctioned/released under the scheme was as under:

**Table 4.1(i) : Amount sanctioned and released**

**(Rs in lakh)**

| | Akola | | | Bhandara | | |
|---|---|---|---|---|---|---|
| | Amount sanctioned | Amount released | Percentage of release | Amount sanctioned | Amount released | Percentage released |
| Loan | 231.89 | 125.01 | 54 | 307.68 | 177.93 | 58 |
| Subsidy | 11.36 | 8.08 | 71 | 14.92 | 8.42 | 56 |

Although the envisaged completion period of the project had expired, only Rs 3.19 crore (60 *per cent)* out of the sanctioned assistance of Rs 5.66 crore could be released.

Further, while the percentage release in respect of loan component was 54 and 58 for projects at Akola and Bhandara respectively, it was 71 and 56 *per cent* for the projects against subsidy component.

It was also revealed that there was considerable shortfall in achievements ranging between 2 to 100 *per cent* in both of the projects as would be seen from the table below:

[1] National Cooperative Development Corporation
[2] Integrated Reservoir Fisheries Development Project

**Table 4.1(ii) : Shortfall in achievements**

| Sl.No | Name of the Component | Akola | | | Bhandara | | |
|---|---|---|---|---|---|---|---|
| | | Targets | Achieve-ments | Percent-age in shortfall | Targets | Achieve-ments | Percentage in shortfall |
| 1(a) | Cages (Nos.) | 100 | 41 | 59 | 120 | 120 | |
| (b) | Nursery | 16 | 12 | 25 | | | |
| (c) | Fish Screen (Nos.) | 47 | 10 | 79 | | | |
| 2(a) | Fishing Boats | 180 | 104 | 42 | 256 | 251 | 2 |
| (b) | Nylon nets | 8790 | 6417 | 27 | 10275 | 10275 | |
| (c) | Drag nets | 10 | 2 | 80 | 68 | 68 | |
| (d) | Mechanical Boats | 6 | 4 | 33 | | | |
| 3(a) | Ice plants | 1 | | 100 | 1 | 0 | 100 |
| (b) | Fish Handling Plant | 34 | 1 | 97 | 71 | 8 | 89 |
| (c) | Kiosks | 10 | 5 | 50 | 10 | 5 | 50 |
| (d) | Transport vehicles | 2 | 1 | 50 | 3 | 2 | 33 |

While none of the ice plants could be set up, the position was more or less the same against fish handling plant.

The performance in respect of certain parameters envisaged and actually realised under the scheme was as under:

**Table 4.1(iii) : Performance parameters actually realised**

| Parameter | Akola | | | Bhandara | | |
|---|---|---|---|---|---|---|
| | Projected | Achieved | Shortfall (in %) | Projected | Achieved | Shortfall (in %) |
| Fish production (in ton) *per annum* | 1516 | 448 | 70 | 2,379 | 1048 | 56 |
| Training (Nos.) | 1572 | 358 | 77 | 2218 | 1071 | 52 |
| Income for Fisherman (Rs ) | 7270 | 3000 | 59 | 7270 | 2800 | 61 |

From the above, it would be seen that there was considerable shortfall in the achievements of the objectives envisaged.

Audit scrutiny further revealed that investment on the project was stopped due to non-retention of water in the ponds/reservoir for four to six months in a year, non-utilisation of the component for fish screens and fish handling plants on account of non-receipt of permission from the irrigation authorities and short repayment period which made the component unviable.

Further, in the appraisal done by NCDC overlooking the following investigations also had a bearing on the viability of the project.

(i) Soil analysis was essential for determining the fertility and productivity of fish ponds/reservoirs and retention of water. This was not conducted.

In reply, NCDC stated that soil analysis had limited impact and was not the only factor determining fish production and as such, the anticipated production was taken up as per the production model. It was further stated that making the soil analysis compulsory at the time of appraisal would have taken a long time having impact on the project itself. The plea of NCDC is not tenable since soil played an important role in determining the feasibility of fish ponds.

(ii) The appraisal done by NCDC was based on secondary instead of the primary data viz. reservoir morphometry and water residence time, physio-chemical characteristics of water and soil etc. which could be obtained from CICFRI[3], Barrackpore, West Bengal. NCDC stated that CICFRI conducts research on selected reservoirs and does not monitor physio-chemical parameters of reservoirs. NCDC, however, failed to clarify whether any efforts were made in this regard.

(iii) Permission of the Irrigation Department of Government of Maharashtra for building basic infrastructure viz. installation/erection of fish screens and fish handling sheds which was necessary for stocking of fish catch was not ensured by NCDC. This was accepted by NCDC.

Further, a scrutiny of the minutes of the deliberations of the 14th meeting of the SLC[4] held in September 1998 also revealed overlooking realities of the project which were paramount for its success. This was indicative of the fact that the technical appraisal done by NCDC was weak. This ultimately resulted in an investment of Rs 3.19 crore not fructifying.

The project could utilise only 60 *per cent* of the sanctioned assistance but failed to achieve the intended objectives/results.

NCDC in their reply in September 1999 admitted shortfalls identified in the scheme and stated that no significant progress was expected in the project keeping in view the investment made. The reply is not tenable as the benefits envisaged in the scheme could not be achieved.

The matter was referred to the Ministry in August 2000; their reply was awaited as of February 2001.

[3] Central Institute of Capture Fisheries and Research Institute
[4] State Level Coordination Committee

## Coconut Development Board

### 4.2 Loss due to injudicious investment

**Retention of surplus funds in current account/short term deposits resulted in loss of interest of Rs 21.87 lakh.**

CDB[1] had surplus income of Rs 6.80 crore as on 31 March 1998. From 1 April 1998 to 28 June 1998, the amount was retained in current account. The CDB lodged a sum of Rs 5 crore from 29 June 1998 to 11 January 1999 in short term deposits of shorter durations up to 11 January 1999 for 30 days, 46 days and 51 days fetching interest at six *per cent,* seven *per cent* and eight *per cent* respectively. As there was little prospect for utilisation of the funds in the immediate future, the CDB should have invested the amount on long term investments yielding higher rate of interest. Had such an investment in term deposits bearing interest of 10.5 *per cent* been made during April 1998 to January 1999, the CDB would have earned interest income of Rs 39.37 lakh. The actual interest received during July-December 1998 on the short term deposits worked out to Rs 17.50 lakh only. Thus, the CDB lost income of Rs 21.87 lakh due to its poor management of surplus funds.

Ministry stated in September 2000 that funds were retained in current accounts to meet establishment expenditure and to facilitate release of grants in the first quarter of 1998-99 to State Governments which fulfil the pre-requisites for release of grants. The reply was not tenable because budget allocation and release of funds to respective State Governments was a regular affair for which surplus funds at the end of a financial year need not have been kept in reserve and retained in current account and short term deposits. Audit scrutiny of cash flow of the CDB also revealed that the funds kept in short term deposits were not required for release of money to the State Governments. The release of grants during 1998-99 commenced only after receipt of the first instalment of grants of Rs 7.60 crore in July 1998. Against Rs 17.60 crore received from Government of India in July and December 1998, the grants released to State Governments till February 1999 amounted to Rs 16.55 crore only. Bulk of the release of grant to State Governments occurred in the third and fourth quarters. As such, the surplus funds available with the CDB as of March 1998 which was almost entirely revenue generated by the CDB from its various activities (Rs 5.81 lakh only being the unspent grant out of the surplus of Rs 6.80 crore), should have been invested in more income yielding deposits.

Thus, routine investment of funds in current account/short term deposits deprived the CDB of additional interest of Rs 21.87 lakh.

[1] Coconut Development Board

# CHAPTER V : MINISTRY OF HEALTH AND FAMILY WELFARE

## Department of Health

## Post-Graduate Institute of Medical Education and Research, Chandigarh

### 5 Avoidable payment of demurrage charges

**Failure of Post Graduate Institute of Medical Education and Research to submit application complete in all respects for duty exemption certificate resulted in avoidable payment of demurrage charges amounting to Rs 12.86 lakh.**

Hospital equipments, when imported for use in hospitals in India are exempted from payment of custom duty under section 25(I) of Customs Act, 1962. In order to provide time and to avoid delay, demurrage etc. in issue of CDEC[1] to Government Hospitals for import of hospital equipments, the application duly completed and supported by required certificates/documents viz. Proforma Invoice, Literature etc. should immediately be submitted to the DGHS[2] after opening LOC[3].

During audit (August 1999) of PGIMER[4], Chandigarh, it was revealed that supply order for the purchase of X-ray unit (high power) was placed in October 1997 with a Foreign supplier through Indian firm of Chandigarh for which the LOC was opened in March 1998. Application for issue of CDEC submitted in February 1998 to the DGHS was found incomplete. Again in the fresh application submitted by PGIMER in May 1998, the description of the equipment to be supplied was not in conformity with the proforma invoice and certificate that the equipment/spares were for patient care only was also not attached resulting in delay in processing the application by the DGHS. Ultimately the CDEC was issued in September 1998 and was received by PGIMER in October 1998. The consignment arrived at AAI[5] in June 1998 was got released in January 1999 after making a payment of Rs 26.63 lakh on account of demurrage charges. However, the demurrage charges amounting to Rs 19.72 lakh instead of Rs 26.63 lakh were finally assessed by AAI in January 1999 of which Rs 6.86 lakh were waived off on the request of

[1] Custom Duty Exemption Certificate
[2] Director General of Health Services
[3] Letter of Credit
[4] Post Graduate Institute of Medical Education and Research
[5] Airport Authority of India

PGIMER and refund was received in July 1999 but the refund of Rs 6.91 lakh (Rs 26.63 lakh - Rs 19.72 lakh) already paid in excess of final assessment was applied for by PGIMER in February 2000 which has not been received as yet (November 2000).

Thus, failure of the department to submit the application duly complete in all respects alongwith required information, certificates and supporting documents delayed the release of consignment resulting in avoidable payment of demurrage charges of Rs 12.86 lakh.

On being pointed out in audit (August 1999 and December 1999) the PGIMER stated in February 2000 that circumstances leading to the payment of demurrage charges were being investigated.

The matter was referred to the Ministry in June 2000; their reply was awaited as of February 2001.

# CHAPTER VI : MINISTRY OF HUMAN RESOURCE DEVELOPMENT

## Department of Culture

## National Council of Science Museums, Calcutta

### 6.1 Wasteful expenditure on a project

**Due to inordinate delay in finalisation of architectural plan by the Director General National Council of Science Museums coupled with deficient planning resulted in wasteful expenditure of Rs 1.24 crore.**

The Advisory Committee of the energy pavilion entitled 'Energy in Life' established jointly by six departments of Government of India decided in June 1987 to set up a permanent pavilion of energy, science and technology on a 5000 square metre plot at Pragati Maidan, New Delhi. In July 1987, NCSM[1] was selected as the implementing agency for the project. As per the project proposal, the architectural plan of the museum was to be completed within 1988-89, the construction was to be completed within 1991-92 and the whole project was to be completed within 1992-93. The DG[2], NCSM received Rs 7.50 crore during 1988-94 from 10 sponsoring departments of Government of India for this project.

As per regulation of ITPO[3] the controlling authority of Pragati Maidan, height of any building to be constructed in Pragati Maidan should not exceed 13 meter; the FAR[4] should be one is to one and the building plan should be approved by Delhi Municipal Corporation and Delhi Urban Arts Commission. NCSM submitted the plan to Delhi Urban Art Commission and Municipal Corporation of Delhi in January 1991 and March 1991 respectively showing the height of the building as 22.75 meter and FAR 1.409 in violation of the restriction. The Chief Architect, ITPO informed the Council in March 1991 that for all construction in Pragati Maidan, the prevailing restrictions should be adhered to. The DG, NCSM finally submitted the plan as per restriction in February 1993 after several corrections.

[1] National Council of Science Museums
[2] Director General
[3] Indian Trade Promotion Organisation
[4] Floor Area Ratio

NCSM further requested ITPO in September 1991 to allot additional land measuring 2622 square metre to bring down the FAR to one. In October 1993, ITPO intimated NCSM that in lieu of the earlier plot a separate plot of same dimension had been allotted to them, which has not yet been accepted by NCSM. The project was kept suspended since 1996-97 and as of October 2000, the project has not been restarted for want of approval of ITPO. Meanwhile, NCSM incurred an expenditure of Rs 1.97 crore on the project, without any final approval of ITPO, out of which Rs 82.82 lakh was for salary, allowances, contingency and development activities, Rs 20.97 lakh for construction and Rs 64.09 lakh for models and exhibits. The remaining balance from the fund received for the project was invested in Public Sector Bank. Further although NCSM did not enter into any agreement with ITPO for confirmed possession of the land, the DG paid Rs 20.61 lakh towards ground rent upto March 1991 and further incurred liability of Rs 1.73 crore towards ground rent upto March 2000 for the land which had been taken back by ITPO.

The Committee constituted by the GB[5] of NCSM, however, recommended in June 2000 to abandon the construction of the pavilion and distribute the models and exhibits to different museums under the control of NCSM.

Thus failure of the DG, NCSM to finalise the architectural plan for the Museum as per norms resulted in wasteful expenditure of Rs 1.24 crore on account of salary, ground rent and construction of the pavilion which was given up subsequently and an additional liability of Rs 1.73 crore towards payment of ground rent.

The Ministry stated in December 2000 that NCSM was not responsible for the delay in finalisation of the plan. The reply is not tenable as NCSM's failure to adhere to the ITPO norms initially resulted in inordinate delay and subsequent abandonment of the project.

## Victoria Memorial Hall

### 6.2 Idle payment of advance

**Payment of advance of Rs one crore for acquiring flats without Standing Finance Committee approval led to idle investment and loss of interest of Rs 61.57 lakh.**

The Board of Trustees, VMH[1], Calcutta approved in October 1996 a proposal for acquiring 20,100 square feet of space for use as office and staff quarters from the

[5] Governing Body
[1] Victoria Memorial Hall

CMC[2] at a cost of Rs two crore. The Ministry initially instructed the VMH in March 1997 to obtain approval from SFC[3] and without the specific approval of the SFC the VMH cannot be allowed to incur the expenditure. But the Secretary and Curator of VMH paid Rs one crore to CMC as advance in March 1997 without obtaining approval from the SFC.

The specific time schedule for completion of the work was also not worked out by the Secretary and Curator of VMH before making payment. The CMC, stated in January 1998 that it was not possible to accommodate the space requirement of VMH in the site allotted earlier. Therefore it proposed to allot 25000 square feet of space at an estimated cost of Rs 3.06 crore in a building to be constructed separately for VMH. The Secretary and Curator accepted the proposal in November 1998. However, he approached the SFC for obtaining approval only in September 1999. As the clearance from SFC has not been received till December 2000, VMH could not enter into any agreement with the CMC. Consequently, CMC has not taken up the construction as of December 2000.

Thus, irregular payment of advance of Rs one crore by the VMH without SFC approval resulted in idling of Rs one crore for more than three and half years and loss of interest of Rs 61.57 lakh. The purpose of acquiring the flats also remained unfulfilled.

The Ministry stated in January 2001 that the payment of Rs one crore was made with due approval. But this is not tenable as Ministry sanctioned the grant of Rs one crore subject to approval of the SFC before incurring the expenditure which was not obtained by the VMH.

## Department of Education

### 6.3 Irregular payment of transport allowance

**In contravention of orders of the Government of India, transport allowance of Rs 88.93 lakh was paid to various teaching staff during vacation /leave exceeding 30 days and to the staff who had been allotted Government accommodation in the University Campus.**

The Government of India in pursuance of the recommendation of the fifth pay commission sanctioned transport allowance to its employees with effect from 1st August 1997 to compensate the expenditure incurred on commuting between the

[2] Calcutta Municipal Corporation
[3] Standing Finance Committee

place of residence and the place of duty. In terms of said orders transport allowance was not admissible to the staff in case the period of absence from duty point exceeded 30 days due to leave, training, tour etc. It was, however, noticed in audit that in contravention of these orders following educational institutions paid transport allowance to their vocational/non-vocational staff during the period of vacation and leave as detailed below:

**Table 6.3 (i) Transport Allowance paid during the period of vacation**

**(Rs in lakh)**

| Sl. No | Name of the Educational Institution | No. of teaching staff who were paid TA during vacation | Year of vacation | No. of vacation days for which transport allowance was not admissible | Amount of inadmissible transport allowance paid |
|---|---|---|---|---|---|
| 1 | Delhi University | 695<br>648 | 1998-1999<br>1999-2000 | 76<br>76 | 14.09<br>13.13 |
| 2 | Delhi University (South Campus) | 55 | 1998-1999 | 60 | 0.88 |
| 3 | Miranda House College Delhi | 91<br>91 | 1998-1999<br>1999-2000 | 76<br>76 | 1.81<br>1.80 |
| 4 | Kirori Mal College Delhi | 117<br>117 | 1998-1999<br>1999-2000 | 76<br>76 | 2.33<br>2.32 |
| 5 | 56 Kendriya Vidyalaya of Delhi region | 3262<br>3262 | 1998-1999<br>1999-2000 | 501<br>521 | 16.12 |
| | | **Total** | | | **52.48** |

**Table 6.3 (ii) Transport Allowance paid for leave period exceeding 30 days**

**(Rs in lakh)**

| Sl. No | Name of the Educational Institution | Year | No. of staff members who were paid transport allowance during the period of leave | Amount of inadmissible transport allowance paid |
|---|---|---|---|---|
| 1 | Delhi University | 1997-1998 to 1999-2000 | 35 | 2.68 |
| 2 | Delhi University (South Campus) | 1997-1998 to 1998-1999 | 15 | 0.48 |
| 3 | Miranda House College Delhi | 1997-1998 to 1999-2000 | 27 | 1.07 |
| 4 | Kirori Mal College Delhi | 1997-1998 to 1998-1999 | 9 | 0.10 |
| | | **Total** | | **4.33** |

As per the said Government orders transport allowance was also not admissible to those employees who were allotted the Government accommodation within a Campus housing the place of work and residence. A test check of records of Delhi University, however, revealed that in contravention of these orders the University had paid transport allowance of Rs 32.12 lakh to 313 employees who had been allotted Government accommodation in the University Campus.

Thus, payment of Rs 88.93 lakh on account of Transport Allowance made by various educational institutions as per above details was irregular.

Kendriya Vidyalaya Sangathan stated in January 2001 that the Ministry had clarified that the staff on vacation was not eligible for payment of transport allowance during the period of vacation exceeding 30 days and accordingly all Kendriya Vidyalayas throughout the country had been directed to regulate payment of transport allowance. It further stated that instructions had been issued for recovery of payment of transport allowance made during the period of vacation exceeding 30 days.

## Jawaharlal Nehru University

### 6.4 Avoidable excess expenditure on supply of electricity to staff-quarters of JNU[1]

**Jawaharlal Nehru University incurred avoidable expenditure/loss amounting to Rs 1.63 crore during 1997-2000 by not opting/ providing for separate electric connection for staff-quarters.**

JNU, a Central University, has been incurring substantial loss on supply of electricity to its staff-quarters at lower rates, and expenditure on electricity consumption amounting to Rs 1.63 crore could have been avoided during the period 1997-2000 by providing a separate electric connection for domestic consumption.

The consumption of electricity in staff-quarters varied from 15.17 lakh units to 16.69 lakh units *per annum* during 1997-2000. This on an average amounted to 17.37 *per cent* of the total electricity consumed by JNU. The University gets electricity in bulk from DVB[2] at commercial rates but it provides electricity at substantially lower rates for residential consumption in its staff-quarters within the campus at DVB's tariff applicable to domestic consumers.

During the period 1997-2000 the unit rate electricity paid by JNU was Rs 3.50 but the total cost per unit varied from Rs 4.98 to Rs 5.19 due to demand charges, electricity tax etc. whereas domestic unit rate chargeable to staff-quarters varied from Re 1.00 to Rs 2.50 for consumption upto 400 units and was Rs three for over 400 units per month. Thus, JNU has been incurring recurring loss of differential cost of electricity since inception and it amounted to Rs 1.54 crore on total cost during the period 1997-2000.

[1] Jawaharlal Nehru University
[2] Delhi Vidyut Board

JNU could avoid the loss by opting and providing for a separate electric connection for its staff-quarters on a single delivery point basis for which concessional tariff was applicable. However, the University failed to provide a separate connection as of August 2000 and incurred avoidable excess expenditure of Rs 1.63 crore during 1997-2000 as the value of units consumed in staff-quarters at concessional tariff rates was Rs 0.79 crore against the total cost of Rs 2.42 crore incurred thereon.

JNU stated in August 2000 that DVB had accepted in June 2000 its proposal for providing a separate connection for staff quarters and it was likely to be installed by August 2001 depending upon the availability of funds.

The matter was referred to the Ministry in November 2000; their reply was awaited as of February 2001.

## Maulana Azad College of Technology, Bhopal

### 6.5 Non-recovery of temporary advances granted and loss of interest

**Failure to recover temporary advances amounting to Rs 30.23 lakh in time led to loss of interest of Rs 15.65 lakh.**

According to provisions of S.R. 53 (4) of Madhya Pradesh Treasury Code, Vol. I, temporary advances should be adjusted/recovered as early as possible but not later than three months.

Scrutiny of records (September 2000) of MACT[1] revealed that temporary advances of Rs 30.23 lakh sanctioned for various purposes were outstanding on March 2000 for adjustment/recovery. These advances were given out of grant in aid of Government of India. Out of the above an amount of Rs 0.69 lakh related to the period prior to 1973-74, for which no details were available with the department and hence the department might not be able to recover the amount. Further the advances outstanding up to 1996-97 were to the extent of Rs 6.75 lakh and an amount of Rs 23.48 lakh was further added to the outstanding advances during 1997-98 to 1999-2000 indicating the rising trend in non-adjustment of these advances. Since out of above advances, Rs 3.63 lakh pertained to advances on account of leave salary, TA, the claims against these, if any, stands forfeited after a period of one year. The other advances were pending recovery for a period of 6 months to 26 years and with the passage of time the chances of recovery were

[1] Maulana Azad College of Technology

remote. Moreover, the MACT had lost Rs 15.65 lakh by way of penal interest on the outstanding advances.

In reply the department remarked "noted for future compliance".

The matter was referred to the Ministry in October 2000; their reply was awaited as of February 2001.

## National Council of Educational Research and Training

### 6.6 Non-recovery of cost of paper

**Non-recovery of Rs 17.27 lakh from the printer.**

NCERT[1] had assigned the job of printing of two books viz. (a) "Abhyas Pustika Bal Bharti, Bhag-I" (198000 copies) and (b) "Desh Aur Unkey Newasi-I" (70000 copies) to Parampara Offset Printers, Delhi on 25.10.1994 and 26.12.1994 respectively, as per instructions and specifications contained in the Job Orders attached with the assignment letters. As per the conditions of agreement in the event of any dispute the matter shall be referred to the sole arbitration of the Head of Publication Division, NCERT. The award of arbitration so appointed shall be final and binding on the parties.

It was observed that the Printer could print and supply only 45300 copies of 1st book and failed to print the balance copies of this book and the entire quantity of second book (70000 copies). NCERT had supplied 3365 reams and 1070 sheets of paper of different sizes to the Printer, out of which 2129 reams and 1036 sheets costing Rs 881707 were left unutilised with the Printer.

NCERT took up the matter in February 1996 for return of or recovery of the cost of unutilised paper with the Printer, but the Printer neither returned the paper nor refunded the cost.

NCERT appointed the Arbitrator for the claim under the "Arbitration and Conciliation Act 1996" and informed the Printer through notice of 9th January 1997. NCERT claimed the amount equal to four times of the cost of the paper, but the Arbitrator awarded the claim equal to double of the cost i.e.Rs 1763414 vide item No. 10(B) of the Arbitral Award No. AT/97/01, dated 31.7.97. Further Rs 6430 on account of arbitral work and Rs 1000 for causing delay in proceedings was also recoverable from the Printer.

[1] National Council of Educational Research and Training

An amount of Rs 43759 was payable to the Printer for printing of books etc. NCERT could not recover the balance amount of Rs 17.27 lakh even after a lapse of about three years though as per the agreement deed the award of arbitrator was final and binding on the Printer. NCERT while confirming the facts intimated in February 2000 that the Printer had failed to honour the award.

The Ministry stated in November 2000 that as the Printer had failed to comply with the award of Arbitrator, NCERT had filed a suit for recovery in the High Court of Delhi which was still pending.

## 6.7 Infructuous expenditure

**Infructuous expenditure of Rs 15.96 lakh on storage of obsolete books.**

NCERT brings out educational text books every year on the prescription of Central Board of Secondary Education, New Delhi. These books are purchased by the students which are recommended by various school systems spread all over the country.

With the introduction of new National Policy on Education 1986, Council published new text books during the period from 1987-88 to 1990-91. This resulted in 3508717 text books as obsolete which were published by the Council prior to the introduction of new education policy. In March 1992 it was proposed to sell these books as waste to make space for new text books in godowns. Simultaneously, it was also decided that instead of disposing of these books as "Raddi", these books should be distributed free of cost to educational institutions provided they lift the books from godowns at their cost. Secretary NCERT wrote to all State Resident Commissioners in May 1993 to lift these books free of cost and reminders were also issued in February 1994. No follow up action was taken thereafter. There was no response from any State. However, between 1992-93 and 1993-94 Council distributed 1138234 books free of cost to government educational institutions.

For storing balance 2370483 books, Council hired godowns at Kirti Nagar from February 1995 to October 1996 and at Sahibabad from July 1996 to onwards. As there was no demand from any State for these obsolete books, there was no justification to hire godowns for storing these books. These books were still awaiting disposal as of August 1999.

Thus, between February 1995 and March 1999 the Council incurred infructuous expenditure of Rs 15.96 lakh on hiring of godowns at Kirti Nagar and Sahibabad which could have been avoided had the books been disposed of or distributed in time.

The Ministry while confirming the facts stated in March 2000 that the process of disposal of the obsolete stock of text books by auction has been initiated by NCERT and the same was expected to be completed shortly.

## School of Planning and Architecture

### 6.8 Non-establishment of new campus

**Non-initiating of any action by the School of Planning and Architecture to execute the lease deed, prepare architectural designs etc. after purchasing land in 1988 resulted in idle investment of Rs 1.99 crore and accumulation of arrears of Rs 99.37 lakh on account of ground rent and interest thereon.**

Consequent upon attaining the status of a deemed university in December 1979 under section 3 of UGC Act of 1956, the activities of the School[1] increased and the existing physical facilities like institutional building, student hostels, playgrounds premises etc were not found sufficient. In order to enhance these facilities and also to meet the future expansion programme, it was decided in the year 1983 to establish a new campus. Accordingly, the school approached DDA[2] in February 1983 for allotment of 50 acres of land for the purpose. In December 1983, the DDA offered 20 acres of land near JNU Campus on perpetual lease-hold basis at the provisional rate of Rs six lakh per acre with annual ground rent @ 2 ½ *per cent per annum* of the premium of land. Initially it was felt that the School would be entitled to the concessional rate of Rs 10000 per acre but subsequently in November 1987 it became known that the concessional rate was applicable to grant aided charitable institutions only. In the meantime, DDA revised the rate of land (November 1987) to Rs eight lakh per acre (provisional) and accordingly issued Demand Notice to the School at the revised rates. After receipt of approval from the Ministry in December 1987, the School remitted Rs 1.64 crore (including ground rent of Rs 0.04 crore for one year) with DDA in January 1988. The possession of land was also taken in September 1988.

In February 1992, DDA further revised the rate of the land to Rs 9.50 lakh per acre (provisional) and the ground rent @ 2 ½ *per cent per annum* payable half yearly on 15th January and 15th July in advance. The differential amount of Rs 30.75 lakh (including ground rent for one year) was also paid to DDA in March 1992. In June 1992, DDA handed over an alternate site to the west of JNU Campus to the School as the earlier site was falling in the Palam Airport funnel.

It was seen in audit (June 2000) that as per the conditions of allotment of land, the School was required to complete construction of the building within two years from the date of taking over the possession of land, but no action to execute the lease deed, develop the site, prepare architectural designs etc. for establishing the new campus had been taken during the last 12 years and the land was lying vacant. Thus, the entire investment of Rs 1.99 crore (including Rs 0.04 crore on fencing and

[1] School of Planning and Architecture
[2] Delhi Development Authority

watch and ward etc.) has been rendered idle. It was also noticed that the ground rent had not been paid beyond September 1989 resulting into accumulation of arrears to the tune of Rs 50 lakh upto March 2000 and creation of avoidable interest liability of Rs 49.37 lakh @ 18 *per cent per annum* on the arrears of ground rent. On being pointed out, the School stated in July 2000 that the action in this regard was being taken shortly.

Thus, inaction on the part of the School to execute the project and remit ground rent regularly had resulted in idle investment of Rs 1.99 crore and accumulation of arrears of Rs 50 lakh besides creation of the avoidable liability of Rs 49.37 lakh on account of interest thereon. The activities of the School remained constrained and the objective of expansion remains unfulfilled.

The matter was referred to the Ministry in September 2000; their reply was awaited as of February 2001.

## Department of Women and Child Development

## All India Women Conference

### 6.9 Loss on account of lower and non-uniform rates of rent

**All India Women's Conference suffered a loss of Rs 2.57 crore on account of charging lower and non-uniform rates of rent and service charges due to defective lease deeds and agreements.**

AIWC[1] a welfare organisation registered under the Societies Registration Act 1860 supplemented its income by leasing out its premises at Sarojini House, New Delhi on the basis of covered area on such terms and conditions as given in the formal lease deeds and agreements. Audit scrutiny of the lease deeds and agreements with four lessees namely, Foundation Aga Khan, Canara Bank, Syndicate Bank and Dalal Consultants and Engineers (P) Ltd., covering lease period from April 1979 to December 2003 revealed that AIWC suffered loss amounting to Rs 2.57 crore on account of charging lower and non-uniform rates of rent and service charges due to defective planning and agreements as under.

AIWC did not stipulate the annual increase in rates of rent and service charges as it failed to visualise and take into consideration the annual inflationary impact and

[1] All India Women's Conference

rising cost of repairs and maintenance of the premises. Besides, it did not reserve its right of termination and extension of lease period in order to control and regulate the rates according to changed conditions and rising trends of rent and service charges in the years to come. Instead, AIWC leased out its premises situated at prime location in New Delhi for a spell of five to ten years at a time at fixed rates, which were much lower than the prevailing market rates, granting absolute option to the lessees for extension of lease period for another equal spell on the same terms and conditions subject to nominal increase in rent by 15 *per cent* to 25 *per cent*. The lessees had the option to terminate their lease simply by serving a notice of three months.

Though there was no bar on increasing the service charges during the extended spell of lease period, AIWC did not make any effort to enhance these and suffered avoidable losses on this account as well.

As the prevailing rates fixed by AIWC from time to time during specified lease period were more than the rates actually charged, the difference in rates of rent and service charges resulted in avoidable loss of revenue amounting to Rs 2.57 crore.

The matter was referred to the Ministry in October 2000. The Ministry stated in February 2001 that it did not work for profit as commercial body and that the tenants inquestion had contributed extensively in raising the building and rents were agreed on mutual negotiation. However, the AIWC was unable to deny the points raised by Audit.

# CHAPTER VII : MINISTRY OF LABOUR

## Employees' Provident Fund Organisation

### 7.1 Mismanagement in acquisition of land and construction of office and residential buildings

**Financial irregularities to the tune of Rs 14.27 crore in acquisition of land and construction.**

With a view to providing accommodation to the staff and the offices located all over India, EPFO[1] has acquired land at various places.

For proper management of the land and construction, EPFO has its own Physical Facilities Division (formerly Construction Wing ), the organisational structure of which includes a Chief Engineer, an Executive Engineer, two Assistant Engineers and Junior Engineers at the Head Office and Junior Engineers at 16 different regions.

#### 7.1.1 Results of Audit

A test check of the relevant records of seven Regional Offices was conducted between June and September 2000 which revealed that the land acquired had not been put to use at several places for the purpose for which it was acquired.

#### 7.1.2 Andhra Pradesh region

***Idle investment on unalienated site***

In June 1988 the SRO[2] Guntur obtained allotment of land measuring 7063 square yards from District Collector, Guntur at Gujjanagundla tank, for construction of office building and quarters for the staff at a cost of Rs 36.72 lakh which was finally decided in March 1998. This amount was paid by the SRO to District Collector, Guntur in March 1998 even without alienation of the land. EPFO also spent a sum of Rs 3.00 lakh on the development of the site.

In June 1998 when the SRO submitted the building plans for approval, the Municipal Corporation, Guntur declined to approve the drawings as the site was proposed for a public utility service.

[1] Employees' Provident Fund Organisation
[2] Sub-Regional Officer

The alienation of the land in favour of EPFO is pending as of December 2000 and the SRO continues to be located in a private building at a monthly rent of Rs 39930. Thus, due to failure of the SRO to get the land alienated even after 12 years, which was allotted to it way back in 1988 resulted in the idle investment of Rs 39.72 lakh since March 1998. Besides, a sum of Rs 12.37 lakh was paid as rent from April 1998 to October 2000.

### 7.1.3 Assam region

#### (a) *Avoidable expenditure*

For construction of office building and staff quarters, the RPFC[3], Guwahati was allotted in district Kamrup by Government of Assam a plot of land measuring 16000 square yards at a cost of Rs 6.18 lakh. The land was taken over in June 1986 by EPFO and an expenditure of Rs 0.90 lakh was incurred towards barbed wire fencing around the plot of land. As such a total of Rs7.08 lakh was spent upto 1987-88.

Due to abnormal delay in construction works (1986-1995) and non-engagement of watch and ward staff on the site, the entire plot was encroached. As a result in February 1994, the RPFC had to be allotted another plot of land valued at Rs 46.79 lakh for the same purpose.

#### (b) *Extra cost*

On being approached by the SRO, Agartala for allotment of land for construction of its own office building and staff quarters, the District Magistrate (West Tripura) conveyed in October 1988 finalisation of acquisition of a private land measuring 1.21 acres. An amount of Rs 11.36 lakh being the decreed value of the land, which was demanded by the District Magistrate and Collector in December 1988, was deposited on 12 May 1989. Reasons for this delayed payment which were not on record, resulted in further levy of Rs 2.60 lakh (Rs 1.40 lakh as solatium and Rs 1.20 lakh as penal interest) which was paid. Thus due to non-payment of the value of land in time, EPFO had to bear an avoidable additional burden of Rs 2.60 lakh.

Though the land was occupied in May 1989, the construction works of office building and staff quarters were not commenced till March 1993 and the Sub-Regional Office was accommodated in a private house at a monthly rent of Rs 13717 till October 1994. It was further noticed that the original estimate of Rs 148.48 lakh had been revised thrice to Rs 197.31 lakh as prepared by the NBCC[4]. None of the revised estimates were approved by the Central Provident Fund Commissioner till July 2000 with the result that the expenditure of Rs 48.83 lakh (i.e. Rs 197.31 lakh –

[3] Regional Provident Fund Commissioner
[4] M/s. National Building Construction Corporation

Rs 148.48 lakh) which was in excess of the sanctioned amount remained unauthorised. Besides an amount of Rs 9.05 lakh was paid as rent for the period from May 1989 to October 1994.

The original estimate included provision of Rs 11.08 lakh for source of water. However, the revised estimate submitted on 22 June 1994 disclosed that apart from Rs11.08 lakh already spent for provision of sources of water, an additional amount of Rs 11.10 lakh which included escalation charges of Rs 4.00 lakh was spent on providing "Deep Tube Wells". The reasons for such additional expenditure were not furnished by the RPFC, Agartala (July 2000).

### 7.1.4 Gujarat region

*(a) Locking up of funds*

A plot measuring 3692 sq. metres was acquired by EPFO on lease for 99 years from the Corporation[5] for construction of staff quarters/Zonal Training Institute at Ahmedabad in May 1988 on premium of Rs 36.92 lakh without executing any agreement deed with the Corporation. Though the payment was made in May 1988, the possession of the land was handed over by the Corporation in May 1997 after a lapse of nine years. The delay was attributed by EPFO to the change in utilisation of the land in question by the Corporation. Besides, EPFO also paid Rs 2.99 lakh in June 1998 for construction of compound wall to CPWD[6]. However, the work of construction of compound wall could not be started by CPWD due to illegal occupation of land and hindrance by local people with the result that the amount of Rs 2.99 lakh was lying unspent with CPWD since June 1998. This resulted in locking up of fund to the tune of Rs36.92 lakh for twelve years and the purpose for which the land was acquired could not be served.

*(b) Idle investment*

A plot measuring 1296 sq. metres was acquired on lease for 99 years from the Corporation[7] for the purpose of construction of office building at Vadodra in December 1992 on premium of Rs 28.71 lakh. In addition to the premium on land, lease rent was also payable at the rate of Re one per 100 sq. metres *per annum*. The payment was made without executing any agreement deed with the Vadodara Corporation. It was stated in July 2000 by the RPFC Vadodra that lease deed could not be executed as the draft lease deed was lying with Head Office for approval since February 1995. The work of construction of compound wall was entrusted in March 1993

[5] Ahmedabad Municipal Corporation, Ahmedabad
[6] Central Public Works Department
[7] Vadodara Municipal Corporation, Vadodara

to CPWD which was completed in January 1994 at a cost of Rs 1.31 lakh. The plan and estimates for construction of office building were approved by Head Office only in December 1998 i.e. after six years from the date of taking over possession of land.

Subsequently, an amount of Rs 59.66 lakh (August 1999 : Rs 35.96 lakh, February 2000 : Rs 23.70 lakh )being 33·18 *per cent* of the estimated cost of Rs 179.78 lakh was also released as an advance to CPWD for construction of office building.

The construction work was, however, not started by CPWD as of August 2000. The reasons for not starting the work by CPWD were not made available to Audit. Thus Rs 59.66 lakh remained blocked with CPWD, besides idle investment for eight years of Rs 28.71 lakh on purchase of land.

***(c) Delay in approving the project***

Two plots measuring 817.12 sq. metres at Raiya, Rajkot and 480 sq. metres at Nana Mava, Rajkot were acquired for construction of office building and staff quarters at a total cost of Rs 5.26 lakh in September 1990. Allotment of land under Urban Ceilings and Regulation Act, 1976 was made in October 1990 and the possession of land was obtained in November 1990. Construction of compound wall at both the sites was completed in February 1993 at a total cost of Rs 1.71 lakh. The plan and estimates for construction of office building and staff quarters were approved by the CPFC only in December 1998 i.e. after five years from taking over the possession of land. Further, an advance of Rs 52 lakh (December 1999: Rs 31.24 lakh, May 2000:Rs 20.76 lakh) being 33.33 *per cent* of the estimated cost of Rs 156.20 lakh was also released to CPWD for the construction of office building and staff quarters. The construction work was yet to be started by CPWD as of July 2000. This resulted in idle investment of funds to the extent of Rs 5.26 lakh on purchase of land for 10 years besides Rs 52 lakh deposited with CPWD.

### 7.1.5 Karnataka region

***(a) Locking up of Rs 7.76 lakh for two decades***

The RPFC in Karnataka purchased a piece of land measuring two acres and thirty nine guntas from a private land holder and eleven other members of his family for a consideration of Rs 7.76 lakh in 1978 at M.R. Palya on the outskirts of Bangalore.

Due to dispute in ownership rights the deal resulted in a series of appeals between the affected parties which reached the stage where the RPFC had to file two writ petitions in the High Court of Karnataka.

The writ petitions (2166/90 and 2929/91) so filed were dismissed and the CPFC filed special leave petition (Certificate No.2352-53/96) before the Honourable Supreme Court of India which is pending. Thus, failure on the part of the RPFC to verify the ownership rights had not only resulted in the EPFO being a party in a prolonged legal battle but also locking up of funds to the tune of Rs 7.76 lakh for a period exceeding two decades.

***(b) Construction of staff quarters at Hubli***

Land measuring 3 acres and 11 guntas was allotted by Government of Karnataka for Rs 0.89 lakh at M.T. Sagar, Hubli for the construction of staff quarters for the staff of the Sub-Regional Office Hubli during 1984.

It was observed that the original estimate prepared for Rs 77.62 lakh in 1990 was revised to Rs145.10 lakh in February 1993 and Rs 191.16 lakh in March 1997.

The quarters were handed over by CPWD to RPFC in July 1999. However, due to delay in releasing money by the CPFC to CPWD and also due to protracted correspondence with the revenue authorities, the work of completion of staff quarters was delayed by over a period of 2 years (1997 to 1999) which resulted in cost escalation of Rs 46.06 lakh (Rs 191.16 lakh in 1997 minus Rs 145.10 lakh in 1993).

### 7.1.6 Madhya Pradesh region

***Idle investment in land due to delay in commencement of construction work***

The RPFC, Madhya Pradesh acquired land for SRO Raipur and SRO Ujjain at the cost of Rs 96.76 lakh and Rs 60.15 respectively lakh in 1998-99. The construction works namely (i) construction of office building at SRO Raipur and (ii) construction of office building and Staff quarters of SRO Ujjain could not commence till March 2000 due to non-award of works. Therefore, funds to the tune of Rs 96.76 lakh and Rs 60.15 lakh respectively invested in purchase of land in 1998-99 remained idle as of March 2000. Non-commencement of works was attributed to conceptual drawing of works being under approval.

### 7.1.7 Maharashtra region

***(a) Infructuous expenditure***

EPFO acquired on lease 2125 sq. metres of land at a premium cost of Rs 38.25 lakh from Economic Development Corporation of Goa, Daman and Diu Limited in July 1990 for construction of office building and staff quarters. In 1993, the matter regarding construction was referred to CPWD. It was decided by RPFC, Mumbai that the work of construction of office building may be awarded to NBCC. Though, CPWD also furnished the estimates for both office building and the staff quarters in

August and November 1995 respectively, the work of construction of office building was finally awarded to NBCC at a cost of Rs 269.51 lakh and that of the staff quarters to CPWD at a cost of Rs 259.16 lakh in September 1997. Whereas the construction of office building was completed in January 2000, that of the staff quarters has not been completed so far.

It was noticed during audit that though the plot was acquired in July 1990, it took more than seven years for awarding the work. Meanwhile, the office continued to function in a rental premises. Had the work been awarded in July 1990 itself after acquisition of land and completed in two years i.e. by July 1992, the expenditure incurred on rent since then could have been avoided. Lack of wisdom on the part of EPFO in awarding the work at the appropriate time resulted in infructuous expenditure of Rs 38.34 lakh on account of rent from August 1992 to March 2000.

***(b) Delay in occupation of office building resulting in avoidable payment of rent***

The work of construction of office building and staff quarters of SRO, Nasik was awarded to Hindustan Prefab Ltd. at a cost of Rs 208.37 lakh in April 1993. As per agreement, the work was to be completed within 24 months after payment of deposit of 15 *per cent* of the project cost. The payment was made in March 1994 and accordingly the stipulated date of completion was March 1996. Though the work was almost complete in July 1996 after a delay of four months from the stipulated date, the possession of the building was not taken for the following reasons.

(i) A transformer was required to be installed and a compound wall constructed.

(ii) Certain defects in construction required to be rectified.

Whereas the sanction for construction of compound wall was obtained in August 1996, the sanction for installation of transformer was received only in February 1998. The defects were, thereafter, rectified by the agency in May 1999 after protracted correspondence, and finally the possession of the office building was taken in June 1999.

It was noticed during audit that the work was delayed by more than three years mainly on account of (i) the non-inclusion of estimate for installation of transformer and construction of compound wall in the original estimate, and (ii) the deficiency of a 'penalty' clause in the agreement for recovery of liquidated damages from the agency in the event of delay in completion of the work.

The office had all along been functioning in a rental premises. Had there been proper land/work management on the part of EPFO, the expenditure of Rs 44.23 lakh incurred on rent for the period from April 1996 to June 1999 could have been avoided.

### 7.1.8 Orissa region

To meet the increasing demand for office accommodation in Regional Office at Bhubaneshwar, and staff quarters and office accommodation for SRO Rourkela, the following construction works were undertaken during 1993-94 to 1999-2000.

- Construction of additional floors of existing building at Regional Office Bhubhaneshwar
- Construction of staff quarters at SRO Rourkela
- Construction of office building of SRO Rourkela

Test check of the records revealed the following:

***(a) Abnormal increase in cost of construction of additional floors in existing building at Regional Office, Bhubhaneshwar***

- The work relating to construction of additional floors in the existing of Regional Office, Bhubhaneshwar was awarded to BDA[8] prior to July 1996. The original estimate of November 1992 for Rs 149.87 lakh was finally revised to Rs 227.39 lakh in December 1997. The overall rise in cost was Rs 77.52 lakh which was 52 *per cent* of the original estimate. It was intimated by the CPFC[9] in January 1995 that the Finance Sub-Committee was not satisfied with the enhanced estimate and observed that BDA had awarded the work to the contractor at much higher rate. The revised estimate was accepted by the CPFC without obtaining full justification from BDA. The RPFC did not examine the matter in the light of observations of the Central Office resulting in escalation in cost by 52 *per cent*.
- The Surveyor of works, CPWD opined in September 1990 that further vertical extension over the existing buildings was not feasible on the point of view of safety. Though the matter was taken up with BDA in the meeting held in August 1993 to ensure structural stability, no such certificate was obtained from the construction agency before starting the construction.
- No certificate for quality control tests was obtained though a sum of Rs 0.91 lakh was paid for the quality control tests.

[8] Bhubaneswar Development Authority
[9] Central Provident Fund Commissioner

- As per clause 8 of the agreement relating to delay in execution of work by BDA beyond the stipulated time of 26 months from the date of commencement of work, compensation @ 0.25 *per cent* of the estimated cost per week subject to a maximum of 5 *per cent* of estimated cost would be levied by EPFO. In view of delay in release of funds, the stipulated date of completion was relaxed upto 31 December 1997 to which BDA had given specific assurance in a meeting held in July 1997. As the work was completed and handed over in February 2000, BDA was liable to pay compensation amounting to Rs 11.37 lakh for the period of delay from January 1998 to January 2000 which was not levied.

- It was observed by the Building Sub-Committee which inspected the work in November 1997 that the cement used was 33 grade instead of 43 grade which was not suitable as per construction norms. The construction work was not sound as seepage marks were found on both sides of wall, granite tiles flooring was damaged to a great extent, water proofing treatment was not done, RCC joints were filled with cement mortar instead of with cement mix, which would not have long life. These defects were not rectified though the Executive Engineer and the Member (Engineering), BDA admitted the defects.

***(b) Construction of staff quarters of SRO, Rourkela***

The original estimate and the revised estimate was sanctioned for Rs 144.43 lakh in July 1992 and Rs 214.56 lakh in May 1998 respectively resulting in an increase in cost by Rs 70.13 lakh which was higher by 49 *per cent* than the original estimate. No work order stipulating the date of commencement, date of completion and other terms and conditions were issued to CPWD. As a result of this the construction agency took their own time for execution of work which ultimately led to time overrun of more than five years and cost overrun amounting to Rs 70.13 lakh.

***(c) Construction of office building of SRO, Rourkela***

- The matter relating to construction of office building of SRO, Rourkela was taken up with CPWD in 1991. Accordingly, soil testing was done, preparation of plan and estimate was completed and administrative approval issued in May 1994, but no work order stipulating the date of commencement and date of completion was issued. As a result CPWD took its own time for execution of work without adhering to any time schedule and the executing agency revised the original estimates of Rs 86.85 lakh to Rs 164.07 lakh resulting into cost overrun of Rs 77.22 lakh.

- As a result of delay in construction of office building, the Sub-Regional Office which was due to be shifted to the new premises in March 1998 continued to function in a rented building belonging to Rourkela

Improvement Trust. During the period from April 1998 to June 2000 EPFO incurred an expenditure of Rs 12.44 lakh towards payment of rent @ Rs 46065 per month which could have been avoided but for delay in construction of own office building.

*(d)* ***Advance against CPWD and BDA***

Advances amounting to Rs 300.80 lakh and Rs 220.97 lakh pertaining to the period 1992-93 to 1999-2000 were outstanding against CPWD and BDA respectively.

### 7.1.9 Conclusion

Though EPFO was keen in acquiring its own office buildings/staff quarters, an analysis of foregoing audit observations demonstrates the unprofessional approach bordering on negligence in several cases of EPFO particularly its Physical Facility Division, which had all the key men in position right from the Chief Engineer down to the Junior Engineers and the RPFC in general. The disconcerted approach, lack of proper planning and coordination, unsound financial management led to financial irregularities amounting to Rs 1427.74 lakh as detailed below:

| | | **(Rs in lakh)** |
|---|---|---|
| 1. | Infructuous expenditure/expenditure on rent | Rs 124.42 |
| 2. | Blocking of funds/idle investments | Rs 238.36 |
| 3. | Funds tied up with CPWD | Rs 114.65 |
| 4. | Escalation of cost | Rs 270.93 |
| 5. | Loss due to encroachment of land | Rs 83.71 |
| 6. | Avoidable expenditure | Rs 13.70 |
| 7. | Non-levy of penalty | Rs 11.37 |
| 8. | Unapproved expenditure | Rs 48.83 |
| 9. | Advances Outstanding | Rs 521.77 |
| | **Total** | **Rs 1427.74** |

## 7.2 Unauthorised expenditure

**Unauthorised diversion of Employees' Provident Fund Organisation resources amounting to Rs 18.61 lakh by the Ministry for a purpose not authorised by the legislature.**

The work regarding advertisements/publications highlighting achievements of Ministry of Labour on the eve of completion of 100 days by the Government was entrusted to a private contractor. As there was no budget provision for such type of expenditure during the year 1998-99, the Secretary, Ministry of Labour asked EPFO to make payment of the claims of the firm and the payment so made would be reimbursed by the Ministry after the budget for the next year was passed. Accordingly Rs 18.61 lakh was paid by EPFO between July 1998 and August 1999. EPFO did not claim reimbursement from the Ministry nor was any budget provision made by the Ministry in the subsequent year's budget to reimburse the payments made by EPFO. Thus Rs 18.61 lakh was expended by the EPFO for an object not authorised by its Act.

The matter was referred to the Ministry in November 2000; their reply was awaited as of February 2001.

# Employees' State Insurance Corporation

## 7.3 Non-recovery of dues from Delhi Government

**Non-recovery of Rs 93.87 crore from Delhi Government on account of expenditure incurred on medical care by Employee's State Insurance Corporation.**

In accordance with the Employees State Insurance Act, 1948 the Corporation[1] may in consultation with the State Government, undertake the responsibility for providing medical benefit to insured persons and where such medical benefit is extended to their families, to the families of such insured persons in the State, subject to the condition that the State Government shall share the cost of such medical benefit in such proportion as may be agreed upon between the State Government and the Corporation. The Act further provides that for this purpose the Corporation may enter into an agreement with the State Government in regard to the nature and scale of the medical treatment that should be provided to the insured persons and their families.

[1] Employee's State Insurance Corporation

The understanding at the time of taking over of the administration of medical care under the ESI[2] scheme in Delhi in April 1962 was that the Delhi Administration would continue to meet the 1/8$^{th}$ share of the expenditure on provision of medical care under ESI scheme, but no formal written agreement to that effect was entered into. In accordance with the above procedure ESIC recovered expenditure beyond the ceiling along with 1/8$^{th}$ share from Delhi Administration regularly upto 1989-90. The Delhi Administration stopped payment w.e.f. 1990-91. After great persuasion by ESIC the Delhi Government made ad-hoc payment of Rs 1.63 crore *per annum* for the years 1993-94 to 1995-96, Rs 2.19 crore for 1996-97 and Rs two crore for 1997-98 which did not conform to the 1/8$^{th}$ share of expenditure.

Thus out of total amount of Rs 102.94 crore due for payment by Delhi Government for the period from April 1990 to March 1999, only Rs 9.07 crore has been received thereby leaving a huge outstanding amount of Rs 93.87 crore. The blockage of funds has accumulated as the Delhi Government stopped payment of its share from 1990-91. The Corporation forwarded a draft deed of Agreement with the Government of Delhi in March 1997, the return of which was still awaited. Until March 1997, the matter remained under correspondence between the Medical Branch of ESIC and the Government of Delhi. Since no tangible results could be achieved through this routine correspondence, the matter regarding sharing of expenditure made on medical care of insured persons of ESIC was taken up for the first time at level of MOS[3] for Labour in October 1997. This was followed by a reference to Chief Secretary issued in January 1998, demi-official reminders at MOS level in May 1998 and December 1999 and June 2000 but the matter has not been settled so far.

Non-execution of agreement deed with the Delhi Government, which was mandatory under the Act had resulted in non-realisation of Rs 93.87 crore which if available could have been utilised to elevate the condition of the beneficiaries for whom the scheme was set up.

The Ministry while confirming the facts stated in December 2000 that a letter from Labour Ministry to Chief Minister of Delhi stressing urgent reimbursement of the dues of Rs 93.87 crore and finalisation of draft agreement submitted by ESIC was being sent.

[2] Employee's State Insurance
[3] Minister of State

## 7.4 Loss of interest

**Loss of interest amounting to Rs 6.77 crore due to ineffective investment management.**

ESIC has been making investments in the SDA[1] with Reserve Bank of India from August 1988 at an interest rate of 12 *per cent per annum*, payable yearly as on 31 March of every year. As the rate of interest for fixed deposits in the majority of nationalised banks was higher as against 12 *per cent* interest available in SDA, ESIC requested the Government in March 1992 to increase the rate of interest on SDA with RBI but the Government in June 1992 did not agree with the proposal of ESIC. Instead, the Government permitted ESIC in June 1992 to keep its fresh savings with nationalised banks from 1992-93 and subsequently allowed ESIC in April 1994 to also withdraw interest accrued to SDA every year.

ESIC, however, did not take the advantage of these relaxations given by the Government and continued to keep its accrued interest in SDA, whereas higher rate of interest at a rate of 12.5 *per cent* (13.10 *per cent* when compounded quarterly) during 1998-99 was available with the SBI[2] and the OBC[3].

Non-withdrawal of interest from SDA for investment at higher rate available with SBI and OBC resulted in avoidable loss of interest of Rs 6.77 crore for two years as detailed below:

**Table 7.4**

**(Rs in crore)**

| Nature of non-withdrawn amount | Year | Amount | Loss of interest on not drawn amount @ 1.10 *per cent* (13.10 *per cent*- 12 *per cent*) from 1.4.98 to 31.3.2000 |
|---|---|---|---|
| Interest accrued with SDA | 1998-1999 | 288.66 | 3.18 |
| | 1999-2000 | 323.31 | 3.59 |
| | | Total | 6.77 |

A similar para (No 9.2) captioned "Loss of interest" also appeared in the CAG's Report for the year ended March 1999-No 4 of 2000. The Ministry in its Action Taken Note thereto contended that ESIC is not an investment organisation but a social security organisation and rate of interest had never been the only criterion for the ESIC investments but security of its funds was the paramount factor.

[1] Special Deposit Account
[2] State Bank of India
[3] Oriental Bank of Commerce

The concern of the Ministry for security is well marked but the reply is not tenable as deposits in other nationalised banks are also as secure as with RBI. The Government itself demonstrated this by permitting such changes after due consideration of the matter in the year 1994, but the ESIC failed to rectify their flawed investment decision.

The matter was referred to the Ministry in September 2000; their reply was awaited as of February 2001.

# CHAPTER VIII : MINISTRY OF RURAL AREAS AND EMPLOYMENT

## Department of Rural Development and Poverty Alleviation

### 8.1 Unfruitful expenditure on construction of IAY[1] houses

**Despite an expenditure of Rs 1.53 crore for construction of houses under Indira Awas Yojana, the houses remained incomplete after 10 years.**

Government of India launched IAY to provide houses free of cost, to members of scheduled castes/scheduled tribes, freed bonded labourers in rural areas and non-SC/ST rural poor below poverty line at cost ceiling per house varying from Rs 14000 to Rs 15800 fixed according to the location of the area. The scheme provides that houses are to be constructed by the beneficiaries themselves with technical assistance and supply of building materials from block level officers and payments should be released to the beneficiaries in instalments depending on the progress of work. The scheme also envisages formation of committee of the beneficiaries to co-ordinate the construction.

Scrutiny of records of eight BDOs revealed that during 1990-91 to 1997-98 they had received Rs 8.76 crore from DRDA Sundergarh, Jharsuguda and Sambalpur/Bargarh towards construction of 5278 IAY houses.

Of these, 1079 houses remained incomplete for which Rs 1.53 crore was paid to the beneficiaries in the shape of cash and materials against the sanctioned cost of Rs 1.80 crore during 1990-91 to 1997-98. Though construction of the houses was to be completed in two years, the reasons for non-completion had not been inquired into either by the officers of DRDA or Blocks, nor the matter had been reported to higher authorities for mid-course correction. No action was also initiated against the defaulting beneficiaries. None of the houses was allotted in the name of the female member of the beneficiary household or in the name of both wife and husband as required under the scheme. The evaluation and monitoring envisaged in the scheme was also not done. The value of works executed in these incomplete houses was not also assessed to satisfy that the moneys advanced were actually utilised on the construction. Though Beneficiary Committees were formed in all these blocks except in Subdega, they did not function to co-ordinate and monitor construction of the houses. From the information furnished by the BDO, Lathikata, it was noticed that out of 116 incomplete houses (1995-96), 11

[1] Indira Awas Yojana

houses were not in existence, four houses collapsed and two houses were in dilapidated condition (total 17 nos.). The expenditure incurred on those 17 houses was Rs 1.93 lakh.

Of the total 1079 incomplete houses as of February 2000, construction of 605 houses commenced during 1990-91 to 1995-96 and possibility of their completion appears remote. Thus, the expenditure of Rs 1.53 crore incurred in those houses remains unfruitful.

On this being pointed out the concerned BDOs did not offer specific comments on non-completion. However, the matter was referred to the Ministry in August 2000 and the Ministry in its reply (October 2000) admitted delay in completion of houses and stated that it was due to paucity of field officials such as Village level worker and Junior Engineers. The stand of the Ministry is indicative of absence of any seriousness and accountability for the expenditure wastages.

## Department of Rural Development (DRDAs, Nuapada and Sundergarh)

### 8.2 Wasteful expenditure

**Trees planted under various employment generation schemes were damaged due to poor maintenance and lack of monitoring, thus rendering the expenditure of Rs 41.44 lakh as waste.**

With a view to ensuring success of plantation programme taken up under different employment generation centrally sponsored schemes, MOA[1] issued (May 1983) instructions/guidelines which emphasised proper choice of species, size of seedlings, timely execution of plantation works and provision of adequate protection etc. to improve the survival rates. It was held that at least 75 *per cent* survival would be a successful plantation, lesser survival rates being waste of money and time. It was further instructed that monitoring of plantation might be carried out by some independent organisation/agencies like Universities etc. so that the achievements could be confirmed by these agencies.

Check of records (February 1999-January 2000) of Horticulturists, Khariar/Lahunipara revealed that for Mango, Litchi and mixed fruit plantations raised over 208 hectares in nine locations between 1994-95 and 1996-97 at a cost of Rs 41.44 lakh. Funds were released by DRDA Nuapada Rs 29.50 lakh and DRDA Sundergarh Rs 11.94 lakh, under SCA[2], EAS[3] and

[1] Ministry of Agriculture
[2] Special Central Assistance
[3] Employment Assurance Scheme

JRY[4]. The survival percentage was nil in six locations while in three locations it ranged only between 7 *per cent* to 27 *per cent* as per the joint verification reports. It was further observed that mixed fruit plantations in Khariar under DRDA Nuapada were handed over to beneficiaries after one year maintenance against provision of maintenance for three years from the year of plantation. In Lahunipara, maintenance continued upto fourth year during which the plantations were damaged.

Thus, the survival percentage was far below the norms of the MOA due to non-observance of the directives rendering the major part of expenditure of Rs 40.36 lakh out of Rs 41.44 lakh thereon as wasteful.

On this being pointed out (February 1999/January 2000) the Horticulturist, Lahunipara and the Project Director, DRDA Nuapada did not offer any specific comments.

The matter was referred to the Ministry in July 2000; their reply was awaited as of February 2001.

[4] Jawahar Rozgar Yojana

# CHAPTER IX : MINISTRY OF SURFACE TRANSPORT PORTS WING

## Calcutta Port Trust

### 9.1 Unfruitful expenditure on dredging

**Required width of the channel to accommodate Suezmax tankers could not be achieved and expenditure of Rs 29.90 crore incurred for the purpose became unfruitful.**

The Chairman, CPT decided to upgrade the Haldia oil jetty to accommodate Suezmax tankers from October 1997 which would maximise the benefits to the oil industry. This required widening the approach channel at Haldia anchorage to 670 metre.

CPT deployed DCI for widening the channel between May 1997 and December 1997 as part of its regular maintenance dredging programme at Haldia. Against the projected requirement of dredging 1.03 MCM DCI could dredge 0.228 MCM since its dredgers were simultaneously deployed for dredging at other locations. The channel width initially increased from 470 metre to 549 metre but deteriorated to 488 metre in December 1997.

The CHE[1], CPT thereafter formulated an intensive five months dredging programme with the stated objective of achieving a channel width of 670 metre by dredging an estimated quantity of 1.8 MCM.

The work started in June 1998. CHE confirmed in July 1998 that the targeted width would be achieved as scheduled despite high reshoaling. DCI completed dredging 1.99 MCM in November 1998 having achieved a width of 533 metre only after an expenditure of Rs 29.90 crore.

At the instance of Chairman, CPT a study was conducted in March 2000 by experts on the basis of the survey data of CPT. The reasons for unsatisfactory result as opined by the experts were as follows:

(i) Time period for which the siltation factor remained valid was not considered at the time of estimation of dredging quantity.

(ii) The siltation which occurred during the dredging period was of the order of 200 *per cent* against estimated 80 *per cent*.

[1] Chief Hydraulic Engineer

(iii) Estimation of low value of side slope led to flow of soils which ultimately caused high siltation.

(iv) The rate of dredging as estimated was much less than the rate of siltation that prevailed during the dredging period.

It is thus evident that the CHE had set unrealistic parameters for the work without a proper analysis of the extant conditions.

Hence a project that would have benefited the oil industry could not be implemented due to the CHE's planning failure resulting in an unfruitful investment of Rs 29.90 crore.

The Ministry stated in December 2000 that the dredging had obviously helped to contain the advancement of sand besides increment of width to some extent in the area. But the fact remains that the intensive dredging programme undertaken with a distinct objective of widening the channel could not be fulfilled.

## 9.2 Delay in condemnation of vessel

**Due to inordinate delay in condemnation of an outlived vessel, Calcutta Port Trust had to incur an avoidable expenditure of Rs 1.29 crore and idle expenditure of Rs 2.54 crore.**

Despatch Vessel Seva built in 1963, had outlived its normal economic life in 1983. After the last survey repair in 1991-92 the vessel could only be utilised for 387 days between April 1993 and September 1995. For carrying out uninterrupted conservancy work in the shipping channel CPT decided in October 1995 to undertake further survey repair of the vessel without considering its economic viability. Although the vessel was laid up for survey repair in October 1995 no time frame was fixed nor was cost estimation prepared for the work. CPT could not take up the repairs departmentally due to non-availability of spares and pending commitments neither did it get the survey repairs done outside apprehending high cost involvement and poor workmanship. Thus though the vessel was laid up since October 1995 no arrangements for its repair and recommissioning were made till March 1998. However, CPT had incurred an expenditure of Rs 1.29 crore on bunker oil and maintenance and Rs 2.54 crore on salaries and wages of the members of crew, stores, fringe benefits and general expenses during October 1995 to May 1998.

In March 1998, the Board[1] decided that the vessel, having outlived its economic life, should be condemned. In pursuance of the decision of the Board the committee constituted for the purpose, declared the vessel condemned in August 1998 due to involvement of high cost and indefinite time in repairing, high running cost and remote chances of its gainful

[1] Board of Trustees of Calcutta Port Trust

utilisation. Had the vessel been considered for condemnation before laying it up for survey repair the expenditure of Rs 3.83 crore on salaries and wages of crew members, fuel and maintenance could have been avoided and the crew would have been gainfully redeployed.

Thus inordinate delay in condemnation led to avoidable expenditure of Rs 1.29 crore and idle expenditure of Rs 2.54 crore for the period from October 1995 to May 1998. During the period night nevigation and salvage assistance were hampered due to non-operation of the vessel.

The matter was referred to the Ministry in July 2000; their reply was awaited as of February 2001.

## 9.3 Delay in commissioning computerised cargo

**Computerised cargo system of the Calcutta Port Trust has not been commissioned even after an expenditure of Rs 42.82 lakh.**

To provide expeditious cargo accountal and documentation system for the benefit of port users CPT decided in November 1992 to implement computerised cargo accountal system. The system was meant for online cargo handling operation, billing operation, vessel planning etc. To implement the system, CPT procured in January 1995 a Super Mini-RISC based computer system from Tata Elxsi (India) Limited at a total cost of Rs 42.82 lakh. The system was installed in January 1995 at a temporary site at the Bhutghat Computer Centre of CPT. The permanent site at container freight station building was made ready in August 1996 and the system was installed there in September 1996. Hydraulic study department, CPT was to develop the application software as the same was not readily available in the market. Expected time frame for developing the software was about six months from the date of installation.

The development of software was delayed due to (i) frequent changes in the user department's specifications (ii) failure of the system personnel to take into account the scale of rates of CPT on which the entire commercial procedure and allied charge realisation was based. Due to delay in development of software, the computer system could not be commissioned even in October 2000. Meanwhile the warranty period of the installed system expired in January 1996.

Inadequate planning and lack of co-ordination between two department of CPT thus resulted in non-commissioning of the computer system five years after procurement despite an expenditure of Rs 42.82 lakh. The objective of computerising cargo accountal has also not been fulfilled.

The matter was referred to the Ministry in September 2000; their reply was awaited as of February 2001.

## Calcutta Dock Labour Board

### 9.4 Overpayment of minimum guaranteed wages

**Incorrect application of rules resulted in overpayment of minimum guaranteed wages of Rs 94.85 lakh in Calcutta Dock Labour Board.**

In accordance with the provision of Calcutta Dock Workers (Regulation of Employment) Scheme, 1956 CDLB[1] pays minimum guaranteed wages on daily rate basis to the worker, who cannot be provided with jobs for 30 days in a month due to fall in traffic in Calcutta Dock System. The minimum number of days for which wages are guaranteed to any worker is fixed for each year on the basis of monthly average employment obtained by the worker during the preceding year. The number so fixed should not in any case be more than 21 and not less than 12.

Test check of wage bills in September 1999 revealed that during 1998-99, CDLB paid minimum guaranteed wages to the workers for 14 to 21 days without considering actual monthly average employment of the workers which obtained during 1997-98. This resulted in payment of minimum guaranteed wages higher than the actual wages admissible and led to overpayment of Rs 94.85 lakh during 1998-99.

Thus incorrect application of relevant rules by CDLB during payment of minimum guaranteed wages to workers resulted in overpayment of Rs 94.85 lakh in 1998-99.

CDLB, while accepting the views of Audit in May 2000, stated that due to some administrative problems the wages could not be reduced.

The matter was referred to the Ministry in August 2000; their reply was awaited as of February 2001.

[1] Calcutta Dock Labour Board

## Chennai Port Trust

### 9.5 Excess payment due to incorrect computation of escalation charges

**Incorrect inclusion of the wagon charges in the total value of the bill of contractor while calculating the escalation resulted in excess payment of Rs 10.09 crore.**

MoST[1] accorded in April 1993 sanction for the construction of a new satellite port at Ennore near Chennai at an estimated cost of Rs 593.90 crore. The project comprised, interalia, the construction of breakwater as a single package. During October 1994, ChPT[2] decided to split the work of construction of breakwater into two packages viz. (i) rock quarrying and transportation to the site at Ennore and (ii) construction of breakwater. The work of rock quarrying and transportation was entrusted to a Mumbai based company and an agreement was executed with them for the purpose in June 1996. As per bid conditions, Railway freight charges were to be borne initially by ChPT and the Port Trust would recover from the contractor charges at the rate of Rs 5500 per Railway wagon handled on each round trip. Accordingly Port Trust recovered the wagon charges at this fixed rate from the contractor throughout the period of operation, though Port Trust had to pay wagon charges at higher rates fixed by Railway subsequently.

The agreement provided, among other things, adjustment in cost for price variation to accommodate periodical change in the basic cost of materials, labour and other inputs to the work. A price variation factor was to be arrived at using a specific formula. This factor was applied to the total value of work to allow the price variation.

A scrutiny of the Running Account Bills (upto the month of July 1999) paid for by ChPT revealed that the total value of work on which cost escalation was allowed was reckoned without deducting wagon charges paid by Port Trust direct to Railways and recovered from the contractor at a fixed rate. It was observed that even when the wagon charges were enhanced by Railways subsequently from Rs 5500 to Rs 7055 from April 1998 and to Rs 8185 from April 1999, the increase/escalation was borne by ChPT from time to time and the recovery was effected from the contractor only at the fixed rate of Rs 5500 per wagon initially agreed to. Therefore the contractor was not to be allowed any price variation on this item and the cost of wagon charges ought to have been excluded from the total value of work done before applying the price variation factor, on par with similar procedure to be followed in the case of departmental supply of cement etc., to contractor for works.

[1] Ministry of Surface Transport
[2] Chennai Port Trust

Incorrect computation of cost escalation thus resulted in excess payment of Rs 10.09 crore to the contractor for the work executed during May 1996 to July 1999.

The Ministry in their reply in January 2001 merely forwarded a copy of the Chairman, ChPT who did not dispute the necessity of excluding the wagon charges while arriving at the escalation charges but stated that payments to the contractor were made as certified by the Engineer appointed for the purpose; that the agreement conditions also did not provide for deducting wagon charges before working out the escalation charges and hence there was no excess payment.

The reply of the Chairman is not tenable because the chairman, as the authority for payment, could pay only what was due for payment. Action should be taken against the engineer and chairman for wrong payment.

## Chennai Dock Labour Board

### 9.6 Loss due to non-collection of arrears of wages paid to workers from employers

**Arrears of wages of Rs 6.18 crore to workers under two schemes were incorrectly met out Board's funds instead of collecting the same from the employers.**

The four schemes viz. (i) Madras Dock Workers (Regulation of Employment) Scheme 1956 (Registered Scheme), (ii) Madras Unregistered Dock Workers (Regulation of Employment) Scheme 1957 (Listed Scheme), (iii) Madras Unregistered Dock General Pool Workers (Regulation of Employment 1988 (General Pool Scheme) and (iv) Madras Unregistered Dock Clearing and Forwarding Workers (Regulation of Employment) Scheme 1988 (Clearing and Forwarding Scheme) made for Chennai Dock Workers under the Dock Workers (Regulation of Employment) Act envisaged that the cost of operating the schemes shall be defrayed by payments made by the registered employers of the Board[1]. As per the provisions of the schemes, the Board has to collect the gross wages due to the workers along with levy towards administrative expenses of the Board from the registered employers and pay the wages to the workers. Specific provisions contemplating the payment of arrears of wages due to any revision of wages or other allowances with retrospective effect in pursuance of any award or order of the Central Government out of Board's own funds were made only in respect of Registered Scheme (Clause 52 A) and Listed Scheme (Clause 13 E).

[1] Chennai Dock Labour Board

The Ministry ordered in February 1999, payment of IR[2] at 10 *per cent* of basic pay to all Class III and IV employees of Dock Labour Boards with effect from January 1998, pending finalisation of the recommendations of Bipartite Wage Negotiation Committee. The Board paid the arrears of IR up to February 1999 to the workers under all the schemes out of its own funds and started collecting the IR payable to workers from the employers only from March 1999. In the case of General Pool Scheme and Clearing and Forwarding Scheme, as there was no provision to meet the arrears of wages from the Board's funds, the arrears of IR for the workers under these schemes ought to have been recovered from the employers. However, the Board failed to recover the arrears amounting to Rs 35.85 lakh. The Board replied (February 2000) that the arrears of IR could not be taken as arrears of wages. The reply was found to be not tenable as IR is a part of the wage payable to the worker and as the Board had also included the amount of IR for arriving at the wage rates to be recovered from the employers from March 1999.

The Ministry, accepting that there were no enabling provisions under the two schemes for meeting the arrears of wages out of Board's funds further stated (May 2000) that as the employers apprehended 'rise in service costs which was not in the larger interest of trade', the Board had to meet the IR from the surplus funds of the Board as in the case of other schemes.

Subsequently also, following the wage settlement reached by Bipartite Wage Negotiation Committee in August 2000, arrears of wages to the tune of Rs 5.82 crore, after adjusting the IR already paid, were paid to the workers under above two schemes from the Boards funds for the period ending July 2000. The Board started to recover the wages from the employers based on the revised wages only form 11th August 2000, the date of communication of agreement by Indian Port Association.

Thus the Board irregularily met the arrears of wages from its funds and failed to recover the same from the employers. This resulted in a loss of Rs 6.18 crore (IR arrears Rs 0.36 crore and differential wages Rs 5.82 crore) besides interest loss to the Board.

Ministry replied in January 2001 that the arrears of IR as well as wages were to be paid from the surplus funds of Dock Labour Board with or without any provision in this regard under the relevant schemes. With the merger of Board and ChPT, expected to take place any time, all the schemes would stand abolished. Therefore Ministry stated any amendment to the schemes to provide for payment of arrears out of Board's funds was not called for. However, the fact remained that Board suffered a loss of Rs 6.18 crore as the arrears could not be recovered from the employers.

[2] Interim Relief

## Cochin Port Trust

### 9.7 Undue financial aid by way of remission of demurrage in contravention of Government guidelines

**Contrary to Government of India guidelines, Cochin Port Trust allowed remission of demurrage charges of Rs 60.43 lakh levied on goods detained due to failure of consignee to effect payment to the owners of the vessels.**

Under section 60(2) of the Major Port Trusts Act, 1963 owners of the vessels exercised lien over the cargo in cases of non-payment of charges due from the importer. A quantity of 10,729 ton of wheat discharged during October-December 1998 could not be cleared from the transit sheds/godowns of CoPT[1] due to the lien exercised by the ships' owners on 24th December 1998. The vessel owners also secured an injunction order (4th January 1999) from the Principal Sub Court, Kochi, restraining CoPT from delivering the cargo to the consignee. Subsequently, an out of court settlement was reached and the Court injunction was lifted on 21st January 1999. The consignee cleared the cargo in February 1999 after paying demurrage charges of Rs 1.89 crore to CoPT for the cargo retained in Port sheds.

Board of Trustees decided (September 1999) to remise Rs 60.43 lakh being 80 *per cent* of the demurrage charges of Rs 75.53 lakh pertaining to the period of Court injunction from 4th January to 21st January 1999.

According to the guidelines issued by the GoI[2] for remission of demurrage charges, remission up to 80 *per cent* could be considered only if detention of goods was not attributable to the fault of the importer/consignee. Since CoPT was compelled to retain the cargo on account of lien exercised by the owners of the vessel for recovery of unpaid freight charges and detention/demurrage charges from the consignee the importer was at fault. The lien issued under section 60(2) of Major Port Trusts Act, 1963, was legally enforceable and CoPT was bound to comply with it and detain the cargo at the risk and expense of the holders of the bills of lading (i.e the consignee). Further, Court injunction was necessitated due to the fault/failure of the importer to settle the claims of the ship owners. Hence the consignee was solely responsible for the non-clearance of the goods discharged in the port premises and as such remission of demurrage charges of Rs 60.43 lakh was not in conformity with GoI directives and caused loss of Rs 60.43 lakh to CoPT.

Ministry contended (September 2000) that the consignee was unnecessarily put to difficulties due to payment of huge demurrage fees on account of delay in clearance of cargo caused by the disputes between the owners of the vessel and the charterers and that the waiver was allowed only for the period of court injunction. As the dispute mainly arose due to non-settlement of dues payable to the vessel owners by the charterer consignee and the demurrage levied by

[1] Cochin Port Trust
[2] Government of India

CoPT was a direct consequence of the lien exercised by the ships' owners on 24$^{th}$ December 1998, there was little justification for agreeing to the consignee's demand for remission of port demurrage charges collected. The facts that the consignee was arraigned as the first respondent in the suit and the ship owners (Petitioner) preferred claims for realising the entire dues from the consignee, clearly indicated that the consignee was accountable for the delays/losses. Since the port operations were adversely affected due to detention of the consignment in its transit sheds, the remission of revenue collected was not in the financial interest of the port.

## 9.8 Loss of revenue due to delay in implementation of revised electricity tariff

**Belated revision of electricity tariff rates by Cochin Port Trust resulted in short levy of energy charges from its consumers at the pre-revised rates and consequent loss of revenue of Rs 29.10 lakh.**

Mention was made in paragraph 11.9 of Report No. 4 of 1999 about delay on the part of CoPT in implementation of revised electricity tariff rates and revenue foregone (Rs 34.98 lakh). Though CoPT admitted that delay in implementation of the revised tariff was attributable to delays in completion of procedural formalities, Ministry contended in the ATN (July 2000) that the revision was not effected immediately in view of the comfortable revenue generation achieved on sale of power to the consumers. Audit scrutiny disclosed that such delays persisted during the latest power tariff revision also vide details given below.

KSEB[1] notified in the Kerala Gazette dated 14 May 1999 revision of electricity tariff for High Tension (HT) and domestic consumers from 15 May 1999. CoPT is a licensee of KSEB for power supply to different consumers in port's premises and under provisions of the Electricity (Supply) Act, 1948, CoPT should give a notice of not less than 60 clear days about its intention to revise the rates. Such a mandatory notice was , however, issued on 23 August 1999 only and the revised rates implemented from first November 1999. The recurring failure of CoPT to complete all the required procedural formalities within a reasonable period, say three months, and to introduce the new tariff rates for sale of electricity to its consumers had resulted in loss of potential revenue of Rs 29.10 lakh for the period 15 August 1999 to 31 October 1999.

Ministry pointed out in August 2000 that whenever KSEB revised power tariff, CoPT followed suit only after a few months and stated that Port Trusts have been directed to give top priority to such revision of tariffs.

In view of the recurring delays in giving effect to the periodical revisions of power tariff, CoPT should streamline its internal procedures and gear up its

[1] Kerala State Electricity Board

administrative machinery so as to avoid losses of substantial revenue as pointed out in audit.

## Jawaharlal Nehru Port Trust

### 9.9 Unfruitful expenditure on dust control system

**Acceptance of a defective system from the contractor and failure of effective follow-up resulted in infructuous expenditure of Rs 5.25 crore.**

JNPT[1] procured and installed a dust control system in March 1990 at a cost of Rs 5.25 crore (inclusive of foreign exchange element) through their contractor Klochner-Roxon-Hyundai Consortium, Korea with the objective of curtailing the dust emanating from operations while handling bulk cargo. The system was also intended to keep pollution under control and to provide the work force with a pollution free environment.

Terms of the contract envisaged the contractor to (i) complete the work in all respects, carry out successful trial runs to the satisfaction of the engineers and hand over the facility in operating condition to the port and (ii) to supply spare parts free of cost for two years.

Audit scrutiny revealed that though the dust control system was installed in March 1990, it could not be put to use satisfactorily since commissioning. The main reasons for this being compressor failure, non-functioning of heaters, non-functioning of dust collection systems due to inadequacies in design and improper maintenance. Thus the port accepted a system from the contractor or engineer, which was not in good working condition. Port made efforts to get the system repaired through the contractor but it did not yield the desired results, due to poor quality of repairs carried out by the contractor. In June 1992, the port appointed technical audit consultants to look into the matter, the consultants opined that the inadequate design of the dust control system and poor maintenance had led to its non-performance. They recommended condemnation of certain parts of the system. No further action was taken till October 1998.

In November 1998 the port decided to replace the existing system with a new one. Due to lack of response, the matter had not been finalised so far. In March 1999, port dismantled a portion of the dust control system at a cost of Rs 1.09 lakh.

On this being pointed out in audit, port replied that the system had not been functioning satisfactorily due to various deficiencies and a small portion of the system had to be dismantled having been badly corroded.

[1] Jawaharlal Nehru Port Trust

The fact however remains that despite non-fulfilment of contractual obligation by the contractor to hand over the system in working condition, the port acquired a system which was abinitio defective and thereafter lack of adequate follow up action by the port resulted in wasteful expenditure to the tune of Rs 5.25 crore as the system could not be made operational.

The matter was referred to the Ministry in September 2000; their reply was awaited as of February 2001.

## 9.10 Blocking up of capital and excess expenditure on repairs and electrification

**Construction of residential quarters in excess of requirements resulted in blocking up of capital of Rs 2.73 crore and additional expenditure of Rs 1.52 crore on repairs and electrification.**

JNPT deposited a sum of Rs 64.61 crore over a period of 10 years from 1983 to 1992 with the Railways to construct railway lines and other connected infrastructure facilities comprising civil, mechanical and electrical engineering work etc. The civil engineering work consisted of construction of residential quarters for use by operations and maintenance staff of railways working for JNPT.

Though railways initially submitted an abstract estimate for 1512 residential quarters in 1982, they revised it to 762 during discussion in 1982 and the same was approved by JNPT. Finally a total of 514 quarters including 336 Type I, 132 Type II, 40 Type III and 6 Type IV quarters were built at a cost of Rs 4.15 crore at Panvel, Jasai and Funde for the above mentioned purpose.

Audit scrutiny revealed that though Railways had completed the work of construction of these 514 quarters by 1990, 372 residential units of various types at Funde and Jasai built at a cost of Rs 2.73 crore remained vacant. Reasons for non occupation of 72.37 *per cent* of these quarters were not forthcoming from JNPT. Since November 1995 JNPT made efforts to take over these quarters from railways for use by port staff or users, by taking up the matter with the Railway Ministry. In September 1998 Railways handed over the quarters at Funde to JNPT. These quarters required major civil repair works. Though as per original agreement with the Railways internal/external electrification and maintenance etc. were to be done by the Railways, the quarters were handed over after eight years without electrification and maintenance. The port had also to spend Rs 1.52 crore towards electrification and civil works.

Thus 372 residential units built in excess of actual requirements remained unoccupied on account of unrealistic assessment by JNPT and resulted in blocking of capital worth Rs 2.73 crore over a period of 10 years. The approval of the estimate for 762 residential unit by JNPT betrays lack of any comprehensive study of the actual requirements for them. Besides the port had incurred excess expenditure to the tune of Rs 1.52 crore on electrification and repair works for its failure to take prompt action and also to get the work done by the Railways.

The matter was referred to the Ministry in September 2000; their reply was awaited as of February 2001.

## 9.11 Infructuous expenditure on two 'in-motion weigh bridges'

**Failure to accept the system in full operational condition resulted in infructuous expenditure of Rs 69.35 lakh.**

JNPT procured and installed two in-motion weigh bridges in March 1990 at a cost of Rs 69.35 lakh. As per the terms of the contract with the contractor the work was to be handed over to the port in complete operating condition.

The in-motion weigh bridges were to be utilised for weighing incoming and outgoing rakes loaded at JNPT. For correct weighment, it was essential for the rakes to travel at a speed between five to eight km/hr.

Audit scrutiny revealed that the system, though not received in complete working condition, was handed over to the port in 1990. It could not be put to use due to defects such as non-functioning of video monitoring system, fault on constant voltage transformer and due to non-maintenance of required speed by the Railways. From December 1990 to March 1992 JNPT made efforts to rectify the defects by corresponding with the contractors and railways respectively, which did not yield the desired result. However from April 1992 to May 1997 there was nothing on record to show that JNPT took any further action.

In June 1997 a committee was constituted by port to look into the matter. The committee recommended disposal of the weigh bridges as scrap. No action was taken by the port till June 2000. Thus acceptance of technically deficient equipment, contrary to the terms and conditions of the contract rendered the whole expenditure of Rs 69.35 lakh infructuous.

The port replied that in-motion weigh bridges remained unutilised since its commissioning on account of design deficiencies, technical constraints and failure of the Railways to maintain the requisite speed.

Port's reply is not tenable as these deficiencies could have been got rectified before taking over and before making the payment to the contractor to ensure that the system remained in operating condition.

The matter was referred to the Ministry in September 2000; their reply was awaited as of February 2001.

## Mumbai Port Trust

### 9.12 Avoidable loss due to theft of brake blocks in Yard

**Theft of brake blocks at Mumbai Port Trust Yard, resulted in avoidable reimbursement of Rs 1.36 crore to Railways.**

As per an agreement between Indian Railways and MbPT[1] there is to be a regular interchange of wagons between port and Railways. As per this, a regular examination of, and repairs to wagons interchanged with the port will be carried out by the Central Railway both when the wagons are handed over and taken over by the Railway for which the port will pay to Railways the full cost incurred on account of repairs of wagons carried out on behalf of the port. As per the agreement the 'cost of repairs' was inclusive of making good deficiencies and repairing damage including those resulting from thefts, rough shunting and accident in the MbPT Railway area.

Audit scrutiny revealed that theft of brake blocks was a known regular phenomenon in the MbPT Railway yard. MbPT did not take adequate precautionary measure to prevent the pilferage of brake blocks happening over years. During the period from April 1998 to March 2000 there was theft of 66492 brake blocks at MbPT yard valued at Rs 1.36 crore. To make good the loss, the port had to pay this amount to the Railways as per the agreement.

On this being pointed out by Audit MbPT replied that missing brake blocks and the value pertains to the Central Railway and not to MbPT Railway.

Earlier port had paid an amount of Rs 3.22 crore to Central Railways towards outstanding wagon repair charges for the period from April 1988 to March 1999, inclusive of the cost of stolen brake blocks.

The matter was referred to the Ministry in September 2000; their reply was awaited as of February 2001.

[1] Mumbai Port Trust

## 9.13 Loss of revenue due to non-execution of agreement

**Mumbai Port Trust suffered a loss of revenue of Rs 6.08 crore due to non-execution of agreement resulting in non-recovery of rent and share of fees from Foreign Owners Representatives and Ship Managers Association Maritime Institute and Research Organisation.**

MbPT made an arrangement with FOSMA[1] in January 1992 and launched a training institute namely FMIRO[2] for providing seafarers training (maritime training course). The main benefits envisaged by MbPT were providing facility to impart pre-sea training to the children of the employees for the purpose of employment on foreign going vessels as well as for upgrading skills of the Port Trust employees.

The Institute was to be jointly managed by MbPT and FOSMA. As per the arrangement, infrastructure (premises-1000 sq. meter, equipment and three staff members) was provided by MbPT and the training was to be imparted by FOSMA. 50 *per cent* of the candidates enrolled in each pre-sea training batch were to be MbPT candidates. All the MbPT candidates trained were to be given employment by FOSMA and in fact 75 *per cent* of the cost of training of MbPT candidates was to be borne by the employing company and 25 *per cent* by the candidate by means of loans extended by MbPT. Apart from pre-sea training FMIRO could conduct post sea and other training courses and 50 *per cent* of the fee collected in such cases was to be given to MbPT.

On the above basis first batch of pre-sea training commenced in March 1992 and so far in all 673 candidates have completed the training of which 198 candidates belonged to MbPT. Out of 198 trained candidates, only 104 could be employed.

Audit scrutiny in November 1999 revealed that MbPT had provided 1000 sq. meter at New Ferry Wharf. Since there was no agreement, no valid document and also no MOU signed between them, no rent was paid by FMIRO from March 1992 till March 1999. On the basis of economic rent @ Rs 600 per sq. mt. p.m. the loss of revenue upto March 1999 worked out to Rs 5.10 crore. In addition to this, movable equipment worth Rs 5.75 lakh was provided by MbPT. The expenditure on account of equipment installed at the Institute like air conditioner, TV, video tool etc. was to the extent of Rs 7000 p.m. and salary for three MbPT staff members posted at the Institute was Rs 17000 p.m. This worked out to Rs 20.40 lakh upto March 1999. Thus the total loss up to March 1999 worked out to Rs 5.36 crore.

Further civil/electrical services were also met by MbPT from 1992 till date to continue as per the agreement. The expenditure on this account was not furnished by MbPT.

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[1] Foreign Owners Representatives and Ship Managers Association

[2] FOSMA Maritime Institute and Research Organisation

Further 11230 candidates had been trained in post sea training courses upto July 1999 and the fees collected by the Institute amounted to Rs 2.59 crore. Though MbPT demanded 50 *per cent* of their total collection, the Institute had paid only Rs 57.96 lakh.

In reply to the draft para Ministry stated in November 2000 that till April 1994 no fees were collected by FOSMA from the children of MbPT employees and therefore recovery of rent for the premises given to the Institute or sharing of fees was not envisaged. It was only from April 1994 when post sea training courses were also proposed to be conducted by FOSMA, that the demand for payment of 50 *per cent* of fees collected was made. A series of meetings were held for the payment of 50 *per cent* of fees but did not materialise. After examining the financial outgo in running the Institute a view emerged that it will not be feasible for FOSMA to share 50 *per cent* and accordingly it was decided to accept 25 *per cent* as final payment. Board had also agreed to charge rent at Rs 600 per sq. mt. from April 1999.

The above reply is not acceptable as in the absence of a formal agreement while letting out its own premises, equipments and lending its staff at the initial stages, MbPT suffered a revenue loss of Rs 6.08 crore.

## 9.14 Loss of revenue due to non-revision of demurrage charges

**Non-revision of demurrage charges from 1.10.92 resulted in avoidable payment of Rs 32.49 lakh and also loss of Rs 3.53 crore.**

According to the Tripatriate agreement between MbPT, Central Railway and Western Railway, demurrage charges recovered from public on wagons hired from Central Railway and Western Railway, shall be credited to BPT Railway. Should the amount so collected in any one month exceed the amount of hire payable to the Central Railway for that month such excess shall be credited to Central Railway. In the event of demurrage charges collected in a particular month being less than the hire charges, MbPT has to pay the differential amount to the Railways, from its internal revenues.

Ministry of Railways (Railway Board) revised the hire charges from April 1991 and demurrage charges from October 1992. Copy of order of revision of demurrage charges with effect from 15.10.92 was forwarded to all Port Trust Railways vide Ministry of Railway's letter of September 1992. However, MbPT implemented the revision from January 1998 only i.e. after a period of five years and two and half months. Due to non-revision of demurrage charges from October 1992 till January 1998, collection on account of demurrage by MbPT was much lower than the hire charges for eight months. Accordingly Railways made a claim for Rs 32.49 lakh towards MbPT as being payable to Railways as differential dues.

Thus delay in revision of demurrage charges by MbPT for five years and two and a half month resulted in loss of revenue to Government to the tune of Rs 3.53 crore and avoidable claim of Rs 32.49 lakh on MbPT by Railways.

The matter was referred to the Ministry in June 2000; their reply was awaited as of February 2001.

## 9.15 Loss of revenue due to non-observance of Ministry's orders

**Non-levy of revised rate of berth hire charges issued by the Government of India in March 1995 resulted in loss of revenue of Rs 63.66 lakh.**

MoST (Port Wing) in June 1992 issued general guidelines to all Major Port Trusts to charge berth hire charges for a day or 25 *per cent* for the actual stay of the vessel whichever was higher for berthing any vessel under berth reservation scheme. This was further revised by the Ministry in March 1995, wherein the rate of fee was increased to 50 *per cent.*

Under the Advance Berth Reservations Scheme, five berths in Indira Dock were allotted to five parties for various periods between June 1995 to April 1999.

Audit scrutiny in 1999 revealed that while framing the tender conditions in the above case, the port did not incorporate the levy of revised rate of berth hire charges issued by Ministry in March 1995 and kept on charging the berth reservation fee on the pre-revised rate at 25 *per cent.* This resulted in loss of revenue of Rs 63.66 lakh for the period 26.6.1995 to 30.4.1999.

In reply (October 2000) the Ministry admitted the mistake and stated that Ministry's letter dated 8.3.95 was not received by the port and hence revised rate could not be implemented.

The fact remains that the port suffered a loss of Rs 63.66 lakh due to non-implementation of revised berth reservation charges.

## 9.16 Loss of interest due to delay in raising the bills

**Delay by the port in raising the bills in time resulted in loss of interest to the tune of Rs 23.42 lakh.**

MbPT notified that w.e.f. first February, 1988 owners/agents of the vessels and other users who apply for services to vessels in the Docks, Pir Pau and Butcher Island or moorings in stream would have to deposit vessel related charges five days in advance.

MbPT also introduced that from first January 1992 interest @ 18 *per cent* would be leviable on delayed Port Trust dues wherein it was specified that in respect of vessel related charges the time limit for which interest is charged would be 30 days from the date of rendering the bill.

Audit scrutiny revealed that out of 1140 vessels that arrived in the port between February 1997 and November 1999, owners/agents of 67 vessels had neither paid the entire port dues in advance nor the port rendered the bills immediately on arrival of the vessels. The delay for payment of dues ranged from one month to three years from the date of departure of the vessel. Since the owners had not paid the port dues in advance, port should have taken care to render the bills immediately on arrival of the vessels. Instead port rendered the bills only after all the port dues were paid by the owners/agents of the vessel. This resulted in escapement of charging of penal interest to the tune of Rs 23.42 lakh in respect of 67 vessels for the period from February 1997 to November 1999.

On this being pointed out in audit port stated in April 2000 that in case of oil tankers handled by Oil Coordination Committee it was difficult to follow the procedure and also stated that interest is leviable from the date of rendering the bill and not from the date of rendering services to the vessels.

The contention of the port is not acceptable as there was a failure on the part of the port in not rendering the bills either during the period of stay or immediately after the vessels sailed out of the port. When there was a provision to pay the port dues in advance by the owners, the port should have taken care to collect the dues during the period of stay of the vessels. Had the port taken sufficient care in collection of the dues in advance or raise the bills immediately after rendering the services, the loss of revenue of Rs 23.42 lakh by way of interest could have been avoided.

The matter was referred to the Ministry in September 2000; their reply was awaited as of February 2001.

## New Mangalore Port Trust

### 9.17 Avoidable payment of escalation charges

**New Mangalore Port Trust, Mangalore paid Rs 1.34 crore escalation charges to Dredging Corporation of India contrary to the standard norms and Ministry's guidelines.**

NMPT[1] entrusted (September 1997), the maintenance dredging work for the year 1997-98 to DCI on nomination basis, with a stipulation to complete the work within six months from first October 1997. The work commenced from

[1] New Mangalore Port Trust

25th October 1997 and was completed in March 1998 at a cost of Rs 21.84 crore. Though the stipulated period of completion was six months, the work was actually completed in five months.

The Accounts Manual of NMPT and the guidelines issued by the MoST in February 1996.stipulate escalation clause for work not to be completed within a year. But escalation clause was included in the agreement with DCI for completion period of six months. The DCI during July 1998 to May 1999 claimed escalation charges of Rs 1.34 crore towards the cost escalation of material (Rs 17.55 lakh), labour (Rs 27.17 lakh), fuel (Rs 88.84 lakh) and was paid by the port. The violation to follow the standard norms, Manual provisions and guidelines while entering into agreement had resulted in payment towards escalation charges of Rs 1.34 crore.

NMPT stated (April 1999) that escalation clause was included at the insistence of DCI, for the reason that it had quoted the rates fixed as on first April 1997 and escalation element beyond that date had not been included in the basic rate. The general conditions under CPWD and the Ministry's guidelines on escalation clause were not applicable to this work. The Ministry endorsed the reply of NMPT in February 2000. The reply is not tenable since DCI fixed their hire charges once a year, it was implied that the price escalation during the whole year is taken into account and thus the rate fixed on first April 1997 was applicable for the financial year 1997-98. Further the criteria for inclusion of escalation clause was the stipulated time for completion of work as per standard norms, Manual provisions and Ministry's guidelines irrespective of the work whether it was awarded on the basis of competitive bidding or on mutual negotiations.

Similar para was also included in the Audit Report for the year 1997-98. The Ministry in the ATN has stated that the DCI had clarified that they worked out the hire charges for the dredgers normally as on first April every year considering the prices of fuel, materials and labour etc. Any payment subsequent to that date may have to be compensated for the price escalation and DCI insisted on the incorporation of escalation clause in the contract. Therefore, actual escalation paid by the port was definitely advantageous to the port and cannot be treated as additional payment.

It was further stated that guidelines stipulated by the MoST were applicable for works which were awarded after competitive biding and normally the base date as on the date of tender was considered for regulation of escalation. The Ministry while accepting to note the audit observation for future guidelines have also stated that if escalation clause is excluded from agreement, DCI would quote higher rates to cover the risk of escalation which may not be advantageous to the port. However, the port has excluded the labour and material from the escalation clause in the agreement with DCI for maintenance dredging for the year 1998-99.

## Tuticorin Port Trust

### 9.18 Non-collection of penal charges for belated payment of wharfage dues

**Penal charges for belated payment of wharfage charges were not levied properly and collected by the Port Trust; partial remission of dues in respect of one firm was unjustified; non-collection amounted to Rs 1.89 crore.**

As per Section 58 of Major Port Trusts Act, 1963, the rates in respect of goods to be landed shall be payable immediately on the landing of goods and the rates in respect of goods to be removed from the premises of the Board or to be shipped for export or to be transhipped, shall be payable before the goods are so removed or shipped or transhipped. As the wharfage is a basic due on all cargo, it shall be payable immediately on landing as per the above provision of the Act. However, "the port of Tuticorin Rates for the use of wharves and Landing Places Rules" provided for payment of wharf dues before the goods were removed out of the port, contravening Section 58 of the Act. At the instance of Audit (May 1992 to October 1996), the said provision of the above Rules was amended with effect from 17.10.1997. In terms of the amended Rules, the wharf dues shall be paid immediately on the landing of the goods. In case of belated payment, penalty at 15 *per cent* for the delay of each and every month or part thereof was leviable, as already provided in the Rules.

It was seen that even after the amendment of rules in October 1997, the TPT[1] continued to collect the wharfage dues till the removal of cargo, without collecting penal charges for the belated payment. The penal charges not levied and collected for such belated payment worked out to Rs 1.89 crore for the period up to October 1999 till the revised scale of rates came into operation. A scrutiny of the records revealed the following:

The port raised a demand towards penalty charges in February 1999 to the tune of Rs 1.11 crore relating to the period from April 1998 to December 1998 against one firm which handled coal in coal jetties I and II. Based on the representation (February 2000) of the firm, the Board of the Port Trust resolved (May 2000) to charge the penal interest at the rate of 15 *per cent per annum* in the cases of belated payment of wharfage charges in respect of coal handled by this firm during 1997-98. This resolution tantamounted to reduction of rate and hence required Government's approval. But no such approval had been obtained by TPT, which was pointed out by Audit in June 2000.

[1] Tuticorin Port Trust

In June 2000, the Chairman of the Port Trust, taking cognisance of this fact, requested the Board to re-examine and exercise its powers of remission as per section 53 of the Act and to quantify the remission of penal charges leviable in the case under consideration. The Board approved (June 2000) the proposal and granted 80 *per cent* remission. This remission was confined to the particular agency (whose representation was considered) for the coal handled during 1997-98.

Subsequently in August 2000, TPT sought to raise the demand for penal charges from this firm for the entire period pointed out by Audit, i.e October 1997 to February 1999. In the process, TPT applied remission (80 *per cent*) granted by the Board for this firm for 1997-98 to the entire period (October 1997 to February 1999) and thus arrived at the balance of 20 *per cent* penal charges recoverable as Rs 0.37 crore, which also remained to be collected as of October 2000.

It was observed that (i) the decision of the Board on remission of the penal charges was to obviate the need for obtaining Government's concurrence for the reduction of the rates and was not justified, (ii) the action of TPT in applying the remission order applicable to 1997-98 for the entire period from October 1997 to February 1999 in respect of one firm was incorrect and unauthorised and (iii) TPT had not taken any action to levy and collect penal charges for similar delay in respect of other cargos handled during the period.

Thus penal charges not collected in the cases of belated payment of wharfage charges during October 1997 to October 1999 amounted to Rs 1.89 crore.

The matter was referred to the Ministry in July 2000; their reply was awaited as of February 2001.

## 9.19 Irregular allotment of port land for construction of tank farms and non-realisation of dues

**Irregular allotment of land to private firm for construction of tank farms in the Port's vacant land and failure to enforce the provisions of lease agreement resulted in non-achievement of objective of optimum utilization of vacant port land, besides, non-collection of dues of Rs 89.43 lakh.**

To utilise vacant lands and for further development of port activities, TPT decided to lease out the port land and invited tenders in February 1993 for setting up tank farms to store non-hazardous cargo like edible oil, molasses etc. passing through the port. Of the four tenderers who responded (Firms A, B,C & D), the offer of Rs 10 per sq. mt. *per annum* of firm A, who agreed to the annual escalation of five *per cent* during negotiation, was accepted in September 1993 by the Board for allotment of 5000 sq. mt. of land on long term lease of 30 years. After the tenders were closed, another firm E, who had not participated in the tender, approached (September 1993) the Port Trust for allotment of land at the same rate of Rs 10 per sq. mt. for providing tank facilities for non-hazardous cargo.

Meanwhile, the earlier firm C who tendered but did not turn up for negotiation came forward with their consent in October 1993 for the same rate offered by the firm 'A'. Port decided to allot land to the extent of 10000 sq. mt. each to the above three firms A,C,E, but the Ministry in September 1994 conveyed their approval for allotment of 10000 sq. mt. only to firm 'E'. TPT handed over the land in July 1995 after executing the carrying hazardous cargo and to lay its own pipeline for non-hazardous cargo. The following observations are made:

(i) Allotment of land by TPT to firm 'E' which had not participated in the tender itself was irregular and against the spirit of the guidelines issued by the Ministry in March 1992. Further, when TPT had proposed for allotment of 10,000 sq. mt. for each of the three firms, the specific justified reasons for the Ministry selecting only the firm 'E' (non-tenderer) during September 1994 were not known.

(ii) The allottee firm 'E' was allowed to handle subsequently hazardous cargo also that too at the same lease rent applicable for handling non-hazardous cargo; thus violating the Government's guidelines that the lease rent was to be decided based on competitive tender only.

(iii) Though as per the lease agreement, the firm 'E' was to lay pipeline separately or jointly with others, the contention of the firm that they could not lay the pipelines as there were no joint allottees was simply accepted by the port without relevance to the terms of the agreement.

(iv) TPT had not invoked the relevant provisions of the agreement for termination of the lease and for retendering the work afresh; but had sought to alter the terms of execution, simultaneously proposing for waiver of wharfage charges due on MGT[1] not ensured, which worked out to Rs 89.43 lakh up to March 2000.

Thus, TPT failed to follow the tender procedure which was a gross violation of guidelines of the Ministry. Its failure to enforce the provision of lease agreement resulted in non-achievement of the objective of optimum utilisation of the vacant port lands for more than four years; lease agreement with the firm 'E'. As per the terms of agreement, the firm was to complete the erection facilities within a period of one year and provide MGT throughput from second year onwards. For any shortfall in MGT, the firm was to pay wharfage to the port at the prescribed rate as penalty.

The firm 'E' requested in August 1997 for permission to handle hazardous cargo also in the land allotted, which was agreed to by TPT in February 1998. The firm 'E' did not construct the tank farms till November 1998. The wharfage due towards non-achievement of MGT was also not paid by the firm. In December 1998 the firm pleaded that as per agreement clause the

[1] Minimum Guaranteed Traffic

pipelines to carry cargo was to be laid jointly with other users and due to non-allotment of land to other firms, the construction of tank farms was delayed. The firm sought permission to handle hazardous cargo through the existing IOC[2] pipelines. The firm also requested for waiver of the wharfage charges leviable due to MGT not being achieved, and firm gave a fresh proposal modifying MGT structure covering the storage of hazardous and non-hazardous cargo.

TPT agreed (March 1999) to the revised proposal of the firm but did not agree for waiver of penalty wharfage charges for not ensuring MGT. However, in September 1999, at the instance of Ministry, TPT Board reconsidered the issue and recommended the revised proposal including the waiver also to the Ministry, for approval; but TPT had specifically observed that there was no enabling provision in the agreement or in the guidelines, for any revision later. The Ministry approved the proposal of TPT in March 2000. The approval was communicated to the firm for taking up the work subject to the condition that the firm should obtain concurrence of IOC to utilise their pipeline for besides, there was a financial loss due to non-realisation of dues to the tune of Rs 89.43 lakh.

The matter was referred to the Ministry in May 2000; their reply was awaited as of February 2001.

## 9.20 Excess payment of escalation charges

**Non-exclusion of the cost of cement from the total value of work done by Tuticorin Port Trust while arriving at the cost of escalation on material and labour resulted in excess payment of escalation charges to the tune of Rs 46.64 lakh.**

The TPT entrusted the work of construction of cargo berth no. seven to contractor 'A' in August 1995. As per the agreement the cement required for the work was to be supplied to the contractor by TPT at the rate of Rs 2400 per ton. The agreement also provided for adjustment of contract price on account of variation in prices of material and labour based on the formulae prescribed and agreed to. The amount of variation was to be calculated quarterly based on the value of work done during the quarter.

Scrutiny of records disclosed that while arriving at the variation on account of cost escalation on material and labour, the total value including the cost of the cement used in the work was reckoned and accordingly payments to the contractor were made by TPT. As the cement for the work was supplied by TPT at a fixed rate, the contractor was not eligible for any escalation on this item. Non-exclusion of the cost of cement supplied by the TPT from the value of the work done resulted in excess payment of Rs 46.64 lakh.

[2] Indian Oil Corporation

The matter was referred to the Ministry in August 2000; their reply was awaited as of February 2001.

## 9.21 Incorrect adoption of lease rent

**Port lands were leased to Container Corporation of India at a reduced rate applicable to "service purpose" instead of that pertaining to "commercial" resulting in loss of revenue of Rs 36.92 lakh to the Port.**

The Committee constituted by the TPT based on the guidelines of Government of India for revising and refixing the lease rent for lease of port lands recommended (December 1996) classification of the port lands according to the purpose for which they were leased out under three heads viz. (i) for service and residential purpose (ii) for industrial purpose and (iii) for commercial purpose and refixed the rates of lease rent to be operative for the period from January 1997. Accordingly, the annual rates for leasing of the land in the port area outside the security wall were fixed Rs 14 per sq.metre for service and residential purpose; Rs 26 per sq. metre for industrial purpose and Rs 42 per sq. metre for commercial purpose, with five *per cent* annual escalation. The rates were notified by the TAMP[1] to take effect from the date of notification (01.07.1997).

In August 1997 CONCOR[2] requested TPT for the allotment of 30000 sq. metre of port land adjacent to the Railway lines in the marshalling yard to set up a depot in port area for handling and dispersal of containers. Since CONCOR was paving the complete area with heavy duty blocks, they requested for leasing the land for a minimum period of five years. Accepting the request, TPT allotted (December 1997) the required land for a period of five years fixing the annual lease rent recoverable as Rs 14 per sq. metre (with five *per cent* annual escalation) applicable to leasing for "service and residential purpose" for a period of initial three years subject to revision thereafter. The land was handed over to the company in August 1998 after collecting a non-refundable premium (Rs 4.20 lakh) and advance rent for one year (Rs 4.20 lakh). The rate was further revised to Rs 14.70 per sq. metre from August 1998 giving effect to the five *per cent* annual escalation stipulated.

It was observed that, as per Committee's recommendations, allotment of land only to service providers (service for the port) like Thermal Power Station of TNEB, Customs, Mercantile Marine department, Coast guard etc., was to be classified under 'service and residential purposes' and CONCOR did not fall under this category. Land allotted to CONCOR, a commercial organisation, for setting up a depot inside port for handling containers, which related to port activity should have been classified under 'commercial purpose'. However, Port Trust instead of fixing the lease rent (Rs 42 per sq. metre) "applicable for

[1] Tariff Authority for Major Ports
[2] Container Corporation of India Limited

commercial purpose" decided to fix the lower rate (Rs 14 per sq. metre) as applicable to 'service and residential purpose' only. A scrutiny of the records further disclosed the following:

(i) Other than the request for the grant of the lease extending to a period of five years because they had to undertake a major work of paving the complete area with heavy duty blocks, scrutiny of files did not indicate that CONCOR had made any specific request for fixing any reduced lease rent.

(ii) Though TPT knew that lease rent for CONCOR was to be fixed at the rate applicable for 'commercial purpose' only, TPT decided to apply the rate for 'service purpose' (Rs 14 per sq. metre) initially for three years considering the investment to be made by CONCOR on the site and time required for stabilisation of the new yard.

(iii) It was stated in the agenda note for the Board that it was anticipated that the container depot when set up by CONCOR with sizeable investment would help in generating more number of rail-borne ICD containers, and it would also take care of the movement of ICD containers from Coimbatore and Bangalore regions from where the existing movement was not encouraging. The proposal of CONCOR to put up container yard in the port area was considered as a 'service' to generate rail ICD containers and therefore the lease rate applicable to 'service and residential purpose' was adopted. However, there was no condition in the allotment order or in the agreement with CONCOR that a minimum container traffic must be generated.

The decision of TPT in applying only the lower rate applicable for 'service and industrial purpose' instead of the higher rate applicable for 'commercial purpose' resulted in a loss of revenue to the port to the tune of Rs 36.92 lakh for the period upto August 2001.

The matter was referred to the Ministry in August 2000; their reply was awaited as of February 2001.

## 9.22 Non-collection of licence fee for the operation of private mobile cargo handling equipment inside the port

**Cargo handling operation inside the security wall by private mobile equipments was not got approved by Government of India and notified. Separate licence fee was also not collected; minimum loss of revenue amounted to Rs 21.41 lakh.**

According to Section 42(3) of the Major Port Trusts Act, 1963, private sector participation shall be made only with previous sanction of the Central Government. This was reiterated by MoST in their letter of July 1997. Also every scale of rate and every statement of conditions framed by the Board shall be submitted to the Government and they shall have effect only when so sanctioned and notified as per Section 52 of the Act.

In Tuticorin Port, private mobile cargo handling equipments were allowed to handle the cargo only outside the security wall, on payment of the licence fee fixed and notified in accordance with the provisions of the Act. The licence fee was Rs 9400 *per annum* upto 12.09.95 and Rs 11280 *per annum* from 13.09.95, as stipulated in the Scale of Rates. The licence fee had been levied in 1988 keeping in view the extensive damage caused to the roads of the port by use of the private equipments. The TPT itself handled the cargo within the security wall with its own mobile cargo handling equipments and collected hire charges.

In August 1992, the Board of Trustees decided to permit the private mobile cargo handling equipments inside the security wall also envisaging a licence fee and other conditions as applicable for equipments used outside the security wall. It was also decided not to insist on the condition of non-availability of port's equipments, before permitting the private equipments. These decisions were taken with a view to ensure the availability of adequate equipments in tune with the growing traffic, to reduce the port's investment on such equipment and to attract private investment in this area. The private cargo handling equipments were permitted within the security wall from August 1992. However, no additional licence fee was collected though the Board had decided that such licence fee must be charged.

Audit pointed out in April 1998 that an enhanced licence fee should be collected for use of mobile cargo handling equipments inside the security wall since it was for cargo handling operations, while the licence fee prescribed for use of private equipments outside the security wall was in consideration of the damage caused to the Port Trust roads by such equipments. During the general revision of Scales of Rates in December 1998, the Chairman, TPT proposed a higher licence fee of Rs 28200 *per annum* for operation of cargo handling equipments in the port area including within the security wall and an increased licence fee of Rs 14100 for operation outside the security wall. The Board of trustees, however, recommended a general increase of 50 *per cent* in the licence fee for entry of vehicles/equipments. The TAMP notified in December 1999 a single licence fee of Rs 16920 *per annum* for private cargo handling equipment for entry into the Port area including security wall.

The following observations are made:

(i) TPT did not obtain sanction of the Central Government before allowing the private cargo handling equipment inside the security wall. It was only in December 1999 a specific rate of Rs 16920 *per annum* was got approved and notified. Therefore, the action of the TPT was in violation of the provisions of Section 42(3) of the Act.

(ii) The port had permitted 205 private cargo handling equipments during the period 1992-93 to 1998-99, to operate within the security wall, on the basis of the same licence that had been issued for operating the equipments outside the security wall. According to Board's decision of August 1992 licence fee should have been collected once again for entry of equipments within the security wall, but this was not done. The minimum loss of revenue due to licence fee not collected worked out to Rs 21.41 lakh during August 1992 to March 1999.

The matter was referred to the Ministry in August 2000; their reply was awaited as of February 2001.

## Visakhapatnam Port Trust

### 9.23 Non-realisation of dues from the owners of fishing trawlers

**Failure of the Visakhapatnam Port Trust to seize fishing trawlers/boats for non-payment of dues by their owners and at least to insist on clearance of dues at the time of renewal of the licences for subsequent years resulted in accumulation of arrears of Rs 81.49 lakh over 10 years.**

As per the Visakhapatnam Fishing Harbour Regulations, 1986 effective from 8th April 1988, a fishing trawler/boat could operate within the fishing harbour area only under a licence granted, from year to year, by the TM[1] of the VPT[2]. The owner of the trawler or boat should pay at the time of issue of the licence a deposit of Rs 10000 or Rs 500 respectively, refundable on the expiry of the licence, after adjustment of dues, if any. The owner should also maintain with the VPT, a separate minimum deposit of Rs 3000/Rs 500 for the trawler/ boat to meet the unsettled dues of berth charges etc., from time to time. This deposit is refundable at the time of the trawler/boat finally leaving the port limits, after all the outstanding dues are settled. Failure of the owner to pay the dues entails seizure of the trawler/boat.

Scrutiny in audit of the trawlers'/boats' deposit accounts maintained by VPT revealed that berth charges and other dues in the case of 97 owners of fishing trawlers had accumulated to Rs 81.49 lakh between April 1990 and March 2000 , far exceeding the minimum deposit in each case. This was attributable to the failure of the TM to seize the vessels and detain them in the harbour area till the dues were settled, compounded further by the failure to insist on the clearance of the dues at least at the time of renewal of the licences for subsequent year(s).

Though 22 vessels were seized and sold in auctions by VPT, the amount realised was only Rs 41.69 lakh against Rs 1.06 crore due from their owners,

[1] Traffic Manager
[2] Visakhapatnam Port Trust

still leaving an unrealised balance of Rs 64.72 lakh, indicating the results of delay in action for recovery of dues.

VPT stated (May 2000) that the balance would be realised by issuing notices and filing civil suits, if necessary, but the fact remained that the port failed to realise outstanding dues amounting to Rs 81.49 lakh over a period of 10 years.

The matter was referred to the Ministry in July 2000; their reply was awaited as of February 2001.

## 9.24 Avoidable expenditure due to adoption of incorrect procedure for evaluation of bids

**Failure of Tender Committee in assessing the performance of the contractors, coupled with the decision of the Chairman to call for fresh tenders despite an alternative second lowest tender being available, resulted in avoidable extra expenditure of Rs 10.15 lakh.**

For execution of the work of asphalting a water bound macadam road, VPT invited (November 1995) tenders to be submitted in two parts, the technical bids (indicating the particulars of the plant and equipment etc. owned by the tenderer) and the price bids. In response, nine tenders were received. The Tender Committee of VPT opened the technical bids on fifth December 1995. The Committee did not make any specific observations on the technical bids and opened the price bids (separate cover) on 12th January 1996. During evaluation of the price bids on eighth February 1996, the Committee observed that the past record of the lowest tenderer, who had quoted Rs 18.59 lakh was not satisfactory and therefore recommended that it may be passed over and the next lowest tenderer (quoted rate: Rs 18.98 lakh) be called for negotiations. The chairman, VPT, however, rejected (March 1996) the recommendation and ordered fresh call of short term tenders, while instructing the CE[1] that the performance of contractors should in future be assessed before opening the price bids. Specific reasons that weighed with the Chairman in not considering the second lowest tender were not available on record. The second call of tenders in March 1996 did not prove to be fruitful as the lowest tenderer backed out at the tender processing stage. The work was finally entrusted after third call to a contractor for Rs 28.20 lakh in October 1997 and was completed in January 1999 at a cost of Rs 29.13 lakh, including some additional work necessitated to make good the wear and tear due to usage of the road in an incomplete shape.

Thus, the incorrect procedure adopted by the Tender Committee in opening the price bids before assessing the performance of the contractors, coupled with the decision of Chairman to call for fresh tenders despite an alternative second tender being available on hand, resulted in avoidable extra expenditure of Rs 10.15 lakh.

[1] Chief Engineer

Ministry stated in March 2000 that the VPT while attributing the extra expenditure to inflation also agreed with the Audit view that it was avoidable. Accordingly, the Ministry proposed to fix responsibility on the officers concerned. Further developments were awaited as of February 2001.

# CHAPTER X : MINISTRY OF TEXTILES

## Indian Jute Industries Research Association, Calcutta

### 10 Delay in commencement of a project by 12 years

**Deficient planning and management failure of Indian Jute Industries Research Association, Calcutta delayed a project on jute diversification by 12 years despite an expenditure of Rs 1.34 crore.**

IJIRA[1] proposed in February 1987, a project for diversified uses of cheap BIO-TKP based adhesive under SJDF[2]. The working group constituted by the Ministry approved the project in February 1987. While approving the project the working group recommended that there should be strict monitoring of the project by agency outside the Government and if progress was not shown after one year funds would be stopped. Subsequently IJIRA decided to instal jute laminating machinery in a jute mill so that the machine could be used by IJIRA for pilot mill trial and simultaneously by the jute industry for commercial production. The IJIRA selected CIL[3] to establish this core facility. The Ministry sanctioned in March 1988 Rs 34.55 lakh for the project. Although there was no monitoring by outside agency as recommended by the working group the Ministry sanctioned further amount of Rs 80.69 lakh between March 1989 and July 1994.

The Director, IJIRA procured and handed over to CIL the following machines:

(i) One calico polytype coating and laminating machine in November 1990 with

(ii) Accessories like singeing machine and spares in November 1989.

The total cost of the machines was Rs 94.90 lakh.

As per agreement between the IJIRA and CIL, the project would bear the cost of erection, commissioning, repair and maintenance while CIL would provide suitable site and floor space, pre and post operations materials, staff and services free of cost. The agreement also provided that an appropriate number of the project staff would be assigned to the pilot plant for operational purpose.

[1] Indian Jute Industries Research Association, Calcutta
[2] Special Jute Development Fund
[3] Champdany Industries Limited

The agreement was deficient to the extent that it did not specify any time frame for commissioning of the equipment and extent of financial and technical responsibilities to be borne by both IJIRA and CIL for experimental and commercial production. It was further decided in April 1991 that after completion of the experimental phase initially for a period of two years from the date of commissioning of the machines, review of the progress would be undertaken jointly by IJIRA and CIL for exploring the date of commencement of commercial production.

The singeing machine was commissioned in June 1992 with power from a diesel generating set. However, the coating and laminating machine though installed in February 1993, could be commissioned only in April 1994 after a delay of fifteen months due to non-completion of infrastructure and non-availability of requisite bulk power. The machine could not complete trial runs due to power problems, transformer breakdown and damage of machine parts between April 1994 and August 1995. Though trial runs were held between October and December 1995, the power and operational problems of the machines and its accessories could not be sorted out. As of December 1995 the machines could be used only to generate small samples.

IJIRA, however, did not wait until December 1997 for joint inspection as agreed earlier and in February 1996 intimated CIL that due to lack of technical expertise and fund constraints they would not be able to continue the project. CIL stated that they were surprised that IJIRA could not continue the project even before the experimental production was done and after CIL had incurred substantial expenditure. Although the agreement stipulated that IJIRA would provide appropriate project staff and cost for operation and maintenance, they did not keep their commitment. In November 1996 IJIRA informed the Ministry that commercial exploitation of facilities was not possible without the involvement of leading industries. After two years the Ministry decided in September 1998 to shift the machine to BJEL[4]. The machine with accessories was shifted to BJEL in the same month. Apart from cost of the machine IJIRA incurred an expenditure of Rs 23.55 lakh on installation and erection charges, materials cost, trial expenses and shifting charges. An additional expenditure of Rs 15.09 lakh was incurred on electricity. The dismantled machine with accessories is awaiting re-erection and commissioning on BJEL premises as of August 2000.

IJIRA conceived the project without considering their funding and technical capabilities for making the project operational. Although IJIRA had to provide appropriate project staff as per agreement, they failed to provide requisite technical know-how for experimental production. Although SJDF was meant for capital expenditure, IJIRA agreed to share electrical charges. However, even before experimental commercial production started they expressed their inability to continue with the project.

Thus, deficient planning and management failure of IJIRA was responsible for non-commencement of the project even after 12 years despite an expenditure

[4] Birla Jute Export Limited

of Rs 1.34 crore. The objective of diversification of use of jute products also was not achieved.

The matter was referred to the Ministry in September 2000; their reply was awaited as of February 2001.

# CHAPTER XI : MINISTRY OF URBAN AFFAIRS AND EMPLOYMENT

## Department of Urban Affairs

## Delhi Development Authority

### Part I

### 11.1 Loss on construction of peripheral storm water drain

**Delhi Development Authority had to suffer a loss of Rs 73.09 lakh on construction of peripheral storm water drain due to non-initiation of action for recovery of risk and cost amount from the contractor.**

The DDA[1] awarded the work for construction of peripheral storm water drain in Sector 15, Rohini at a cost of Rs 1.19 crore in February 1994 to contractor 'A'. The stipulated date of completion was November 1994.

During the first two months, the contractor did not execute any work and even therafter the progress of work was very slow and the contractor could complete only three *per cent* of the work. In July 1995, it was decided in a meeting with the Engineering Member to rescind the contract within a fortnight. In defiance of the order, the EE[2] allowed the contractor to continue the work upto May 1996. Finally the work was rescinded in June 1996 and it was decided to get the balance work done at the risk and cost of the contractor 'A'. The work done by the contractor upto the date of rescission of the contract amounted to Rs 14.48 lakh against which he had been paid Rs 11.42 lakh.

The balance work was awarded by DDA to contractor 'B' at Rs 1.69 crore in December 1996. While conveying the sanction for award of work, to the EE, the Additional Chief Engineer (Rohini) had clearly stated that all necessary steps should be taken to recover the entire expenditure from contractor 'A'.

[1] Delhi Development Authority
[2] Executive Engineer

The total risk and cost amount on this work comes to Rs 64.40 lakh as detailed below:-

Table 11.1

| | |
|---|---|
| Amount of work done by contractor 'A' | Rs 1448147 |
| Tendered amount of contractor 'B' | Rs 16855,265 |
| Total | Rs 18303412 |
| Less: Tendered amount of contractor 'A' | Rs 11863536 |
| Amount recoverable from contractor 'A' | Rs 6439876 |

The balance work was completed by contractor 'B' in July 1998 and his final bill was paid in September 1998. Only in March 2000 i.e. after 45 months of rescission of contract, the SE[3] imposed a penalty of Rs 8.69 lakh on contractor 'A' for delay in completion of the work.

As more than three years had already elapsed from the date of rescission of the contract, the recovery from contractor 'A' of the risk and cost & penalty amounting to Rs 73.09 lakh is doubtful in the light of the Delhi High Court judgement, upheld by the Supreme Court stating interalia that recovery suit filed after a lapse of three years from the date of rescission of contract becomes time barred.

Thus, due to inordinate delay of 45 months in levy of penalty and non initiation of action for recovery of risk and cost amount from Contractor 'A' within three years of rescission of contract, DDA had to suffer a loss of Rs 73.09 lakh in construction of peripheral storm water drain in Sector 15, Rohini.

**Part II**

## Blockade of funds in storm water drain

**Delay in rescission of contract by the Executive Engineer inspite of orders of Chief Engineer and non-completion of balance work of storm water drain by Delhi Development Authority resulted in blockade of funds amounting to Rs 57.77 lakh.**

The work of construction of peripheral storm water drain in Sector I and II of Dwarka was awarded by DDA to a private firm at Rs 1.47 crore in September 1996. The work was required to be completed by October 1997. From the very start, the progress of work was very slow and this was pointed out to the contractor on a number of occasions from November 1996 to May 1997. However, as the progress of work was only eight *per cent* against the required 50 *per cent*, the CE[1] approved rescission of the contract in July 1997 and asked the EE to issue the rescission letter to the contractor. SE, also in April 1998 stressed on the rescission of the contract.

[3] Superintending Engineer
[1] Chief Engineer

The EE in complete disregard to the orders of CE and SE allowed the contractor to continue with the work till July 1998, although the progress of work continued to be very slow and of substandard quality. The EE issued the rescission letter to the contractor finally in August 1998 i.e. after a delay of more than one year. No action was taken by the EE to impose penalty on the contractor for delay in completion of the work. The amount of risk and cost required to be recovered from the contractor was also not worked out. At the time of approval of rescission of contract in July 1997 the contractor had been paid Rs 7.77 lakh and during the unauthorised extension of one year a further amount of Rs 50 lakh was paid to the contractor. Against this, the completion of work was *44 per cent.*

The balance work had not been awarded even after a lapse of more than 24 months. Thus, willful and wanton delay in rescission of contract by the EE inspite of orders of CE and SE and not getting the balance work of storm water drain completed resulted in blockade of funds amounting to Rs 57.77 lakh and a delay of three years in getting the work completed. No action against the erring EE has been taken so far.

The matter was referred to the Ministry in August 2000; their reply was awaited as of February 2001.

## 11.2 Blockade of funds in idle/ damaged items

**Non-utilisation/ disposal of items lying in Delhi Development Authority store for the last six to twenty three years resulted not only in blockade of funds to the tune of Rs 67.14 lakh but also loss of interest amounting to Rs 92.42 lakh.**

In Store Division-II of DDA, SCI fittings, C.I. pipes, M.S. pipes, R.C. Steel valued at Rs 67.14 lakh were lying unutilised/undisposed for the last six to twenty three years. These included:

(i) SCI fittings and pipes valued at Rs 49.85 lakh procured in excess of requirement during 1981-89 for the projects already completed.

(ii) C.I. pipes valued at Rs 13 lakh purchased during 1976-95 and damaged during handling and transit.

(iii) Defective Ribbed Coil Steel valued at Rs 4.29 lakh purchased during 1993-94.

Although these items were lying in the store for a period extending from six to twenty three years, no action had been taken by DDA either for their utilisation or disposal.

Thus, the non-utilisation/ disposal of these items lying in DDA store for a period extending from six to twenty three years resulted not only in blockade of funds to the tune of Rs 67.14 lakh but also loss of interest amounting to Rs 92.42 lakh up to March 2000.

The matter was referred to the Ministry in August 2000; their reply was awaited as of February 2001.

## 11.3 Avoidable expenditure due to delay in finalisation of drawings

**Non-finalisation of foundation and structural drawings and non-issue of stipulated material in time by Delhi Development Authority led to avoidable expenditure of Rs 48.14 lakh on the scheme.**

The DDA invited tenders for construction of 128 SFS[1] houses (60 category III and 68 category II), 128 scooter and 32 car garages at Sector -22, Dwarka, Phase-I at an estimated cost of Rs 2.09 crore in December 1993. It awarded the work to contractor 'A' in March 1994 at a negotiated cost of Rs 3.28 crore with the approval of WAB[2] of DDA. The stipulated dates of start and completion of the work were April 1994 and February 1996 respectively.

While recommending the case to the WAB, the EE had clearly stated in his note that site, stipulated material and approval of layout/building plan are available. Even the CE had emphasised in March 1994 while conveying approval of the work to the EE that approved layout plans and drawings be made available to the contractor to avoid delay in execution of work.

The work was actually completed in November 1998 i.e. after a delay of 33 months. It was delayed due to non-finalisation of revised foundation and structural drawings for 12 months and non-issue of stipulated materials to the contractor in time for 21 months. The delay in completion of work was regularised by SE who granted extension of time to the contractor without levy of compensation as the delays were attributable to the department. Further, due to delay in completion of work, DDA had to pay Rs 48.14 lakh to the contractor as compensation for the increased index of material and labour.

Thus, non-finalisation of foundation and structural drawings, non-issue of stipulated material in time by DDA and misrepresentation of facts by the EE led to avoidable expenditure of Rs 48.14 lakh on the scheme.

The matter was referred to the Ministry in August 2000; their reply was awaited as of February 2001.

[1] Self Financing Scheme
[2] Works Advisory Board

## 11.4 Avoidable expenditure due to adoption of wrong design and delay in finalisation of drawings

**Due to adoption of wrong design of piles, delay in finalisation of drawings and handing over of site, Delhi Development Authority had to incur an avoidable expenditure of Rs 44.43 lakh on the housing scheme.**

The DDA awarded the work for construction of SFS houses in Sector VIII Jasola to contractor 'A' in May 1993 at Rs 2.20 crore. The stipulated date of completion of the work was December 1994.

Though the work was awarded in May 1993, the site was handed over to the contractor in September 1993. In the agreement, a provision of under reamed bored conventional pile was made whereas the CDO[1] had issued the drawings with the stipulation of under reamed bored compaction pile. The SE proposed in October 1993 to adopt conventional pile and allowed the contractor to erect the pile for testing. The load test report of piles submitted in September 1994 was not accepted by the CDO who desired to have test of compaction pile. Test report of compaction pile was submitted to CDO in January 1995. Finally, the design of compaction pile was issued by the CDO in March 1995. The exercise resulted in delay of 22 months in start of the work. The work was also delayed due to non finalisation of plinth level and cut off levels (four months), architectural and structural drawings (11 months) and development plans (13 months). The work was finally completed on 31.12.1997 i.e. with a delay of 36 months. As the above delays were attributable to department, extension in time was granted to the contractor by the SE without levy of compensation for delay.

The contractor claimed as per agreement the difference of the cost index in respect of labour and material. Accordingly, an extra amount of Rs 44.43 lakh was paid to the contractor for the extended period of work (January 1995 to December 1998).

Thus, due to adoption of wrong design of piles, delay in finalisation of drawings and handing over of site, DDA had to incur an avoidable expenditure of Rs 44.43 lakh on the housing scheme.

The matter was referred to the Ministry in August 2000; their reply was awaited as of February 2001.

[1] Chief Design Officer

## 11.5 Avoidable expenditure on construction of SFS houses

**Avoidable expenditure of Rs 23.53 lakh by Delhi Development Authority on construction of Self Financing Scheme houses due to delayed supply of revised layout plan and structural foundation drawings to the contractors.**

The DDA invited tenders for construction of 136 SFS houses (66 Cat-III, 70 Cat-II), 136 scooter garages and 34 car garages including internal development of land in Sector-I, Pkt.I, Dwarka, Phase-I, at an estimated cost of Rs 2.12 crore in March 1994. The work was awarded to the lowest bidder, contractor 'A' at the negotiated amount of Rs 3.39 crore.

The contractor started the work in May 1994 with a stipulation to complete it by March 1996. It was delayed due to non-availability of hindrance free site by five months, delays in supply of revised layout plan and structural foundation drawings by six months and supply of departmental materials to the contractor by five months. The work was finally completed in January 1998, i.e. after a delay of 22 months. The delay in completion of work was attributable to the department and was regularised by the SE by granting extension of time to the contractor without levy of compensation. Due to delay in completion of work, DDA had to pay Rs 23.53 lakh to the contractor for increased cost of material and labour.

This was despite the fact that while conveying administrative approval for the work, the Engineer Member of DDA had directed that before inviting tenders, it should be ensured that land is available free from encumbrance and drawings both architectural and structural are available for operations. Even in the sanction for award of work conveyed by the CE to the EE, it was again emphasised that approved layout plan and drawings should be made available to the contractor in order to avoid delay in execution of the work.

Thus untrue declaration regarding availability of site, stipulated materials and approval of layout and building plans at the time of award of work led to an avoidable expenditure of Rs 23.53 lakh on the scheme.

The matter was referred to the Ministry in July 2000; their reply was awaited as of February 2001.

## 11.6 Extra expenditure in procurement of cement

**By rejecting the lowest offer of firm 'A' ignoring the recommendation of Director (MM), Delhi Development Authority incurred an extra expenditure of Rs 13.35 lakh in procurement of cement.**

DDA invited tenders for supply of 20000 ton cement in February 1998. The tenders were opened in March 1998 and the rate offered by firm 'A' at Rs 2202 per ton was the lowest. In March 1998, the WAB directed Director (MM) to negotiate with firm 'A' and award the work if they agreed to bring down their rate to Rs 2040 per ton and if the firm did not agree, Director (MM) was to report back to WAB with his recommendations. Accordingly, following negotiations, the firm reduced its rate to Rs 2180 per ton and Director (MM) recommended procurement of cement at this rate from the firm on the grounds that MCD had received the lowest rate of Rs 2390 per ton in tenders opened in March 1998. The WAB, however, rejected the recommendation of Director (MM) in April 1998 without assigning any reason and ordered for retendering.

Tenders were reinvited in April 1998 and the lowest rate offered by firm 'B' was for Rs 2299 per ton. A supply order for 12000 ton cement at negotiated rate of Rs 2259 per ton was placed on firm 'B' with the approval of WAB in May 1998. Against this order, the firm supplied 11772.50 ton cement. Another 6399.50 ton cement was procured by DDA from other firms in July 1998 at Rs 2244 per ton. Thus, by rejecting the lowest offer of firm 'A' ignoring the recommendations of Director (MM), DDA had to incur an extra expenditure of Rs 13.35 lakh in the procurement of cement at higher rates during May and July 1998.

The matter was referred to the Ministry in August 2000; their reply was awaited as of February 2001.

## 11.7 Award of contract at higher rate

**Misrepresentation of facts to Works Advisory Board by the Chief Engineer led to award of work at higher rates resulting in loss of Rs 10.46 lakh to Delhi Development Authority.**

Tenders for construction of 280 LIG houses each in Group II and Group III in village Palam at an estimated cost of Rs 3.31 crore and Rs 3.30 crore, were invited in November 1996 by DDA. The justified rates worked out for considering the reasonableness of rates as per standard formula for these works were Rs 3.84 crore and Rs 3.82 crore which were 15.97 *per cent* and 15.99 *per cent* above the estimated cost. The WAB directed the CE in January 1997 to negotiate with the lowest tenderer (contractor 'A') to bring down his rates to 2.64 *per cent* above the estimated cost failing which the works may be awarded at 10 *per cent* (approx.) below the justified rates.

The CE awarded the works and informed the WAB in March 1997 that the negotiated rates of contractor A though 5.93 *per cent* and six *per cent* above the estimated cost for Group II and III houses respectively but were 10.04 *per cent* (approx.) and 10 *per cent* (approx.) below the justified rates. Accordingly, the award of works were approved by WAB.

During test check of records, it was noticed in audit that the rates reported by the CE to WAB on the basis of which the works were awarded were not correct. The rates worked out to 8.66 *per cent* and 8.61 *per cent* below the justified rates and DDA thus, suffered a loss of Rs 10.46 lakh as per details given below:-

Table 11.7

(Rs in lakh)

| | | Works | |
|---|---|---|---|
| | | Group II | Group III |
| 1 | Estimated cost | 331.02 | 329.55 |
| 2 | Tendered cost (negotiated) | 350.63 | 349.33 |
| 3 | Justified rate | 383.87 | 382.25 |
| 4 | WAB recommendation | | |
| (a) | 2.64 *per cent* above the estimated cost or | 339.75 | 338.25 |
| (b) | 10 *per cent* below justified rates | 345.48 | 344.02 |
| 5 | Difference (2-4b) | 5.15 | 5.31 |
| | Total difference | 10.46 | |

Thus, award of works by the CE which were beyond the stipulated justification of rates of the WAB and misrepresentation of facts of the same to WAB resulted in loss of Rs 10.46 lakh to DDA.

The matter was referred to the Ministry in July 2000; their reply was awaited as of February 2001.

# CHAPTER XII

## 12 Follow up action on Audit Reports-Summarised Position

The Lok Sabha Secretariat issued instructions in April 1982 to all Ministries requesting them to furnish to the Ministry of Finance (Department of Expenditure) notes indicating remedial/corrective action taken on various paragraphs, contained in the Audit Reports, soon after these were laid on the Table of the House.

PAC[1] reviewed the position of submission of ATN[2]s during 1995-96 and observed inordinate delays and persisting failure on the part of a large number of Ministries in reporting ATNs on audit paragraphs. In their Ninth Report (Eleventh Lok Sabha) presented to the Parliament on 22 April 1997, PAC desired that submission of pending ATNs pertaining to Audit Reports for the years ended March 1994 and 1995 be completed within a period of three months and recommended that ATNs on all paragraphs pertaining to the Audit Reports for the year ended March 1996 onwards be submitted to them duly vetted by Audit within four months from the laying of the Reports in Parliament.

A review of the position regarding receipt of ATNs on the paragraphs included in the Audit Reports (Autonomous Bodies) upto the period ended 31 March 1999 (Appendix IV) revealed that the Ministries had not submitted the remedial/corrective ATNs in respect of large number of paragraphs relating to them inspite of instructions. Out of 127 paragraphs on which ATNs were required to be sent, final ATNs in 15 paragraphs were awaited while ATNs in respect of 112 paragraphs had not been received at all.

Out of 112 paragraphs on which ATNs were awaited, 41 paragraphs which relate to Ministry of Urban Affairs and Employment, Department of Urban Affairs, pertain to the Reports for the year ended March 1989 to March 1995.

[1] Public Accounts Committee.
[2] Action Taken Notes.

# CHAPTER XIII : GENERAL

## 13.1 Annual accounts of autonomous bodies

As on 31 March 2000 there were 218 central autonomous bodies (other than those under Scientific departments) including 17 universities, whose annual accounts were to be audited by the Comptroller and Auditor General of India as the sole auditor under Section 19(2) and 20(1) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act 1971. During 1999-2000 grants and loans amounting to Rs 3962.02 crore and Rs 448.18 crore respectively were paid by the Union Government to 203 autonomous bodies (Appendix V). Of these, grants to the extent of Rs 544.49 crore were received by 13 universities from University Grants Commission/Central Government as detailed in (Appendix VI). The annual accounts/information for 1999-2000 in respect of the balance 15 bodies were not furnished by the concerned bodies and thus, the amount of Government grants received by them was not available as of March 2001 (Appendix VII).

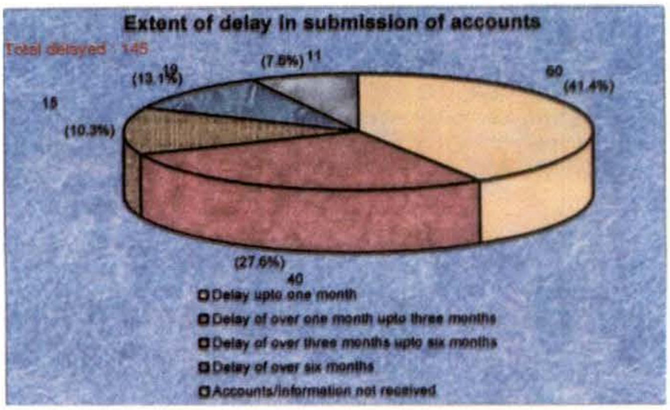
(i) As on 31 March 2000, there were 126 central autonomous bodies (other than those under Scientific departments) whose annual accounts were initially audited by Chartered Accountants and supplementary audit was to be conducted by the Comptroller and Auditor General of India under Section 14(1) and 14(2) of the Act. As per information available up to March 2001, 32 of these bodies received grants amounting to Rs 66.51 crore from the Union Government during 1999-2000 (Appendix VIII). The annual accounts/information in respect of 94 bodies were not furnished by the concerned bodies (Appendix IX).

(ii) The position in regard to number of autonomous bodies whose accounts were to be audited by CAG under section 19(2) & 20(1) and 14(1) & 14(2) of the CAG Act and the position of grants/loans received by these bodies during 1998-99 and 1999-2000 is given below:

**Table 13.1 : Abstract of grants/loans received by central autonomous bodies during 1998-99 and 1999-2000**

| Year | Total No. of Central Autonomous Bodies | Grants | Loans | Remarks | CAG's DPC Act, 1971, Section under which audited |
|---|---|---|---|---|---|
| | | (Rs in lakh) | | | |
| 1998-1999 | 216 | 434107.82 | 65997.06 | The amount relate to 195 bodies only. Annual accounts/information of remaining 21 bodies had not been furnished | 19 (2) and 20 (1) |
| 1998-1999 | 221 | 13687.88 | Nil | The amount relate to 33 bodies only. Annual accounts/information of remaining 188 bodies had not been furnished | 14 (1) and 14 (2) |
| 1999-2000 | 218 | 396201.88 | 44818.23 | The amount relate to 203 bodies only. Annual accounts/information of remaining 15 bodies had not been furnished | 19 (2) and 20 (1) |
| 1999-2000 | 126 | 6651.33 | Nil | The amount relate to 32 bodies only. Annual accounts/information of remaining 94 bodies had not been furnished | 14 (1) and 14 (2) |

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




For the year 1998-99, audit of accounts of 218 autonomous bodies was to be conducted under Sections 19(2) and 20(1) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act 1971 and these audited accounts were to be placed before the Parliament by 31 December 1999. Out of these, the accounts of 73 autonomous bodies only were made available for audit within the prescribed time limit of three months after the close of the accounting year. Submission of accounts of the balance 145 autonomous bodies was delayed as indicated in the chart.

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

## 13.2 Results of certification audit

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

### *13.2.1 Defaults in repayment of loans by Port Trusts*

#### (a) Jawaharlal Nehru Port Trust

The figures for Capital debt in accounts of the Port Trust was shown as Rs 84078.36 lakh. This was understated by Rs 36842.08 lakh by not providing for the defaulted payment of Rs 4332.45 lakh towards principal and Rs 32509.63 lakh towards interest to the World Bank loan.

**(b) Cochin Port Trust**

During 1999-2000 Cochin Port Trust had defaulted in repayment of loans from Government of India to the extent of Rs 894.57 lakh. The total amount of repayment defaulted upto 31 March 2000 was Rs 6328.31 lakh and interest of Rs 16507 lakh. Penal interest amounting to Rs 17688.65 lakh on defaulted repayments as on 31 March 2000 had not been disclosed in accounts.

*13.2.2 Non-plan administrative fund of Rs 870 lakh*

**Khadi and Village Industries Commission, Mumbai**

As against the ceiling limit of Rs 165 lakh fixed by the Government for retention for meeting expenditure for the succeeding year, KVIC retained Rs 870 lakh as on 31.3.2000 without obtaining permission from Government.

*13.2.3 Utilisation certificates not furnished/received*

**(i) National Oil Seeds and Vegetable Oils Development Board, Gurgaon**

During the year 1999-2000, the board released grant of Rs 591.84 lakh to various autonomous bodies/institutions for promoting/developing oilseeds and vegetable oils but out of above amount utilisation certificates worth Rs 313.95 lakh were still awaited (November 2000).

**(ii) Jawaharlal Nehru Port Trust**

Utilisation certificates had not been issued in respect of loan amounting to Rs 94697 lakh received from Government of India, World Bank and other bodies.

*13.2.4 Calcutta Port Trust*

**Subsidy from Central Government for river dredging and maintenance** shown in excess by Rs 1298.61 lakh resulting in overstatement of Sundry Debtor to this extent due to:

| | |
|---|---|
| Inclusion of expenditure not directly related to dredging activity as the vessels remained out of dredging operation during 1999-2000. | **Rs 944.69 lakh** |

CPT[1] stated in December 2000 that the Government of India has allowed reimbursement of 100 *per cent* expenditure directly related to river dredging and river maintenance without any condition and CPT was entitled to receive subsidy even for expenditure incurred on inoperative vessels.

The reply is not tenable as the vessels were inoperative and did not perform any dredging work during 1999-2000 and, therefore, expenditure incurred thereon can not be treated as directly related to the activity of dredging.

[1] Calcutta Port Trust

| | |
|---|---|
| Inclusion of operating cost of vessels not used in calculation of allocable expenditure for normal port facilities/pilotage. | **Rs 288.79 lakh** |

CPT stated in December 2000 that in terms of the main format approved by the Ministry, a portion of expenditure under the Marine Survey and Navigational Aids will be allocated to river dredging and river maintenance and another portion will be allocated to pilotage on the basis of the operating cost of the vessels used.

The reply is not tenable as the operating cost of vessels not used was also taken into consideration for calculating the ratio of allocable expenditure on account of normal port facilities/pilotage.

| | |
|---|---|
| Claiming of gross amount of D.C.I. bills without adjustment of rebate received for prompt payment. | **Rs 65.13 lakh** |

CPT stated in December 2000 that according to D.C.I. CPT has not earned the rebate and hence the amount could also be refunded to D.C.I. if situation so arise.

The reply is not tenable as the rebate does not constitute expenditure on dredging and hence not reimbursable by the Government.

### *13.2.5 Non-incorporating of expenditure of Electro Mechanical Works in annual accounts*

**Betwa River Board**

The Act provides for the constitution of a Betwa River Board Fund to which the sums paid to the Board[2] by the Government of Madhya Pradesh and Uttar Pradesh shall be credited for meeting the expenditure of the Board, including that on the construction of Rajghat Power House.

In the Board meeting of August 1992 and March 1993 it was decided that Madhya Pradesh State Electricity Board will provide funds through the Betwa River Board Fund for Electro-Mechanical Works of the Rajghat Power House.

Audit scrutiny revealed (July 1999) that in contravention of provisions of the Act and earlier decisions (August 1992 and March 1993) of the Board, the Board decided in August 1993 that MPEB[3] may be authorised to make direct payments for Electro-Mechanical Works (against share of Madhya Pradesh Government) and submit monthly accounts to the Financial Advisor of Board, regularly. These payments made in contravention of the provisions of the Act were pointed out in the Audit Report of Board for the year 1998-99. No satisfactory reply was furnished to audit.

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[2] Betwa River Board

[3] Madhya Pradesh Electricity Board

It was, again observed (June 2000) that MPEB furnished a statement of expenditure of Rs 61.85 crore incurred upto February 2000 on Electro-Mechanical Works, as against Rs 59.24 crore as on 31 March 1999. Full particulars in support of this expenditure were not available with the Board which had not incorporated it in its annual accounts, which were understated to this extent.

On this being pointed out in audit (June 2000), the Board stated that in a meeting between MPEB officers and the Financial Advisor held on 29 May 2000, it was pointed out that the MPEB had prepared their account on commercial accounting principles which cannot be clubbed with the civil account of the Power Project as maintained by the Board. The accounts prepared by the MPEB and audited by the Accountant General (Audit)-I, M.P Gwalior, would be made available to the Board alongwith certificate by the MPEB. It was, further stated that the audit of E&M part of Rajghat Power Project is in progress and audited accounts alongwith audit certificate will be made available to Board by MPEB in due course.

According to the Act, all expenditure should have been routed through the fund of the Board and included in its accounts. The procedure followed contravened the Act and the expenditure of Rs 61.35 crore at the end of February 2000, as against Rs 59.24 crore as on 31 March 1999, remained unaudited and outside the accounts of the Board.

### 13.3 Utilisation certificates

Consequent the departmentalisation of accounts in 1976, certificates of utilisation of grants were required to be furnished by the Ministries/Departments concerned to the Controllers of Accounts in respect of grants released to statutory bodies, non-government organisations etc to ensure that grants had been properly utilised for the purpose for which they were sanctioned. The Ministry/Department-wise details indicating the position of total number of 35390 outstanding utilisation certificates involving amount of Rs 7035.96 crore in respect of grants released upto March 1998 due by September 1999 (after 18 months of financial year in which grant was released) at the end of March 2000 are given in Appendix XII. The Ministries/Departments of Social Justice and Empowerment and National Informatics Centre did not furnish the required information.

Out of a total number of 34122 utilisation certificates amounting to Rs 6856.91 crore awaited from 10 major Ministries/Departments at the end of March 2000, 28614 certificates amounting to Rs 4126.66 crore related to grants released upto 1996-97 are as shown below:

**Table 13.3 (i) : Utilisation certificates outstanding as on 31 March 2000**

**(Rs in crore)**

| Sl No | Ministry/Department | For the period ending March 1998 | | For the period ending March 1997 | |
|---|---|---|---|---|---|
| | | Number | Amount | Number | Amount |
| 1. | Agriculture and Cooperation | 304 | 54.51 | 172 | 20.59 |
| 2. | Enviornment and Forest | | | | |
| | (i) Enviornment and Forest | 3570 | 456.61 | 2849 | 351.44 |
| | (ii) Ocean Development | 608 | 34.57 | 495 | 16.51 |
| 3. | Food Processing Industries | 261 | 32.29 | 198 | 20.93 |
| 4. | Health and Family Welfare | | | | |
| | (i) Health | 1363 | 462.34 | 960 | 202.98 |
| | (ii) Family Welfare | 1439 | 243.83 | 1140 | 147.76 |
| 5. | Human Resource Development | | | | |
| | (i) Women and Child Development | 8849 | 1126.02 | 7884 | 988.42 |
| | (ii) Youth Affairs and Sports | 3468 | 304.77 | 3,052 | 206.41 |
| | (iii) Education | 6620 | 3361.79 | 5755 | 1600.43 |
| | (iv) Culture | 5272 | 382.97 | 4,207 | 286.94 |
| 6. | Labour | 643 | 34.91 | 587 | 30.14 |
| 7. | Non-Conventional Energy Sources | 274 | 16.17 | 176 | 9.65 |
| 8. | Space | 300 | 7.76 | 230 | 3.24 |
| 9. | Textiles | | | | |
| | Development Commissioner of Handicrafts, Delhi | 638 | 22.18 | 459 | 16.38 |
| 10. | Urban Affairs and Employment | 513 | 316.19 | 450 | 224.84 |
| | **Total** | **34122** | **6856.91** | **28614** | **4126.66** |

Thus, authorities in Government of India before releasing grants to statutory bodies and non-government organisations did not satisfy themselves about utilisation of grants in 83.86 *per cent* cases involving 60.18 *per cent* of the total grants released.

Pending receipt of huge number of utilisation certificates, the following Ministries/Departments released fresh grants to the defaulting statutory bodies/non-government organisations etc. during 1999-2000 without insisting for the utilisation certificates in respect of grants released in the previous years:

**Table 13.3 (ii) : Fresh grants released during 1999-2000**

(Rs in crore)

| Sl. No. | Ministry/Department | No.of utilisation certificates outstanding by Sep. 1999 at the end of March 2000 | Amount | Amount of fresh grants released without obtaining utilisation certificates of previous year |
|---|---|---|---|---|
| 1. | Agriculture and Cooperation | 304 | 54.51 | 67.99 |
| 2. | Space | 300 | 7.76 | 4.55 |
| 3. | Planning | 84 | 7.10 | 0.32 |
| 4. | Tourism | 17 | 2.69 | 15.05 |
| 5. | Textiles | 638 | 22.18 | 6.16 |
| 6. | Andaman and Nicobar Islands | 14 | 12.91 | 26.56 |
| 7. | Urban Affairs and Employment | 513 | 316.19 | 102.76 |
| 8. | Department of Industrial Policy and Promotion | 1 | 1.83 | 1.54 |
| 9. | Information and Broadcasting | 5 | 8.87 | 5.04 |
| 10. | Finance (Economic Affairs) | 1 | 0.35 | 65.05 |
| | Total | 1877 | 434.39 | 295.02 |

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

The Ministries/Departments of Health and Family Welfare, Human Resource Development, Social Justice and Empowerment, External Affairs, Labour did not furnish the information about fresh grants released during 1999-2000 without obtaining utilisation certificates for the previous years.

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

**New Delhi**
**Dated: 27 July 2001**

**Countersigned**

**(V.K. SHUNGLU)**
**Comptroller and Auditor General of India**

**New Delhi**
**Dated: 30 July 2001**

# APPENDIX- I

(Referred to in paragraph 1.6.1)

## Receipt and Payment Account

### Receipt account

(Rs in lakh)

| Sl. No | Receipts | 1995-96 Non-Plan/ Plan | 1996-97 Non-Plan/ Plan | 1997-98 Non-Plan/ Plan | 1998-99 Non-Plan/ Plan | 1999-2000 Non-Plan/ Plan |
|---|---|---|---|---|---|---|
| 1. | Opening balance | 382.00# | 2190.74^ | 3650.81 | 5538.83 | 9593.81 |
| 2. | Grants from Government (including all centres) | 6629.00<br>5306.77 | 7353.00<br>7714.77 | 8921.00<br>6155.99 | 14950.00<br>7723.88 | 16000.00<br>8017.36 |
| 3. | Grants received for specific purpose | 774.41 | 826.73 | 1069.35 | 1254.89 | 1277.09 |
| 4. | Donations received from outside agencies | 27.17 | 36.91 | 32.59 | 56.37 | 52.14 |
| 5. | Hospital receipts | 548.52 | 525.81 | 591.63 | 546.80 | 656.24 |
| 6. | Miscellaneous receipts | 366.28 | 246.32 | 562.88 | 320.79 | 1031.31* |
| 7. | Provident fund (including Insurance) | 643.11 | 703.69 | 905.49 | 1446.77 | 2202.93 |
| 8. | Deposits | 106.97 | 150.55 | 173.16 | 201.66 | 208.96 |
| 9. | Recoverable advances | 46.05 | 51.75 | 53.60 | 65.09 | 111.28 |
| 10. | Outside recoveries | 75.78 | 66.48 | 57.86 | 234.30 | 662.40 |
| 11. | Investment | 3160.09 | 5603.70 | 3000.00 | 3800.00 | 9600.00 |
| 12. | Revolving fund | 113.91 | 111.42 | 105.75 | 153.65 | 176.64 |
| 13. | Interest on investment out of Grant/Donation/Recoverable advances | 113.03 | 123.39 | 155.63 | 181.56 | 353.67 |
| 14. | Patient treatment account | 2468.75 | 2594.75 | 2921.59 | 2638.32 | 3161.27 |
| 15. | Poor Patient account | 5.01 | 5.44 | 8.23 | 2.41 | 2.14 |
| 16. | Contra entries | 3617.00 | 6368.00 | 5147.81 | 7730.47 | 9422.56 |
| | **Total** | 24383.85 | 34673.65 | 33513.37 | 46845.79 | 62529.80 |

# Excludes Rs 0.78 lakh pertaining to scheme account for the year 1994-95.

^ Includes Rs 200.00 lakh FDR of CT Patient account depicted as opening balance, omitted to be included in the closing balance for the year 1995-96.

* Includes Rs 42.53 lakh on account of defective machinery returned.

## Payment account

(Rs in lakh)

| S.No | Payments | 1995-96 | 1996-97 | 1997-98 | 1998-99 | 1999-2000 |
|---|---|---|---|---|---|---|
| (a) | **Revenue Expenditure (including all centres)** | **Including Non-Plan & Plan** | | | | |
| 1. | Pay & Allowances | 4447.51 | 5171.20 | 6520.62 | 11002.91 | 11551.81 |
| 2. | Machinery & equipment | 2328.75 | 4711.03 | 2034.56 | 2238.61 | 6107.15 |
| 3. | Material & supply | 2226.63 | 2117.79 | 2459.32 | 2749.10 | 3294.08 |
| 4. | Miscellaneous expenditure/contingencies (Including maintenance of building) | 1602.44 | 1908.57 | 2180.37 | 2754.19 | 3595.74 |
| 5. | Recoverable advances | 81.05 | 73.99 | 65.24 | 208.87 | 306.80 |
| 6. | Outside recoveries | 169.56 | 205.49 | 221.00 | 496.37 | 1,059.06 |
| 7. | Investments | 3004.25 | 5510.38 | 3003.25 | 3800.00 | 9602.00 |
| 8. | Expenditure out of grants for specific purposes. | 736.98 | 841.28 | 920.64 | 1093.54 | 1221.16 |
| 9. | Provident fund (including insurance) | 550.03 | 599.48 | 762.82 | 1243.30 | 1829.65 |
| 10. | Deposits/refunds | 60.88 | 100.51 | 140.55 | 175.57 | 142.41 |
| 11. | Revolving fund | 208.10 | 70.12 | 102.28 | 115.97 | 90.97 |
| 12. | Patient treatment account | 2130.72 | 2034.51 | 2389.88 | 2179.24 | 2870.62 |
| 13. | Poor patient account | 1.21 | 3.80 | 15.98 | 4.14 | 6.50 |
| (b) | **Capital Expenditure** Construction of building and advances for building, specialised services, mobile ophthalmic units etc. | 1228.00 | 1306.69 | 2010.22 | 1459.70 | 1944.03 |
| | Contra entries | 3617.00 | 6368.00 | 5147.81 | 7730.47 | 9422.56 |
| | Closing balance | 1990.74 | 3650.81 | 5538.83 | 9593.81 | 9485.26 |
| | **Total** | **24383.85** | **34673.65** | **33513.37** | **46845.79** | **62529.80** |

# APPENDIX- II

**(Referred to in paragraph 2.1.4.2)**

**Specific purpose plan grants**

| Sl. No | Year of Sanction | Amount of grant (Rs in crore) | Purpose | Position as on 31.3.2000 |
|---|---|---|---|---|
| 1 | 1995-96 | 0.50<br>0.75 | Upgradation of library-purchase of CD ROM Hostel Bulding<br>Hostel Buildings | Capitalised in 1996-97<br>-do- |
| 2 | 1996-97 | 1.80 | High speed network system | Capitalised in 1998-99 |
| 3 | 1997-98 | 2.00<br>1.00<br>0.75 | Increasing students intake<br>Upgradation of computing facilities.<br>Purchase of scanning electronic microscope | Not utilised<br>Capitalised<br>-do- |
| 4 | 1998-99 | 1.00 | Refurnishing the hostel and water supply to the Institute | Not utilised |
| | -do- | 2.00 | Special repairs & renovation and refurnishing of infrastructures facilities including laboratories, libraries of the Institute. | -do- |
| | -do- | 4.00 | Upgradation of computing facilities | Rs 2.15 crore was capitalised in 1999-2000 |
| 5 | 1999-2000 | 6.10 | Upgradation of computing facilities | Sanctioned grants were not received till the end of March 2000 |
| | -do- | 10.70 | Increasing student intake | -do- |
| **Total** | | **30.60** | | |

| | |
|---|---|
| Total Sanction: | Rs 30.60 crore |
| Total Receipt: | Rs 13.80 crore |
| Total Capitalised: | Rs 6.95 crore |
| **Total remained unutilised as on 31.3.2000** | **Rs 6.85 crore** |

# APPENDIX- III

## (Referred to in paragraph 2.1.5.1)

### Endowment fund

**(Rs in lakh)**

| Year | Opening balance | Addition of MGS*/MGD** /transferred from Capital Fund*** | Interest | Other income | Total | Expenditure | Transferred to I & E A/c | Closing balance | Investment & Closing balance |
|---|---|---|---|---|---|---|---|---|---|
| 1993-94 | | | | | 511.52 | - | 188.11<br>1 | 323.41 | Investment = 490.00<br>Closing Balance= 21.52<br>511.52 |
| 1994-95 | 323.41 | | 58.04 | 36.40 | 418.17<br>2 | 0.06 | 94.38 | 323.73 | Investment = 1,113.85<br>Closing Balance= 0.03<br>1,113.88 |
| 1995-96 | 323.73 | MGS* 280.74 | 120.96 | 7.50 | 732.93 | 0.29 | 128.17 | 604.47 | Investment = 1,585.17<br>Closing Balance= 4.57<br>1,589.74 |
| 1996-97 | 604.47 | MGS* 403.73<br>MGD** 116.26<br>Cap. Fd*** 1,493.91<br>2,013.90 | 203.42 | 54.15 | 2,875.94 | 1.62 | 255.95 | 2,618.37 | Investment = 2,618.24<br>Closing Balance= 0.13<br>2,618.37 |
| 1997-98 | 2,618.37 | MGS* 76.56<br>MGD** 168.86<br>2.21<br>Cap. Fd*** 2,231.55<br>2,479.18 | 296.33 | 4.50 | 5,398.38 | 0.41 | 300.42 | 5,097.55 | Investment = 5,097.50<br>Closing Balance= 0.05<br>5,097.55 |
| 1998-99 | 5,097.55 | Cap. Fd*** 804.82<br>(Net) | 434.59 | 3.00 | 6,339.96 | 1.15 | 436.44 | 5,902.37 | Investment = 5,883.49<br>Closing Balance= 18.88<br>5,902.37 |
| 1999-2000 | 5,902.37 | Cap. Fd*** 646.28<br>1,831.82<br>2,478.10 | 1.39 | - | 8,381.86 | 2.45 | - | 8,379.41 | Investment = 8,379.40<br>Closing Balance= 0.01<br>8,379.41 |

These figures taken from accounts
***MGS**= Matching grant for savings
****MGD**= Matching grant for Donation

In 1993-94 the Institute took into account transfers from EF, IDF and SRIC into I & E A/c to arrive at the closing fund balance in 1994-95.
Rs 418.17 lakh includes Rs 0.32 lakh which could not be isolated.

# APPENDIX - IV

**(Referred to in paragraph 12)**

**Outstanding Action Taken Notes upto the year ended March 1999 as of October 2000**

| Sl. No. | Name of the Ministry/ Department | Report for the Year ended March | Due | Not received at all | Under correspondence |
|---|---|---|---|---|---|
| 1 | Commerce | 1998 | 1 | 1 | - |
| 2. | Finance (Department of Economic Affairs) | 1999 | 1 | 1 | - |
| 3. | Health & Family Welfare | 1999 | 2 | 2 | - |
| 4. | Human Resource Development | | | | |
| | (i) Department of Culture | 1997 | 1 | 1 | - |
| | | 1998 | 2 | 2 | - |
| | ii) Department of Education | 1996 | 1 | - | 1 |
| | | 1997 | 3 | 1 | 2 |
| | | 1998 | 3 | 2 | 1 |
| | | 1999 | 4 | 4 | - |
| 5 | Industry | 1998 | 1 | 1 | - |
| | | 1999 | 4 | 4 | - |
| 6 | Labour | 1997 | 1 | - | 1 |
| 7. | Law Justice and Company Affairs | 1998 | 1 | - | 1 |
| 8. | Rural Area and Employment | 1998 | 5 | 5 | - |
| | | 1999 | 4 | 4 | - |
| 9. | Surface Transport | 1998 | 16 | 12 | 4 |
| | | 1999 | 28 | 23 | 5 |
| 10. | Urban Affairs and Employment (Department of Urban Affairs) | 1989 | 1 | 1 | - |
| | | 1990 | 5 | 5 | - |
| | | 1991 | 8 | 8 | - |
| | | 1992 | 9 | 9 | - |
| | | 1993 | 12 | 12 | - |
| | | 1994 | 4 | 4 | - |
| | | 1995 | 2 | 2 | - |
| | | 1999 | 8 | 8 | - |
| | **Total** | | **127** | **112** | **15** |

# APPENDIX - V

**(Referred to in paragraph 13.1)**

**Grants/loans received during 1999-2000 by central autonomous bodies audited under section 19(2) and 20(1) of CAG's (DPC) Act, 1971**

**(Rs in lakh)**

| Sl No | Ministry /Name of Body | Grant | Loan |
|---|---|---|---|
| | **Agriculture and Co-operation** | | |
| 1. | Coconut Development Board, Kochi | 2100.00 | Nil |
| 2. | National Institute for Management of Agricultural Extension, Hyderabad | 878.54 | Nil |
| 3. | National Co-operative Development Corporation, New Delhi | 1088.00 | 7939.00 |
| 4. | Veterinary Council of India, New Delhi | 64.60 | Nil |
| 5. | National Oil Seeds and Vegetable Oil Development Board, Gurgaon | 575.00 | Nil |
| 6. | Council for Advancement of People's Action & Rural Technology, New Delhi | 3211.00 | Nil |
| | **Civil Supplies, Consumer Affairs and Public Distribution** | | |
| 7. | Bureau of Indian Standards, New Delhi | Nil | Nil |
| | **Commerce** | | |
| 8. | Spices Board, Kochi | 1535.53 | Nil |
| 9. | Marine Products Export Development Authority, Kochi | 1600.00 | Nil |
| 10. | Rubber Board, Kottayam | 3113.00 | Nil |
| 11. | Tobacco Board, Guntur | Nil | Nil |
| 12. | Coffee Board (General Fund Accounts), Bangalore | 3500.00[1] | Nil |
| 13. | Coffee Board (Pool Fund Accounts), Bangalore | | |
| 14. | Agricultural and Processed Food Products Export Development Authority, New Delhi | 3370.00 | Nil |

[1] Combined grants to Coffee Board (General Fund Accounts) and Coffee Board (Pool Fund Accounts)

| Sl No | Ministry /Name of Body | Grant | Loan |
|---|---|---|---|
| 15. | Export Inspection Council, Calcutta | 245.23[2] | Nil |
| 16. | Export Inspection Agency, Calcutta | | |
| 17. | Export Inspection Agency, Mumbai | | |
| 18. | Export Inspection Agency, Chennai | | |
| 19. | Export Inspection Agency, Cochin | | |
| 20. | Export Inspection Agency, Delhi | | |
| 21. | Tea Board, Calcutta | 3077.44 | Nil |
| | **Defence** | | |
| 22. | Jawahar Institute of Mountaineering and Winter Sports, Batote | 13.74 | Nil |
| 23. | Nehru Institute of Mountaineering, Uttarkashi | 47.37 | Nil |
| 24. | Himalayan Mountaineering Institute, Darjeeling | 111.65 | Nil |
| | **Environment** | | |
| 25. | Animal Welfare Board, Chennai | 515.00 | Nil |
| | **External Affairs** | | |
| 26. | Indian Council for Cultural Relations, New Delhi | 3682.00 | Nil |
| | **Finance** | | |
| 27. | Securities and Exchange Board of India, Mumbai | Nil | Nil |
| | **Health and Family Welfare** | | |
| 28. | Dental Council of India, New Delhi | 43.00 | Nil |
| 29. | Medical Council of India, New Delhi | 134.00 | Nil |
| 30. | Post Graduate Institute of Medical Education and Research, Chandigarh | 12106.00 | Nil |
| 31. | Indian Nursing Council, New Delhi | 13.00 | Nil |
| 32. | National Institute of Naturopathy, Pune | 28.00 | Nil |
| 33. | National Institute of Ayurveda, Jaipur | 1081.73 | Nil |
| 34. | All India Institute of Medical Sciences, New Delhi | 24017.36 | Nil |
| 35. | Pharmacy Council of India, New Delhi | 10.00 | Nil |
| 36. | Central Council for Indian Medicine, New Delhi | 65.60 | Nil |
| 37. | Central Council of Research in Homoeopathy, New Delhi | 721.00 | Nil |

[2] Combined grants for Export Inspection Council/Agencies at Calcutta, Mumbai, Chennai, Cochin and Delhi

| Sl No | Ministry /Name of Body | Grant | Loan |
|---|---|---|---|
| 38. | Central Council for Research in Yoga and Naturopathy, New Delhi | 184.00 | Nil |
| 39. | Morarji Desai National Institute of Yoga, New Delhi | 134.46 | Nil |
| 40. | Central Council for Research in Unani Medicine, New Delhi | 1436.00 | Nil |
| 41. | Central Council for Research in Ayurveda and Siddha, New Delhi | 2645.00 | Nil |
| 42. | National Board of Examination, New Delhi | 15.00 | Nil |
| 43. | Rastriya Ayurveda Vidyapeeth, New Delhi | 43.86 | Nil |
| 44. | Central Council of Homoeopathy, New Delhi | 71.00 | Nil |
| 45. | National Institute of Health and Family Welfare, New Delhi | 780.02 | Nil |
| 46. | National Institute for Mental Health and Neuro Sciences, Bangalore | 3005.20 | Nil |
| 47. | National Institute of Homoeopathy, Calcutta | 351.46 | Nil |
| 48. | National Illness Assistance Fund, New Delhi | 50.00 | Nil |
| | **Home Affairs** | | |
| 49. | National Human Rights Commission, New Delhi | 468.00 | Nil |
| | **Human Resource Development** | | |
| 50. | North Zone Cultural Centre, Allahabad | 45.53 | Nil |
| 51. | Regional Institute of Technology, Jamshedpur | 752.21 | Nil |
| 52. | National Council for Promotion of Sindhi Language, Vadodra | 34.67 | Nil |
| 53. | Dr. Ambedkar Regional Engineering College, Jallandhar | 739.34 | Nil |
| 54. | Sant Longowal Institute of Engineering and Technology, Sangrur | 1609.00 | Nil |
| 55. | North Zone Cultural Centre, Patiala | 106.60 | Nil |
| 56. | Sardar Vallabh Bhai Regional College of Engineering and Technology, Surat | 919.74 | Nil |
| 57. | Technical Teachers Training Institute, Chandigarh | 406.00 | Nil |
| 58. | Indian Institute of Advanced Studies, Shimla | 377.82 | Nil |
| 59. | West Zone Cultural Centre, Udaipur | 25.25 | Nil |
| 60. | Regional Engineering College, Hamirpur | 441.17 | Nil |

| Sl No | Ministry /Name of Body | Grant | Loan |
|---|---|---|---|
| 61. | Indian Institute of Management, Kozikode | 300.00 | Nil |
| 62. | Regional Engineering College, Srinagar | 999.00 | Nil |
| 63. | Indira Gandhi National Centre for Arts, New Delhi | 419.69 | Nil |
| 64. | Indian Institute of Management, Bangalore | 1241.00 | Nil |
| 65. | Indian Institute of Technology, Mumbai | 8395.00 | Nil |
| 66. | Visvesvaraya Regional College of Engineering, Nagpur | 952.68 | Nil |
| 67. | Board of Apprenticeship Training, Mumbai | 660.67 | Nil |
| 68. | National Institute of Training in Industrial Engineering, Mumbai | 1054.00 | Nil |
| 69. | North-Eastern Hill University, Shillong | 199.03 | Nil |
| 70. | North Eastern Regional Institute of Science and Technology, Shillong | 1116.00 | Nil |
| 71. | Malviya Regional Engineering College, Jaipur | 1222.82 | Nil |
| 72. | Tezpur University, Tezpur | 958.76 | Nil |
| 73. | Assam University, Silchar | 981.33 | Nil |
| 74. | Regional Engineering College, Kurukshetra | 768.97 | Nil |
| 75. | Nagaland University, Kohima | 2293.08 | Nil |
| 76. | Indian Institute of Technology, Chennai | 7108.00 | Nil |
| 77. | Kalakshetra Foundation, Chennai | 175.00 | Nil |
| 78. | Auroville Foundation, Auroville | 124.12 | Nil |
| 79. | Board of Apprenticeship Training, Chennai | 922.98 | Nil |
| 80. | Technical Teachers Training Institute, Taramani, Chennai | 291.86 | Nil |
| 81. | Pondicherry University, Pondicherry | 1840.50 | Nil |
| 82. | Rampur Raza Library Board, Rampur | 119.88 | Nil |
| 83. | Indian Institute of Technology, Kanpur | 8177.50 | Nil |
| 84. | Banaras Hindu University, Varanasi | 18470.40 | Nil |
| 85. | Aligarh Muslim University, Aligarh | 17401.41 | Nil |
| 86. | Motilal Nehru Regional Engineering College, Allahabad | 651.00 | Nil |
| 87. | Kendriya Hindi Shikshan Mandal, Agra | 495.22 | Nil |
| 88. | Indian Institute of Management, Lucknow | 979.00 | Nil |
| 89. | Board of Apprenticeship Training, Kanpur | 318.60 | Nil |

| Sl No | Ministry /Name of Body | Grant | Loan |
|---|---|---|---|
| 90. | Central Institute of Higher Tibetan Studies, Sarnath, Varanasi | 255.00 | Nil |
| 91. | Allahabad Museum Society, Allahabad | 95.52 | Nil |
| 92. | Indian Institute of Technology, Kharagpur | 8597.03[3] | Nil |
| 93. | Vishva Bharati, Shantiniketan | 50.72 | Nil |
| 94. | Asiatic Society, Calcutta | 333.00 | Nil |
| 95. | Technical Teachers Training Institute, Calcutta | 328.75 | Nil |
| 96. | Board of Practical Training, Calcutta | 304.38 | Nil |
| 97. | National Council of Science Museum, Calcutta | 1828.00 | Nil |
| 98. | Raja Ram Mohan Roy Library Foundation, Calcutta | 747.00 | Nil |
| 99. | Indian Museum, Calcutta | 520.00 | Nil |
| 100. | Indian Institute of Management, Calcutta | 1260.00 | Nil |
| 101. | Eastern Zonal Cultural Centre, Calcutta | 42.76 | Nil |
| 102. | Regional Engineering College, Kozikode | 832.25 | Nil |
| 103. | Khuda Baksh Oriental Public Library, Patna | 127.78 | Nil |
| 104. | National Institute of Foundary and Forge Technology, Ranchi | 710.00 | Nil |
| 105. | Regional Engineering College, Rourkela | 723.21 | Nil |
| 106. | Gandhi Samriti and Darshan Samiti, New Delhi | 225.37 | Nil |
| 107. | Nehru Memorial Museum and Library, New Delhi | 383.24 | Nil |
| 108. | Indian Council of Social Sciences Research, New Delhi | 1749.00 | Nil |
| 109. | Delhi Library Board, New Delhi | 480.00 | Nil |
| 110. | Central Tibetan Schools Administration, New Delhi | 1450.00 | Nil |
| 111. | Navodaya Vidyalaya Samiti, New Delhi | 38848.00 | Nil |
| 112. | National Council of Educational Research and Training, New Delhi | 4000.00 | Nil |
| 113. | National Institute of Educational Planning and Administration, New Delhi | 478.00 | Nil |
| 114. | University of Hyderabad, Hyderabad | 3902.43 | Nil |
| 115. | Maulana Azad National Urdu University, Hyderabad | 452.00 | Nil |
| 116. | Regional Engineering College, Warangal | 996.91 | Nil |

[3] Including Special Grant of Rs 34.53 lakh

| Sl No | Ministry /Name of Body | Grant | Loan |
|---|---|---|---|
| 117. | Rashtriya Sanskrit Vidyapeeth, Tirupati | 332.60 | Nil |
| 118. | Indira Gandhi National Open University, New Delhi | 2798.00 | Nil |
| 119. | Jawaharlal Nehru University, New Delhi | 1430.41 | Nil |
| 120. | National Commission for Women, New Delhi | 325.00 | Nil |
| 121. | Indian Institute of Technology, New Delhi | 6950.00 | Nil |
| 122. | Jamia Millia Islamia, New Delhi | 3671.11 | Nil |
| 123. | National Open School, New Delhi | 700.00 | Nil |
| 124. | National Institute of Public Co-operation and Child Development, New Delhi | 670.00 | Nil |
| 125. | Rashtriya Sanskrit Sansthan, New Delhi | 1292.39 | Nil |
| 126. | Lal Bahadur Shastri Rashtriya Sanskrit Vidyapeeth, New Delhi | 419.69 | Nil |
| 127. | North East Zone Cultural Centre, Dimapur | 45.95 | Nil |
| 128. | Sports Authority of India, New Delhi | 5878.00 | Nil |
| 129. | Salarjang Museum Board, Hyderabad | 435.10 | Nil |
| 130. | National Council for Promotion of Urdu Language, New Delhi | 435.00 | Nil |
| 131. | University Grants Commission, New Delhi | 13994.37 | Nil |
| 132. | Sangeet Natak Akademi, New Delhi | 804.73 | Nil |
| 133. | National Institute of Adult Education, New Delhi | 45.00 | Nil |
| 134. | National Council for Teachers Education, New Delhi | 511.50 | Nil |
| 135. | Kendriya Vidyalaya Sangathan, New Delhi | 54271.00 | Nil |
| 136. | Centre for Cultural Resources and Training, New Delhi | 740.00 | Nil |
| 137. | Lalit Kala Academy, New Delhi | 277.81 | Nil |
| 138. | National School of Drama, New Delhi | 665.31 | Nil |
| 139. | Sahitya Academy, New Delhi | 606.27 | Nil |
| 140. | Indian Council of Historical Research, New Delhi | 319.95 | Nil |
| 141. | Indian Council of Philosophical Research, New Delhi | 233.15 | Nil |
| 142. | National Museum Institute of History of Art Conservation and Museology, New Delhi | 66.20 | Nil |
| 143. | National Bal Bhavan, New Delhi | 541.00 | Nil |
| 144. | All India Council for Technical Education, New Delhi | 6362.00 | Nil |

| Sl No | Ministry /Name of Body | Grant | Loan |
|---|---|---|---|
| 145. | Project of History of Indian Science , Philosophy and Culture, New Delhi | 91.65 | Nil |
| 146. | National Culture Fund, New Delhi | 15.62[4] | Nil |
| 147. | Teachers Technical Training Institute, Bhopal | 346.25 | Nil |
| 148. | Maulana Azad College of Technology, Bhopal | 1185.42 | Nil |
| 149. | Indira Gandhi Rashtriya Manav Sangrahalaya, Bhopal | 550.00 | Nil |
| 150. | South Central Zone Culture Centre, Nagpur | 35.37 | Nil |
| 151. | National Book Trust, New Delhi | 681.18 | Nil |
| 152. | Lakshmibai National Institute of Physical Education, Gwalior | 367.75 | Nil |
| 153. | Indian Institute of Information Technology and Management, Gwalior | 517.00 | Nil |
| | **Industries** | | |
| 154. | Coir Board, Kochi | 1410.00 | Nil |
| 155. | Khadi and Village Industries Commission, Mumbai | 22921.00 | 1780.00 |
| | **Information and Broadcasting** | | |
| 156. | Press Council of India, New Delhi | 221.45 | Nil |
| | **Labour** | | |
| 157. | Employees State Insurance Corporation, New Delhi | Nil | Nil |
| 158. | Employees Provident Fund Organisation, New Delhi | Nil | Nil |
| 159. | Central Board of Workers Education, Nagpur | 1725.00 | Nil |
| 160. | V.V Giri National Labour Institute, Noida, Ghaziabad | 428.30 | Nil |
| | **Law** | | |
| 161. | National Judicial Academy, New Delhi | 1868.00 | Nil |
| 162. | State Legal Services Authority, Chandigarh | 55.00 | Nil |
| | **Mines** | | |
| 163. | Coal Mines Provident Fund Organisation, Dhanbad | 379.91 | Nil |
| | **Power** | | |
| 164. | National Power Training Institute, Faridabad | 620.00 | Nil |
| | **Railways** | | |
| 165. | Centre for Railway Information Systems, New Delhi | Nil | Nil |

[4] Donation

| Sl No | Ministry /Name of Body | Grant | Loan |
|---|---|---|---|
| | **Rural Areas and Employment** | | |
| 166. | National Institute of Rural Development, Hyderabad | 1504.56 | Nil |
| | **Social Justice and Empowerment** | | |
| 167. | National Institute of Mentally Handicapped, Secunderabad | 531.00 | Nil |
| 168. | National Institute for the Visually Handicapped, Dehradun | 541.50 | Nil |
| 169. | National Institute of Rehabilitation Training and Research, Olatpur | 804.00 | Nil |
| 170. | Rehabilitation Council of India, New Delhi | 568.66 | Nil |
| 171. | Institute for the Physically Handicapped, New Delhi | 430.00 | Nil |
| 172. | Central Wakf Council, New Delhi | 149.00 | Nil |
| 173. | Ali Yavar Jung National Institute for the Hearing Handicapped, Mumbai | 518.96 | Nil |
| 174. | National Institute for Orthopaedically Handicapped, Calcutta | 364.74 | Nil |
| | **Surface Transport** | | |
| 175. | Cochin Port Trust, Cochin | Nil | Nil |
| 176. | Paradip Port Trust, Paradip | Nil | 19725.23 |
| 177. | Vizag Port Trust, Vishakapatnam | Nil | Nil |
| 178. | Vizag Dock Labour Board, Vishakapatnam | Nil | Nil |
| 179. | Kandla Dock Labour Board, Kandla | Nil | Nil |
| 180. | Mumbai Port Trust, Mumbai | Nil | Nil |
| 181. | Mumbai Dock Labour Board, Mumbai* | Nil | Nil |
| 182. | Jawahar Lal Nehru Port Trust, Mumbai | Nil | Nil |
| 183. | Mormugao Port Trust, Mormugao | Nil | Nil |
| 184. | Seaman's Provident Fund Organisation, Mumbai | Nil | Nil |
| 185. | Kandla Port Trust, Kandla | Nil | Nil |
| 186. | Chennai Port Trust, Chennai | Nil | 15374.00 |
| 187. | Madras Dock Labour Board, Chennai | Nil | Nil |
| 188. | Tuticorin Port Trust, Tuticorin | Nil | Nil |
| 189. | Calcutta Dock Labour Board, Calcutta | Nil | Nil |

* Combined Grants with Mumbai Port Trust, Mumbai

| Sl No | Ministry /Name of Body | Grant | Loan |
|---|---|---|---|
| 190. | Calcutta Port Trust, Calcutta | Nil | Nil |
| 191. | New Mangalore Port Trust, New Mangalore | Nil | Nil |
| | Telecommunications | | |
| 192. | Telecom Regulatory Authority of India, New Delhi | 779.00 | Nil |
| | Textile | | |
| 193. | Central Silk Board, Bangalore | 8400.00 | Nil |
| 194. | National Institute of Fashion Technology, New Delhi | 1649.00 | Nil |
| 195. | Jute Manufactures Development Council, Calcutta | 2698.55 | Nil |
| 196. | Textile Committee, Mumbai | 1500.00 | Nil |
| | Urban Affairs and Employment | | |
| 197. | Rajghat Samadhi Committee, New Delhi | 107.00 | Nil |
| 198. | Delhi Urban Arts Commission, New Delhi | 71.50 | Nil |
| 199. | National Capital Region Planning Board, New Delhi | 4300.00 | Nil |
| | Water Resources | | |
| 200. | National Water Development Agency | 1200.00 | Nil |
| 201. | Brahamputra Board, Guwahati | 1897.00 | Nil |
| 202. | Betwa River Board, Jhansi | Nil | Nil |
| 203. | Narmada Control Authority, Indore | Nil | Nil |
| | Total | 396201.88 | 44818.23 |

# APPENDIX - VI

**(Referred to in paragraph 13.1)**

**Grants received during 1999-2000 by the Central Universities**

**(Rs in lakh)**

| Sl. No | Name of the University | Grant |
|---|---|---|
| 1 | North-Eastern Hill University, Shillong | 199.03 |
| 2 | Tezpur University, Tezpur | 958.76 |
| 3 | Assam University, Silchar | 981.33 |
| 4 | Nagaland University, Kohima | 2293.08 |
| 5 | Pondicherry University, Pondicherry | 1840.50 |
| 6 | Banaras Hindu University, Varanasi | 18470.40 |
| 7 | Aligarh Muslim University, Aligarh | 17401.41 |
| 8 | Vishva Bharati, Shantiniketan | 50.72 |
| 9 | Maulana Azad National Urdu University, Hyderabad | 452.00 |
| 10 | Jawaharlal Nehru University, New Delhi | 1430.41 |
| 11 | Indira Gandhi National Open University, New Delhi | 2798.00 |
| 12 | Jamia Millia Islamia, New Delhi | 3671.11 |
| 13 | University of Hyderabad, Hyderabad | 3902.43 |
| | **Total** | **54449.18** |

# APPENDIX - VII

**(Referred to in paragraph 13.1)**

**Bodies whose accounts/information for 1999-2000 not received as of March 2001 audited under section 19(2) and 20(1) of the CAG's (DPC) Act 1971**

| Sl. No | Name of the Bodies |
|---|---|
| | **Health and Family Welfare** |
| 1. | Chittaranjan National Cancer Institute, Calcutta |
| | **Human Resource Development** |
| 2. | Indian Institute of Technology, Guwahati |
| 3. | Baba Saheb Bhimrao Ambedkar University, Lucknow |
| 4. | South Zone Cultural Centre, Chennai |
| 5. | Nehru Yuvak Kendra Sangathan, New Delhi |
| 6. | Delhi University, New Delhi |
| 7. | School of Planning and Architecture, New Delhi |
| 8. | Mahatama Gandhi Antarrashtriya Hindi Vishwavidyalaya, Mumbai |
| 9. | Central Institute of Budhist Studies, Leh |
| 10. | Central Agricultural University, Imphal |
| | **Information and Broadcasting** |
| 11. | Prasar Bharti , New Delhi |
| | **Power** |
| 12. | Central Electricity Regulatory Commission, New Delhi |
| | **Social Justice and Empowerment** |
| 13. | National Commission for Minorities, New Delhi |
| 14. | National Commission for Backward Classes, New Delhi |
| | **Urban Affairs and Employment** |
| 15. | Delhi Development Authority, New Delhi |

# APPENDIX - VIII

**(Referred to in paragraph 13.1(i))**

**Grants/loans received during 1999-2000 by central autonomous bodies audited u/s 14(1) and 14(2) of CAG's (DPC) Act, 1971**

**(Rs in lakh)**

| Sl No | Ministry/Name of Body | Grant |
|---|---|---|
| | **Agriculture and Co-operations** | |
| 1. | National Horticulture Board, Gurgaon | Nil |
| 2. | National Co-operative Consumer Federation, Bhiwani | Nil |
| 3. | National Council for Co-operative Training, New Delhi | 453.60 |
| 4. | National Co-operative Union of India, New Delhi | 281.01 |
| | **Health and Family Welfare** | |
| 5. | Lala Ram Swaroop Institute of Tuberculosis and Allied Diseases, New Delhi | 842.00 |
| | **Human Resource Development** | |
| 6. | Indira Gandhi Rashtriya Udan Academy, Raibareli | Nil |
| 7. | Centre for studies in Social Sciences, Calcutta | N.A |
| 8. | Ram Krishna Mission Institute of Culture, Calcutta | N.A |
| 9. | Association of Indian Universities, New Delhi | 35.24 |
| 10. | Bharat Scouts and Guides, New Delhi | 82.24 |
| 11. | Central Civil Services Sports Board, New Delhi | 66.58 |
| | **Industries** | |
| 12. | Automotive Research Association of India, Pune | 745.47 |
| 13. | Central Tool Room Training Centre, Calcutta | N.A |
| 14. | National Productivity Council, New Delhi | 360.00 |
| 15. | National Council for Cement and Building Material | 37.50 |
| 16. | National Institute for Enterpreneurship and Small Business Development | 15.00 |
| 17. | Quality Council of India | 55.00 |
| 18. | Fluid Control Research Institute, Palakkad | 297.00 |

| Sl No | Ministry/Name of Body | Grant |
|---|---|---|
| 19. | Khadi and Village Industries Commission, Dimapur | N.A |
| 20. | Central Institute of Plastic and Engineering Technology, Mysore | 38.00 |
| | **Information and Broadcasting** | |
| 21. | Satyajeet Ray Film and Television Institute, Calcutta | 499.93 |
| 22. | Indian Institute of Mass Communication, New Delhi | 777.56 |
| | **Planning** | |
| 23. | Indian Statistical Institute, Calcutta | N.A |
| 24. | Institute of Economic Growth | 124.27 |
| | **Power** | |
| 25. | Energy Management Centre | 20.00 |
| | **Social Justice and Empowerment** | |
| 26. | West Bengal Schedule Caste/Schedule Tribe and Minority Association Calcutta | N.A |
| | **Surface Transport** | |
| 27. | National Institute of Training for Highway Engineerings, New Delhi | N.A |
| | **Textiles** | |
| 28. | Indian Jute Industries Research Association, Calcutta | N.A |
| | **Tourism** | |
| 29. | Institute of Hotel Management Catering Technology and Applied Nutrition , New Delhi | 852.00 |
| | **Urban Affairs and Employment** | |
| 30. | Building Material Technology Promotion Council, New Delhi | 400.00 |
| 31. | National Institute of Urban Affairs | 137.93 |
| | **Water Resources** | |
| 32. | National Institute of Hydrology, Roorkee | 531.00 |
| | **Total** | **6651.33** |

# APPENDIX - IX

**(Referred to in paragraph 13.1(i))**

**Bodies whose accounts/information not received audited u/s 14(1) and 14(2) of CAG's (DPC) Act, 1971 during 1999-2000**

| Sl. No. | Ministry/ Name of Body |
|---|---|
| | **Agriculture and Co-operation** |
| 1. | Indo German Nilgiries Development Agency-Udhagmandalam |
| 2. | National Co-operative Consumers Federation, Hyderabad |
| | **Chemical and Fertilisers** |
| 3. | Central Institute of Plastics Engineering Technology, Chennai |
| 4. | Central Institute of Plastics Engineering Technology, Hyderabad |
| 5. | Central Institute of Plastic Engineering and Technology, Mysore |
| | **Civil Supplies, Consumer Affairs and Public Distribution** |
| 6. | National Co-operative Consumers Federation, Hyderabad |
| | **Commerce** |
| 7. | Indian Institute of Foreign Trade, New Delhi |
| | **Finance** |
| 8. | National Housing Bank, New Delhi |
| | **Food Processing Industries** |
| 9. | Paddy Processing Research Centre Thanjavur |
| | **Health and Family Welfare** |
| 10. | Kasturba Health Society, Wardha |
| 11. | Gandhigram Institute of Rural Health and Family Welfare Trust, Ambathurai |
| 12. | Pariwar Sewa Sansthan |
| 13. | Indian Red Cross Society |
| 14. | New Delhi Tuberculosis Centre |
| 15. | Hill Area Development Programme |
| 16. | National Institute of Biologicals |
| | **Human Resource Development** |
| 17. | Harijan Sewak Sangh, New Delhi |
| 18. | Indian Council of Education, New Delhi |
| 19. | Rajeev Gandhi National Institute of Youth Development, Sriperumbudur |
| 20. | State Resource Centre for Adult Education, Hyderabad |
| 21. | Bharat Gyan Vigyan Samiti, New Delhi |

| Sl. No. | Ministry/ Name of Body |
|---|---|
| 22. | Indian Insitute of Public Administration, New Delhi |
| 23. | Indian Olympic Association, New Delhi |
| 24. | Indian Society for Technical Education, New Delhi |
| 25. | Youth Hostel Association of India, New Delhi |
| 26. | Greh Kalyan Kendra, New Delhi |
| 27. | Sri Aurbindo Society, New Delhi |
| 28. | All India Women Conference, New Delhi |
| | Industries |
| 29. | National Instiute of Small Industry Extension Training, Yousuf Guda, Hyderabad. |
| 30. | Central Footwear Training Institute, Chennai |
| 31. | Central Institute of Tool Design Balanagar, Hyderabad |
| 32. | Central Machine Tool Institute, Bangalore |
| 33. | Central Pulp and Paper Research Institute, Saharanpur |
| | Information and Broadcasting |
| 34. | Children Film Society, Mumbai |
| | Labour |
| 35. | Central Instructional Media Institute-Guindy, Chennai |
| | Planning |
| 36. | Institute of Applied Manpower Research, New Delhi |
| | Power |
| 37. | Central Power Research Institute, Bangalore |
| 38. | Centre for Wind Energy Technology, Chennai |
| | Rural Area and Development |
| 39. | DRDA, Vellore |
| 40. | DRDA, Thiruvannamalai |
| 41. | DRDA, Cuddalore |
| 42. | DRDA, Thanjavur |
| 43. | DRDA, Trichey |
| 44. | DRDA, Pudukottai |
| 45. | DRDA, Sivaganga |
| 46. | DRDA, Virudhunagar |
| 47. | DRDA, Ramnathapuram |
| 48. | DRDA, Madurai |
| 49. | DRDA, Dindigul |
| 50. | DRDA, Tirunelveli |
| 51. | DRDA, Tuticorin |

| Sl. No. | Ministry/ Name of Body |
|---|---|
| 52. | DRDA, Nagarcoil |
| 53. | DRDA, Coimbatore |
| 54. | DRDA, Erode |
| 55. | DRDA, Salem |
| 56. | DRDA, Udhagmandalam |
| 57. | DRDA, Nagapattinam |
| 58. | DRDA, Kancheepuram |
| 59. | DRDA, Villuperam |
| 60. | DRDA, Thiruvanur |
| 61. | DRDA, Karur |
| 62. | DRDA, Perambalur |
| 63. | DRDA, Thiruvallur |
| 64. | DRDA, Namakkal |
| 65. | DRDA, Theni |
| 66. | DRDA, Pondicherry |
| 67. | DRDA, Pathanamthetta |
| 68. | DRDA, Thrissur |
| 69. | DRDA, Ernakulam |
| 70. | DRDA, Kollam |
| 71. | DRDA, Trivandrum |
| 72. | DRDA, Wayanad |
| 73. | DRDA, Kasargod |
| 74. | DRDA, Kannur |
| 75. | DRDA, Kozhikode |
| 76. | DRDA, Malappuram |
| 77. | DRDA, Polakkad |
| 78. | DRDA, Idukki |
| 79. | DRDA,Kottayam |
| 80. | DRDA, Alappuzha |
| 81. | DRDA, Union Territory of Lakshadweep |
| | **Social Justice and Empowerment** |
| 82. | Manasika Vikasa Kendra, Vijaywada |
| 83. | Bhagavathula Charitable Trust, Yelamarchali |
| 84. | Bhartia Admijati Sewak Sangh, New Delhi |
| 85. | Rayalseema Sewa Samiti, Vijaywada |
| 86. | Zilla Vikalangula Sangam, Vinukonda |

| Sl. No. | Ministry/ Name of Body |
|---|---|
| | Surface Transport |
| 87. | Tariff Authority of Major Ports |
| | Textiles |
| 88. | Handloom House, Hyderabad |
| 89. | Handloom House, Vizag |
| 90. | Handloom Export Promotion Council, Chennai |
| 91. | South India Textile Research Association Coimbatore |
| | Tourism |
| 92. | Institute of Hotel Management and Catering , Kovalam |
| 93. | Institute of Hotel Management Catering Technology and Applied Nutrition, Chennai |
| 94. | Institute of Hotel Management Catering Technology and Applied Nutrition, Hyderabad |

# APPENDIX –X

**(Referred to in paragraph 13.1 (iii))**

**Delay in submission of annual accounts for 1998-99 by autonomous bodies**

| Sl.No. | Name of the autonomous body | Date of receipt of accounts |
|---|---|---|
| | **(A) Over three to six months** | |
| 1. | All India Council for Technical Education, New Delhi | 29-11-99 |
| 2. | Auroville Foundation, Auroville | 14-10-99 |
| 3. | Central Institute of Budhist Studies, Leh | 8-10-99 |
| 4. | National Council for Promotion of Sindhi Language, Vadodara | 20-10-99 |
| 5. | National Council for Promotion of Urdu Language, New Delhi | 4-10-99 |
| 6. | Nagaland University, Kohima | 25-11-99 |
| 7. | National Institute of Adult Education, New Delhi | 3-11-99 |
| 8. | North Central Zone Cultural Centre, Allahabad | 15-10-99 |
| 9. | Rashtriya Sanskrit Sansthan, New Delhi | 13-10-99 |
| 10. | Sports Authority of India, New Delhi | 27-12-99 |
| 11. | Technical Teachers Training Institute, Madras | 23-12-99 |
| 12. | Technical Teachers Training Institute, Calcutta | 26-10-99 |
| 13. | Visvesvaraya Regional College of Engineering, Nagpur | 4-10-99 |
| 14. | West Zone Cultural Centre, Udaipur | 2-11-99 |
| 15. | National Institute of Rural Development, Hyderabad | 29-11-99 |
| 16. | Coffee Board General Fund, Bangalore | 6-10-99 |
| 17. | Narmada Control Authority, Indore | 3-11-99 |
| 18. | Post Graduate Institute of Medical Education and Research, Chandigarh | 26-10-99 |
| 19. | National Institute of Fashion Technology, New Delhi | 8-11-99 |
| | **(B) Over six months** | |
| 1. | Delhi University, New Delhi | 21-2-2000 |
| 2. | Gandhi Samriti and Darshan Samiti, New Delhi | 13-1-2000 |
| 3. | Indira Gandhi National Open University, New Delhi | 28-1-2000 |
| 4. | National Culture Fund, New Delhi | 2-2-2000 |

| Sl.No. | Name of the autonomous body | Date of receipt of accounts |
|---|---|---|
| 5. | Nehru Yuvak Kendra Sangathan, New Delhi | 1-3-2000 |
| 6. | Salarjung Museum Board, Hyderabad | 7-1-2000 |
| 7. | University Grants Commission, New Delhi | 18-1-2000 |
| 8. | National Institute for Orthopaedically Handicapped, Calcutta | 28-2-2000 |
| 9. | School of Planning and Architecture, New Delhi | 13-6-2000 |
| 10. | Lakshmibai National Institute of Physical Education, Gwalior | 7-9-2000 |
| 11. | South Zone Cultural Centre, Thanjavur | 27-6-2000 |
| 12. | South Central Zone Cultural Centre, Nagpur | 19-7-2000 |
| 13. | Indian Institute of Information Technology and Management, Gwalior | 3-2000 |
| 14. | Indian Institute of Management, Kozhikode | 3-7-2000 |
| 15. | Indira Gandhi National Centre for Arts, New Delhi | 4-1-2000 |

# APPENDIX -XI

**(Referred to in paragraph 13.1(iii))**

**Non-submission of annual accounts for the year 1998-99 by autonomous bodies**

| Sl.No. | Name of the autonomous body |
|---|---|
| 1. | Babasaheb Bhimrao Ambedkar University, Lucknow |
| 2. | Central Agricultural University, Imphal |
| 3. | Indian Institute of Technology, Guwahati |
| 4. | Mahatma Gandhi Antarrashtriya Hindi Vishwavidyalaya, Mumbai |
| 5. | North East Zone Cultural Centre, Dimapur |
| 6. | Coffee Board Pool Fund, Bangalore |
| 7. | National Commission for Minorities, New Delhi |
| 8. | National Commission for Backward Classes, New Delhi |
| 9. | Delhi Development Authority, New Delhi |
| 10. | Prasar Bharati*, New Delhi |
| 11. | Central Electricity Regulatory Commission, New Delhi |

* The Prasar Bharati Broadcasting Corporation of India had not received any grant/loans from the Ministry of Information & Broadcasting and continued to be paid from the Budget of the Ministry. As such no SAR is required to be prepared for the year 1998-99 for submission to Parliament.

# APPENDIX - XII

**(Referred to in paragraph 13.3)**

**Outstanding utilisation certificates**

**(Rs in lakh)**

| Ministry/Department | Period to which grants relate (upto March 1998) | Utilisation Certificates outstanding in respect of grants released upto March 1998,which were due by September 1999 at the end of March 2000 | |
|---|---|---|---|
| | | Number | Amount |
| **Agriculture and Cooperation** | 1979-80 | 3 | 74.65 |
| | 1980-81 | 4 | 96.55 |
| | 1983-84 | 6 | 1.80 |
| | 1984-85 | 23 | 9.50 |
| | 1985-86 | 4 | 0.50 |
| | 1987-88 | 6 | 2.08 |
| | 1990-91 | 8 | 30.00 |
| | 1991-92 | 13 | 28.85 |
| | 1992-93 | 2 | 5.00 |
| | 1993-94 | 9 | 482.97 |
| | 1994-95 | 6 | 300.64 |
| | 1996-97 | 88 | 1026.93 |
| | 1997-98 | 132 | 3391.73 |
| | | **304** | **5451.20** |
| **Andaman and Nicobar Administration** | 1997-98 | 14 | 1291.35 |
| | | **14** | **1291.35** |
| **Atomic Energy** | 1985-86 | 1 | 1.50 |
| | 1988-89 | 2 | 2.96 |
| | 1989-90 | 2 | 0.57 |
| | 1991-92 | 1 | 2.51 |
| | 1992-93 | 3 | 1.82 |
| | 1994-95 | 3 | 2.22 |
| | 1995-96 | 3 | 2.07 |
| | 1996-97 | 19 | 17.68 |
| | 1997-98 | 43 | 60.86 |
| | | **77** | **92.19** |
| **Central Board of Direct Taxes** | 1997-98 | 4 | 0.35 |
| | | **4** | **0.35** |
| **Civil Supplies, Consumers Affairs and Public Distribution** | | | |
| | 1983-84 | 3 | 1.62 |
| | 1985-86 | 1 | 0.37 |
| | 1987-88 | 1 | 3.00 |
| | 1988-89 | 1 | 3.70 |
| | 1989-90 | 2 | 11.50 |

| Ministry/Department | Period to which grants relate (upto March 1998) | Utilisation Certificates outstanding in respect of grants released upto March 1998, which were due by September 1999 at the end of March 2000 | |
|---|---|---|---|
| | | Number | Amount |
| | 1994-95 | 1 | 4.00 |
| | 1997-98 | 1 | 11.00 |
| | | 10 | 35.19 |
| **Chemicals and Fertilisers** | | | |
| **Chemicals and Petrochemicals** | 1995-96 | 2 | 0.17 |
| | 1997-98 | 1 | 1.42 |
| | | 3 | 1.59 |
| **Environment and Forest** | 1981-82 | 15 | 5.79 |
| **(i) Environment** | 1982-83 | 21 | 41.00 |
| | 1983-84 | 90 | 58.50 |
| | 1984-85 | 143 | 229.80 |
| | 1985-86 | 121 | 495.40 |
| | 1986-87 | 74 | 533.77 |
| | 1987-88 | 290 | 8909.92 |
| | 1988-89 | 359 | 2543.18 |
| | 1989-90 | 549 | 194.23 |
| | 1990-91 | 70 | 123.30 |
| | 1991-92 | 91 | 1539.88 |
| | 1992-93 | 232 | 3026.11 |
| | 1993-94 | 64 | 74.18 |
| | 1994-95 | 142 | 1204.24 |
| | 1995-96 | 12 | 24.50 |
| | 1996-97 | 576 | 16139.78 |
| | 1997-98 | 721 | 10517.53 |
| | | 3570 | 45661.11 |
| **(ii) Ocean Development** | 1983-84 | 8 | 101.52 |
| | 1984-85 | 22 | 22.66 |
| | 1985-86 | 45 | 40.26 |
| | 1986-87 | 23 | 27.20 |
| | 1987-88 | 21 | 221.63 |
| | 1988-89 | 66 | 59.25 |
| | 1989-90 | 98 | 140.66 |
| | 1990-91 | 17 | 227.46 |
| | 1991-92 | 30 | 242.46 |
| | 1992-93 | 8 | 3.00 |
| | 1993-94 | 16 | 40.20 |
| | 1994-95 | 14 | 195.07 |
| | 1995-96 | 53 | 58.77 |
| | 1996-97 | 74 | 271.15 |

| Ministry/Department | Period to which grants relate (upto March 1998) | Utilisation Certificates outstanding in respect of grants released upto March 1998,which were due by September 1999 at the end of March 2000 | |
|---|---|---|---|
| | | Number | Amount |
| | 1997-98 | 113 | 1805.93 |
| | | **608** | **3457.22** |
| **External Affairs** | 1991-92 | 3 | 2.35 |
| | 1997-98 | 31 | 116.85 |
| | | **34** | **119.20** |
| **Finance** | 1996-97 | 1 | 35.00 |
| **Economic Affairs*** | | | |
| | | **1** | **35.00** |
| **Food and Consumer Affairs** | 1994-95 | 3 | 17.14 |
| | 1995-96 | 9 | 140.98 |
| | | **12** | **158.12** |
| **Food Processing Industries** | 1988-89 | 1 | 0.50 |
| | 1990-91 | 1 | 4.19 |
| | 1991-92 | 6 | 65.08 |
| | 1992-93 | 21 | 190.91 |
| | 1993-94 | 27 | 158.38 |
| | 1994-95 | 35 | 210.05 |
| | 1995-96 | 51 | 605.27 |
| | 1996-97 | 56 | 858.33 |
| | 1997-98 | 63 | 1135.91 |
| | | **261** | **3228.62** |
| **Health and Family Welfare** | 1977-78 | 21 | 1.29 |
| **(i) Health** | 1979-80 | 8 | 3.34 |
| | 1980-81 | 2 | 1.46 |
| | 1981-82 | 2 | 0.35 |
| | 1982-83 | 6 | 7.16 |
| | 1983-84 | 9 | 27.04 |
| | 1984-85 | 13 | 92.36 |
| | 1985-86 | 28 | 6.14 |
| | 1986-87 | 28 | 6.14 |
| | 1987-88 | 5 | 0.97 |
| | 1988-89 | 31 | 3.50 |
| | 1989-90 | 30 | 47.95 |
| | 1990-91 | 30 | 8.07 |
| | 1991-92 | 32 | 1.21 |
| | 1992-93 | 5 | 0.51 |
| | 1993-94 | 68 | 1981.29 |
| | 1994-95 | 138 | 4606.32 |

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

| Ministry/Department | Period to which grants relate (upto March 1998) | Utilisation Certificates outstanding in respect of grants released upto March 1998, which were due by September 1999 at the end of March 2000 | |
|---|---|---|---|
| | | Number | Amount |
| | 1995-96 | 245 | 7520.45 |
| | 1996-97 | 259 | 5982.17 |
| | 1997-98 | 403 | 25936.22 |
| | | **1363** | **46233.94** |
| **(ii) Family Welfare** | 1981-82 | 4 | 29.46 |
| | 1982-83 | 4 | 2.85 |
| | 1986-87 | 8 | 14.28 |
| | 1987-88 | 7 | 18.93 |
| | 1989-90 | 12 | 63.40 |
| | 1990-91 | 8 | 13.00 |
| | 1991-92 | 2 | 14.57 |
| | 1992-93 | 2 | 7.79 |
| | 1993-94 | 60 | 225.92 |
| | 1994-95 | 229 | 243.08 |
| | 1995-96 | 405 | 2887.45 |
| | 1996-97 | 399 | 11254.98 |
| | 1997-98 | 299 | 9606.99 |
| | | **1439** | **24382.70** |
| **Home Affairs (i) PAO (Sectt)** | 1990-91 | 1 | 0.10 |
| | | **1** | **0.10** |
| **(ii) RPAO (I.B. Shillong)** | 1993-94 | 2 | 73.00 |
| | 1994-95 | 2 | 25.00 |
| | 1995-96 | 2 | 205.00 |
| | 1996-97 | 1 | 5.00 |
| | 1997-98 | 30 | 448.85 |
| | | **37** | **756.85** |
| **Human Resource Development** | 1986-87 | 239 | 2079.00 |
| **(i) Women and Child Development** | 1987-88 | 307 | 3390.00 |
| | 1988-89 | 473 | 2832.00 |
| | 1989-90 | 537 | 4877.00 |
| | 1990-91 | 603 | 7882.00 |
| | 1991-92 | 668 | 7485.00 |
| | 1992-93 | 802 | 11352.00 |
| | 1993-94 | 1040 | 10358.00 |
| | 1994-95 | 1165 | 16305.00 |
| | 1995-96 | 676 | 11465.00 |
| | 1996-97 | 1374 | 20817.00 |
| | 1997-98 | 965 | 13760.00 |
| | | **8849** | **112602.00** |

| Ministry/Department | Period to which grants relate (upto March 1998) | Utilisation Certificates outstanding in respect of grants released upto March 1998,which were due by September 1999 at the end of March 2000 | |
|---|---|---|---|
| | | **Number** | **Amount** |
| **(ii) Youth Affairs and Sports** | 1987-88 | 20 | 10.04 |
| | 1988-89 | 109 | 78.94 |
| | 1989-90 | 177 | 76.52 |
| | 1990-91 | 191 | 104.79 |
| | 1991-92 | 142 | 118.77 |
| | 1992-93 | 496 | 1209.47 |
| | 1993-94 | 490 | 3073.11 |
| | 1994-95 | 416 | 4650.85 |
| | 1995-96 | 453 | 2495.38 |
| | 1996-97 | 558 | 8822.86 |
| | 1997-98 | 416 | 9836.57 |
| | | **3468** | **30477.30** |
| **(iii) Education** | 1977-78 | 52 | 97.00 |
| | 1978-79 | 191 | 127.00 |
| | 1979-80 | 189 | 126.00 |
| | 1980-81 | 52 | 104.00 |
| | 1981-82 | 52 | 163.00 |
| | 1982-83 | 99 | 171.00 |
| | 1983-84 | 111 | 232.00 |
| | 1984-85 | 204 | 422.00 |
| | 1985-86 | 382 | 1375.00 |
| | 1986-87 | 254 | 560.00 |
| | 1987-88 | 417 | 2630.00 |
| | 1988-89 | 555 | 2743.00 |
| | 1989-90 | 473 | 3362.00 |
| | 1990-91 | 146 | 584.00 |
| | 1991-92 | 255 | 1627.00 |
| | 1992-93 | 290 | 3842.00 |
| | 1993-94 | 457 | 5604.00 |
| | 1994-95 | 359 | 10569.00 |
| | 1995-96 | 508 | 2230.00 |
| | 1996-97 | 709 | 123475.00 |
| | 1997-98 | 865 | 176136.00 |
| | | **6620** | **336179.00** |
| **(iv) Culture** | 1982-83 | 2 | 0.45 |
| | 1983-84 | 4 | 0.53 |
| | 1984-85 | 11 | 2.59 |
| | 1985-86 | 3 | 0.61 |
| | 1986-87 | 8 | 2.57 |
| | 1987-88 | 5 | 1.38 |

| Ministry/Department | Period to which grants relate (upto March 1998) | Utilisation Certificates outstanding in respect of grants released upto March 1998, which were due by September 1999 at the end of March 2000 | |
|---|---|---|---|
| | | Number | Amount |
| | 1988-89 | 14 | 2.86 |
| | 1989-90 | 14 | 2.71 |
| | 1990-91 | 75 | 12.86 |
| | 1991-92 | 112 | 999.27 |
| | 1992-93 | 894 | 4195.44 |
| | 1993-94 | 868 | 7178.80 |
| | 1994-95 | 576 | 2993.47 |
| | 1995-96 | 607 | 6529.56 |
| | 1996-97 | 1014 | 6770.78 |
| | 1997-98 | 1065 | 9602.83 |
| | | 5272 | 38296.71 |
| **Industry** | | | |
| **(i) Department of Industrial Policy and Promotion** | 1997-98 | 1 | 182.85 |
| | | 1 | 182.85 |
| **(ii) Small Scale Industries and Agro and Rural Industries** | 1993-94 | 3 | 8.76 |
| | 1994-95 | 3 | 5.36 |
| | 1996-97 | 7 | 42.19 |
| | 1997-98 | 15 | 752.70 |
| | | 28 | 809.01 |
| **Information and Broadcasting** | 1982-83 | 1 | 4.22 |
| | 1983-84 | 2 | 3.37 |
| | 1995-96 | 1 | 600.00 |
| | 1996-97 | 1 | 279.50 |
| | | 5 | 887.09 |
| **Information Technology** | 1992-93 | 46 | 119.00 |
| | 1993-94 | 53 | 150.00 |
| | 1994-95 | 71 | 880.00 |
| | 1995-96 | 83 | 2878.00 |
| | 1996-97 | 90 | 1115.00 |
| | 1997-98 | 153 | 5456.00 |
| | | 496 | 10598.00 |
| | | | |
| **Labour*** | 1979-80 | 1 | 0.01 |
| | 1982-83 | 2 | 0.13 |
| | 1985-86 | 6 | 1.81 |
| | 1987-88 | 4 | 3.19 |

* Does not include Child Labour cell

| Ministry/Department | Period to which grants relate (upto March 1998) | Utilisation Certificates outstanding in respect of grants released upto March 1998,which were due by September 1999 at the end of March 2000 | |
|---|---|---|---|
| | | Number | Amount |
| | 1988-89 | 7 | 7.88 |
| | 1989-90 | 19 | 20.63 |
| | 1990-91 | 19 | 25.54 |
| | 1991-92 | 9 | 28.54 |
| | 1992-93 | 5 | 2.40 |
| | 1993-94 | 19 | 51.36 |
| | 1994-95 | 7 | 25.42 |
| | 1995-96 | 96 | 866.54 |
| | 1996-97 | 393 | 1980.75 |
| | 1997-98 | 56 | 476.52 |
| | | **643** | **3490.72** |
| **Law, Justice and Supreme Court of India** | | | |
| **(i) Department of Legal Affairs (NALSA)** | 1982-83 | 2 | 1.00 |
| | 1983-84 | 5 | 1.52 |
| | 1984-85 | 5 | 1.30 |
| | 1985-86 | 2 | 0.10 |
| | 1986-87 | 1 | 0.15 |
| | 1987-88 | 1 | 0.05 |
| | 1989-90 | 4 | 1.35 |
| | 1990-91 | 1 | 0.25 |
| | 1991-92 | 9 | 1.68 |
| | 1992-93 | 10 | 0.95 |
| | 1993-94 | 17 | 4.80 |
| | 1994-95 | 14 | 12.50 |
| | 1995-96 | 22 | 16.00 |
| | 1996-97 | 36 | 50.01 |
| | 1997-98 | 45 | 58.60 |
| | | **174** | **150.26** |
| **(ii) Department of Legal Affairs (State Legal Services Authorities)** | 1982-83 | 2 | 1.00 |
| | 1983-84 | 3 | 1.12 |
| | 1984-85 | 4 | 1.05 |
| | 1989-90 | 2 | 1.00 |
| | 1990-91 | 1 | 0.25 |
| | 1991-92 | 6 | 1.15 |
| | 1992-93 | 8 | 0.80 |
| | 1993-94 | 8 | 4.10 |
| | 1994-95 | 8 | 12.00 |
| | 1995-96 | 14 | 15.00 |
| | 1996-97 | 24 | 48.61 |

| Ministry/Department | Period to which grants relate (upto March 1998) | Utilisation Certificates outstanding in respect of grants released upto March 1998, which were due by September 1999 at the end of March 2000 | |
|---|---|---|---|
| | | Number | Amount |
| | 1997-98 | 37 | 58.00 |
| | | **117** | **144.08** |
| **(iii) Department of Legal Affairs (NGO's)** | 1983-84 | 2 | 0.40 |
| | 1984-85 | 1 | 0.25 |
| | 1985-86 | 2 | 0.10 |
| | 1986-87 | 1 | 0.15 |
| | 1987-88 | 1 | 0.05 |
| | 1989-90 | 2 | 0.35 |
| | 1991-92 | 3 | 0.53 |
| | 1992-93 | 2 | 0.15 |
| | 1993-94 | 9 | 0.70 |
| | 1994-95 | 6 | 0.50 |
| | 1995-96 | 8 | 1.00 |
| | 1996-97 | 12 | 1.40 |
| | 1997-98 | 8 | 0.60 |
| | | **57** | **6.18** |
| **(iv) Legislative Department (O.L Wing)** | 1983-84 | 2 | 0.02 |
| | 1993-94 | 2 | 0.10 |
| | 1995-96 | 1 | 0.04 |
| | 1996-97 | 2 | 0.10 |
| | 1997-98 | 1 | 0.10 |
| | | **8** | **0.36** |
| **Mines** | 1997-98 | 1 | 4.00 |
| | | **1** | **4.00** |
| **Non-Conventional Energy Sources** | 1995-96 | 96 | 784.60 |
| | 1996-97 | 80 | 180.50 |
| | 1997-98 | 98 | 651.90 |
| | | **274** | **1617.00** |
| **Personnel, Public Grievances and Pensions** | | | |
| **Personal and Training** | 1996-97 | 2 | 5.10 |
| | 1997-98 | 4 | 41.00 |
| | | **6** | **46.10** |
| **Planning and Statistics** | | | |
| | 1990-91 | 9 | 10.81 |
| **Planning Commission** | 1991-92 | 9 | 13.82 |
| | 1992-93 | 10 | 9.66 |
| | 1993-94 | 5 | 23.60 |
| | 1994-95 | 13 | 142.08 |
| | 1995-96 | 13 | 112.37 |
| | 1996-97 | 13 | 23.24 |

| Ministry/Department | Period to which grants relate (upto March 1998) | Utilisation Certificates outstanding in respect of grants released upto March 1998,which were due by September 1999 at the end of March 2000 | |
|---|---|---|---|
| | | **Number** | **Amount** |
| | 1997-98 | 12 | 374.56 |
| | | **84** | **710.14** |
| **Power** | 1996-97 | 1 | 22.06 |
| | 1997-98 | 2 | 6.99 |
| | | **3** | **29.05** |
| **Rural Areas and Employment** | | | |
| **Rural Development** | 1997-98 | 14 | 1356.87 |
| | | **14** | **1356.87** |
| **Space** | 1976-77 | 1 | 0.05 |
| | 1977-78 | 1 | 0.15 |
| | 1978-79 | 1 | 0.03 |
| | 1979-80 | 2 | 0.21 |
| | 1980-81 | 5 | 0.72 |
| | 1981-82 | 4 | 0.67 |
| | 1982-83 | 21 | 7.28 |
| | 1983-84 | 11 | 2.16 |
| | 1984-85 | 22 | 8.33 |
| | 1985-86 | 10 | 2.55 |
| | 1986-87 | 16 | 5.65 |
| | 1987-88 | 12 | 5.45 |
| | 1988-89 | 6 | 4.85 |
| | 1989-90 | 4 | 3.18 |
| | 1990-91 | 7 | 7.84 |
| | 1991-92 | 5 | 2.48 |
| | 1992-93 | 5 | 7.17 |
| | 1993-94 | 20 | 25.51 |
| | 1994-95 | 20 | 46.55 |
| | 1995-96 | 17 | 80.12 |
| | 1996-97 | 40 | 113.49 |
| | 1997-98 | 70 | 451.25 |
| | | **300** | **775.69** |
| **Surface Transport** | 1997-98 | 14 | 18.00 |
| | | **14** | **18.00** |
| **Textiles** | | | |
| **Development Commissioner** | 1978-79 | 9 | 52.50 |
| **of Handicrafts, Delhi** | 1979-80 | 6 | 18.64 |
| | 1980-81 | 3 | 4.63 |
| | 1982-83 | 6 | 5.93 |
| | 1983-84 | 2 | 0.51 |
| | 1984-85 | 4 | 6.24 |

| Ministry/Department | Period to which grants relate (upto March 1998) | Utilisation Certificates outstanding in respect of grants released upto March 1998, which were due by September 1999 at the end of March 2000 | |
|---|---|---|---|
| | | Number | Amount |
| | 1985-86 | 9 | 9.48 |
| | 1986-87 | 4 | 3.08 |
| | 1987-88 | 5 | 7.69 |
| | 1988-89 | 1 | 0.93 |
| | 1989-90 | 6 | 8.10 |
| | 1990-91 | 6 | 24.40 |
| | 1991-92 | 9 | 47.24 |
| | 1992-93 | 29 | 65.65 |
| | 1993-94 | 49 | 232.65 |
| | 1994-95 | 64 | 146.14 |
| | 1995-96 | 124 | 504.09 |
| | 1996-97 | 123 | 500.38 |
| | 1997-98 | 179 | 579.58 |
| | | **638** | **2217.86** |
| **Tourism** | 1996-97 | 6 | 36.95 |
| | 1997-98 | 11 | 232.34 |
| | | **17** | **269.29** |
| **Urban Affairs and Employment** | 1981-82 | 4 | 3.31 |
| | 1982-83 | 7 | 4.40 |
| | 1983-84 | 11 | 9.35 |
| | 1984-85 | 8 | 10.57 |
| | 1985-86 | 20 | 17.15 |
| | 1986-87 | 7 | 5.36 |
| | 1987-88 | 7 | 10.20 |
| | 1988-89 | 13 | 5.35 |
| | 1989-90 | 23 | 40.87 |
| | 1990-91 | 27 | 1227.99 |
| | 1991-92 | 11 | 3012.14 |
| | 1992-93 | 31 | 435.74 |
| | 1993-94 | 73 | 5923.00 |
| | 1994-95 | 88 | 2521.00 |
| | 1995-96 | 72 | 2998.74 |
| | 1996-97 | 48 | 6258.49 |
| | 1997-98 | 63 | 9134.94 |
| | | **513** | **31618.60** |
| **Water Resources** | 1985-86 | 1 | 1.27 |
| | 1986-87 | 3 | 27.01 |
| | 1987-88 | 5 | 12.40 |
| | 1988-89 | 4 | 9.55 |
| | 1989-90 | 8 | 12.11 |

| Ministry/Department | Period to which grants relate (upto March 1998) | Utilisation Certificates outstanding in respect of grants released upto March 1998,which were due by September 1999 at the end of March 2000 | |
|---|---|---|---|
| | | Number | Amount |
| | 1990-91 | 5 | 14.22 |
| | 1991-92 | 1 | 13.84 |
| | 1992-93 | 1 | 0.92 |
| | 1993-94 | 1 | 0.25 |
| | 1994-95 | 1 | 20.23 |
| | 1995-96 | 9 | 53.58 |
| | 1996-97 | 1 | 9.97 |
| | 1997-98 | 10 | 30.09 |
| | | 50 | 205.44 |
| Grand Total | | 35390 | 703596.33 |